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Annual Report 2011

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The Multi Service Group. BILFINGER BERGER

Key figures
€ million

		2009 [1]	2010 [1]	2011
Output volume		7,620	8,059	8,476
Orders received		7,668	7,954	7,776
Order backlog		8,308	8,497	7,833
Capital expenditure		496	343	345
Property, plant and equipment		135	141	127
Financial assets		361	202	218
Employees (at year-end)		60,838	58,182	59,210
Balance sheet				
Balance-sheet total		7,941	7,937	7,720
Equity		1,561	1,812	1,793
Equity ratio	in %	20	23	23
Working capital		–1,039	–913	–939
Cash and cash equivalents		635	537	847
Financial debt, recourse		287	273	186
Financial debt, non-recourse		1,902	1,643	348
Capital employed		1,925	2,408	2,529
Earnings				
EBIT		180	341	361
Net profit		140	284	394
Cash flow from operating activities		386	244	281
Cash flow per share	in €	10.43	5.52	6.37
Earnings per share	in €	3.79	6.43	8.93
Dividend per share	in €	2.00	2.50	2.50
Bonus	in €	-	–	0.90
Profitability				
Return on output (EBIT)	in %	2.4	4.2	4.3
Return on equity (ROE)	in %	11.3	17.6	21.5
Return on capital employed (ROCE)	in %	15.6	22.1	24.5
Value added		98	292	374

[1] Wherever relevant, figures have been adjusted for discontinued operations.

Business segments

Industrial Services __ Bilfinger Berger provides services for the construction, maintenance and modernization of industrial plants, primarily for industrial sectors including oil and gas, refineries, petrochemicals, chemicals and agrochemicals, pharmaceuticals, food and beverages, power generation as well as steel and aluminum. Among the services provided are piping construction, machine and apparatus service, plant assembly, machine and apparatus engineering, electrical, instrumentation and control technology, laboratory and analysis technology, insulation, scaffolding and corrosion protection. Important regions currently include Europe and the USA. In the future, activities will also be established in India and the Middle East. __ page 60

€ million	2011	2010	Δ in %
Output volume	3,294	2,932	+12
Orders received	3,224	3,253	–1
Order backlog	2,467	2,601	–5
Capital expenditure	69	73	–5
EBIT	150	134	+12
Number of employees	29,427	28,054	+5

Power Services __ Power Services is focused on maintenance, repair, efficiency enhancements and lifetime extensions as well as the manufacture and assembly of components, especially boiler and high-pressure piping systems for power plants. Important regions include Europe, South Africa and the Middle East. __ page 64

€ million	2011	2010	Δ in %
Output volume	1,157	1,106	+5
Orders received	1,221	1,281	–5
Order backlog	1,437	1,371	+5
Capital expenditure	14	33	–58
EBIT	92	83	+11
Number of employees	7,588	7,193	+5

Building and Facility Services __ The Building and Facility Services business segment includes technical, commercial and infrastructural real-estate services in Europe, the USA and MENA countries as well as building construction in Germany. Design, construction, maintenance and operation of buildings are carried out in accordance with the lifecycle approach. Through close cooperation and exchange of knowledge and experience among designers, builders and facility managers, Bilfinger Berger can make sustainable, energy efficient and usage optimized buildings a reality for its clients. __ page 68

€ million	2011	2010	Δ in %
Output volume	2,256	2,333	–3
Orders received	2,363	2,379	–1
Order backlog	2,369	2,217	+7
Capital expenditure	16	13	+23
EBIT	83	80	+4
Number of employees	15,711	15,714	0

Construction __ A high degree of technical competence and decades of experience mean that Bilfinger Berger has the expertise necessary to design and execute demanding civil engineering services. Key areas include tunneling, bridge construction, road construction, hydraulic engineering, prestressing technology, steel construction and foundation engineering. Civil engineering activities are focused on Germany and other European countries. Outside of Europe we act primarily as technology partner for local companies. __ page 72

€ million	2011	2010	Δ in %
Output volume	1,751	1,661	+5
Orders received	971	961	+1
Order backlog	1,506	2,235	–33
Capital expenditure	26	20	+30
EBIT	35	29	+21
Number of employees	5,849	6,607	–11

Concessions __ On the basis of long-term concession contracts, Bilfinger Berger delivers and operates transport and social infrastructure projects as a private partner to the public sector. Important markets include Australia, Canada and Europe. __ page 76

€ million	2011	2010	Δ in %
Projects in portfolio	30	29	+3
thereof, under constr.	8	10	–20
Committed equity	383	358	+7
thereof, paid-in	225	160	+41
Net present value	368	268	+37
EBIT	23	40	–43
Number of employees	141	135	+4

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Networking
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Mission

The experience and skill of its employees have been elevating Bilfinger Berger to extraordinary technical achievements for more than 130 years. With our decentralized organization, we meet the specific demands of our clients with a comprehensive range of services. We are setting new standards with the networking of our resources, the rounding out of our service range and regional expansion: we enable our clients to concentrate on the core aspects of their business activities. They can entrust us with the development, construction and operation of the facilities they require.

Profile

Bilfinger Berger is an internationally active engineering and services company with a leading position in its markets. The Group's activities consist of the Industrial Services, Power Services, Building and Facility Services, Construction and Concessions business segments. Our fundamental knowledge of the assets we build, operate and maintain allows us to deliver exceptionally strong services to our clients. We will continue to expand our services business while maintaining our construction competence.

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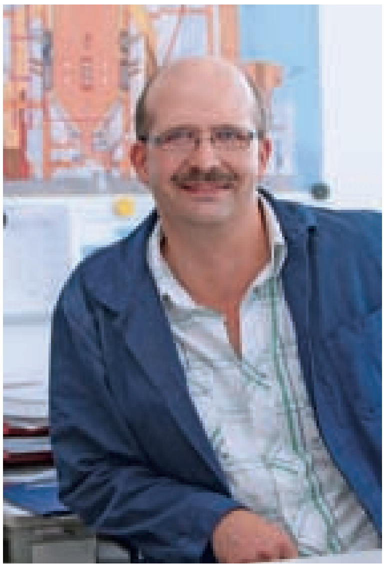
We’re setting new standards

Industrial Services

Markus Traxler __ In early 2011, Markus Traxler and his colleagues took just six weeks to implement a project that had taken them two years to prepare: the shutdown of a plant owned by the plastics manufacturer Borealis in Schwechat, Austria. More than 1,250 employees took part. “Many of the employees didn’t know each other,” explained Project Manager Traxler. “The project succeeded because they adjusted to each other in record time.”



Building and Facility Services

Mareike Schierbrock __ “We bring a service philosophy into the hospital,” says Mareike Schierbrock, who as Product Manager Service develops and implements customized concepts for the health care sector. Products range from process analysis on the ward to comprehensive patient services. She also managed the two patient hotels at Berlin’s trauma clinic. “This allows the nursing staff to concentrate on their core competencies and gives them more time for patients.”

Power Services

Michael Krollick __ “I love to find solutions together with the team,” says Michael Krollick. In the maintenance of coal-fired power plants, he manages up to 700 employees: in major overhauls, thousands of joints are welded together and dozens of kilometers of pipes are replaced. He is a little overcome with pride after each completed overhaul: “It is overwhelming to watch these giant blocks get up and running once again.”

Concessions

Dr. Thomas Stütze __ Within the scope of public-private partnership projects, Bilfinger Berger operates roads around the world over periods that stretch decades. Efficient maintenance requires the ability to submit precise forecasts. Dr. Thomas Stütze created a software tool that allows wear and tear to be predicted: “Numerous factors come into play in the evaluation, such as ground conditions, the history of the route, climate and traffic volumes.”

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Construction

Guido Mertens __ The pre-stressing technology used to support building structures is his stomping ground. Drive on a German autobahn or railway bridge and the probability is high that you are on a structure built with expertise from Bilfinger Berger. Guido Mertens has also managed to build a strategic partnership with the renowned wind turbine manufacturer Enercon. "If you see a wind turbine with a green stripe at the foot of it, then we helped build it," he says proudly. The gigantic structures can be as tall as 150 meters. "It would be unthinkable without our technology."

Interview

with Roland Koch, Chairman of the Executive Board

Roland Koch
Chairman of the Executive Board

Mr. Koch, you joined the Executive Board of Bilfinger Berger on March 1, 2011 and became Chairman on July 1. What conclusions have you personally drawn from the past year?

There has yet to be a day on which I have regretted my decision to join Bilfinger Berger – on the contrary! The company's positioning is very solid and successful, but it also offers further potential for development and a diverse range of opportunities to shape its future. And, not least, my colleagues on the Executive Board and the employees at Bilfinger Berger have given me a very warm welcome.

And how did financial year 2011 turn out for Bilfinger Berger?

We exceeded the forecast growth in output volume and earnings despite increasing uncertainty on the markets. This is especially pleasing and shows how robust our business model is. We further expanded the diversity of our product range – but we have to make the logic behind these measures more transparent. The acquisitions made in the past year are far more important than the volume of the business acquired would indicate. In Power Services, we acquired specialist suppliers that add attractive products to our portfolio. Of strategic importance is the acquisition of Neo Structo, which opens the door to the services market in the Indian process industry. The over-subscribed placement of shares in the Bilfinger Berger Global Infrastructure Fund on the London Stock Exchange was a tremendous success. The generally positive progress over the course of the year is also reflected in the pleasing development of our share price.

Did the financial crisis have any impact on Bilfinger Berger at all?

Our clients have indeed become more cautious about starting new projects. At the same time, however, that means that they are investing more in the maintenance and repair of existing facilities. For us the result to date is not a decrease in volume, but simply a shift in the way it is distributed internally. This has thus far had no significant impact for Bilfinger Berger. At the moment, there are no noticeable recessionary tendencies in our important markets. We therefore see no reason to deviate from our medium term objectives. We want to increase output volume by about 50 percent and double our net profit by 2016.

In what way does the Group have to develop in order to reach these medium term goals?

The year 2012 marks the start of a comprehensive and far-reaching strategic development program: we want to generate a major portion of planned growth through acquisitions while a more intensive networking of our Group units and the resulting cross-selling activities will accelerate organic growth.

In addition to the quantitative objectives, we have also launched the strategic program BEST ('Bilfinger Berger Escalates Strength'). Over the course of the implementation of this program, new regulations for internal procedures, new information systems and associated incentive mechanisms will be developed. Human resources work will be networked to a greater extent throughout the Group and we will advance our research and development efforts. In order to better take advantage of potential in our international markets, we will establish an international structure which will ensure that we appear as a unit in individual countries. Not least, we will bundle everything under the umbrella of a strong, memorable Group brand. To this end, we have proposed to our shareholders that the name of the company be changed to 'Bilfinger'. In the future, we will offer our products and services around the world under this uniform brand, which can be complemented by the familiar names of the operating companies. We make 'Bilfinger' a strong brand and give a much better profile to our strengths as a company throughout the world. We stand by our traditions and are undergoing a renewal at the same time.

That is a wide range of changes. How do you want to convey the new positioning of Bilfinger Berger?

That is one of the most important tasks we face in the years ahead: we have to make sure our potential is more clearly visible externally, but also primarily internally for the 60,000 people we employ around the world. If you take a close look at Bilfinger Berger, there are three areas that characterize us and make us unique: the diversity of our product range and the way it can be combined, our outstanding engineering expertise as well as our strong service competence. To put it in entirely practical terms: we have comprehensive expertise in the design, construction, operation and maintenance of industrial plants, power stations, infrastructure and real estate. I am convinced that we can more closely link the supposedly so different worlds of engineering and service and thereby create additional value added for our clients. Today, we are already better than many of our competitors – especially when it comes to technically challenging, complex services. We must more clearly carve out this space!

And what role will construction have at Bilfinger Berger in the future?

Construction will also remain a core competence of Bilfinger Berger, but with a changed positioning: the share of specialized technologies in the business portfolio will increase substantially, at the same time we will limit project responsibility to a greater extent. We are convinced that with these measures construction will also achieve an attractive margin quality.

What in your view is the most important characteristic for Bilfinger Berger to have?

There is absolutely no question that operational excellence – the ability to deliver outstanding service anytime, anywhere – is the foundation of our success. It is imperative that it be retained and further expanded. We bring it all together under the heading 'excellence in action – excellence in interaction'. Our employees deserve special praise for their performance in the past year. Despite the many changes, we continue to see that they are approaching their complex tasks with a tremendous level of commitment.

What do you expect from the 2012 financial year?

Despite continued uncertainties as a result of the financial crisis in Europe and the difficult economic situation in the USA, I am optimistic that we will achieve our ambitious goals. Especially when we are willing to consistently pursue and implement the qualitative objectives and improvements that we have set for ourselves. I am certain that further strengths will be unleashed in the company when our BEST program begins to bear fruit. I am counting above all on the commitment and the strong qualifications of our employees. And, not least, on the continued support of our shareholders for which I would like to express my sincere thanks, also on behalf of my colleagues on the Executive Board.

Executive Board of Bilfinger Berger SE

from left:

Klaus Raps

Born 1960 in Nördlingen. Klaus Raps joined the company in 1986 after studying Civil Engineering at the University of Applied Sciences 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 and was appointed member of the Executive Board in 2007. He is responsible for Building Construction, Facility Services, Government Services, Data Protection and Corporate Real Estate.

Joachim Müller

Born 1959 in Eberbach. After studying Economics at the University of Heidelberg, Joachim Müller worked in the field of finance and accounting at several international industrial and IT companies. He was appointed to the Executive Board of Bilfinger Berger in 2008 and has been Chief Financial Officer since 2009 with responsibility for Accounting, Finance, IT Management, Controlling, Internal Audit, Tax, Investor Relations and Procurement.

Roland Koch (from March 1, 2011, Chairman from July 1, 2011)

Born 1958 in Frankfurt. After a degree in Law at the University of Frankfurt, Roland Koch worked as a lawyer specializing in corporate and labor law. From 1987 to 2010 he was a member of the state parliament in Hesse and from 1999 to 2010 he was Premier of the state of Hesse. Roland Koch has been a member of the Executive Board at Bilfinger Berger since March 1, 2011 and succeeded Herbert Bodner as Chairman in 2011. He is responsible for Strategic Issues, Human Resources (Labor Director), Legal, Compliance, Project Controlling, Communications and Corporate Organization.

Joachim Enenkel

Born 1962 in Sindelfingen. After a degree in Civil Engineering from the University of Technology in Stuttgart and positions with various engineering offices and construction companies, Joachim Enenkel joined the Bilfinger Berger Group in 1996. He assumed management functions in Germany and abroad and was appointed to the Executive Board in, 2010. He is responsible for Power Services, Nigeria, Technology and Civil Engineering.

Thomas Töpfer

Born 1961 in Frankfurt. After studying Business Administration at the University of Nuremberg and Economics at the University of Würzburg, he joined a consulting company. In 1995, Thomas Töpfer then joined what is now Bilfinger Berger Industrial Services GmbH. He has been a member of the Executive Board at Bilfinger Berger since 2009 and is responsible for Industrial Services and Concessions as well as Health, Safety, Environment and Quality.

Dr. h. c. Bernhard Walter
Chairman of the Supervisory Board

Report of the Supervisory Board

Ladies and Gentlemen,

Over the past decade, Bilfinger Berger has been successfully transformed from a construction company into a services group with construction competence. The strategy pursued by the Executive Board under the chairmanship of Mr. Herbert Bodner of developing new, profitable areas of business has significantly strengthened the company. On July 1, 2011, Mr. Roland Koch took over as the new Chairman of the Executive Board. In October 2011, we approved the strategic further development of Bilfinger Berger as planned by the Executive Board. We are convinced that with this strategy, our company is on the right course.

Cooperation between the Supervisory Board and the Executive Board

During the year under review, the Supervisory Board performed the duties incumbent upon it in accordance with the law and the Articles of Incorporation. The cooperation with the Executive Board was characterized by an intensive and open dialogue. The Executive Board informed the Supervisory Board regularly, in a timely manner and extensively, in both written and verbal form, on all relevant aspects of the company's development. The Supervisory Board discussed the reports from the Executive Board in detail and also received supplementary information. The Supervisory Board continuously monitored the work of the Executive Board on the basis of this reporting and provided advice regarding the management and strategic development of the company. The Supervisory Board was involved at an early stage in decisions of substantial importance. The primary benchmarks for the supervision of the Executive Board by the Supervisory Board were the legality, correctness, suitability and profitability of the Group-wide management of the business by the Executive Board. The content and scope of reporting by the Executive Board fulfilled the requirements placed on it by the law, by the principles of good corporate governance and by the Supervisory Board.

Article 15 Paragraph 1 of the Articles of Incorporation of Bilfinger Berger SE and a catalog prepared by the Supervisory Board, embedded in the Executive Board and Supervisory Board rules of procedure and regularly reviewed for any necessary adjustments, lists the transactions and measures of fundamental importance which require the approval of the Supervisory Board. The Supervisory Board decided on transactions and measures submitted to it and requiring its approval after reviewing them and discussing them with the Executive Board.

A further focus of consultations in the plenary sessions of the Supervisory Board was on the Group's earnings development. The Supervisory Board was informed by the Executive Board, on an ongoing basis, about the development of critical major projects, concession projects and the findings of risk management. In addition, detailed examinations were also carried out on corporate planning, capital expenditure, return-on-capital-employed controlling, and the comparison of the course of business with the expected figures.

The Supervisory Board also dealt intensively with compliance questions. Through its Audit Committee, the Supervisory Board accompanies and monitors the framework, development and application of the Bilfinger Berger compliance system.

The Chairman of the Supervisory Board regularly exchanged information with the Chairman of the Executive Board, also outside the Supervisory Board meetings. The Supervisory Board was constantly informed about current business developments and significant events.

Reappointment of the members of the Supervisory Board

The period of office of the first Supervisory Board of Bilfinger Berger SE ended at the end of the Annual General Meeting held on May 31, 2011, so the members of the Supervisory Board had to be reappointed. On that date, the Annual General Meeting elected the six members of the Supervisory Board representing the shareholders; the six members of the Supervisory Board representing the employees were appointed by the Workers' Council of Bilfinger Berger SE, in accordance with the codetermination agreement of July 15, 2010. Since the reelection, Ms. Lone Fønss Schrøder has been a member of the Supervisory Board representing the shareholders and Messrs. Holger Timmer and Marek Wróbel have been members of the Supervisory Board representing the employees. Mr. Bernhard Schreier stepped down as a member representing the shareholders, and Messrs. Sławomir Kubera and Dietmar Schäfers stepped down as members representing the employees. The remaining members of the previous Supervisory Board were re-elected. Following the Annual General Meeting, the constituent meeting of the new Supervisory Board was held. In that meeting, it elected its Chairman and Deputy Chairman, and formed a Presiding Committee, an Audit Committee and a Nomination Committee.

Supervisory Board meetings

There were five regular meetings of the Supervisory Board in the year 2011; they were held on March 21, May 31, July 1, October 25 and December 5. In addition, the constituent meeting of the newly formed Supervisory Board was held after the Annual General Meeting on May 31. All members of the Supervisory Board attended more than half of the meetings; the average attendance rate was 97 percent.

Topics in the plenary meetings

In all regular meetings, the Executive Board reported on the current development of business and the chairmen of the committees informed the plenum about the activities of their respective committees. The meetings of the Supervisory Board also dealt with the following topics:

On March 21, the focus of consultations was on the company and consolidated financial statements for the year 2010, the proposed resolution for the Annual General Meeting, and the objectives for its composition pursuant to Clause 5.4.1 Paragraph 2 Sentence 1 of the German Corporate Governance Code (DCGK). In the same meeting, the Supervisory Board approved the new wording of the Declaration of Compliance pursuant to Section 161 of the German Stock Corporation Act (AktG).

The meeting on May 31 served to prepare the subsequent Annual General Meeting, and the plenum was informed about the results of the meeting of the Special Committee on May 4, 2011. The Special Committee was formed in March 2010 and dealt with structural integrity risks in civil engineering projects, quality assurance in civil engineering, and the functionality of the non-accounting-related internal control system in the Subgroups. On the basis of the report of the Chairman of the Supervisory Board, the Supervisory Board determined that the tasks of the Special Committee had been fully performed and therefore decided to dissolve the Special Committee.

In the meeting on July 1, the Supervisory Board approved in principle the sale of shares in mature PPP projects to an investment company to be newly established, consented to Bilfinger Berger SE owning an interest in that company, and authorized the Presiding Committee to pass all the resolutions necessary for the final approval of this matter. The Supervisory Board also dealt in detail with the organizational structure, the range of services, the market situation and the future business opportunities of the Subgroup Bilfinger Berger Power Services.

The meeting on October 25 focused on corporate strategy and subsidiary controlling. The goals and measures to be taken for the further development of the Bilfinger Berger Group described by the Executive Board were discussed in detail and generally approved. Furthermore, the Supervisory Board approved the acquisition of Neo Structo Construction Ltd in Surat, India.

On December 5, the Supervisory Board mainly dealt with the corporate planning, capital expenditure and measures to be taken to optimize the Group's organizational structure. The Supervisory Board also approved the annual Declaration of Compliance pursuant to Section 161 of the German Stock Corporation Act (AktG).

In accordance with the recommendation of the Audit Committee, the Supervisory Board proposed to the Annual General Meeting that the accounting firm Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Mannheim, be elected to conduct the external audit of the company and consolidated financial statements for the year 2011.

Work of the Committees

In order to ensure the efficiency of its activities, the Supervisory Board has formed a Presiding Committee, an Audit Committee and a Nomination Committee. For a limited period of time, there was also the aforementioned Special Committee.

Presiding Committee of the Supervisory Board

The Presiding Committee of the Supervisory Board consists of four members (see page 15). In place of Mr. Dietmar Schäfers, Mr. Rainer Knerler was newly elected to the Committee, which otherwise remained unchanged, in the constituent meeting of the Supervisory Board. The main tasks of the Presiding Committee include regulating the personnel issues of the Executive Board, unless the provisions of the German Stock Corporation Act and the German Corporate Governance Code stipulate that they are to be regulated by the plenum of the Supervisory Board, and decisions on certain legal dealings and transactions. The Presiding Committee also prepares the plenary meetings and makes recommendations on important resolutions.

Six meetings of the Presiding Committee of the Supervisory Board were held in 2011. The Presiding Committee dealt intensively with the sale of shares in mature PPP projects to an investment company to be newly established and with Bilfinger Berger SE owning an interest in that company. The measures to be taken in that context were discussed in detail with the Executive Board and finally approved on the basis of the authorization granted by the plenum. In addition, the Presiding Committee dealt with three acquisitions, two sales of companies, three concession projects as well as a construction project and two service agreements with high order volumes, and subsequently approved those projects and measures to be taken. Some of the resolutions of the Presiding Committee of the Supervisory Board were made in written form.

Audit Committee

The Audit Committee also consists of four members (see page 15). In place of Mr. Rainer Knerler, who joined the Presiding Committee of the Supervisory Board, Mr. Thomas Kern was elected to the committee, which otherwise remained unchanged. The Audit Committee monitors accounting, the risk management system and the functionality and effectiveness of the internal control system. It also deals with questions relating to auditing and compliance. The members of the Audit Committee include Mr. Udo Stark and Dr. Klaus Trützschler, two independent members who, in accordance with Section 100 Subsection 5 of the German Stock Corporation Act (AktG), possess expertise in the areas of accounting and auditing and who have particular experience in the application of internal control procedures.

In five regular meetings in the past financial year, the Audit Committee primarily dealt with the annual financial statements for 2010 and the quarterly reports for 2011, including the corresponding interim financial statements. The Committee reviewed the independence of the external auditors and recommended that the Supervisory Board propose their election by the Annual General Meeting in 2011. The Audit Committee also issued the audit assignment to the external auditors and negotiated the audit fee with them. It also dealt with the non-audit services provided by the external auditors and reviewed compliance with the relevant legal limits for such services. The Chairman of the Audit Committee also met individually with the Chief Financial Officer outside the Committee meetings and discussed the interim financial statements and the annual financial statements with him.

The Audit Committee received information on the development of the risk situation from the quarterly reports of the Executive Board, which were also submitted to the Presiding Committee of the Supervisory Board. Furthermore, the Audit Committee dealt in detail with the activities of Project Controlling and Internal Auditing. For the audit of risk management, the two corporate departments submitted annual reports to the Committee. The Audit Committee reviewed the functionality of the internal control and risk management system in relation to the accounting process. The Audit Committee is of the opinion that the internal control system currently in place, including the internal auditing system, and the risk management system fully meet the demands that are made of them.

The Audit Committee also dealt in detail with questions of compliance. The Chief Compliance Officer reported on his activities to the Committee once a quarter (see page 104).

Nomination Committee

The Supervisory Board has formed a Nomination Committee in accordance with the recommendation in Clause 5.3.3 of the German Corporate Governance Code. This Committee consists of three members representing the shareholders (see page 15) and recommends suitable candidates to the Supervisory Board for its own recommendations to be made to the Annual General Meeting.

The Nomination Committee held two meetings in 2011. With regard to the Annual General Meeting to be held on May 31, 2011, in which the members of the Supervisory Board representing the shareholders were to be reelected, it dealt in detail with those positions and subsequently recommended candidates to the Supervisory Board for election to the Supervisory Board.

Special Committee

The Special Committee was formed by the Supervisory Board on March 4, 2010 and was dissolved on May 31, 2011. It consisted of eight members (see page 15) and dealt with structural integrity risks in civil engineering projects, quality assurance in civil engineering, and the functionality of the non-accounting-related internal control system in the Subgroups. In the context of its activities, the Special Committee obtained technical and legal advice from independent experts.

In 2011, a meeting of the Special Committee was held (on May 4) in which the workgroup charged with reviewing quality assurance in the area of civil engineering under the leadership of Prof. Dr. Claus Jürgen Diederichs (emeritus of the University of Wuppertal) and the Head of Group Technology of Bilfinger Berger SE submitted its final report. During the investigations it carried out in 2010, the workgroup did not discover any failings of the quality assurance system, but issued a number of recommendations for its optimization. In its final report, the workgroup stated that the recommendations had been implemented by spring 2011.

Another topic of discussion at the meeting of the Special Committee was the review of the functionality of the non-accounting-related internal control system. That had been carried out in the year 2010 by accounting firm Ernst & Young in the Building Construction and Civil Engineering Subgroups. Following that review, Ernst & Young was commissioned to review the implementation of the internal control system also in the other Subgroups, subsidiaries and associated companies of the Bilfinger Berger Group. This review did not indicate any limitations in the effectiveness of the operational internal control system at Bilfinger Berger. The recommendations made in the prior year by Ernst & Young on the further optimization of the system were implemented.

Corporate Governance and Declaration of Compliance

In year 2011, the Supervisory Board dealt in detail with questions of corporate governance and with the German Corporate Governance Code. On March 21 and December 5, 2011, the Executive Board and the Supervisory Board issued a declaration of compliance pursuant to Section 161 of the German Stock Corporation Act (AktG), which is a component of the corporate governance report (see page 102) and is permanently available on the company's website, as are the previous declarations.

The Supervisory Board reviewed the efficiency of its activities on the basis of a catalogue of questions and discussed this matter in its meeting on December 5, 2011. The results confirmed the quality of the Supervisory Board's activities that had already been ascertained in previous years. No conflicts of interest arose in the Supervisory Board during the year under review.

Audit of the company and consolidated financial statements

Accounting firm Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft, Mannheim, has audited the annual financial statements and the combined management report of Bilfinger Berger SE and the Group prepared by the Executive Board in accordance with the German Commercial Code (HGB) for the year 2011 and has issued them with an unqualified audit opinion. The consolidated financial statements of Bilfinger Berger SE for the year 2011 were prepared in accordance with Section 315a of the German Commercial Code (HGB) on the basis of the International Financial Reporting Standards (IFRS) as adopted by the European Union. The consolidated financial statements were also issued with an unqualified audit opinion by the auditors. The audit assignment had been issued by the Audit Committee of the Supervisory Board in accordance with the resolution of the Annual General Meeting of May 31, 2011. The aforementioned financial statements, the audit reports of the external auditors and the proposal of the Executive Board on the appropriation of distributable earnings, partially in draft form, were provided to the members of the Supervisory Board in good time. The Audit Committee of the Supervisory Board, in preparation for the review and discussion of these documents by the plenary session of the Supervisory Board, discussed the financial statements and the audit reports as well as the proposal on the appropriation of distributable earnings in the presence of the external auditors. In addition, the Audit Committee received a report from the external auditors on their collaboration with the Internal Auditing department and other persons in positions involved in risk management and on the effectiveness of the internal control and risk management system with regard to accounting, whereby the external auditors stated that no significant weaknesses had been found. The external auditors confirmed that the internal control system currently in place, including the internal auditing system, and the risk management system fully meet the demands made of them.

The Supervisory Board undertook a detailed review of the company financial statements, the consolidated financial statements and the combined management report of Bilfinger Berger SE and the Group for the year 2011, as well as the proposal of the Executive Board on the appropriation of distributable earnings – following an explanation of these documents by the Executive Board – and dealt with these matters in its meeting on March 14, 2012. The external auditors, represented by the two auditors who signed the audit opinion, also participated in this meeting. They explained their audit and its results and answered questions from the Supervisory Board on the results of the audit as well as its form and scope. They also discussed with the Supervisory Board the internal control and risk management system, in particular as it relates to the accounting process. The Supervisory Board shares the opinion of the Audit Committee on the effectiveness of these systems. The Audit Committee dealt with other services provided by the external auditors in addition to auditing services. There were no reasons to doubt the external auditor's impartiality. 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 review carried out on this basis, there were no objections to be made; this applies in particular to the corporate governance statement, namely to the extent that its components are to be analyzed by the Supervisory Board alone. At its meeting held on March 14, 2012, the Supervisory Board approved the company and consolidated financial statements and the combined management report for the 2011 financial year as submitted by the Executive Board. The company's financial statements have thus been adopted.

The Supervisory Board, in its assessment of the situation of the company and the Group, is in agreement with the assessment made by the Executive Board in its combined management report. The Supervisory Board consents to the proposal of the Executive Board on the appropriation of distributable earnings, particularly with regard to the stringency of accounting and dividend distribution policy, the effects on liquidity, creditworthiness and future financing needs, as well as with consideration of shareholders' interests. In accordance with the recommendation of the Audit Committee, it consents to the Executive Board's proposal for the appropriation of distributable earnings.

Auditors' review of the interim consolidated financial statements and the interim group management reports

The external auditors were also commissioned to review the interim consolidated financial statements and the interim Group management reports as of June 30, 2011 and September 30, 2011. The auditors participated in the Audit Committee's discussions of those financial statements and reports and described their own auditors' reviews, which were carried out with positive results.

Executive Board personnel matters

Mr. Roland Koch has been a member of the Executive Board since March 1, 2011 and has been the Chairman of the Executive Board since July 1, 2011. He succeeded Mr. Herbert Bodner, who retired on June 30, 2011. Mr. Bodner had been a member of the Executive Board since 1997 and its Chairman since 1999. During his period of office, Bilfinger Berger was successfully transformed from a construction company into a services group. The Supervisory Board thanks Mr. Bodner for his exceptional services to Bilfinger Berger.

Supervisory Board personnel matters

At the end of the Annual General Meeting on May 31, 2011, Messrs. Sławomir Kubera, Dietmar Schäfers and Bernhard Schreier stepped down from the Supervisory Board. The new members since then are Ms. Lone Fønss Schrøder and Messrs. Holger Timmer and Marek Wróbel. The Chairman of the Supervisory Board thanks all the departed members for their work and commitment in the interests of the company.

Thanks to the Executive Board and the employees

The Supervisory Board thanks the members of the Executive Board for the trusting and constructive cooperation and expresses its thanks and appreciation to all the employees for their good work for Bilfinger Berger in the past financial year.

Adoption of this report

The Supervisory Board adopted this report in its meeting on March 14, 2012 in accordance with Section 171 Subsection 2 of the German Stock Corporation Act (AktG).

For the Supervisory Board

Dr. h.c. Bernhard Walter
Chairman of the Supervisory Board
Mannheim, March 14, 2012

Supervisory Board of Bilfinger Berger SE

Honorary Chairman:
Gert Becker

Dr. h.c. Bernhard Walter, Chairman
Former Speaker of the Executive Board of Dresdner Bank AG, Frankfurt am Main

Stephan Brückner, Deputy Chairman
Employee of BIS Maintenance Südwest GmbH, Heinsberg

Volker Böhme
Employee of BIS Isoliertechnik Nord GmbH, Dortmund

Dr. John Feldmann
Former Member of the Executive Board of BASF SE, Ludwigshafen am Rhein

Lone Fønss Schrøder (from May 31, 2011)
Non-executive member of administrative bodies at German and non-German companies

Thomas Kern
Employee of HSG Zander Rhein-Main GmbH, Neu-Isenburg

Rainer Knerler
Regional Manager Berlin-Brandenburg of the Industriegewerkschaft Bauen-Agrar-Umwelt (Construction, Agriculture and Environment Trade Union), Berlin

Sławomir Kubera (until May 31, 2011)
Employee of Bilfinger Berger Budownictwo S.A., Warsaw/Poland

Thomas Pleines
Former Member of the Executive Board of Allianz Deutschland AG, Munich, and former Chairman of the Executive Board of Allianz Versicherungs AG, Munich

Dietmar Schäfers (until May 31, 2011)
Deputy Federal Chairman of the Industriegewerkschaft Bauen-Agrar-Umwelt (Construction, Agriculture and Environment Trade Union), Frankfurt am Main

Bernhard Schreier (until May 31, 2011)
Chairman of the Executive Board of Heidelberger Druckmaschinen AG, Heidelberg

Udo Stark
Former Chairman of the Executive Board of MTU Aero Engines Holding AG, Munich

Holger Timmer (from May 31, 2011)
Employee on the Executive Board of IG Metall, Frankfurt am Main

Prof. Dr. Klaus Trützschler
Member of the Executive Board at Franz Haniel & Cie GmbH, Duisburg

Marek Wróbel (from May 31, 2011)
Employee at BIS Multiserwis Sp.z.o.o., Krapkowice/Poland

Presiding Committee:
Dr. h.c. Bernhard Walter
Stephan Brückner
Dr. John Feldmann
Rainer Knerler (from May 31, 2011)
Dietmar Schäfers (until May 31, 2011)

Audit Committee:
Udo Stark
Volker Böhme
Thomas Kern (from May 31, 2011)
Rainer Knerler (until May 31, 2011)
Prof. Dr. Klaus Trützschler

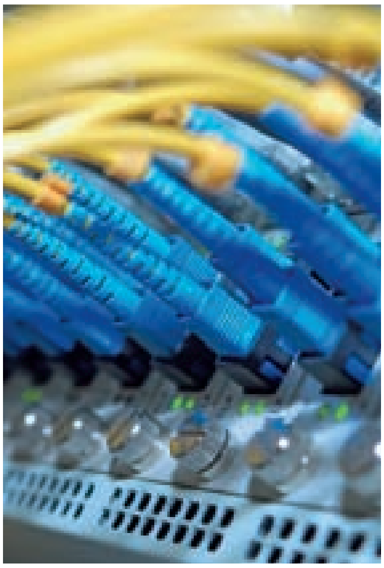
Nomination Committee:
Dr. h.c. Bernhard Walter
Dr. John Feldmann
Udo Stark

Special Committee (until May 31, 2011):
Dr. h.c. Bernhard Walter
Stephan Brückner
Volker Böhme
Dr. John Feldmann
Thomas Kern
Rainer Knerler
Udo Stark
Prof. Dr. Klaus Trützschler

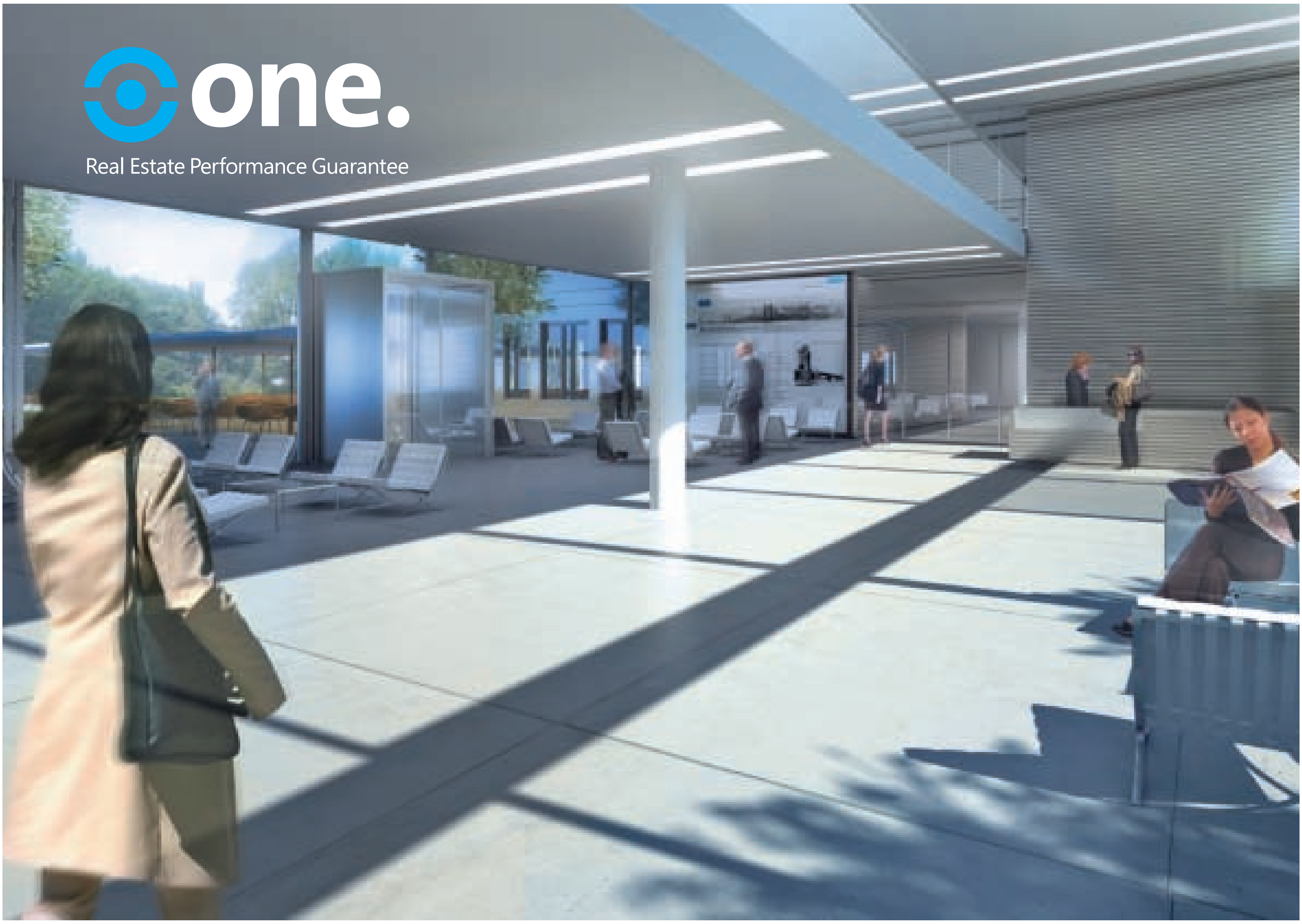
B4

Networking

Today, 30 times more goods are being traded internationally as was the case the middle of the 20th century. The volume of air traffic is 100 times greater. More than two billion people currently use the Internet. There are more than five billion mobile phone contracts – a tenfold increase since the turn of the millennium. The worldwide integration in trade, transportation, communication and energy is progressing at astonishing speed. Those who see this progress as an opportunity can benefit from it.



Server and Service __ Information technology is helping to integrate and strengthen economic relationships throughout the world. These developments are revolutionizing the services sector.



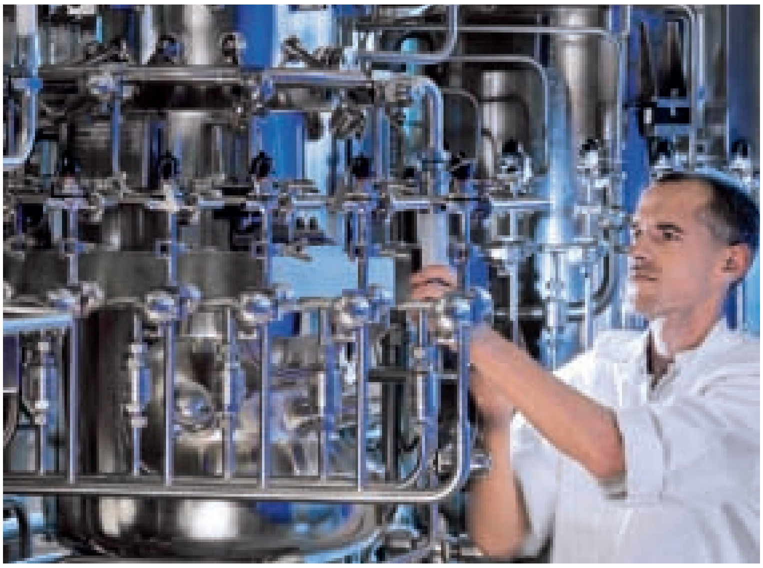
We create value

Networking reduces risk and costs for clients

With its broad presence, the company was called “globally unique” by the ‘Frankfurter Allgemeine Zeitung’ in September 2011. Over the past ten years, Bilfinger Berger has invested two billion Euros to acquire about 80 companies around the world, primarily in industrial, power and real-estate services. What was once a construction group has become a globally active engineering and services company.

2011 saw the advancement of what will also be a top priority in the years to come: the integration of our corporate units across borders and business segments. This will lead to significant advantages. Entirely new products and solutions will arise that will enable clients reduce costs and risks.

One such product innovation was launched by Bilfinger Berger for the real-estate sector in 2011. No competitor has come up with a comparable product: ‘one’ transfers the experience gathered by the company in a vast range of public-private partnerships to real estate projects undertaken by commercial enterprises and funds. What makes this unique is the cost security. The new approach provides clients with a guarantee not only in terms of design and construction costs, but also the cost of operating the facility over a contractually agreed period. Services such as catering, security or postal delivery can also be included in the cost guarantee. ‘one’ was made possible by the networking of Building and Facility Services. Because Group companies have combined their areas of competence, more value-added is generated for clients.



'one' is being implemented in a new administrative building in Oberhausen. A private fund will own the completed building. The property's tenant is Bilfinger Berger Power Services. Not only does the owner benefit from guaranteed costs, the tenant can also count on fixed supplementary costs over a contract period of 15 years.

Full service for industrial plants

Bilfinger Berger is the largest German company in a dynamically-developing sector: in industrial services specialized providers maintain and optimize the production facilities of the processing industry. Bilfinger Berger has a broad range of services on offer. Various trades such as piping construction, mechanical and electrical engineering, instrumentation and control technology, insulation, scaffolding and corrosion protection are all combined to create customer-specific and cost-saving solutions. With full service offerings, Bilfinger Berger assumes interface management for the complete maintenance activities, thus covering delivery of all related tasks.

Sonnenstein shines once again __ Schloss Sonnenstein in Pirna, Saxony had stood empty since German reunification. As part of a public-private partnership, Bilfinger Berger modernized the castle and will operate it for the next 25 years. The client, the Saxon Switzerland-Osterzgebirge district, will use the buildings as its district office. Building experts worked together closely with the facility management specialists from the Group during the design and construction phases. The Federation of Public-Private Partnerships awarded the project its 2011 Innovation Prize. The Federation gave special praise to the comprehensive, cooperative planning approach of the project team which allowed lifecycle costs to be significantly optimized.

Client focus

"The man who invented the future" was the headline in the news magazine 'Der Spiegel' to mark the death of Steve Jobs in October 2011. The Apple founder took computers that were complicated to operate and turned them into user-friendly devices which even children could intuitively understand. His approach is a recipe for success in the globalized economy: if you want to stay ahead of the competition around the world, the needs of the users, consumers and clients must come first in the products and services you offer.

B5

Ready for take off __ Flight operations could not be interrupted. Bilfinger Berger therefore worked only at night to modernize 'Runway 18 West' at the Frankfurt Airport in summer 2011. Every night the experts replaced one 15-meter wide horizontal strip.

We’re flexible

Customer orientation generates innovation and new orders

The customer is king: the saying is well-known in retailing. It is less widely accepted, however, in ‘business to business’ dealings. But Bilfinger Berger recognizes this principle as one of its fundamental strengths: the company consistently caters to the needs and wishes of its customers. The flag-bearers for this philosophy are highly-qualified employees who, with their experience and commitment, are able to handle the most challenging issues.

At the Belgian power plant Rodenhuize, engineers and fitters from Bilfinger Berger made a pioneering achievement. They converted a 560MW conventional power plant from coal to biomass for Electrabel, a Belgian utility. Now the plant burns wood pellets and produces CO_2-neutral power. That has never been done before at a power plant this size.

The task was especially difficult because the new burners will use natural gas as well as blast furnace gas from the neighboring steel plant. This degree of flexibility presented a particular challenge for the engineers at Bilfinger Berger.

The successful conversion has opened the door to a new market. Energy generation with biomass is a technology of the future. For power plant operators, it is more attractive if they can alternate between fuels at any time, as is the case in Rodenhuize. And satisfied customers mean long-term business relationships: the concept is no different in energy supply than in retailing.

In addition to extensive engineering expertise, Bilfinger Berger has its own manufacturing capacities and the largest power plant installation team in Germany. That is how the conversion of the power plant in Rodenhuize could be completed from a single source.

No need to wipe the board __ As part of a public-private partnership, Bilfinger Berger has modernized or newly built nine schools in Halle in recent years. The Giebichenstein secondary school wanted electronic whiteboards, which weren't included in the scope of services. So Bilfinger Berger's project manager recalculated and noted that without chalkboards, there would be no need for running water in the classrooms. The money saved on pipes and sinks could be used for the interactive whiteboards.

Availability instead of repair

In the Höchst Industrial Park near Frankfurt, Bilfinger Berger ensures trouble-free production. The company has developed a comprehensive maintenance concept for the many thousands of pumps used by its clients: alongside regular exchange and upkeep, detailed spare parts management creates the conditions needed to ensure that unforeseeable incidents are handled within the shortest possible reaction time. Bilfinger Berger thereby relies on pioneering management of maintenance activities: instead of repairing defective equipment, the experts guarantee the availability of the plant.

Growing relationship

Bilfinger Berger has been managing properties from IBM since 1996. The contract has been expanded repeatedly. In order to bundle expertise specifically for the client, Bilfinger Berger founded a subsidiary for the support of the software company. The property specialists from Bilfinger Berger now operate 200 locations in 24 countries. These include offices, call centers and laboratories as well as sensitive data centers. In total there are 24 'service levels' – a kind of catalogue from which IBM can tailor the services needed for each property.

Expertise

In Germany alone there are 11,000 libraries. Around the world, prominent architects build new libraries as cathedrals of knowledge. Google has scanned millions of books and placed them in the Internet. And yet a great deal of particularly valuable knowledge is not available – neither in print nor on the Internet. Expertise is a vibrant phenomenon. Experience gained over many years and continuously refined practical, applicable specialized knowledge can be found primarily in the minds of people.

B6

Production of active pharmaceutical ingredients __ Even in an era of mass-production and robots there are always activities which require experienced specialists.

For the layman, industrial plants are a complex tangle of boilers, silos and pipes. Only specialists who have worked in the plants for many years are able to see through this complexity and keep them running efficiently.

We're experienced

Expertise as a Bilfinger Berger core competence

Riding a bicycle is a simple thing – for those who know how. It would be nearly impossible to teach this skill with just a textbook. Regardless how accurately the book talks about peddling speed and steering angles. It is only when you sit on the bike yourself that you learn to keep your balance.

The ability to ride a bicycle is called 'silent knowledge': knowledge goes hand in hand with ability. You know implicitly 'how it works'. The ability to teach others is, however, often a complicated process. For Bilfinger Berger's orders, a lot depends, on the one hand, on the 'silent knowledge' of the employees – that is, on the professional experience they have acquired over decades. Success also depends on an exchange of this experience; from connecting and precise joint planning with other specialists in the company.

It is only in this way that major overhauls to industrial plants can be successfully managed, as was the case with plastics producer Borealis in Schwechat, Austria in early 2011: at regular intervals, the production at petrochemical plants halts for a brief period. In Schwechat, about 7,000 motors, pumps, air compressors and blowers were disassembled, inspected, maintained, cleaned, repaired and optimized. "Everything is minutely planned, divided into 70,000 individual steps," noted the 'Financial Times Deutschland', commenting on the six-week concerted effort of nine Bilfinger Berger operating units: "a gigantic puzzle under great time pressure."

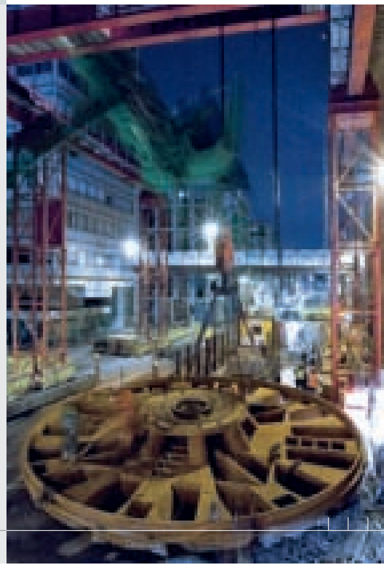
Precision work required

Carl Zeiss is a leader in the field of optics and optoelectronics. The technology company also demands high performance and attention to detail from its partners. At Carl Zeiss headquarters in Oberkochen, Bilfinger Berger is responsible for the technical facility management in two plants. The facility operation specialists ensure the production of measurement and semiconductor technology under clean room conditions. In addition, the company maintains facilities that include 170 refrigeration units and more than 12,000 air filters.

High efficiency

If coal is to become more environmentally friendly, the efficiency of power plants has to increase. Currently, global efficiency rates average 30 percent. At the new Block R in the Boxberg power plant in the Lausitz region of Germany, efficiency will reach 43 percent. This is due largely to pipes from Bilfinger Berger. They are able to supply steam at temperatures of over 600 degrees Celsius to the turbines. Only a handful of firms in the world can handle the precise bending of the special steel in use. In the power plant Bilfinger Berger joined the segments together using a computer-guided welding process.

Tremendous technical achievement __ "What we see here is a tremendous technical achievement," said Mayor Dirk Elbers at the beginning of April 2011 during the unveiling of a tunnel section. The colossus that cuts underground through Düsseldorf's inner-city weighs 1,300 tons. Each day the tunnel boring machine from Bilfinger Berger advances an average of nine meters. In total, 3.4 kilometers need to be dug for the new underground Wehrhahn Line. Sophisticated foundation engineering work protects the buildings of the inner-city. Upon completion, the subway line will greatly reduce the traffic burden in the inner-city.



Responsibility

The German government decided in 2011 that it would pursue an ‘energy revolution’. They announced the end of nuclear energy and an increased development of renewable energy sources. Germany has assumed a pioneering role in this process. Still, the use of fossil fuels worldwide is still essential. We all share responsibility for ensuring that energy is used as efficiently and sustainably as possible.

B7

Reflection of the future __ Renewable energy will replace fossil fuels. In the south of Spain, enormous solar thermal power plants already produce electricity that can supply energy to 60,000 households. Bilfinger Berger is contributing to the efficiency of the power plants with its expertise in the insulation of industrial facilities.

We’re sustainable

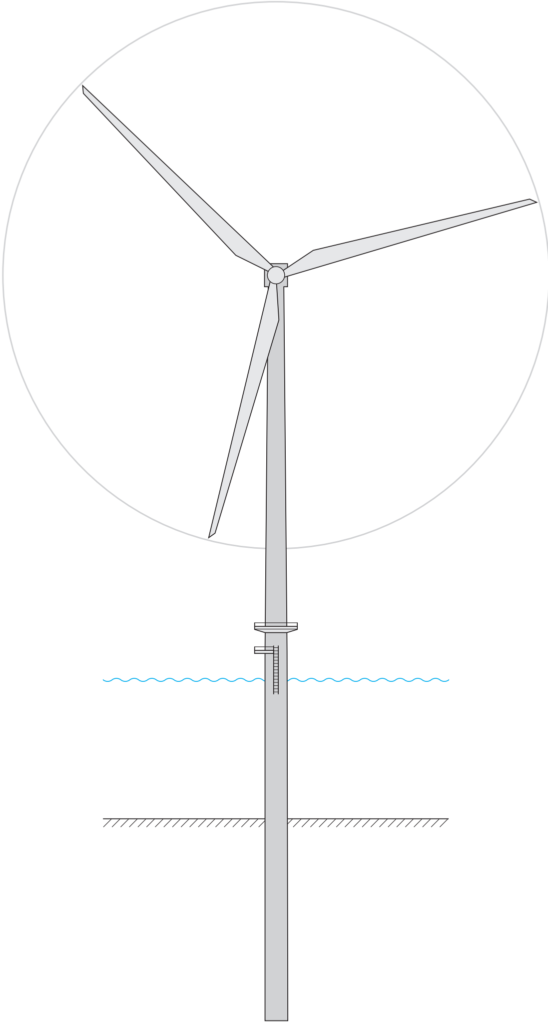
Responsibility for efficiency and environmental protection

Significantly less CO_2 is produced from the burning of natural gas than from coal or oil. The use of this source of energy is increasing worldwide and contributing to the trend. Off the Norwegian coast, Arctic liquid gas below the sea floor is being tapped and transported by pipeline to the coast. There the gas is cleaned and compressed at gigantic facilities.

Making this preparation process as safe and as energy-efficient as possible requires extensive competence in fire prevention as well as in cold and thermal insulation. In the plant at Nyhamna the operator Aker Solutions entrusted the specialists from Bilfinger Berger with the design and engineering of the insulation, material procurement, prefabrication, project development and assembly. The 1.3 million hours of work were performed without incident. Despite the icy temperatures, cold protection is also required at the Melkoya plant in Hammerfest: in order to keep the liquid gas at minus 163 degrees Celsius, Bilfinger Berger clad the pipes and valves with multiple layers of different insulation materials.

There is generally tremendous potential to save energy at industrial facilities with their pumps and motors, process heating and cooling. Equipment is frequently made to the wrong scale or not according to the latest technology. A key reason for clients to entrust Bilfinger Berger with industrial service is the company’s ability to always find new opportunities for optimization.

Tankers deliver liquid gas from the Arctic compressed in Hammerfest, Norway to southern Europe and the USA. Bilfinger Berger ensures that a minimum of energy is lost in the production process.

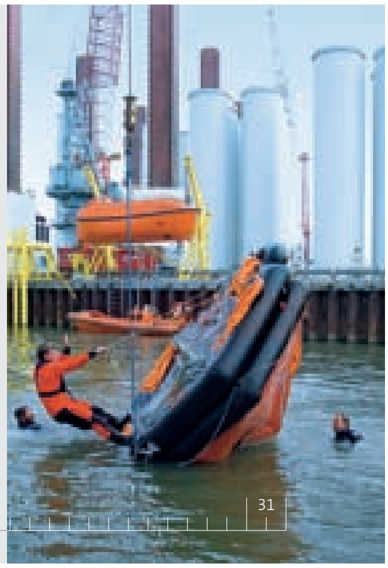


United for clean lignite __ Bilfinger Berger is modernizing the largest lignite-burning power plant in Europe. In Belchatow, Poland the company is currently renewing the steam generators in six power plant blocks. These measures will allow the plant to attain the environmental standards of the European Union. As the main contractor, Bilfinger Berger Power Services turned to the competences of another Bilfinger Berger Group company for the €440 million project: Bilfinger Berger Industrial Services supports the boiler modernization with scaffolding and extensive insulation work. And one of the heat displacement systems at the Belchatow power plant rests on foundations built by civil engineering units of Bilfinger Berger.

Fresh wind at sea

In March 2011, Bilfinger Berger laid the first foundation for one of the world's largest windparks in the North Sea: 'London Array' lies 20 to 35 kilometers from the Thames estuary. Workers drove 60 meter steel piles weighing up to 650 tons each into the sea floor with gigantic hydraulic hammers. Adapter elements weighing up to 300 tons and equipped with concrete work platforms are fitted on top of the piles. In its final configuration, 341 turbines will produce an electrical output of 1,000 MW, enough to supply a quarter of greater London with electricity. Bilfinger Berger has a leading market position in the construction of offshore wind farms in the North and Baltic Seas.

Quality for the community __ At Bilfinger Berger, Health, Safety, Environment and Quality (HSEQ) is a top priority. Take the London Array offshore windpark for example: the steel foundations for the wind turbines are carefully tested on land, including ultrasonic testing to ensure there are no air pockets. Prior to deployment, all employees have to pass a comprehensive safety course. Sonic buoys are employed to keep porpoises away from the construction site and protect them from any harm from the noise of the pile-driving work.

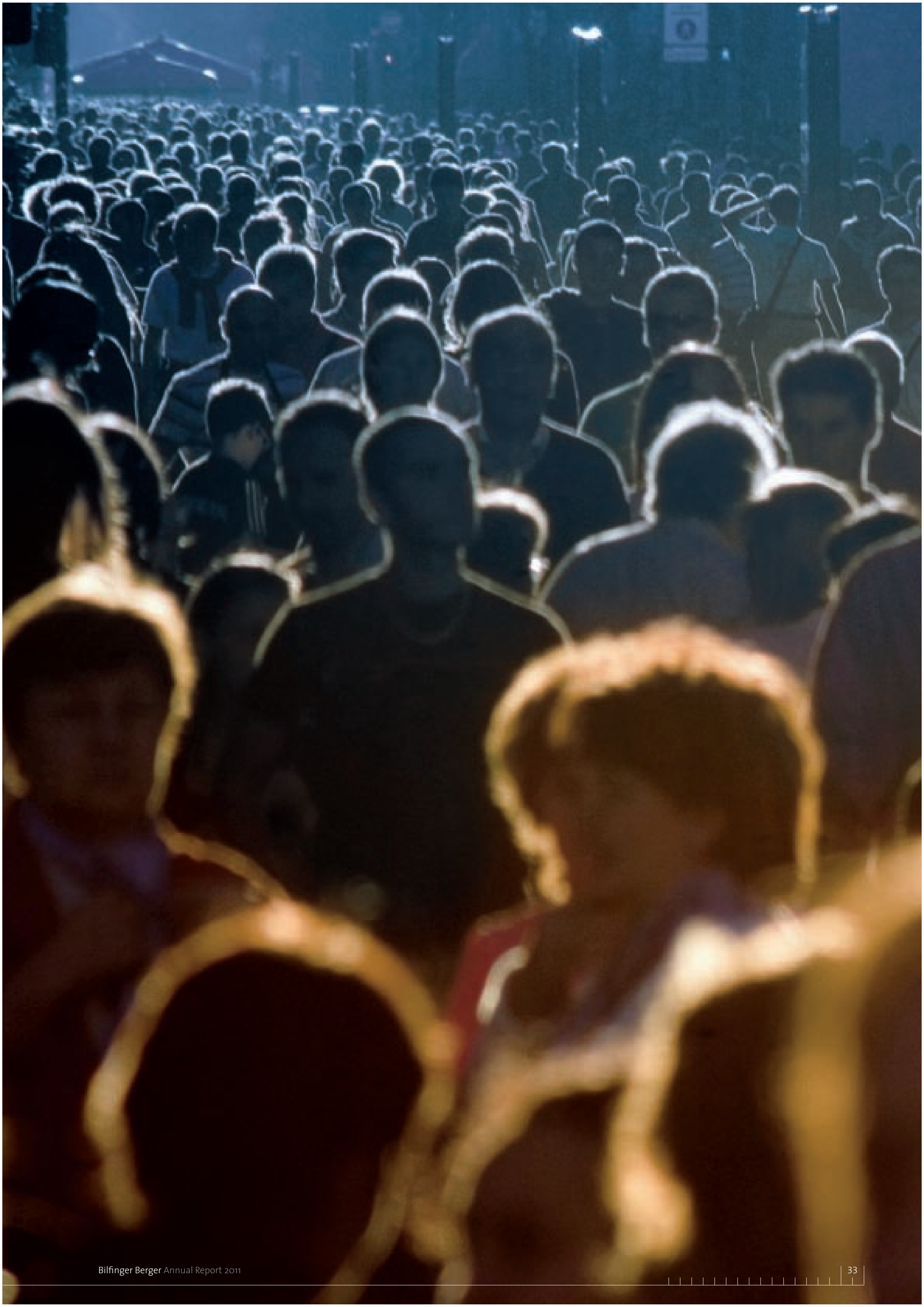


Growth

At the end of October 2011, the seven billionth person was born. The world's population thus grew by one billion in just twelve years. 158 new people are added to the population each minute. By the middle of this century, nine billion people will live on the earth. At the same time raw materials and fossil fuels are becoming more scarce. How do we handle these resources? How do we attain a qualitative improvement in individual life with quantitative population growth?

B8

On the sunny side __ Pedestrians in a shopping area in the middle of Europe. One of the biggest questions of the future is how raw materials and other resources can be conserved in order to maintain our quality of life.



Even global players can no longer answer the biggest questions of the future alone. IBM and Bilfinger Berger are working together as partners: IBM's German headquarters has become a 'Smarter Buildings' pilot project.

We're fit for the future

Combining ecology and economy to create growth

Around 200 years ago Thomas Malthus enunciated his famous theory of population growth: It is a law of nature that population grows faster than the earth is able to feed it. The logical consequences are hunger and poverty. Yet history long ago rebutted the British economist. Scientists and engineers have time and again provided for productivity increases with their research and developments. The planet remains self-sustaining despite finite resources.

This innovative strength continues to be of vital importance in light of the world-wide population explosion. Bilfinger Berger helps its partners to combine economic growth with the conservation of resources. Through various efforts to save resources and energy, the company achieves economic advantages for its clients.

Improved energy efficiency is playing a key role in the 'energy revolution'. One example of many: Bilfinger Berger supports IBM with its 'Smarter Buildings' initiative. The IT company and the German market leader in property management have developed an intelligently integrated and sustainable building concept. IBM's headquarters in Ehningen have become a pilot project: with the help of information technology, large volumes of data, including information relating to electricity, cooling and heating is linked together. Through constant analysis of the data, energy and other operating costs can be minimized.

The processing of biogas __ In 2020 biogas will cover about six percent of German energy needs. In order to reach this goal, around 1,000 processing plants have to be built – in 2011 there were only a few dozen. Bilfinger Berger is providing the technology for this growth market. Together with BASF, the company has developed a procedure to efficiently remove CO_2, ammonia and hydrogen sulfide from biogas. What remains is methane with a purity grade of over 99 percent, which means that it can be added to the natural gas networks. The new procedure is already in use at two plants in Eastern Germany that were built by Bilfinger Berger.

Berlin saves energy

With energy contracting, communities and cities can conserve both their finances and the climate: Bilfinger Berger invests in public buildings and shares the cost savings with the municipalities. The company exchanged old boilers for new ones at over 70 properties in the center of Berlin. Ventilation and controlling systems were modernized; thousands of thermostat valves and energy-saving lamps were installed. The city received a guarantee that it would save more than €1 million annually on energy costs by 2018. This represents an average decrease of 30 percent. In the Luisenbad library the costs have dropped by 40 percent.

Micro turbines get rolling __ Small, decentralized power plants will become a more important component for our energy supply in the future. Bilfinger Berger is developing a micro gas turbine together with the Brandenburg Technical University in Cottbus. The use of fermentation gas and biogas makes it particularly friendly for the environment. The mini power plant can supply hospitals, schools or small factories with energy. The waste heat can be used in the air conditioning of the buildings, for example, allowing the power plant to reach the highest efficiency levels. Prototypes are currently being tested at two locations.

Bilfinger Berger shares

> Significantly better development than the market
> Capital market welcomes medium-term strategic goals
> Strong increase in dividend to €3.40

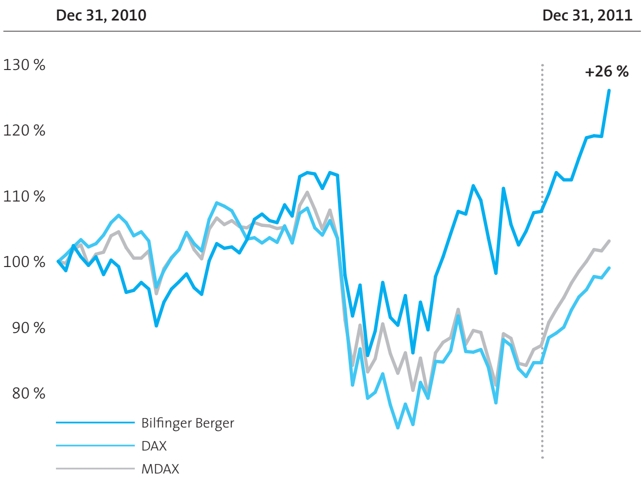
Significantly better development than the market

Due to the good economic situation – especially in Germany – stock-market developments were positive in the first half of 2011. Although indices no longer made such large gains as in the prior year, they remained stable at a high level. Stock markets then slumped in August, with the DAX falling by more than 30 percent for a while. In the following months, markets recovered again somewhat, but did not return to the levels of the beginning of the year. The reason for this change in sentiment was the worsening euro crisis caused by high levels of debt in many countries. Since then, there has been uncertainty about the extent to which this situation will adversely affect the economies of various regions.

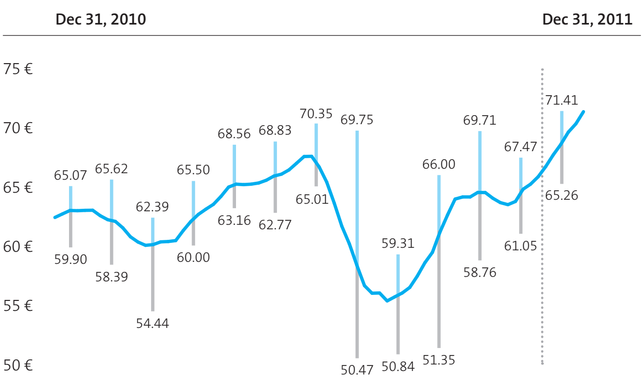
In the first half of 2011, Bilfinger Berger's share price generally moved with the market. But with growing market uncertainty regarding economic developments as of the middle of the year, our share price was able to escape the negative market trend and developed significantly better than the MDAX and the DAX. This shows that Bilfinger Berger is no longer regarded by the capital market as a cyclical construction company, and that our comparatively robust business model as a services group is increasingly being recognized. After a strong fourth quarter, our share price closed the year with a gain. This was supported by the presentation of the new 'BEST' strategy program with ambitious medium-term goals. Our shares' positive trend continued in the new year.

Bilfinger Berger shares closed the year 2011 at a price of €65.88, which represents a performance for the year of plus 8 percent and a market capitalization of €3.0 billion. The DAX closed the year at 5,898, or 15 percent lower than a year earlier, while the MDAX was at 8,898 points or down 12 percent compared with the end of 2010. Our shares performed significantly better than the DAX and the MDAX also over a 3-year period.

Relative performance of our shares



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



Key figures on our shares € per share	2007	2008	2009	2010	**2011**
Earnings	3.32	5.18	3.32	6.43	8.93
thereof from continuing operations			2.28	4.66	4.99
thereof from discontinued operations			1.51	1.77	3.94
Dividend	1.66	1.85	2.00	2.50	3.40 [1]
Dividend yield [2]	3.4 %	5.4 %	3.7 %	4.0 %	5.2 %
Pay-out ratio [3]	50 %	36 %	53 %	39 %	38 %
Highest price	68.99	59.68	54.56	64.35	70.35
Lowest price	43.71	22.06	21.57	40.75	50.47
Year-end price	48.72	34.45	53.92	63.20	65.88
Book value [4]	32.50	29.26	34.85	40.84	40.51
Market value / book value [2,4]	1.5	1.2	1.5	1.5	1.6
Market capitalization in € million [2]	1,963	1,388	2,482	2,909	3,032
MDAX weighting [2]	2.1 %	3.1 %	4.0 %	3.5 %	3.7 %
Price-to-earnings ratio [2]	14.66	6.65	14.23	9.83	7.38
Number of shares (in thousands) [5,6]	37,196	37,196	46,024	46,024	46,024
Average XETRA daily volume (no. of shares)	377,923	485,628	390,746	381,287	253,322

All price details refer to XETRA trading.
Values per share for the years 2007 and 2008 were adjusted in accordance with the capital increase in 2009.

[1] Including bonus in the amount of €0.90
[2] Based on the year-end closing price
[3] Based on earnings per share
[4] Balance-sheet shareholders' equity excluding minority interest
[5] Based on the year-end
[6] 2008 to 2011: including treasury shares

Additional data	
ISIN	DE0005909006/GBF
WKN	590900
Stock exchange abbreviation	GBF
Main stock market	XETRA / Frankfurt, Stuttgart
Deutsche Boerse segment	Prime Standard
Component of	MDAX, Prime Construction Perf. Idx., DivMSDAX, DJ STOXX 600, DJ EURO STOXX, DJ EURO STOXX Select Dividend 30,

Institutional investors by region (as of December 31)
in %

	2011	2010
Bilfinger Berger treasury shares	4	4
Private investors	12	13
Shareholders by region		
Germany	30	31
United Kingdom	18	23
Switzerland	13	1
USA	11	12
France	3	5
Scandinavia	3	3
Benelux	2	4
Canada	2	2
Other	2	2

Strong weighting in the MDAX

Compared with the year 2010, XETRA trading volumes generally decreased in 2011. However, our shares are additionally traded – in line with the general market trend – on the newly created multilateral trading platforms and in the over-the-counter market. Within the MDAX, Bilfinger Berger shares continued to be among the more liquid stocks: they ranked ninth by trading volume in December 2011 (December 2010: sixth). The strong weighting of Bilfinger Berger shares in this stock-exchange segment is also reflected by their ranking of sixth by market capitalization (December 2010: sixth). Despite a lower free float, our MDAX weighting increased slightly to 3.7 percent at the end of 2011 (December 2010: 3.5 percent).

Broad international shareholder structure

As in previous years, we carried out two shareholder surveys in 2011.

Four percent of our shares are currently held as treasury stock, 96 percent are in the hands of private and institutional investors.

The analysis of shareholders by region shows that as of December 31, 2011, shareholders in Germany, the United Kingdom, Switzerland and the United States the most prominent. Switzerland gained considerably in terms of prominence whereas the United Kingdom decreased as compared to the previous year. The share attributed to France and the Benelux countries also declined while Scandinavia and Canada remained unchanged. Institutional investors continue to dominate our shareholder structure; the proportion of private investors amounts to 12 percent.

Bonus leads to strong increase in dividend to €3.40

With regard to our dividend policy, our focus is on a sustainable development. This year, we would like our shareholders to participate both in the company's operational success and in the capital gain realized on the sale of Valemus in Australia: a proposal will be made to increase the dividend for the year 2011 from €2.50 per share to €3.40 per share; this represents a constant dividend of €2.50 plus a bonus of €0.90. In relation to the share price at the end of 2011, this represents an attractive dividend yield of 5.2 percent.

In dialogue with our investors

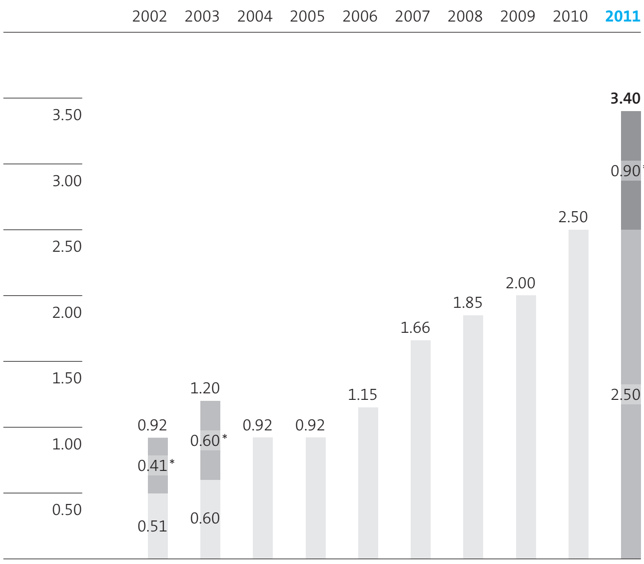
Coverage of Bilfinger Berger's stock was further increased in 2011. We are now in regular contact with a total of 21 financial analysts, of whom eleven recommend our shares as buy, nine as hold and one as sell. We provided information to institutional investors in more than 250 individual discussions, in particular in roadshows in 15 cities in Germany and abroad, as well as by participating in nine international investor conferences.

Capital Markets Day 2011 focused on our Building and Facility Services business segment and was held in Frankfurt. Presentations by members of the operational management gave representatives of the capital market deeper insights into that business segment's range of services and market development, and were followed by a tour of the 'New Deutsche Bank Towers' in Frankfurt – a good example of our comprehensive and integrated facility management offering. Another increase in the number of participants is evidence of the great interest in this event.

Annual General Meeting 2011 with increased capital presence

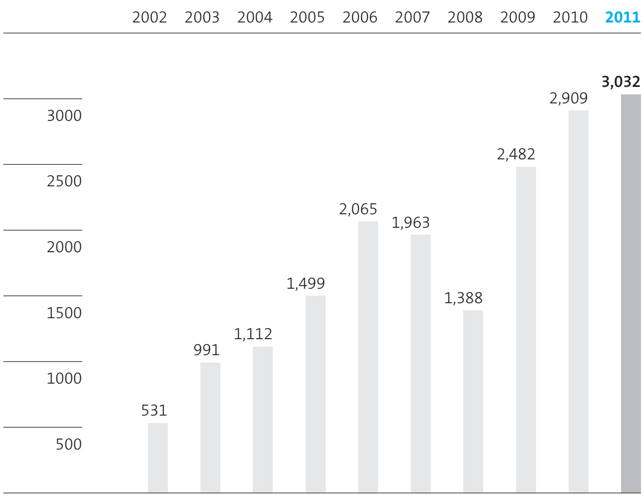
Shareholder presence at the Annual General Meeting increased once again in 2011: 52 percent of the voting capital was represented (2010: 46 percent). We will continue to motivate our shareholders to exercise their voting rights – either in person or through a proxy. All the resolutions of last year's Annual General Meeting were passed as recommended by the management with large majorities.

Dividend development of Bilfinger Berger shares
in €



* Bonus dividend

Market capitalization Bilfinger Berger shares
€ million



Management report

Overview of financial year 2011 and outlook 2012

> Output volume and earnings exceed forecasts

> Significantly higher dividend

> Positive outlook for financial year 2012

Earnings situation

- Output volume rose by 5 percent to €8,476 million
- Orders received of €7,776 million at prior-year level
- EBITA increased by 6 percent to €361 million
- EBIT margin of 4.3 percent (2010: 4.2 percent)
- Increase in net profit to €394 million (2010: €284 million), including capital gain of €161 million from sale of Valemus Australia
- Dividend proposal of €2.50 plus a bonus of €0.90 for a total of €3.40 per share (2010: €2.50)

Financial position

- Increase in cash flow from operating activities of continuing operations to €281 million (2010: €244 million), rise in free cash flow due to sale of Valemus Australia to €774 million (2010: €156 million)
- Investments in financial assets of €218 million at prior-year level
- Decrease in investments in property, plant and equipment to €127 million (2010: €141 million)
- Increase in cash and cash equivalents to €847 million at end of year (2010: €537 million)
- Financial debt – excluding project debt on a non-recourse basis – fell to €186 million (2010: €273 million)
- Solid capital structure opens up considerable scope for investment in further expansion of services activities

Outlook for 2012

- Positive development in all business segments expected in 2012
- Decrease in output volume – without taking potential acquisitions into account – as a result of further concentration in the Construction business segment and the deconsolidation of the Nigeria business
- Net profit for the Group in 2012 significantly higher than the figure for 2011 adjusted for earnings from discontinued operations
- Significant increase in EBITA from higher margins as well as gains from reduced investment in the Nigerian business as well as from the sale of PPP projects

The Bilfinger Berger Group

Legal form and organization

Bilfinger Berger is a stock company in accordance with European law (Societas Europaea – SE). 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.

We have combined the management reports for Bilfinger Berger SE and for the Bilfinger Berger Group in this report.

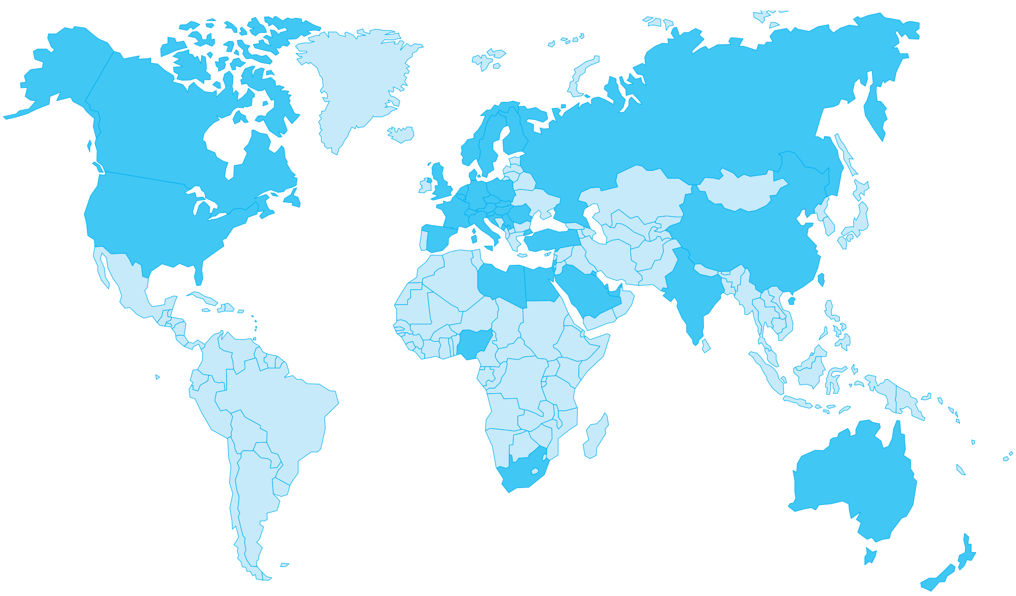
Our business operations are organized in a decentralized manner. The Subgroups and their entities act as independent profit centers. Controlling and monitoring functions are based on close management by the Executive Board, strong Group headquarters with clearly defined tasks, and a risk management system that encompasses the entire Group.

No substantial changes to the organizational structure were undertaken in the reporting year as compared to the previous year.

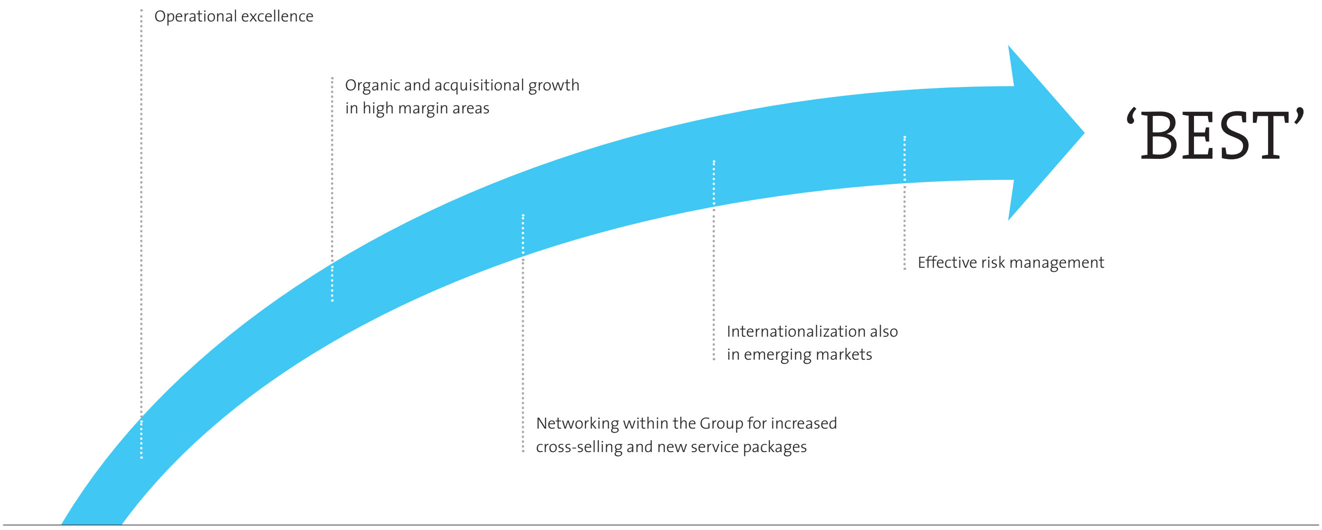
Structure of the business segments

Industrial Services	Power Services	Building and Facility Services	Construction	Concessions
Bilfinger Berger Industrial Services GmbH	Bilfinger Berger Power Services GmbH	Bilfinger Berger Facility Services GmbH	Bilfinger Berger Ingenieurbau GmbH	Bilfinger Berger Projects S.A.R.L.
		Bilfinger Berger Hochbau GmbH	Bilfinger Berger Budownictwo S.A.	
		Bilfinger Berger Government Services Holding GmbH		

Regions



Strategic program 'BEST' – Bilfinger Berger Escalates Strength



Strategy

Following the successful transformation from a construction group to an engineering and services company, Bilfinger Berger is using its potential for the next phase in its development. Under the strategic program BEST (Bilfinger Berger Escalates Strength) output volume will grow by about half to €11-12 billion by 2016 and net profit will be doubled to about €400 million.

Operational excellence The ability to deliver outstanding service anytime, anywhere, is the foundation of our success. It is imperative that it be retained and, wherever possible, further improved. For this purpose, we are strengthening our activities in research and development and making corporate venture capital available.

Organic and acquisitional growth in high margin areas Each business segment has concrete objectives for organic growth in high margin areas. Significantly more than €1 billion is available for acquisitions. Through the further expansion of our services activities, their share of Group output volume will increase from the current level of about 80 percent.

Networking within the Group for increased cross-selling and new service packages Through internal networking, we want to increasingly offer our clients all the services we have available for their respective needs and develop specific new service packages.

Internationalization also in emerging markets We will optimize our international organization in order to better coordinate existing regional activities. Outside Europe we anticipate growth in particular in Asia (current focus: India), Turkey, the Middle East, Russia and in the USA.

Effective risk management We are concentrating on a further improvement in risk awareness and the ability to realistically evaluate the kinds of risks that are particularly important in our business model.

Financial management system

Our key financial management metrics include figures for growth, profitability, capital efficiency, cash-flow generation and capital structure.

Output volume

As well as the Group's revenue, the figure for output volume also includes our proportion of the goods and services supplied by joint ventures and consortiums. Orders received and order backlog constitute a key basis for the planning of output volume. Profitable growth in output volume forms a cornerstone of our strategy for increasing Bilfinger Berger's enterprise value. Our goal is to expand the Group's output volume by the year 2016 to between €11 billion and €12 billion. We aim to achieve organic growth averaging 3 to 5 percent per annum. In addition, targeted acquisitions will contribute to the growth in output volume.

EBIT / EBITA and EBIT / EBITA margin

EBIT (earnings before interest and taxes) has to date served at the Bilfinger Berger Group as an indicator of the operating profit of the corporate units and of the Group. As of the year 2012, EBIT will be replaced by EBITA (earnings before interest, taxes and amortization) as the quantity to be measured. The new financial metric does not include the amortization or impairment of intangible assets from acquisitions and thus allows better comparability of the results of existing business operations and new acquisitions. When performing such an analysis, the focus is on the profit margin – calculated as operating profit as a percentage of output volume. Our goal is to achieve an EBITA margin in the year 2014 of at least 5.5 percent in relation to Group output volume. For the business segments, we plan to achieve the following EBITA margins: Industrial Services: 6 to 6.5 percent; Power Services: 9 to 9.5 percent; Building and Facility Services: 4.5 to 5 percent; Construction: at least 4 percent. By the year 2016, we plan to achieve a Group EBITA margin of approximately 6 percent.

Net profit / dividend policy

Net profit consists of operating profit plus / minus financial income and expense and net of taxes. It forms the basis for measuring the dividend. We pursue a sustainable dividend policy with the objective of letting our shareholders participate appropriately in the Group's success. By the year 2016, we plan to increase our net profit to approximately €400 million. With regard to the dividend, we intend to pay out to the shareholders approximately 50 percent of the net profit, adjusted for any special effects.

Return on capital employed (ROCE), value added

An important financial management system at the Bilfinger Berger Group is the system of return-on-capital-employed controlling, which makes it possible to measure the value added by our business segments and by the Group as a whole. We employ our capital specifically where high value added is achieved. The main idea behind this concept is that positive value added can only be achieved for the Group if the return on the average capital employed is higher than the weighted average cost of capital (WACC). The weighted average cost of capital for the Group is 9.75 percent before taxes (2010: 10.0 percent). We aim to achieve a return on capital employed (ROCE) of between 15 and 20 percent. The ROCE of the business segments is compared with segment-specific cost-of-capital rates in order to reflect the segments' differing risk profiles. The WACC for the services business segments – Industrial Services, Power Services and Building and Facility Services – is 9.5 percent, for the Construction business segment it is 11.5 percent and for the Concessions business segment it is 8.5 percent.

The parameters upon which this calculation is based are determined as long-term average values, are regularly reviewed, and are adjusted for any relevant changes in the market environment. The calculation of the value added achieved by the business segments and by the Group is presented in the chapter on return-on-capital-employed controlling with appropriate explanations.

Cash flow from operating activities / net working capital

A key financial metric for managing liquidity is the cash flow from operating activities with particular consideration of the development of net working capital. This measures the extent to which earnings are reflected by cash inflows. A major factor to be considered is the change in net working capital. Net working capital is calculated as the difference between current assets excluding cash and cash equivalents and current liabilities excluding financial debt. A reduction in net working capital leads to lower capital employed and thus also contributes towards an increase in the return on capital employed (ROCE) and in the value added by the business segment concerned.

Investments / acquisitions

Although compared with some industries our business is not very capital intensive, planned additions to property, plant and equipment are subject to intensive investment controlling. The planned investment ratio in relation to output volume is approximately 2 percent. For corporate acquisitions, we have defined minimum requirements that generally have to be fulfilled. For example, acquisitions should make a positive contribution to net profit in the first full financial year after being acquired, and should make a positive contribution to value added with a return on capital employed above the respective cost of capital.

Other key figures

On the basis of our strategic corporate planning, we regularly review the effects on our financial risk profile of various scenarios on the business and financial development of the Group. The key financial metrics are the dynamic debt-equity ratio and gearing. In line with our targets, their levels should reflect a financial standing comparable with a sound investment-grade rating. For the dynamic debt-equity ratio (quotient of adjusted net debt and adjusted EBITDA), we have determined a target value of less than 2.5, the target value for gearing (quotient of financial debt and total equity) is less than 40 percent. Accordingly, the tolerated level of Group debt on a recourse basis is oriented towards meeting these targets. In our view, its present level gives us substantial scope to finance the strategic development of the Bilfinger Berger Group.

Economic environment

Economic developments

The world economy clearly lost some of its momentum in 2011. Following the strong expansion of the prior year (5.0 percent), global growth weakened to 3.7 percent. Economic developments differed in the various regions. Growth slowed down significantly in the industrialized countries due to the expiry of economic stimulus programs and the worsening debt crisis in Europe. The uncertainty triggered by the high levels of public debt in Europe and the USA led to further falls in economic leading indicators, especially in the second half of the year. Compared with the weakening in the industrialized countries, the growth slowdown was only moderate in the emerging markets. Stable commodity prices continued to benefit those countries that export raw materials.

The sovereign-debt crisis had an impact on the development of foreign-exchange markets. While the fluctuation of the dollar-euro exchange rate generally remained limited, minor currencies such as the Swiss franc made strong gains, at least temporarily. The steady climb of the Swiss franc was only stopped by intervention from the Swiss National Bank, which sought to limit the damage to Switzerland's export economy from the strength of the country's currency.

Developments in the European Union (EU) were also affected by the worsening debt crisis. All political efforts to ameliorate the crisis were unable to prevent the ongoing loss in confidence in markets for the government bonds of highly indebted euro countries. Italy, one of the larger economies of the euro zone, had to pay high risk premiums on some of its bond issues. Stricter austerity measures in combination with the growing pessimism of consumers and investors led to a growth slowdown as the year progressed. However, the gross domestic product of the EU still grew by 1.6 percent in the full year.

The German economy once again achieved very respectable growth of 2.9 percent. However, behind this strong growth rate for the full year, there was a significant deceleration towards the end of 2011. In general, growth factors shifted away from exports and towards domestic demand: while the growth of exports to the euro zone weakened, strong investment by companies and stable private consumption ensured a positive development. Private households' propensity to consume continued to profit from the very good development of the labor market. The number of persons employed increased again by just over 500,000 to the new record of 41.1 million. At the same time, the annual average number of persons unemployed dropped below the three-million mark for the first time since the nineteen-nineties.

In the two other major euro-zone countries, economic developments were much less dynamic than in Germany. In France, gross domestic product increased by only 1.6 percent. The Italian economy stagnated with minimal growth of just 0.5 percent, with a negative impact from consumer and investor pessimism triggered by the debt crisis. Of the other countries at the focus of the sovereign-debt crisis, Greece and Portugal were firmly in recession, while Spain and Ireland posted slightly positive growth.

Belgium, Austria and the Netherlands achieved satisfactory growth of between almost 2 percent and 3 percent. Developments in the north of the EU were also relatively positive. Finland and Sweden posted economic growth of more than 3 percent; only the Danish economy was significantly weaker with GDP growth of 1.2 percent.

In the United Kingdom, economic developments were affected by the required budgetary consolidation and job cuts in the public sector. Private households significantly reduced their consumer spending. Only a very expansive monetary policy by the Bank of England was able to prevent the country slipping into recession and allowed weak (but still positive) growth of 0.7 percent.

The EU member states of Central and Eastern Europe continued their recovery in 2011. All of the region's countries recorded positive growth rates for the first time since the financial crisis in 2008/09. The Polish economy performed particularly well with growth of 4.0 percent. The country had already withstood the financial crisis without entering recession; it remains on a stable growth path and is acting as a pole of stability in the region. Poland is profiting from its strong domestic economy and its close economic links with Germany. But the Baltic states were also able to continue recovering from their severe recession; Estonia actually recorded growth of 8.0 percent, the highest rate in the EU.

Stable oil prices were an aid to growth in the Gulf region. Another factor is that governments reacted to the political turmoil in the Arab world with increased spending programs. Qatar achieved an exceptionally high growth rate (18.7 percent), with a major contribution from rising exports of natural gas. Economic expansion in the leading Gulf state, Saudi Arabia, was also strong at 5.4 percent.

In North Africa, unrest and upheaval limited economic growth to just under 3 percent. Developments in the rest of Africa were stable; among the oil-producing countries, Nigeria once again posted strong growth of 6.9 percent.

In North America, US economic growth of just 1.6 percent was only half as strong as in 2010, which reduced the rate of expansion in Canada to 2.1 percent. In the United States, the continued poor development of the labor market and the ongoing misery of the housing market are preventing a recovery of private consumption, without which a strong upswing is impossible. Industrial output in the USA suffered temporarily from the earthquake disaster in Japan because the Japanese and American automotive industries are interlinked with shared supply chains. Compared with its southern neighbor, Canada has much better economic and fiscal fundamental data and continued to profit from its position as an exporter of raw materials.

GDP growth in selected regions and countries
%

	2011	2010
Germany	2.9	3.7
Euro zone	1.6	1.9
Poland	4.0	3.9
United Kingdom	0.7	1.8
United States	1.6	3.0
India	6.5	8.7

Sources: European Commission / World Bank

Industrial Services

Companies' investments in plant and equipment, an important factor for industrial services, increased substantially once again in the industrial countries in 2011. The average increase in that investment in the euro zone was 5.8 percent. In Germany, companies actually raised their investment by a double-digit rate once again (10.1 percent). Strong growth in investment was even recorded in the United States. In the second half of the year, however, the effects of the global economic slowdown were already clearly apparent in the industrialized countries, but with sharp differences between the sectors. In the German chemicals industry, sales and utilization of production capacities already fell slightly in the third quarter, while the pharmaceuticals industry remained stable. Capacity utilization in the German automotive industry also remained high into the autumn.

The international market for industrial services in 2011 was still benefiting from the generally satisfactory investment activity in Europe and North America, and from the ongoing trend of outsourcing extensive packages of industrial services. Growth rates for repair and maintenance markets in Europe were therefore between 5 and 6 percent. The most important market sectors were still chemicals / petrochemicals, steel / metal industry and the automotive industry. The trend of growing demand for integrated services with the inclusion of management services is continuing.

Power Services

The market for industrial services in the field of power plants and energy followed a stable development in 2011. At the same time, political changes occurred that will supply the market with new growth stimulus.

The German decision to abandon nuclear power following the nuclear power plant disaster in Japan has initiated a rapid change in German energy policy. The decision to switch off the last nuclear power plant in Germany by the year 2022 has further increased the need for extensive investment in the generation and distribution of electricity. This necessitates the construction of new, efficient, coal-fired power plants and flexible gas-fired power plants, and the ongoing development of renewable energy resources. In addition, the efficiency reserves of existing power plants must be fully utilized by means of extensive modernization. Politicians are making efforts to improve the administrative conditions for the required investment. One of the first steps in this direction is the Grid Extension Acceleration Act, which came into effect in August and is intended to improve the conditions for the rapid extension of high and ultra-high voltage networks.

Also in other countries, changes in energy policy ensure a positive outlook for providers of industrial services in the field of power plants and energy. In the United States, the government is pursuing the goal of reducing the country's oil imports by a third over the next ten years. This is to be achieved by means of improving energy efficiency and increasing domestic production. In Poland, the transitional period for adjusting to EU emission standards expires in 2015. This has led to a high need for the modernization of Polish coal-fired power plants. In the Gulf region, Saudi Arabia has announced that it will invest US-$ 80 billion in new power plants by the year 2020 to cover the country's rapidly rising electricity consumption. In South Africa, the development of energy-intensive industries is still being hindered by electricity shortages. These bottlenecks are to be eliminated by the year 2016, primarily by constructing new coal-fired power plants. Compared with other countries, the debate about renewable energy is only just starting in South Africa.

Facility Services

The market for facility management services in Germany grew by approximately 6 percent in 2011, despite intense price pressure, and is estimated at a total volume of nearly €60 billion.

Competitive pressure is tough and is reducing the potential returns, especially in the market segments of simple services such as industrial cleaning, as the barriers to entry are very low in this area. In this difficult competitive situation, primarily those providers will be able to defend their margins that can offer a comprehensive range of services, including technical and commercial services. Market opportunities also exist for smaller and highly specialized providers.

In the past two years, slight shifts have occurred in our clients' sectoral structure. The market share of the public sector and the healthcare sector has declined, while the areas of banking / insurance and IT / telecommunication have gained ground. Growing internationalization is also apparent. The leading German providers are generating an increasing share of their revenue abroad. This development reflects the needs of internationally active clients.

The various European markets display distinct differences in terms of market maturity. The British market looks back on a long history and is regarded as a mature and saturated market. The markets in Germany and Austria are well developed, but have not yet reached a level of development similar to that in the United Kingdom. The Swiss market for facility services is rather less developed and therefore offers greater growth opportunities. This applies even more to the barely developed markets of Eastern Europe.

German construction industry

In the area of public-sector construction, the year 2011 featured the expiry of the economic stimulus programs. Investment in public-sector construction therefore increased by only 2.5 percent. However, road construction still expanded at a relatively high rate. The expansion of private residential construction was substantially stronger at a rate of 6.7 percent. Lower mortgage rates, high employment, a good income situation and concerns about the security of monetary assets boosted investment in residential construction. Commercial construction was still benefiting from lively capital expenditure by companies and expanded by 5.8 percent. Total construction investment grew by 5.8 percent in real terms.

International construction industry

In Poland, construction investment grew at almost a double-digit rate (9.0 percent). The good financial situation is currently allowing Poland to implement extensive infrastructure projects and to make full use of EU structural funds. An additional factor is that pressure to meet deadlines for the Euro 2012 soccer championships has accelerated the completion of many projects. Current major projects include the installation of wind parks, gas-fired power plants and the highway and rail networks.

The construction industry in the United Kingdom stagnated in 2011. While the construction of housing and office buildings expanded, public-sector construction investment decreased. In the field of infrastructure construction, road building declined sharply. Investment in power plants increased, however.

The Austrian construction industry recorded moderate growth once again (2.3 percent) after two years of falling revenues. The construction of railway lines and the related tunnels increased, as in the prior year.

The construction industry in Scandinavia expanded at a higher rate than the EU average. The strongest growth was in Sweden, where construction investment increased by 9.2 percent. Strong growth rates of around 6 percent were recorded in Finland and Denmark, and Norway's construction sector recovered from a rather weak two-year phase.

In the Gulf states, the construction sector grew steadily due to efforts to diversify away from oil production and the countries' strong finances because of stable oil prices. Infrastructure construction and commercial construction were the market segments with the strongest growth.

The Nigerian construction industry expanded by a rate of just over 10 percent, with the result that the sector now generates annual revenues of US-$ 6 billion. The country's construction industry is dominated by the ongoing high level of investment in roads, railways, airports and power plants, as well as investment projects in the oil and gas industry.

Concession projects

Worldwide, the market for concession projects has overcome the slump brought about by the financial crisis. The situation in countries with higher public debt and lower acceptance of public-private partnerships (PPP) has been relatively unfavorable.

In Germany, the still-young market for PPPs has partially recovered from its slump in 2010, although the peaks from the years before the financial crisis are not yet within reach. The financial crisis had an impact on the market due to worsened financing conditions. In addition, financing from the economic stimulus programs led to a lower requirement for concession projects. These special factors largely expired in 2011. But concession projects are still facing the problem of a lack of political acceptance in Germany. Nonetheless, in the first eleven months of 2011, 14 new PPP projects with a total volume of €1.1 billion were agreed upon. The German municipalities are still the main client group, followed by the federal states, with the federal government playing only a minor role. The field of building construction is dominated by school / education and healthcare projects.

The highly developed Canadian market for PPPs has been benefiting from high levels of infrastructure investment. The 'P3 Canada Fund' once again provided new stimulus. In 2011, this fund carried out a third round of invitations to tender with a sharp increase in participation, in particular from the area of municipalities. Those concession projects are dominated by the areas of hospitals, transport and justice.

In the United Kingdom, stringent savings have adversely affected the well-developed PPP market. Public-sector financing has been canceled for many new PPP projects already in the planning stage for new schools, social housing and waste disposal. In the future, there could well be a stabilizing effect from the National Infrastructure Plan, which is intended to fund investment of GBP200 billion in the next five years.

The PPP market in Australia is developing steadily thanks to generally transparent conditions. PPP projects are well accepted at all state levels in Australia. There is a consensus that the extensive investments required in the coming decades due to rapid population growth can only be realized with considerable participation by private-sector investors.

Business developments 2011

In financial year 2011, Bilfinger Berger met the goals it had set for itself, with output volume and earnings exceeding the forecasts. EBIT was increased further and the EBIT margin reached 4.3 percent. As a result of the capital gain from the sale of the Australian business, net profit was substantially higher than the previous year figure. Shareholders will participate in this positive development with a dividend of €2.50 plus a bonus from the capital gain in the amount of €0.90. This leads to a substantially higher dividend distribution of €3.40 per share (2010: €2.50 per share).

In the consolidated financial statements for the year 2011, both Valemus Australia (which was sold in the first quarter) and the abandoned construction business in North America are presented as discontinued operations. The prior-year figures have been adjusted accordingly. Unless otherwise stated, all of the figures provided in the financial statements refer to the Group's continuing operations.

Output volume increased by 5 percent to €8,476 million, 60 percent of which was generated in our international markets (2010: 58 percent). Demand was generally stable: orders received by the Group totaling €7,776 million remained at the level of the previous year. The order backlog amounted to €7,833 million, the decrease of 8 percent resulted from the regional focus of the construction business.

Output volume, orders received, order backlog
€ million

	2011	2010	Δ in %
Output volume	8,476	8,059	+5
Orders received	7,776	7,954	–2
Order backlog	7,833	8,497	–8

Driven by the positive economic development in all business segments, EBIT increased to €361 million (2010: €341 million). The prior-year figure includes an earnings contribution of €21 million from the sale of shares in four concession projects. Net profit increased significantly to €394 (2010: € 284 million). This was due primarily to the gain from the sale of Valemus Australia.

Plan / actual comparison

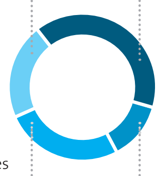
	Actual 2011	Outlook Interim Report Q2 and Q3 2011	Outlook Annual Report 2010 and Interim Report Q1 2011	Actual 2010
Output volume	€8.5 billion	approx. €8.2 billion	at least the magnitude of financial year 2010	€8.1 billion
EBIT	€361 million	approx. €350 million	at least the magnitude of financial year 2010	€341 million
Net profit	€349 million	approx. €380 million	significantly above the figure of financial year 2010 (due to capital gain from Valemus + €160 million)	€284 million

Output volume by business segment
€ million

	2011	2010	Δ in %
Industrial Services	3,294	2,932	+12
Power Services	1,157	1,106	+5
Building and Facility Services	2,256	2,333	–3
Construction	1,751	1,661	+5
Consolidation, other	18	27	
	8,476	**8,059**	**+5**

20 % Construction

39 % Industrial Services



27 % Building and Facility Services

14 % Power Services

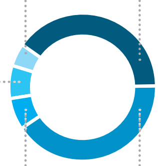
Output volume by region
€ million

	2011	2010	Δ in %
Germany	3,360	3,358	0
Rest of Europe	3,520	3,030	+16
America	624	527	+19
Africa	565	635	–11
Asia	407	509	–20
	8,476	**8,059**	**+5**

5 % Asia

40 % Germany

7 % Africa



7 % America

41 % Rest of Europe

Consolidated income statement (abridged)
€ million

		2011	2010
Output volume (for information only)		**8,476**	**8,059**
Revenue		8,209	7,954
Cost of sales		–7,142	–6,924
Gross profit		**1,067**	**1,030**
Selling and administrative expenses		–771	–772
Other operating income and expenses		37	61
Income from investments accounted for using the equity method		28	22
Earnings before interest and taxes (EBIT)		**361**	**341**
Net interest result		–30	–40
Earnings before taxes		**331**	**301**
Income tax expense		–109	–93
Earnings after taxes from continuing operations		**222**	**208**
Earnings after taxes from discontinued operations		**174**	**78**
Earnings after taxes		396	286
thereof minority interest		2	2
Net profit		**394**	**284**
Average number of shares	in thousands	44,140	44,140
Earnings per share	in €	8.93	6.43
thereof from continuing operations		4.99	4.66
thereof from discontinued operations		3.94	1.77

Earnings situation

Revenue / output volume

Revenue increased by 3 percent to €8,209 million (2010: €7,954 million) and output volume rose by 5 percent to €8,476 million (2010: €8,059 million). Revenue primarily comprises revenue received for the provision of services and from production orders, but also for goods and services supplied to joint ventures as well as our proportionate share of joint ventures' profits and losses. Revenue does not include our share of the output volume generated by joint ventures. For the presentation of the total output volume generated by the Group, we therefore report on output volume rather than revenue in the management report. For the reconciliation of revenue to output volume, goods and services supplied to joint ventures and profit and loss transfers from joint ventures have to be deducted and our proportionate share of the revenue generated by joint ventures has to be added.

Cost of sales

The main components of cost of sales are material expenses and personnel expenses. Other components of cost of sales are depreciation of property, plant and equipment, amortization of intangible assets from acquisitions, and other costs directly allocable to the sale process. The level of these costs in relation to sales revenue differs from period to period and fluctuates from order to order, mainly depending on the extent that subcontractors are used. Whereas order processing in the Group's own output volume is reflected in both material expenses and personnel expenses, all costs for the use of subcontractors are allocated to material expenses.

Cost of sales increased by 3 percent to €7,142 million (2010: €6,924 million). In relation to revenue, cost of sales remained nearly unchanged at 87.0 percent (2010: 87.1 percent). Of that total, material and personnel expenses accounted for 79.2 percentage points (2010: 78.5 percentage points).

In addition, cost of sales include amortization of intangible assets from acquisitions in the amount of €36 million (2010: €41 million). This relates to scheduled amortization of capitalized items from acquired order backlogs and long-term customer relations from acquisitions. Depreciation of property, plant and equipment, as in the previous year, amounted to €125 million, of which €96 million was allocated to cost of sales (2010: €95 million). The remaining depreciation of property, plant and equipment is allocated to selling and administrative expenses.

Gross profit

Gross profit increased to €1,067 million (2010: €1,030 million). In relation to output volume, the gross margin therefore fell slightly to 12.6 percent (2010: 12.8 percent).

Selling and administrative expenses

Selling and administrative expenses remained almost unchanged at €771 million (2010: €772 million). In relation to output volume, they decreased to 9.1 percent (2010: 9.6 percent).

Other operating income and expense

The balance of other operating income and expenses decreased to €37 million (2010: €61 million). It should be noted here that the prior year figure included a gain in the amount of €21 million from the sale of shares in four concession projects.

Income from investments accounted for using the equity method

Income from investments accounted for using the equity method is composed of the income and expenses from associates and joint ventures and increased to €28 million (2010: €22 million). The increase relates primarily to investments in the Concessions business segment.

EBIT

EBIT increased to €361 million (2010: €341 million). In relation to output volume, the EBIT margin was 4.3 percent (2010: 4.2 percent).

In the Industrial Services business segment, EBIT rose as a result of increased output volume to €150 million (2010: €134 million). The EBIT margin, as in the previous year, was 4.6 percent.

EBIT in the Power Services business segment increased to €92 million (2010: €83 million). With an EBIT margin that increased to 8.0 percent (2010: 7.5 percent), Power Services is once again the most profitable segment.

EBIT in the Building and Facility Services business segment increased to €83 million (2010: €80 million). The EBIT margin moved up to 3.7 percent (2010: 3.4 percent).

In the Construction business segment, EBIT was further improved to €35 million (2010: €29 million). The EBIT margin increased to 2.0 percent (2010: 1.7 percent).

EBIT in the Concessions business segment decreased to €23 million (2010: €40 million). The prior-year figure included an earnings contribution of €21 million from the sale of shares in four concession projects.

To assess the success of our concessions business, we also take into consideration the annual changes in the present value of future cash flows. The development of the value of our concessions portfolios is explained in detail in the chapter *Valuation of the project portfolio in the Concessions business segment* (see pages 180ff.).

EBIT not allocated to the business segments amounted to minus €22 million (2010: minus €25 million).

EBIT
€ million

	2011	2010
Industrial Services	150	134
Power Services	92	83
Building and Facility Services	83	80
Construction	35	29
Concessions	23	40
Consolidation, other	–22	–25
Continuing operations	**361**	**341**

Net interest result

The net interest result improved to minus €30 million (2010: minus €40 million). Interest income improved to €19 million (2010: €12 million) due to higher liquidity and a higher interest rate level. Current interest expense was €25 million, the same as in the prior year. The interest expense from the increase in the retirement benefit obligation – offset against the income from the plan assets – was nearly unchanged at €15 million (2010: €16 million).

The interest expense for minority interest decreased to €9 million (2010: €11 million).

Earnings before and after taxes

Earnings before taxes increased to €331 million (2010: €301 million). Income taxes rose to €109 million (2010: €93 million). The effective tax rate was 33 percent.

Earnings after taxes from continuing operations rose to €222 million (2010: €208 million). Earnings after taxes from discontinued operations increased to €174 million (2010: €78 million). That figure includes the underlying earnings of the units concerned of €13 million and the additional gain of €161 million realized on the sale of Valemus Australia. Overall, earnings after taxes thus increased to €396 million (2010: €286 million).

Minority interest

Profit attributable to minority interest amounted to €2 million, as in 2010.

Net profit / earnings per share

Net profit increased sharply to €394 million (2010: €284 million).
Earnings per share amounted to €8.93 (2010: €6.43). Of that total, €4.99 (2010: €4.66) was accounted for by continuing operations.

Significantly higher dividend per share

It is proposed that a dividend of €2.50 per share plus a bonus from the capital gain from Valemus Australia in the amount of €0.90 be paid out for financial year 2011. The dividend thus increases to €3.40 per share (2010: €2.50). This represents a total dividend distribution of €150.1 million (2010: €110.4 million) in relation to the number of shares entitled to a dividend as of February 28, 2012. In relation to the share price at the end of 2011, this represents an attractive dividend yield of 5.2 percent.

Value added

Value added – the difference between return on capital employed (ROCE) and the weighted average cost of capital (WACC) – is an important key figure for measuring profitability and for the efficient controlling of that profitability. More details can be found in the chapter on *Controlling systems* (see pages 44ff.) and *return-on-capital-employed controlling* (see pages 176ff.).

Value added	Capital employed € million		Return € million		ROCE %		Cost of capital %		Value added € million	
	2011	**2010**	**2011**	**2010**	**2011**	**2010**	**2011**	**2010**	**2011**	**2010**
Industrial Services	1,094	1,005	169	161	15.4	16.0	9.5	9.5	65	65
Power Services	317	270	99	91	31.2	33.7	9.5	9.5	69	65
Building and Facility Services	438	394	102	94	23.3	23.8	9.5	9.5	60	57
Construction	261	249	50	40	19.1	16.3	11.5	12.5	20	9
Concessions	230	223	49	65	21.3	29.3	8.5	9.0	29	45
Consolidation, other	110	-61	-26	-32	–	–	–	–	-39	-30
Continuing operations	2,450	2,080	443	419	18.1	20.1	9.75	10.0	204	211
Discontinued operations	79	328	177	114	226.4	34.8	9.75	10.0	170	81
Consolidated Group	**2,529**	**2,408**	**620**	**533**	**24.5**	**22.1**	**9.75**	**10.0**	**374**	**292**

Average capital employed in the Group increased to €2,529 million in the reporting year (2010: €2,408 million). The increase in average equity – adjusted for negative provisions from hedging instruments – more than compensated for the decline in average interest-bearing liabilities.

Due to a significantly increased return, however, the Group's ROCE increased to 24.5 percent (2010: 22.1 percent) and value added increased to €374 million (2010: €292 million). Of that total, €204 million (2010: €211 million) was accounted for by continuing operations.

At the Industrial Services business segment, ROCE decreased despite higher EBIT to 15.4 percent (2010: 16.0 percent). This was due to an increased capital employed of €1,094 million (2010: €1,005 million). Value added was unchanged from the previous year at €65 million.

The high ROCE of the Power Services business segment fell slightly to 31.2 percent, also due to an increase in capital employed (2010: 33.7 percent). Value added increased to €69 million (2010: €65 million).

In the Building and Facility Services business segment, with higher capital employed, ROCE was nearly unchanged at 23.3 percent (2010: 23.8 percent). Value added increased further to €60 million (2010: €57 million).

As a result of the higher EBIT, ROCE in the Construction business segment grew to 19.1 percent (2010: 16.3 percent), while value added increased to €20 million (2010: €9 million).

In the Concessions business segment, the calculation of return takes into account not only EBIT, but also the portfolio's growth in value compared to a year earlier. The calculation of the segment's value added of €27 million (2010: €25 million) is explained in detail in the chapter *Valuation of the project portfolio in the Concessions business segment* (see pages 180ff.).

With ROCE of 21.3 percent (2010:29.3 percent) value added declined to €29 million (2010: €45 million). It is necessary to take into consideration that there was an additional gain of €21 million in the previous year from the sale of equity in four concession companies.

The value added by headquarters and consolidation was negative at minus €39 million (2010: minus €30 million). The increase is based on a higher capital employed as a result of the higher liquidity from the sale of Valemus.

Discontinued operations generated value added of €170 million (2010: €81 million). The gain from the sale of Valemus Australia contributed €163 million of that total.

Financial position

Total assets amount to €7.7 billion as of the balance sheet date (2010: €7.9 billion).

The sale of Valemus Australia reduced our total assets by about €450 million. This is particularly evident in the disposal of assets and liabilities classified as held for sale from discontinued operations and at the same time by the increase in cash and cash equivalents to €847 million (2010: €537 million).

When analyzing the change in balance sheet items, it is necessary to consider that at December 31, 2011, assets classified as held for sale of €1,761 million and liabilities classified as held for sale of €1,795 million relating to 18 projects in our Concessions business segment are presented as separate items. This resulted in particular in a sharp drop in receivables from concession projects and in non-recourse financial debt. The decrease in other non-current assets and other non-current liabilities are also attributable to this development.

On the assets side, non-current assets decreased to €3,090 million (2010: €4,460 million).

Intangible assets, which primarily comprise acquired goodwill of €1,434 million (2010: €1,318 million) and intangible assets from acquisitions of €106 million (2010: €120 million), increased to €1,561 million (2010: €1,457 million).

Property, plant and equipment fell slightly to €647 million (2010: €663 million).

Receivables from concession projects decreased to €377 million (2010: €1,789 million) as a result of the reclassification.

Receivables and other current assets rose as a result of an increase in trade receivables to €2,022 million (2010: €1,890 million).

Cash and cash equivalents amounted to €847 million at the end of the year (2010: €537 million). Current and non-current financial liabilities – excluding project debt on a non-recourse basis – were reduced to €186 million (2010: €273 million).

Non-recourse debt, for which the Group is not liable, decreased in line with receivables from concession projects to €348 million (2010: € 1,643 million) as a result of the reclassification. Most of this amount represents the financing of concession projects.

With applicable interest rates that remained unchanged from the previous year at 5.0 percent, the retirement benefit obligation rose only slightly to €325 million (2010: €313 million).

Other current liabilities increased to €2,959 million (2010: €2,803 million). The increase in current provisions reflects provisions recognized for risks in connection with the sale of Valemus Australia.

As a result, the negative working capital increased to minus €939 million (2010: minus €913 million).

Despite the high earnings after taxes of €396 million, equity decreased to €1,793 million (2010: €1,812 million). This was caused primarily by the increase in the negative market value from hedging transactions – mainly in the Concessions business segment – of €211 million as well as negative exchange rate effects of €83 million. The dividend payout reduced equity by €114 million. Other items had a net negative effect of minus €7 million.

The equity ratio therefore amounted to 23 percent as in the previous year. The elimination of non-recourse debt, which has the effect of extending the balance sheet, would result in an equity ratio of 30 percent (2010: 29 percent).

Consolidated balance sheet (abridged)
€ million

	Dec 31, 11	Dec 31, 10
Assets		
Non-current assets		
Intangible assets	1,561	1,457
Property, plant and equipment	647	663
Receivables from concession projects	377	1,789
Other financial assets	505	551
	3,090	**4,460**
Current assets		
Receivables and other current assets	2,022	1,890
Cash and cash equivalents	847	537
Assets classified as held for sale (Concessions)	1,761	0
Assets classified as held for sale from discontinued operations	0	1,050
	4,630	**3,477**
	7,720	**7,937**
Equity and liabilities		
Equity	**1,793**	**1,812**
Financial debt, non-recourse	**348**	**1,643**
Non-current liabilities		
Retirement benefit obligation	325	313
Non-current financial debt, recourse	181	184
Other non-current liabilities	314	390
	820	**887**
Current liabilities		
Current financial debt, recourse	5	89
Other current liabilities	2,959	2,803
Liabilities classified as held for sale (Concessions)	1,795	0
Liabilities classified as held for sale from discontinued operations	0	703
	4,759	**3,595**
	7,720	**7,937**

Cash flows

Principles and objectives of financial management

The main aspects of the Group's financial policy are determined by the Executive Board of Bilfinger Berger SE. The prime objective of financial management is to maintain liquidity and limit financial risk. In addition, we regard financial flexibility as an important precondition for our further corporate development.

Within the context of the central Group financing, the application of available surplus liquidity as well as the provision and utilization of financing instruments on a non-recourse basis for the entire Bilfinger Berger Group are managed and executed by Group Treasury.

The controlling of market price change risks as well as well as creditworthiness risks of financial counterparts is also carried out centrally by means of a Group-wide limit and control system. To this end, financial derivatives are also used to a limited extent.

We report in detail on our management of financial risk in the risk and opportunities report on pages 92ff. and in the notes to the consolidated financial statements under Note 31 'Risks related to financial instruments, financial risk management and hedging transactions'.

Financing

The main source of funds for corporate financing is our business operations and the cash they generate. This is based not only on operating profits, but also on the stringent management of working capital.

We have credit by way of bank guarantees of approximately €3.7 billion from various banks and bonding insurers available to meet the needs of the project business, which is not fully utilized. Of the total, €1.8 billion is accounted for by long-term credit lines with maturities in 2014.

For the purpose of general corporate financing, our main banks have provided a firmly committed, syndicated credit facility of €500 million, available until 2016, which had not been utilized at the balance sheet date. We also have additional short-term bilateral credit commitments of approximately €100 million.

Detailed information on existing financial debt with maturities and interest rates is provided in the notes to the consolidated financial statements under Note 27 'Financial debt'.

Financial debt – excluding non-recourse debt – totaled €186 million on the balance sheet date (2010: €273 million). Of that total, €181 million is long term (2010: €184 million) and €5 million is short term (2010: €89 million). This includes financial leasing of €18 million (2010: €21 million).

In connection with the financing of acquisitions for the expansion of our services business, we issued a long-term promissory note loan of €250 million in 2008, with the first tranche in the amount of €84 million repaid as scheduled in mid 2011. The remaining tranche of €166 million is due in mid 2013.

We finance our concession projects with the use of project-specific non-recourse financing. The lenders have no access to Bilfinger Berger's assets or cash flows outside the respective companies. That financing amounts to €1,763 million on the balance sheet date (2010: €1,643 million). Of this total, €1,415 million is reported under 'liabilities held for sale' as of December 31, 2011 because the shares in the underlying project companies are to be sold to a fund in the first quarter of the current fiscal year.

We do not utilize off-balance sheet financing instruments.

Approved capital of €69 million is available for future capital increases.

Bilfinger Berger also has conditional capital of €14 million to be used to grant conversion and / or warrant rights in the case of convertible bonds being issued.

We report in detail on the existing authorizations of the Executive Board to raise capital in the management report on pages 98f., as part of the disclosure pursuant to Section 289 Subsection 4 and Section 315 Subsection 4 of the German Commercial Code (HGB).

Group financial status, recourse liabilities
€ million

	2011		2010	
	Available credit	Amount utilized	Available credit	Amount utilized
Bank guarantees	**3,711**	**2,195**	**3,812**	**2,637**
thereof with residual term < 1 year	1,891	1,367	3,812	2,637
Syndicated credit facility	**646**	**2**	**449**	**2**
thereof with residual term < 1 year	144	2	149	2
Promissory notes	**166**	**166**	**250**	**250**
thereof with residual term < 1 year	–	–	84	84
Financial leasing	**18**	**18**	**21**	**21**
thereof with residual term < 1 year	3	3	3	3

Investments

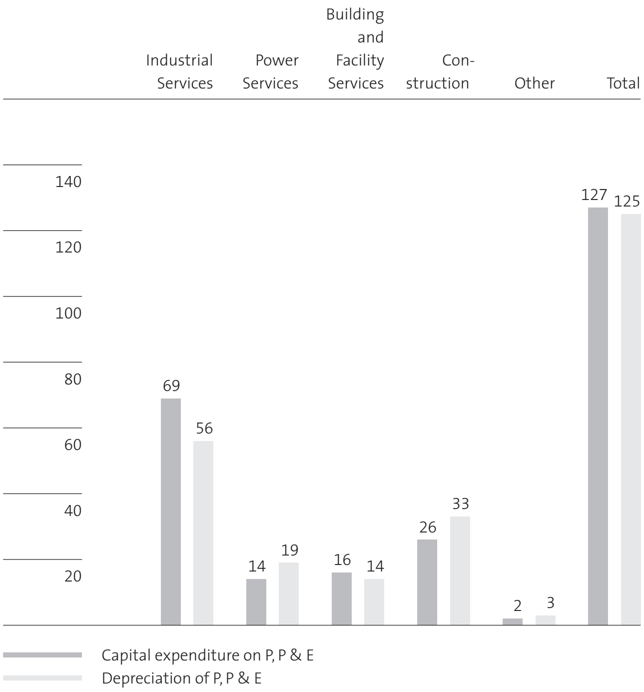
Investments in property, plant and equipment and intangible assets – excluding intangible assets from acquisitions in accordance with IFRS 3 – amounted to €127 million (2010: €141 million). €68 million of the total was invested in operating equipment and office equipment, €44 million in machinery and tools, €6 million in land and buildings and €9 million in intangible assets. Depreciation and amortization amounted to €125 million, as in 2010.

The Industrial Services business segment accounted for €69 million or 54 percent of the total investment (2010: €73 million or 52 percent). €45 million was invested in operating equipment and office equipment, of which scaffolding accounted for €30 million (2010: €35 million, thereof €22 million for scaffolding). A further €20 million was invested in machinery and tools (2010: €17 million).

Investment at the Power Services business segment totaled €14 million (2010: €33 million), with €6 million invested in operating equipment and office equipment (2010: €8 million) and €5 million invested in machinery and tools (2010: €17 million).

The Building and Facility Services business segment invested a total of €16 million (2010: €13 million), with approximately €10 million invested in operating equipment and office equipment (2010: €6 million) and €2 million invested in machinery and tools (2010: €4 million).

Capital expenditure / depreciation 2011 by business segment
€ million



Investment at the Construction business segment totaled €26 million (2010: €20 million), whereof €17 million was invested in construction machinery (2010: €14 million) and €6 million was invested in operating equipment and office equipment (2010: €5 million).

The regional focus of investment was on Europe, which accounted for 95 percent of the total (2010: 91 percent). Germany accounted for 46 percent of total investment (2010: 37 percent).

Payments totaling €218 million were made for investments in financial assets (2010: €203 million), of which €35 million is accounted for by capital contributions and loans for concession projects (2010: €71 million). A further €50 million was invested in the acquisition of a 19.9 percent equity interest in the infrastructure investment fund placed on the London Stock Exchange.

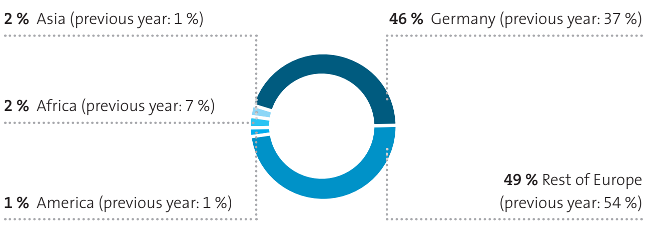
Among the corporate acquisitions, the largest company acquired last year was the Italian manufacturer of filter presses, Diemme Filtration srl, Lugo, in the Building and Facility Services business segment. Of the purchase price of €65 million, €34 million was cash effective in 2011.

Another major acquisition last year was of the German company Rosink Apparate und Anlagenbau GmbH, Nordhorn, in the Power Services business segment. Of the purchase price of €38 million, €34 million was cash effective in 2011.

Further information on corporate acquisitions can be found in the notes to the consolidated financial statements on pages 126ff under 'Consolidated Group'.

Capital expenditure on property, plant and equipment by region
€ million

	2011	2010
Germany	59	52
Rest of Europe	63	76
America	1	1
Africa	2	10
Asia	2	2
	127	**141**



Statement of cash flows

Cash earnings increased to €386 million (2010: €366 million), primarily due to the higher level of EBIT. Cash tied up in working capital also increased. As in 2010, there was an impact from the reduced project business. The gains on disposals of fixed assets, which are to be deducted from the operating cash flow, decreased significantly to €14 million (2010: €41 million). In 2010, there was an impact from the sale of shares in four projects in our Concessions business segment.

The cash flow from operating activities of continuing operations increased to €281 million (2010: €244 million).

Investments in property, plant and equipment and intangible assets totaled €127 million (2010: €141 million). These cash outflows were reduced by a cash inflow of €13 million (2010: €18 million), resulting in a net cash outflow of €114 million (2010: €123 million). Proceeds from the disposal of financial assets resulted in a cash inflow of €607 million (2010: €35 million). This primarily reflects the net cash inflow from the sale of Valemus Australia.

The free cash flow of continuing operations therefore increased substantially to €774 million (2010: €156 million).

Investments in financial assets of €218 million were close to the level of the prior year (2010: €203 million). Of that total, €133 million was invested to acquire companies, to increase equity interests in companies and to meet earn-out obligations in the services business (2010: €132 million). €35 million was applied for capital contributions and loans in the concessions business (2010: €71 million). In addition, €50 million was invested to acquire a 19.9 percent equity interest in the infrastructure investment fund placed on the London Stock Exchange. Financing activities of continuing operations resulted in a net cash outflow of €206 million (2010: net cash outflow of €97 million). Payment of the dividend for the year 2010 comprised an amount of €110 million paid to shareholders of Bilfinger Berger SE (2010: €88 million) and €4 million paid to minority interest (2010: €3 million). Repayments of loans amounted to €92 million (2010: €6 million). €84 million of that amount constitutes the scheduled repayment of the first tranche of a promissory-note loan in an original amount of €250 million.

The change in cash and cash equivalents of continuing operations amounted to an increase of €350 million (2010: decrease of €144 million). There was a decrease in cash and cash equivalents of €68 million for discontinued operations, compared with an increase of €126 million in 2010.

Exchange-rate changes led to an arithmetical decrease in cash and cash equivalents of €8 million, following an increase of €63 million in 2010.

Cash and cash equivalents of Valemus Australia amounted to €306 million at January 1, 2011 and €202 million upon disposal with the sale of the company effective March 10, 2011.

After the deduction of the cash and cash equivalents classified as assets held for sale (Concessions) of €68 million as of December 31, 2011, cash and cash equivalents at the end of the year increased to €847 million (end of 2010: €537 million).

Statement of cash flows
€ million

	2011	2010
Cash earnings from continuing operations	**386**	**366**
Changes in working capital	–91	–81
Gains on disposals of non-current assets	–14	–41
Cash flow from operating activities of continuing operations	**281**	**244**
Investments in tangible and intangible assets	–127	–141
Proceeds from the disposal of property, plant and equipment	13	18
Cash outflow for tangible and intangible assets	**–114**	**–123**
Proceeds from the disposal of financial assets	**607**	**35**
Free cash flow from continuing operations	**774**	**156**
Investments in financial assets	**–218**	**–203**
Cash outflow from financing activities of continuing operations	**–206**	**–97**
Dividends	–114	–91
Borrowing (+) / repayment of loans (-)	–92	–6
Change in cash and cash equivalents of continuing operations	**350**	**–144**
Change in cash and cash equivalents of discontinued operations	**–68**	**126**
Other adjustments	**–8**	**63**
Changes in cash and cash equivalents	**274**	**45**
Cash and cash equivalents at January 1	537	798
Cash and cash equivalents of discontinued operations at January 1, 2011 (+) / at December 31, 2010 (-)	306	306
Disposal of cash and cash equivalents from the sale of Valemus	–202	0
Cash and cash equivalents included in assets (Concessions) classified as held for sale at year-end (-)	68	0
Cash and cash equivalents at December 31	**847**	**537**

Information on the earnings situation, financial position and cash flows of Bilfinger Berger SE (company financial statements in accordance with the German Commercial Code)

Earnings situation

Revenue amounted to €137 million (2010: €120 million) and resulted almost solely from output volume charged to companies of the Group. The increase compared with 2010 was due to the separation of a unit of the IT subsidiary bebit GmbH (bebit) and its merger into Bilfinger Berger SE.

Other operating income of €572 million (2010: €25 million) includes a capital gain of approximately €554 million – before risk provisions for contractual commitments – from the sale of the subsidiary Valemus Australia. Other income of €17 million (2010: €25 million) is primarily the result of currency translation.

The increase in personnel expenses is mainly due to the separation of a unit of the subsidiary bebit and its merger into Bilfinger Berger SE.

Other operating expense primarily consists of non-personnel administrative expenses, rents and leases, and additions to provisions. The increase to €295 million (2010: €167 million) results from the risk provision recognized in connection with the sale of the subsidiary Valemus Australia.

Financial income of €150 million (2010: €226 million) mainly comprises income from profit-and-loss-transfer agreements as well as other investment income from companies of the Group. Income and expenses from profit-and-loss-transfer agreements are subject to fluctuations relating to the accounting of contracts in accordance with the realization principle of the German Commercial Code (HGB).

Income statement of Bilfinger Berger SE according to HGB
€ million

	2011	2010
Revenue	137	120
Other operating income	572	25
Personnel expenses	–52	–43
Amortization of intangible assets / depreciation of property, plant & equipment	–1	–1
Other operating expenses	–295	–167
Earnings from financial assets	150	226
Net interest result	–8	–13
Earnings from ordinary business activities	**503**	**147**
Extraordinary expenses	0	–9
Income tax expense	–19	–27
Net profit	**484**	**111**
Profit carryforward	5	4
Allocation to other retained earnings	–242	0
Unappropriated retained earnings	**247**	**115**

Net interest expense improved, mainly due to higher interest received, by €5 million to minus €8 million (2010: minus €13 million).

Profit on ordinary activities increased to €503 million (2010: €147 million).

The item of extraordinary expense of €9 million in 2010 was the result of a change in measurement methods – in particular of the retirement benefit obligation and the related assets – in accordance with the principles of the German Accounting Law Modernization Act (BilMoG) as of January 1, 2010.

With regard to the tax expense of €19 million (2010: €27 million), it is necessary to consider that the gain on the sale of the subsidiary Valemus Australia is largely tax free.

Net profit after taxes amounts to €484 million (2010: €111 million). Thereof 50 percent or €242 million has been transferred to other retained earnings. Including the profit carried forward of €5 million (2010: €4 million), this results in distributable earnings of €247 million (2010: €115 million).

Balance sheet of Bilfinger Berger SE according to HGB, abridged
€ million

	Dec 31, 11	Dec 31, 10
Assets		
Non-current assets		
Intangible assets and P, P & E	3	2
Financial assets	1,705	1,808
	1,708	**1,810**
Current assets		
Receivables and other assets	465	411
Cash and marketable securities	584	281
	1,049	**692**
Excess of plan assets over pension liability	**23**	**18**
Assets	**2,780**	**2,520**
Equity and liabilities		
Equity	**1,464**	**1,090**
Provisions	**326**	**236**
Payables	**990**	**1,194**
Liabilities	**2,780**	**2,520**

Financial position and cash flows

Total assets of €2,780 million (2010: €2,520 million) primarily comprise financial assets of €1,705 million (2010: €1,808 million), receivables – especially from subsidiaries – of €465 million (2010: €411 million), and cash, cash equivalents and securities of €584 million (2010: €281 million).

Financial assets decreased by €103 million to €1,705 million. While shares in subsidiaries decreased by €172 million – mainly due to the sale of Valemus Australia, loans to subsidiaries and associates increased by €66 million in connection with the financing of the concessions business.

The items of receivables and other assets of €432 million (2010: €397 million) mainly comprises receivables from subsidiaries in connection with the Group's central corporate financing.

On the other side of the balance sheet, equity amounts to €1,464 million (2010: €1,090 million), provisions amount to €326 million (2010: €236 million) and liabilities amount to €990 million (2010: €1,194 million).

Provisions include provisions for taxes and other provisions. The retirement benefit obligation is fully funded with plan assets, whereby the surplus funding of €23 million (2010: €18 million) is presented as a net asset after offsetting. Other provisions increased to €281 million (2010: €156 million) due to the risk provision recognized for commitments made in the context of selling Valemus Australia. Provisions for taxes decreased due to utilization to €45 million (2010: €80 million).

Liabilities mainly comprise liabilities to subsidiaries of €711 million (2010: €863 million) relating to cash deposits in the context of central cash pooling, as well as financial debt of €166 million (2010: €250 million) from a promissory-note loan. Payments on this loan were made as planned in 2011 and the remaining amount is due for repayment in mid-2013.

The exceptionally high net profit due to the capital gain realized on the sale of the subsidiary Valemus Australia led to a substantial increase in equity to €1,464 million (2010: €1,090 million). The equity ratio as of the balance sheet date is 53 percent (2010: 43 percent).

Opportunities and risks

The business development of Bilfinger Berger SE is generally subject to the same risks and opportunities as the Bilfinger Berger Group.

As the parent company of the Bilfinger Berger Group, Bilfinger Berger SE is included in the Group-wide internal control and risk-management system.

Outlook

As the parent company of the Group without any business operations of its own, Bilfinger Berger SE receives revenue primarily from its subsidiaries. Positive expectations with regard to the Group's business development will generally affect the earnings of Bilfinger Berger SE. However, it is necessary to consider that earnings in 2011 were significantly boosted by the capital gain from the sale of Valemus Australia. The net profit of Bilfinger Berger SE will therefore be lower in 2012 than in 2011, despite the positive business development. We assume that we will continue to achieve a net profit sufficient for our shareholders to participate in the company's success with an attractive dividend.

Declaration of Corporate Governance in accordance with Section 289 a of the German Commercial Code (HGB)

The declaration of corporate governance pursuant to Section 289 a of the German Commercial Code (HGB) has been made available on the company's website (www.bilfinger.com) under the heading 'Corporate Governance.'

We're setting new standards

Industrial Services

Melanie Waldecker __ With the help of a 3D design tool, Melanie Waldecker creates designs for plants and piping systems. The engineer acted as Deputy Manager of piping construciton for the client AREVA during construction of the Olkiluoto nuclear power plant in Finland in 2011 before she prepared for a new assignment, namely heading the BASF project in the basic engineering phase. Her motto: "a rolling stone gathers no moss."

> We are market leader for industrial services in the European process industry

> The key to our success is the provision of a full range of services from a single source with our own highly qualified personnel

> We cover a broad range of services from individual trades to full-service solutions for maintenance and projects

Market position and strategic success factors

We are market leader for industrial services in the European process industry and are well ahead of our closest competitors in Germany too. Individual competitors enjoy a degree of importance similar to that of Bilfinger Berger Industrial Services only in sub-markets or individual regions.

It is our task to ensure the high availability of the facilities for our clients. The key to our success is the provision of a full range of services from a single source with our own highly qualified personnel. We cover a broad range of services from individual trades and service packages through to full-service solutions geared exactly toward the requirements of the process industry. Our employees are constantly present at the production plants we look after and are well acquainted with the clients' situation.

We concentrate our specialist knowledge in so-called Centers of Excellence, where our internal know-how transfer takes place. We thus ensure that our specialist knowledge is available to all clients around the world.

Growth strategy

Organic

- Currently, special expertise used in only a few markets is being offered on a wide scale.
- General overhaul of large plants in the process industry (major shut-down)
- Outsourcing (maintenance of industrial plants with transfer of client's service staff)

Acquisitions

- Regions: Europe, Asia (especially India), Turkey, USA
- Sectors: Primarily oil and gas as well as instrumentation and control technology

Performance

The increase in output volume of 12 percent to €3,294 million exceeded expectations. This growth was 14 percent organic and can be attributed primarily to the positive development of the regular maintenance business. Orders received remained stable at €3,224 million, EBIT increased in line with output volume to €150 million. The number of employees rose to 29,427.

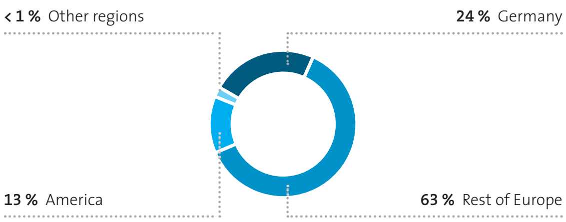
With a share of 63 percent (2010: 61 percent), the most important markets included European countries outside Germany, especially Scandinavia, Austria, the Benelux countries, the United Kingdom and Eastern Europe. 13 percent of output volume was generated in the American market (2010: 10 percent).

Key figures for Industrial Services
€ million

	2011	2010	Δ in %
Output volume	3,294	2,932	+12
Orders received	3,224	3,253	–1
Order backlog	2,476	2,601	–5
Capital expenditure on P, P& E	69	73	–5
Depreciation	56	53	+6
EBIT	150	134	+12
Employees (at December 31)	29,427	28,054	+5

Industrial Services: output volume by region
€ million

	2011	2010	Δ in %
Germany	802	821	–1
Rest of Europe	2,064	1,784	+16
America	410	300	+37
Other regions	18	27	–33
	3,294	**2,932**	**+12**



Market trend

The market for industrial services in Europe is generally stable. The production facilities of our significant client groups are operating at or near capacity, demand for conversion and maintenance services in the chemical industry as well as in the oil and gas sector is stable. Large new projects, however, have been partially postponed due to insecurity regarding the overall economic developments.

In the USA, industrial services clients are becoming increasingly active. A boost is to be expected from the ambitious targets of the American government calling for 20 percent of the country's energy requirements to be covered by domestic sources.

Services

Construction, maintenance and modernization of industrial plants for the process industry over their entire lifecycle

Areas of activity

Piping construction, machine and fittings service, plant assembly, machine and apparatus engineering, electrical, instrumentation and control technology, laboratory and analysis technology, insulation, scaffolding, corrosion protection

Clients

The process industry in sectors including oil and gas, refineries and petrochemicals, chemicals and agrochemicals, pharmaceuticals, food and beverages, energy generation, steel and aluminum

Major competitors

ABB Industrial Services, Amec Power & Process, Fabricon, Hertel, Kaefer, Remondis (Buchen, Xervon), Siemens Industrial Services, Stork, Voith Industrial Services

Important events in 2011

With the acquisition of the Indian company Neo Structo in Surat, Bilfinger Berger has positioned itself in this dynamic and attractive growth market.

With 1,600 employees and an annual output volume of €60 million, Neo Structo is among the up and coming providers of maintenance, manufacturing and installation services for facilities in the process industry. Among the company's clients are a number of major international conglomerates in the process industry which Bilfinger Berger also serves in other countries as well as large Indian companies in the sector.

India offers tremendous potential for Bilfinger Berger's industrial services business. The country's process industry is growing dynamically while at the same time the market for maintenance services is underdeveloped. Neo Structo is active in all of India's most important industrial regions and has a geographic focus on Gujarat State, the center of the Indian process industry.

With the acquisition of the British ATG as well as the German Alpha Mess-Steuer-Regeltechnik, we further expanded our capacities in the field of electrical engineering as well as instrumentation and control technology in the reporting year. We can thus increasingly offer our clients services that we ourselves provide in this segment which is vital for the control and operation of their processing facilities.

With further framework agreements on the maintenance of offshore platforms for British companies, we expanded our leading position in industrial services for the oil and gas sector in the North Sea. Clients of Industrial Services include all major international oil and gas companies. In Europe and North America, Bilfinger Berger maintains numerous offshore drilling and processing facilities as well as refineries and gas liquefaction plants. At the beginning of the reporting year, Industrial Services won an order for a major project in the Texas oil and gas business. It includes responsibility for the design, manufacture and installation of five pumping stations and tank storage units for a new pipeline to develop Eagle Ford Shale, an important oil and gas field.

Industrial Services has also recorded successes in the pharmaceutical industry and in biotechnology. In Belgium, our specialists are installing a plant for the production of a medication for an enzyme deficiency disease for the biotech company Genzyme, a subsidiary of the Sanofi pharmaceutical group.

Underground natural gas storage plays an important role in securing the energy supply in Europe. For the new stage of expansion at the largest natural gas storage facility in Austria, located in Haidach not far from Salzburg, we have installed equipment and piping systems for the central station and two compressor units. The piping will be subjected to pressure of more than 200 bar. One of the particular challenges is the linking of the new installation to the existing storage facility. Around 100 connection points were produced to connect to the existing piping systems while the facility remained in operation. As a result of the expansion, the capacity of the storage facility doubles to about 2.4 billion cubic meters of natural gas, about a third of Austria's annual consumption.

Outlook

We have summarized details of the expected development of Industrial Services and our other business segments in the outlook section on pages 100ff.

We're setting new standards

Power Services

Johannes Hell __ In February 2011, Johannes Hell concluded an important contract with the Israel Electric Corporation: Bilfinger Berger is equipping two coal-fired power plants with denitrification systems. "This makes us market leader in Israel," enthuses the mechanical engineer. Johannes Hell and his project team will be involved with the project until 2015: "The best foundation for success is the commitment of everyone in the team."

> Population growth and advancing industrialization are leading to an increasing need for energy around the world

> Our success is based on our own expertise, our own capacities, a high level of vertical integration, reliability and punctuality

> Modernization and service-life extensions for existing power stations are becoming increasingly important

> Change in Germany's federal energy policy offers opportunities

Market position and strategic success factors

The breadth and depth of our own vertical integration, quality and on-time delivery all give Power Services an excellent market position. With our own expertise and our own capacities, we provide power plant operators with services of the highest quality. We optimize the downtimes that are necessary for the maintenance and modernization of facilities and reliably adhere to deadlines that have been set. In light of the aging of many power plants and public resistance to new locations, service life extensions at existing power plants are becoming more important in Germany and around the world.

The Mechanical Apparatus and Plant Engineering unit of our Power Services has specialist knowledge in the combination of welding technology and mechanical processing as well as in the assembly of large, heavy and complex steel components. Services provided include reactor containers weighing several tons for the chemical industry, core containers for nuclear power plants as well as blades and columns for offshore wind turbines.

Engineers in the Energy and Environmental Technology business unit deliver pioneering new solutions for highly complex facilities. These include, for example, flue gas purification systems for power plants, superconducting magnets for research facilities and containment structures for nuclear power plants. A broad spectrum of specialized knowledge and decades of experience in environmental technology, magnet technology as well as nuclear technology and service mean that our experts are sought-after partners for the operators of power plants and major research facilities.

Growth strategy

Organic

> Existing competence will be expanded, the international business strengthened.
> Greater vertical integration
> Power plant overhauls and efficiency enhancements in new regional markets
> High-pressure piping construction in new markets

Acquisitions

> Regions: Middle East, Russia, India
> Sectors: Strengthening energy competences, renewable energies

Performance

Output volume and earnings in the business segment were above the figures forecast for 2011. Output volume increased by 5 percent to €1,157 million, with 3 percent of that growth organic. EBIT rose by 11 percent to €92 million. Orders received of €1,221 million was above output volume for the year, but decreased by 5 percent as compared to the previous year in which the Belchatov major order was received. The number of employees increased to 7,588.

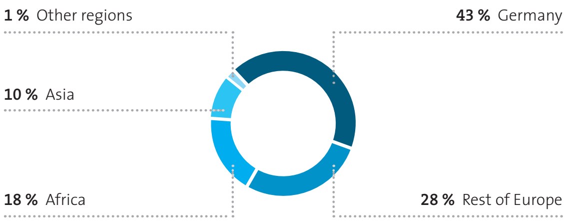
Business in Germany accounted for 43 percent of output volume (2010: 52 percent). 28 percent of volume (2010: 24 percent) was generated in European countries outside Germany with a focus on Finland and Poland. Other important international markets were South Africa with 18 percent (2010: 15 percent) and the Gulf Region with 10 percent (2010: 8 percent).

Key figures for Power Services
€ million

	2011	2010	Δ in %
Output volume	1,157	1,106	+5
Orders received	1,221	1,281	–5
Order backlog	1,437	1,371	+5
Capital expenditure on P, P& E	14	33	–58
Depreciation	19	16	+19
EBIT	92	83	+11
Employees (at December 31)	7,588	7,193	+5

Power Services: output volume by region
€ million

	2011	2010	Δ in %
Germany	493	574	–14
Rest of Europe	326	261	+25
Africa	208	169	+23
Asia	118	84	+40
Other regions	12	18	–33
	1,157	**1,106**	**+5**



Market trend

With population growth and increasing industrialization, global demand for energy is rising and can only be met through a mix of the various energy sources that are available. In addition to renewable energy, coal, gas and nuclear power will be indispensable for the foreseeable future. We are faced with strong demand in our international markets, both for our expertise in conventional power plants and in nuclear technology. The importance of our international business is growing steadily.

Services

Service and components for power plants throughout their lifecycle

Areas of activity

Maintenance, repair, efficiency enhancements and service-life extensions at existing power plants as well as the manufacture and assembly of components for power plant construction with a focus on boiler and high-pressure piping systems

Clients

Energy providers, industrial companies, utilities

Major competitors

Alstom, Ansaldo, Balcke-Dürr, Doosan Babcock, E.ON Anlagen-service, Hitachi Power Europe, Kraftanlagen München, Nordon, Siemens

Important events in 2011

We are further expanding our range of services by completing the spectrum of services we deliver ourselves. In the reporting year, we complemented our competences with the acquisition of Babcock Borsig Steinmüller CZ in Brno, Czech Republic and Rosink Apparate- und Anlagenbau in Nordhorn, Germany so that we can now deliver our own modern and very economical waste heat boiler for combined cycle power plants. Rosink is a leading provider of heating surface cleaning systems and market leader in the production of finned tubes in Germany.

For one of the largest energy companies in Israel, we are designing, delivering and assembling eight denitration plants which will significantly reduce emissions of four power plant blocks at two locations.

After the balance-sheet date, we won a major order for the modernization of all three boilers at the lignite-burning power plant in Bitola, Macedonia. Our services also include the long-term repair and maintenance of the plant. Bitola is the most important power plant in Macedonia and covers more than three quarters of the country's electricity needs. With the modernization, we are making a decisive contribution to reducing emissions at the plant and ensuring that it operates in accordance with modern environmental standards.

Outlook

We have summarized the details of expected development of Power Services and our other business segments in the outlook section on pages 100ff.

We're setting new standards

Building and Facility Services

Martin Bumann __ Martin Bumann's office door is always open: "I appreciate an open atmosphere." As head of a public-private partnership project, he modernized and partially rebuilt four schools in the Bavarian district of Hof. The execution and cooperation with the district went so well that the PPP project was awarded the Bavarian Construction Industry Association Prize.

> We are market leader for facility management in Germany and one of the leading providers in Europe

> With 'one' Building and Facility Services offer a shared new lifecycle product

> We are continually expanding our high-quality commercial services

Market position and strategic success factors

The exchange of knowledge and experience among planners, building contractors and facility managers from Bilfinger Berger units in this business segment will be further intensified. This relates primarily to the energy redevelopment of older buildings – a significant growth market. For new properties, we use our expertise in construction and operation to ensure lifecycle costs are optimized. As the first company in the industry the Group, under the brand 'one – Real Estate Performance Guarantee', offers private clients a complete package including design, construction and operation together with a cost guarantee over an agreed term (see also page 18).

Building:
Bilfinger Berger is a leader in building construction in Germany. We concentrate on providing our clients with high-quality solutions for sustainable, energy efficient and cost-optimized buildings and avoid pure price competition. We cover the most important areas in Germany through a network of branches, with a major project unit, our own companies for interior fitting and cold storage construction as well as specialized consulting, design and logistics units. The costs associated with the clear allocation of tasks and risk optimization have further improved the profitability of the division.

Facility Services:
Bilfinger Berger is market leader in Facility Services in Germany and is among the leading providers in Europe. The success is based on high levels of self-delivery with over 12,000 specialized workers. International competitors, on the other hand, are often limited in this respect to the management of purchased services. For our major clients we use a special key account management model, that largely relieves them of the management of their properties, with the exception of strategic tasks, and we also take on the important task of energy management for them. In what is currently 30 countries we offer comprehensive services to national and international companies at a uniformly high level.

Growth strategy Building

Organic

> Moderate organic growth with the objective of shifting the focus of activities toward higher-margin specialized services

Acquisitions

> Smaller measures in relation to high-margin specialties

Growth strategy Facility Services

Organic

> Volume growth in segments with good margin potential
> Strengthening commercial facility management
> Increased focus on products with our own technology competence

Acquisitions

> Participation in the consolidation process in the industry insofar as target margins can be sustainably achieved
> Increased presence in selected European countries

Performance

Output volume in the business segment decreased as planned by 3 percent to €2,256 million as a result of a weakening in the Nigeria business. Orders received remained stable at €2,363 million despite lower demand in this region. EBIT increased by 4 percent to €83 million. The number of employees remained nearly unchanged at 15,711.

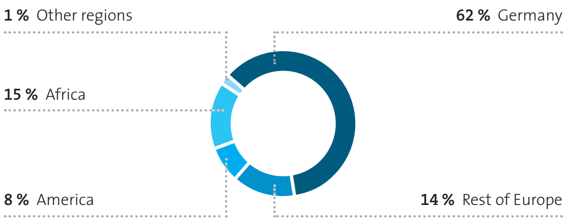
62 percent of the segment's output volume was generated in Germany (2010: 59 percent). The main international markets were in Europe, with 14 percent (2010: 12 percent) and a focus on Switzerland and Austria, and in North America which remained unchanged at 8 percent. 15 percent of the segment's output volume related to Nigeria (2010: 20 percent). These include construction-related services which we provide from Germany to our associated company, Julius Berger Nigeria.

Key figures for Building and Facility Services
€ million

	2011	2010	Δ in %
Output volume	2,256	2,333	–3
Orders received	2,363	2,379	–1
Order backlog	2,369	2,217	+7
Capital expenditure on P, P& E	16	13	+23
Depreciation	14	20	–30
EBIT	83	80	+4
Employees (at December 31)	15,711	15,714	0

Building and Facility Services: output volume by region
€ million

	2011	2010	Δ in %
Germany	1,385	1,367	+1
Rest of Europe	314	286	+10
America	183	192	–5
Africa	348	462	–25
Other regions	26	26	0
	2,256	**2,333**	**–3**



Market trend

Building: Following strong demand for construction in the German building industry in 2011, signs increasingly point towards weaker development in future. Regardless of the overall economic situation, investment in energy-saving schemes for property will likely increase further.

Facility Services: The demand for facility services remains stable throughout Europe. The European market for facility management is currently in a period of consolidation. The big players are acquiring competitors and smaller niche service providers in order to position themselves better internationally and to expand their range of services.

Services

Our building and services units operating in this business segment offer all real-estate related services throughout the lifecycle of a property.

Building services: All development, design and construction services throughout the lifecycle of real-estate properties

Facility services: All technical, commercial and infrastructural services throughout the lifecycle of real-estate properties

Areas of activity

Building: Development, design, consulting, logistics, turnkey construction, rehabilitation, portfolio optimization, expansion, cold storage construction

Facility services: Asset and property management, integrated facility management, building technology, infrastructural and health care services, water technology

Clients

Public and private clients of all types, particularly professional real estate owners

Major competitors

Building: BAM, Hochtief, Max Bögl, Züblin

Facility Services:
International: Carillion, Cofely, ISS, Johnson Controls, Jones Lang LaSalle, Vinci
National: Dussmann, Hochtief, Strabag, Wisag

Important events in 2011

Building
Bilfinger Berger Building is responsible for construction of the new urban district, The Seven, in the heart of downtown Munich for approximately €60 million. By the end of 2012, on the site of a former thermal power station, apartments, offices and commercial spaces will be completed. The power plant's 56-meter former machine tower will remain as an industrial monument and will be renovated to become the highest residential building in downtown Munich. In addition, a new five-floor atrium building is being developed on the 14,000 square-meter site.

We are using intelligent tools to further develop our broad spectrum of consulting services for real-estate clients. Rooms recorded with a spherical camera can be toured virtually. Using an integrated measurement function, which delivers results accurate to the centimeter, detailed, tamper-proof construction and building documentation is drawn up, in which external data and documents can be integrated.

Our specialists in mobile energy and facility monitoring test the efficiency and consumption of in-service equipment for heating, climate, ventilation and electricity. Using sensors and a piece of equipment we developed, non-destructive data regarding the condition of the plant is gathered and analyzed and measures for optimization are suggested. From the correct and needs adjusted handling and adjustment of technical equipment alone, savings of up to 15 percent can be achieved.

Facility Services
In the year under review, Bilfinger Berger Facility Services has strengthened its portfolio with several targeted acquisitions. The Group has taken over the Frankfurt asset manager argoneo Real Estate. The Morgan-Stanley subsidiary argoneo currently has assets under management with a combined value of approximately €5 billion.

With its acquisition of Actys Holding, Bilfinger Berger took over the third largest property manager for office and retail properties in the Netherlands. Their main clients are international institutional investors with high cross-selling potential. Bilfinger Berger will first acquire 75 percent of the shares, with purchase option on the remaining 25 percent.

The acquisition of Hochtief Facility Management Ireland Ltd. strengthens and complements the existing Irish facility management business of Group subsidiary HSG Zander International GmbH through a broader regional presence, a wider range of services and extension of the current range of facility management services for PPP projects.

With the acquisition of the Italian company Diemme we have extended our product spectrum in the field of water technology. The globally-active company is a leading supplier of chamber filter presses for industry. The acquisition complements Bilfinger Berger's existing activities as a manufacturer of chamber filter presses principally for local authorities. Stricter legal requirements for wastewater treatment and increased ecological awareness have heightened the need for filtration plants. New areas of application are arising in the production of raw materials in the oil industry and in mining, for example.

Business with important major clients such as EADS, IBM or Deutsche Bank is consistently being expanded. In the reporting year we won the largest facility services order in the history of the company: in an agreement with Deutsche Bank, in the next five years the company will take over the complete facility management for all 1,300 properties that are used by the bank in Germany.

Our Bilfinger Berger Government Services Holding manages job order contracting in the USA and Europe. Buildings and facilities belonging to the American Armed Forces as well as other public institutions are maintained, modernized, renovated and expanded on the basis of long-term framework agreements. Under the umbrella of the holding, both these operating units – Centennial in the USA and Bilfinger Berger Government Services in Europe – work closely together in order to leverage their joint potential.

Nigeria
In the course of the announced reduction of our investments in the Nigerian business, we intend to sell the engineering and services activities of Bilfinger Berger Nigeria GmbH in Wiesbaden to Julius Berger Nigeria PLC (JBN), Abuja. It is expected that in the first half of 2012, JBN will acquire 60 percent of the investment in the first stage of the sale.

We have reduced our share in JBN from the previous level of 49 percent to 39 percent through the sale to a Nigerian investor.

Outlook
We have summarized the details of expected development of Building and Facility Services and our other business segments in the outlook section on pages 100ff.

We’re setting new standards

Construction

Jürgen Ostrowsky-Gehri __ “Achieving something like this is only possible with an excellent team,” says Project Manager Jürgen Ostrowsky-Gehri with a tinge of pride. In summer 2011, 50 Bilfinger Berger employees worked each night at Frankfurt Airport in a race against time. During the renovation of ‘Runway 18 West’, they replaced one 15 meter-long strip each shift.

> Focus on civil engineering services in the areas of mobility and energy

> We are market leader in foundations for offshore windparks in the North Sea and Baltic Sea

> We combine the construction of roads, bridges and rail lines in Europe under one roof

Market position and strategic success factors

Bilfinger Berger positions itself as a specialist for intelligent civil engineering services for the execution of mobility and energy projects. As a result of the existing technical competence, project development competence as well as the necessary regional competence, we are a sought-after partner for infrastructure projects for both the public and private sectors. For public-sector clients, we implement primarily significant transport infrastructure projects in Europe. For private clients, we provide civil engineering services – mainly for building structures in industry and the energy sector. Currently, two new power plant blocks are being built in Mannheim and Karlsruhe. In foundations for offshore windparks, we are market leader by a wide margin with about 650 completed or commissioned foundations in the North Sea and Baltic Sea. For the enormous tasks that face future energy generation, storage and transfer, our civil engineering will expand its range of services in a targeted manner and work together closely with specialists from our Industrial Services and Power Services.

A key strength is our technological competence, decades of experience in design optimization and trouble-free implementation of large, complex measures. We are among the technological leaders in many areas of civil engineering and are continually expanding this strong position. As a result of the focus on our core markets in Europe, we are concentrating on our regional competence and, thereby, minimizing country risks. Outside Europe, we take on tasks only as a technology partner for local, experienced companies.

Our Bilfinger Berger Budownictwo in Warsaw is responsible for road construction activities throughout Europe from financial year 2012, an area in which the company has been operating successfully for many years in Poland. Within the scope of the bundling of competences, they will take over units for road and rail construction with which they have been cooperating closely for years. These units were previously part of the German civil engineering. Poland and Germany remain core markets for our Roads Branch. In the reporting year, Bilfinger Berger Budownictwo significantly increased its output volume with continued good earnings. A further positive development of the company can be expected as a result of Poland's economic stability.

Growth strategy

Organic

- > Activities focused on the key areas:
  - > Road, bridge and rail construction
  - > Tunneling
  - > Offshore foundations
  - > Construction-related services
- > Clear reduction in the share of volume achieved in projects with full responsibility

Acquisitions

- > Targeted investments to strengthen specific technologies

Performance

Output volume grew by 5 percent to €1,751 million as a result of the transfer of a unit specialized in steel construction from the Industrial Services business segment at the beginning of the year. Not including this effect, it remained constant. Orders received of €971 million were significantly lower than output volume, the order backlog was reduced as planned. EBIT rose by 21 percent to €35 million. The number of employees decreased to 5,849.

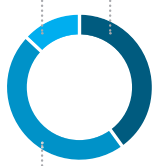
Of the total output volume, 47 percent (2010: 40 percent) was accounted for by European countries outside Germany. Key markets included the United Kingdom, Poland, Scandinavia and Austria. The share of domestic volume amounted to 40 percent (2010: 35 percent). Our activities in the Gulf Region with the major project in Doha, Qatar, accounted for 13 percent of volume (2010: 20 percent).

Key figures for Construction
€ million

	2011	2010	Δ in %
Output volume	1,751	1,661	+5
Orders received	971	961	+1
Order backlog	1,506	2,235	–33
Capital expenditure on P, P& E	26	20	+30
Depreciation	33	31	+6
EBIT	35	29	+21
Employees (at December 31)	5,849	6,607	–11

Construction: output volume by region
€ million

	2011	2010	Δ in %
Germany	702	611	+15
Rest of Europe	813	688	+18
Asia	236	362	–35
	1,751	**1,661**	**+5**



Market trend

In our European markets, demand for infrastructure projects is generally stable: while in Germany investment in transport infrastructure is declining following the expiration of the economic stimulus programs, the further expansion and modernization of transport infrastructure in Eastern European countries in particular is expected, also with the help of subsidies from the European Union.

In the energy sector, demand is growing as a result of the expansion of wind energy, utility networks and storage technology as well as through the conversion and modernization of power plants. In the coming years, attractive construction projects are expected in this sector as a result.

Services

Demanding civil engineering services in the areas of mobility and energy

Areas of activity

Tunneling, bridge construction, road construction, hydraulic engineering, prestressing technology, steel construction and foundation engineering

Clients

Public and private sector clients

Major competitors

Alpine, Hochtief, Max Bögl, Porr, Züblin / Strabag

Important events in 2011

In 2011, we again received a major order for the foundations in a wind park. Together with Per Aarsleff, our Danish partner, we are building the foundations for 80 offshore wind turbines at the new DanTysk windpark located 70 kilometers west of the North Sea island of Sylt. The clients for construction of the windpark are energy group Vattenfall and the city of Munich's public utility company. The project includes design, pre-fabrication and installation of the monopiles, which are up to 65 meters in length. The steel pipes have a diameter of up to six meters and the largest weigh 730 tons. They will be driven into the seabed at water depths of up to 32 meters. To connect the wind turbines to the foundations, the monopiles will be fitted with special steel adapter elements, each weighing 250 tons.

Our Steel Construction, in addition to building steel bridges, has also made a name for itself as a supplier of special components for the energy industry. The company manufactures transformer housings for Siemens and gas turbine constructions for General Electric. In addition, we implement technically demanding facilities for the aerospace industry as a general contractor. In the last ten years we have delivered and assembled production lines for the manufacture and fitting of all Airbus models. Rear fuselage sections of the new Airbus A350 are assembled and fitted in facilities that we delivered.

In the last two years our Steel Construction unit designed and built two new climatic wind tunnels at the Mercedes Benz factory in Sindelfingen, Germany. The tunnels make it possible to realistically simulate all weather influences with temperatures of minus 40 to plus 60 degrees Celsius and climatic zones with tropical downpours and heavy snow storms. In this way, newly-developed vehicles can be optimized at an early stage and in the factory for all weather conditions with a view to comfort and energy consumption. Bilfinger Berger had previously already built a test track with five climatic wind tunnels for BMW in Munich as well as the largest climatic wind tunnel in the world for a research and testing institute in Vienna.

In the course of the reporting year we sold the remaining construction activities of our American subsidiary Fru-Con, with an annual output volume of approximately €50 million, to British construction group Balfour Beatty.

Work on the Barwa City project for the construction of a new residential district for 20,000 inhabitants in Doha, Qatar, has been completed. We finished the last section in March 2012.

Tunnel and stations for the North-South urban rail line in Cologne have been largely completed with the exception of the track switching structure at the Waidmarkt site. Work at the Waidmarkt site can only be continued following the conclusion of the legal preservation of evidence regarding the collapse of the municipal archives in 2009.

Outlook

We have summarized the details of expected development of Construction and our other business segments in the outlook section on pages 100ff.

We're setting new standards

Concessions

Patricia Chan __ As Human Resources and Administration Manager, Patricia Chan has a key role at Bilfinger Berger Project Investments in Canada. No other business is as dependent on the special knowledge of its employees as the concessions business. Networking of experts across the great distances of the country is essential. The team building program initiated by Patricia Chan ensures that our clients always profit from the best ideas.

> Attractive new building projects completed

> Successful placement of a publicly-listed fund opens up new perspectives

> Basis of success is the quality of our team, our expertise and the synergies within the Group

Market position and strategic success factors

Bilfinger Berger has again completed attractive new concessions projects and has met the business segment's targets. The basis of this success is the quality of the team deployed in the target markets, the expertise acquired over a period of ten years in the concessions business and synergies with the Group's construction and services units. Through the interlocking competence in finance, construction and operation, we have a clear competitive advantage in the market. We will continue to pursue concession projects only in those countries and regions which have a proven and stable political, legal and economic environment. With transport projects in the future, too, we will only accept availability models or potential projects with a limited volume risk.

In December 2011, despite general market uncertainty, Bilfinger Berger successfully placed a fund that is now listed in the premium segment of the London Stock Exchange. The volume offered of GBP212 million was oversubscribed. Shares in the fund were sold to institutional investors at a predetermined price. Bilfinger Berger assumed 19.9 percent of the fund capital which corresponds to an investment of approximately €50 million. The fund will purchase 18 public-private partnership projects from Bilfinger Berger.

A key factor in the success of the fund is the fact that our projects generate a stable, reliable return, also in times of financial crisis. All of the assets in the fund are in the operating phase and revenue generating.

Asset management of the projects will continue to be provided by our Concessions business segment on the basis of long-term management service agreements. Additionally, a cooperation agreement has been concluded with the fund so that Bilfinger Berger in future can offer mature projects to the fund for sale.

The sale of the shares in the 18 projects will take effect in the first quarter of 2012. Net proceeds of about €240 million lead to a capital gain of approximately €50 million. The committed equity of the Group decreases as a result of the sale by €143 million. This also means a substantial reduction in the non-recourse financial debt to be recognized.

Strategy

> Target volume of €400 million committed equity in projects remains unchanged

> Proceeds from the sale of 18 projects to a fund to be invested in new projects

> Sale of mature projects also in the future

Performance

The project portfolio in the Concessions business segment comprised 30 projects at the end of the reporting year. Of our equity commitment of €383 million, a total of €225 million had been paid into project companies. EBIT amounted to €23 million (2010: €40 million). It should be noted in this regard that the previous year figure includes an additional earnings contribution of €21 million from the sale of shares in project companies. The net present value of the portfolio rose to €368 million at the end of the year (2010: €268 million).

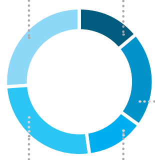
The valuation of the project portfolio in the Concessions business segment is explained on pages 180ff.

Key figures for Concessions
Number / € million

	2011	2010	Δ in %
Projects in portfolio	30	29	+3
thereof under construction	8	10	–20
Committed equity	383	358	+7
thereof paid-in	225	160	+41
Net present value	368	268	+37
EBIT	23	40	–43
Employees (at December 31)	141	135	+4

Concessions: equity investment by region
€ million

	2011	2010	Δ in %
Germany	53	63	–16
United Kingdom	81	75	+8
Rest of Europe	50	50	0
Canada	100	100	0
Australia	99	70	+41
	383	**358**	**+7**



Market trend

In our markets the model of privately financed and operated public-sector projects continues to be seen as an opportunity to improve the infrastructure of a country in an efficient manner despite stretched budgets. In Australia and Canada in particular there are numerous new projects on the agenda. In the Canadian provinces of Ontario, Alberta and British Columbia, a series of interesting projects in the health, highway and general administration sectors are being prepared. Medium-term planning in Australia covers projects with a focus on the prisons system, the health-care market and social housing.

In the United Kingdom a discussion is currently taking place aboutthe future of concession projects. The number of new projects is therefore limited, nevertheless the potential projects currently identified are of great interest to Bilfinger Berger. Development in the market for privately financed public-sector projects in Germany continues to be cautious.

Services

Construction and operation of privately-financed projects for transport infrastructure and social infrastructure

Transport infrastructure:
Highways, bridges and tunnels

Social infrastructure:
Education and health facilities, justice system, emergency services, and general administration

Areas of activity

Development, design, financing, construction, operation, investment / divestment

Clients

Public-sector clients

Major competitors

Balfour Beatty, Carillion, Hochtief, John Laing, Leighton

Important events in 2011

In spring 2011, the Lagan College and Tor Bank School project in Northern Ireland with an investment volume of about €50 million was won, the equity amounts to approximately €4 million. The project is for the construction and operation of two schools.

In the fall of 2011, Bilfinger Berger and its partners were awarded another major public-private partnership project in Australia. On behalf of the Northern Territory Government, we are taking over the design, financing and construction of the Darwin Correctional Precinct as well as operation of the facility over a period of 30 years. The new construction will replace an existing aging prison and will have a capacity of 800 detainees. Our equity investment amounts to about €30 million. Bilfinger Berger is a leading supplier of correctional facilities in Australia and now operates three prisons there.

In terms of new business, we were also able to acquire two further tranches in our LIFT framework agreement (Local Improvement Finance Trust) in the United Kingdom.

In the course of the reporting year, the East Down and Lisburn Colleges in Northern Ireland and the infrastructure project Northwest Anthony Henday Drive in Canada were completed on schedule and handed over to our clients. In addition, key components of our public-sector building projects – Staffordshire Fire and Rescue Services (UK) and Kelowna and Vernon Hospitals (Canada) – were put into operation as planned. With that, there are now 22 projects in regular operation to our clients' satisfaction.

Outlook

We have summarized the details of expected development of Concessions and our other business segments in the outlook section on pages 100ff.

Research and development

> Our research and development activities lead to practical solutions that make economic sense

> It focuses on the optimization of energy generation in power plants and the reduction of energy requirements over the lifecycle of buildings

> To protect the climate and conserve resources, we are active in wind and solar energy, storage technologies, emissions reduction and wastewater treatment

Our research and development activities aim to protect the climate and to conserve scarce resources through the optimization of power plants, industrial facilities and buildings. In the process we concentrate on improving energy generation in power plants and reducing energy requirements over the lifecycle of buildings, as well as optimizing processes, procedures, maintenance concepts and methods in the process industry. Our research and development activities focus on clients' needs and lead to practical solutions that make economic sense. We are making an important contribution to meeting the ecological challenges of our time with over 140 different research and development projects.

We are accelerating improvements in our technical know-how and our business model with an innovation initiative which was started at the end of 2011. We wish to offer our clients optimal solutions and advantages in terms of efficiency with further developed technologies and new products in the future as well. Every employee is called upon to contribute concrete suggestions for improvement and ideas for development projects.

The operating units are responsible for individual research and development projects. Group Technology and Development provides impetus for innovations and collaborates in the Group-internal coordination, evaluation and determination of projects. It supports Subgroups and affiliates in the realization of their projects and in the registration of protective rights, e.g., patents and brands.

In the reporting year, expenditures for research and development projects at Bilfinger Berger amounted to approximately €10 million, which includes €1.7 million in public funding.

Efficient energy generation

Compared to the traditional generation of electricity in large-scale power stations, the local generation of electricity with small plants is increasingly gaining importance. Such power plants are of a scale to suit requirements and can be used flexibly. They save the expense of long power supply lines and avoid the energy losses associated with long-distance transmission. In the future, power will therefore be generated with an efficient combination of large-scale plants and smaller decentralized plants primarily using regenerative energy sources.

Cogeneration simultaneously generates electricity and heat for heating buildings or as process heat for production purposes. With this technology, high rates of primary-energy efficiency can be achieved wherever local users are available for the heat produced. Together with the Department for Combustion and Airplane Engines of Brandenburg University of Technology in Cottbus, Bilfinger Berger is developing a mobile micro-gas turbine unit with an output of 100 kWel and 200 kWth for the supply of electricity and heating for commercial properties, shopping centers, hotels, conference centers, residential areas and industrial companies. This project is supported by the Federal State of Brandenburg and aims to increase plant efficiency while reducing operating costs. The turbine is designed to run not only on natural gas or diesel. Gases with low calorific values such as fermentation gas and other forms of biogas can also be used. By using these renewable energy sources, the new micro-gas turbines are also making a contribution towards climate protection and the conservation of resources.

Other research projects in the field of power-plant technology aim to achieve higher efficiency in the use of primary energy, to save fuel and to reduce exhaust emissions. We are involved, for example, in various joint research projects on high temperature steam generation. The higher the temperatures and pressures in steam power plants, the higher the efficiency levels that can be achieved. While modern power plants currently reach steam temperatures of 600 degrees Celsius, new material concepts for temperatures of 700 degrees Celsius are being tested as part of the research projects, for example at Mannheim power station.

Bilfinger Berger is working on a new process for the removal of carbon dioxide from flue gas in combustion processes. The traditional method of coal firing is carried out with the use of air. This means that in order to utilize or store the resulting CO_2, it must be separated in a complex process from the flue gas, of which four-fifths is nitrogen. In contrast, the alternative oxy-fuel process envisages the use of pure oxygen in combustion, which produces flue gas of pure CO_2 and avoids the complex separation process. The special requirements of this process, however, require new kinds of burners. Bilfinger Berger Power Services is developing appropriate coal burners for future oxy-fuel power plants. The aim is to adapt the materials, as well as flow and temperature conditions, to the new combustion conditions.

Bilfinger Berger supplied the flue gas desulfurization equipment for the pilot plant using the oxy-fuel method at the Schwarze Pumpe site. In order to obtain CO_2 that is as pure as possible, this equipment filters the sulfur dioxide created in combustion almost completely out of the flue gases. The pure CO_2 created in the oxy-fuel process is compressed and liquefied. If the research engineers succeed in answering the open questions with regard to storing this liquid CO_2 in old natural-gas deposits or salt mines, the technology could become a key instrument for climate protection. Bilfinger Berger Power Services is supporting the test operation of the pilot plant, which will deliver the required results and findings for the construction of a bigger power plant to develop the final oxy-fuel technology suitable for large-scale application.

Sustainable construction

A building can always be optimized when the entire lifecycle costs are taken into consideration already in the design phase. This includes the construction processes and their energy consumption in addition to the materials used and their primary energy needs and potential for recycling as well as future operating costs. The question of the long-term use of the building, i.e. a potential conversion or subsequent demolition must also be considered. With the knowledge and experience we have gained in the design, construction, maintenance and operation of buildings, the comprehensive approach has become standard practice at Bilfinger Berger. We continuously expand this specialized expertise with the results of our research and development work.

Interactive energy management

According to recent studies, buildings in industrialized countries cause 40 percent of all CO_2 emissions, a large part in the operating phase. But from both ecological and economic points of view, the operation of buildings must be planned as efficiently as possible and CO_2 emissions must be reduced. For this purpose we are continually developing solutions such as smart metering and smart grids. Smart metering refers to automatic, real time technologies for the recording of building data such as energy consumption and consumer behavior. Smart grids refer to the intelligent management of energy networks in buildings, residential areas or regions, in order to ensure the balance of decentralized energy production, consumption and storage. We are developing solutions and applications for both areas in cooperation with partners from industrial and scientific organizations. In buildings, for example, we are thus capable of carrying out comprehensive, real-time facilities monitoring of the technical building equipment using mobile metering equipment. We then use the determined status of the building to optimize the controlling equipment and can usually achieve significant improvements in building efficiency without cost-intensive investments.

Biomass

Rising demand for sustainable solutions in the energy and process industries, such as those based on use of biomass for energy or the use of the material itself, offers significant economic potential. Bilfinger Berger and its partners are developing an innovative technology of thermochemical gasification. What's special about this process lies in the particular controlling of the gasification process in which a gas mixture of hydrogen, carbon dioxide, carbon monoxide and methane is produced. This valuable synthetic gas is very well suited to be later used in the process industry or even for conversion into energy. A pilot plant built and put into operation by Bilfinger Berger serves as proof of the technical and economic utility of the process. According to current data, it is possible to convert a wide range of input materials consisting of various types of biomass, even trash. This opens up a whole spectrum of potential applications. We want to continue developing the technology until it is ready for use in large plants.

Climate protection and conservation of resources

The economic and efficient use of raw materials and energy is a crucial factor in the sustainable use of resources and plays an important role in climate protection. And we make an active contribution with our multi-faceted services and construction along the entire value chain.

In real estate planning, we consistently pursue a lifecycle approach. It is our goal to forecast the energy needs of a building over its entire lifecycle and to reduce these needs through appropriate measures. We see it as our task to support our clients with consulting services at an early stage working together to achieve high standards. With the new product 'one', we offer private real estate clients the tried and tested life cycle approach as applied in public-private partnerships (PPP) including the associated cost guarantees.

In order to optimize the way buildings are run, Bilfinger Berger makes use of energy monitoring equipment. This results in the continuous recording, monitoring and evaluation of energy and media consumption data by way of remote monitors and special software, for example. Energy flows recorded in this manner provide the basis for determining high levels of energy consumption, and measures of optimization can then be introduced.

Our specialized power plant and industrial services such as engineering, manufacturing and assembly of special components are regularly directed at significantly improving plant efficiency and reducing pollutants. For example, the modernization of the firing system and pressure parts as well as the additional heat recovery systems that we carried out on several blocks of the Belchatow power plant in Poland, Europe's largest coal-burning power plant, have provided a significantly greater level of efficiency at the plant. Emissions were also significantly reduced in order to conform to the strict environmental standards of the European Union.

Regenerative energy systems

With its energy plan in 2010 and the legislative package of changes to the energy policy in 2011, the German Bundestag, the lower house of the parliament, decided that Germany should cover its energy needs to a large degree from renewable sources. This raises the already high value placed on environmentally friendly technologies and the use of renewable energies. Bilfinger Berger supports this development with its numerous projects in the area of regenerative energy systems, and thus makes an active contribution to the sustainable and efficient use of renewable energies.

With the 180MW Rodenhuize power plant near the Belgian town of Ghent, Bilfinger Berger is converting a conventional power plant from coal to biomass – a first for a power plant of this size. There, in the future, energy will be generated with wood pellets and excess blast furnace gas from the neighboring steel plant instead of through the burning of coal. Biogas is taking on an ever larger role in Germany's energy mix. Whereas today it is primarily used to produce electricity, the gas is expected to be increasingly fed into natural gas supply networks as biomethane in the future. First, however, the biogas must be processed – yet another part of the services portfolio at Bilfinger Berger.

One of the specialist areas at BBV Systems involves prestressing individual towers for onshore wind turbines, as with the new wind park in Estinnes, Belgium. Prestressing connects individual sections of the tower and stabilizes the turbine. 62 tons of prestressed steel are used per turbine in the process. In recent years, BBV Systems has installed prestressed systems for wind power plants with a total output of more than 3 gigawatts.

In addition to wind energy, the use of solar energy via photovoltaic and solar-thermal power plants will take on an important role in the energy system of the future. In the area of photovoltaics, we install, operate and maintain rooftop and open area facilities of sizes ranging from a few kilowatts up to the megawatt area. In the future and growth market of solar-thermal power plants, Bilfinger Berger is present with special services such as insulation. We have already properly equipped several facilities in Spain.

Due to the growing share of renewable energies in German energy production along with the resulting volatility in supply, the need for opportunities to store energy will increase drastically in the future. The need for installed storage yield and capacity depends on developments in energy production and the expansion of the transmission network. The Dena Grid Study II, for example, foresees the need for an installed storage yield of up to 13.1 gigawatts and storage capacity of up to 1,500 gigawatts per hour by 2020 even if the transmission network is expanded.

Bilfinger Berger is intensively involved with various storage technologies in order to help cover this need. For example, we deliver and install key components such as pressure piping systems, tunnel linings, closure apparatus and other specialized parts for major pumped-storage hydro power plants. We successfully work in often difficult and challenging conditions in the process. Bilfinger Berger is implementing a technical innovation in this area in the construction of pumped-storage hydro power plant Reißeck II in Carinthia, Austria, because the pressure tunnel plating that must be designed, manufactured and installed will be completed with thermomechanic steel of the highest strength class (690 N/mm^2) for the first time.

Water

Supplying the world's growing population with clean water is one of the great challenges of the future. Bilfinger Berger provides a full range of services for both water supply and waste water.

Bilfinger Berger supports the supply of drinking water in the Arab region with repair and maintenance as well as the modernization and optimization of existing desalination plants. This reduces energy consumption in the facilities and increases the amount of water produced.

In the field of waste water engineering, Bilfinger Berger provides various solutions for collecting and treating waste water and sewage. Vacuum sanitary technology uses air as a transport medium and needs significantly less water than conventional systems. We are using this innovative technology throughout the world in municipal waste water applications as well as in areas lacking wastewater infrastructure. In Namibia, for example, a sanitation pilot project based on vacuum technology is being implemented which reduces the usage of fresh water and completely recycles the wastewater. Process water for agricultural purposes, fertilizer and biogas for the production of energy is created from the collected waste water. In this way the wastewater of 1,500 inhabitants supports the cultivation of about two hectares of fields.

In order to improve operations at waste water treatment plants, we have developed and offer a software solution for the proactive management of measurement and control systems, with which we can achieve significant improvements in energy efficiency while maintaining the quality of outgoing waste water. It is also possible to reduce the amount of coagulants to the minimum amount needed so that savings can be realized here as well.

CO_2 emissions

Through the application of advanced technologies such as flue-gas heat utilization, Bilfinger Berger exploits the potential for optimization offered by power plants and thus helps to reduce their CO_2 emissions. The waste heat of the flue gas is used to preheat feed water and air before the flue gas passes through the desulfurization stage. The planned construction of the new Block R at the lignite-fired power plant in Boxberg, Germany, will include a heat recovery system from Bilfinger Berger so that heat from the flue gas can be used for the steam cycle. The efficiency of the power plant block will thereby increase, which results in higher output while consuming the same amount of fuel. With respect to emissions, this means a reduction of 46,000 tons of CO_2 per year.

In industrialized countries, heating and cooling is the primary source of emissions. This means that the reduction of CO_2 emissions also plays an especially significant role in the area of buildings. Bilfinger Berger supplies and services modern and efficient building equipment. In order to put itself in an optimal position to provide services in the area of energy management and sustainability in building operations, Bilfinger Berger Facility Services has concentrated its know-how in the Center of Competence for Energy and Sustainability. In addition to monitoring, energy analyses, training and consulting services, the Center of Competence also offers specialist knowledge in improving energy efficiency.

Intelligent maintenance solutions

We want to offer our industrial clients maintenance services that are constantly being improved and, for this purpose, we are developing intelligent solutions. We are proceeding systematically and exploring potential for improvement in a special project together with a business partner. Innovative advances can be achieved primarily through the application of modern information systems. They allow, for example, a precise determination of the amount of reserve available for parts that are subject to wear and tear by linking historical data with current operating parameters. In cooperation with industrial partners, we are optimizing the products that we use. For the material that we use for our insulation activities, this relates to both the insulating properties and fire resistance.

In industrial services, we also continuously pursue the goal of minimizing the consumption of energy and resources. A current project consists of the conversion of the entire fleet of vehicles to energy saving motors for an industrial client.

Procurement

> The best suppliers, subcontractors and service providers are selected by means of systematic processes

> A specially developed IT tool allows for detailed transparency of expenses

On the basis of findings from the excellence program which was carried out in 2010, we restructured our purchasing network in the reporting year and thus established the conditions necessary to take full advantage of our purchasing potential. The introduction of new procurement guidelines as well as the ongoing further development of the purchasing processes ensure that we retain the best suppliers, subcontractors and service providers for our respective business segments. The focus of the selection process is on criteria such as quality, reliability, risk / security, past experience and compliance questions.

The decision-making process for the awarding of services is supported by an internal Group evaluation system for our suppliers, subcontractors and service providers. Defined groups of suppliers are subject to an annual evaluation and classified according to their performance. In general, we seek to concentrate our procurement volumes on key strategic suppliers. The ongoing evaluation of our partners' performance in accordance with internal Group criteria, allows us to recognize weaknesses in the service level of the supplier and, together with the supplier, improve the situation. The Group-wide restructured supplier management system is thus a decisive building block in our purchasing strategy – one that helps us, in cooperation with our partners, to take advantage of opportunities and recognize risks at an early stage. In addition, the following significant achievements were made in purchasing in the reporting year:

Transparency of spendings Through the introduction of a special IT tool, expenditures are recorded in a detailed manner with no time delay. It is thus always transparent which Group unit draws which services from which supplier at which point in time and in which product group. Diverse reporting functions of the tools support the identification of additional potentials and optimization opportunities.

Product group management The Group-wide product group management system which was introduced in 2010, was expanded through the addition of further product groups. It was possible to achieve improved market conditions through the pooling of the respective purchasing volumes. In addition, the joint presence of cross-functional product group teams strengthens our position in the procurement markets.

Purchasing guidelines We completed the detailed implementation of the Group purchasing guidelines, which were introduced in the prior year by the operational units, with adjustments to reflect their specific requirements.

Measurement of purchasing results For the first time, the measurement of purchasing results is possible in standardized form via a newly-developed Group-wide IT tool.

Increased competence of buyers The personal qualification of the buyers was advanced through the establishment of a 'Procurement Academy'. Our junior buyer program is particularly successful. It helps young talent systematically prepare to take on more responsible tasks.

Purchasing volume

	2011	2010
Purchasing volume absolute	€ million 4,043	€ million 4,053
Purchasing volume as a percentage of output volume	48 %	50 %
thereof subcontractor services	62 %	64 %
thereof materials purchased	38 %	36 %

For the purchase of subcontractor services and materials, we have available a broad basis of internal and external suppliers as well as a number of procurement markets. There is no general dependence on individual business partners.

Communication and marketing

> Expanded range of information

> 2012: New corporate branding

Our communication activities are primarily directed at investors, business associates and employees. We provide them with information quickly and reliably, enabling them to gain a clear picture of our dynamic development. Via internal and external communication channels, we explain our services and construction activities, describe the background, goals and implementation of our strategy and support the integration of the newly acquired services companies.

In the reporting year, a total of €10.0 million was invested in corporate communication (2010: €10.4 million). We spent €2.5 million on publications (2010: €2.7 million), €3.3 million on trade fairs and exhibitions (2010: €4.0 million), €1.4 million on new media (2010: €1.3 million) and €2.8 million on other activities (2010: €2.4 million).

Corporate branding

Our corporate brand and of all our operating brands are represented according to a corporate design with worldwide validity. In the reporting year we began a review of the previous umbrella brand concept that links the various brand images. The objective is to considerably strengthen the Group brand and to closely link it with the operating brands. In 2012 this process will be continued and a new overall concept for Bilfinger Berger's brand architecture will be developed.

Internet

At the beginning of the year we also graphically redesigned the homepage of our online Annual Report in order to make it more user-friendly.

We also expanded the range of information available on our corporate website www.bilfinger.com. On the career pages, potential applicants can thoroughly familiarize themselves with the Bilfinger Berger Group and its business activities under 'Working at Bilfinger' [http://www.bilfinger.com/de/Karriere/Arbeiten-bei-Bilfinger]. Employees discuss their tasks in video interviews which help in giving an authentic insight into the company. You'll also find these videos on our YouTube channel 'bilfingerTV' (www.youtube.com/BilfingerTV), which we are using more extensively for video material.

Press

We provide regular and comprehensive information on the Group's financial situation. Our quarterly and annual reports, press releases, telephone and press conferences are directed at the business editors of news agencies, daily and weekly newspapers, magazines and electronic media. By maintaining close contacts with the press, radio and television, we ensure that relevant information about Bilfinger Berger reaches the public.

In addition to our ongoing public relations regarding the Group's financial situation, last year we put a stronger emphasis on the high level of technical competence in our Subgroups. At informational events specially geared toward technical journalists, internal and external experts discussed the role of industrial maintenance and our contributions to implementing the changed energy policy

Bilfinger Berger Magazine

We reach out to our clients, business partners and decision makers from politics and the business world with the Bilfinger Berger Magazine. We additionally offer an online edition with expanded contents, which was optimized for hand-held devices in the reporting year. As in past years, the 2011 magazine was given the 'Best of Corporate Publishing Award' (BCP), specifically for its reports this year. The BCP is the largest European competition for corporate publishing.

Information for employees

Employees are kept up to date on what is happening in the Group on a daily basis via the intranet. Thousands of employees make use of this vast resource each day. The Group's management is also directly informed via a newsletter on important Group news.

Our employee magazine 'blueprint' is published semi-annually in three languages (German, English, Polish). 44,000 copies are sent out to our employees in all Group units worldwide. With the magazine, the Group is pursuing its goal of supporting cooperation and networking in the Group and of giving employees an overview of strategic goals as well as the broad range of services offered by their company.

With 'blueprint extra', Bilfinger Berger publishes information about specific issues – such as 'HSEQ – Health, Safety, Environment and Quality' in the last financial year.

A successful premier celebration event for 'Bilfinger's Best': At a festive evening at the Kurhaus in Wiesbaden, Bilfinger Berger honored 49 employees from throughout the Group and showed its gratitude for their excellent service. The event is planned to continue on an annual basis.

Direct dialogue with clients

Participation in trade fairs and exhibitions is an important element of our sales and marketing activities for promoting dialogue with our clients. Bilfinger Berger Industrial Services presented itself at the TechnoPharm in Nuremberg, as well as at the Power Gen Europe in Milan together with Bilfinger Berger Power Services. Power Services also showed its strength at the VGB Congress 'Power Plants 2011' in Bern, Switzerland, and at the VGB Congress 'Power Plants in Competition' in Karlsruhe, Germany. Our Facility Services and Building units presented the new lifecycle product 'one' at Expo Real in Munich, the leading trade fair for commercial real estate with 37,000 participants from 34 countries.

Tunneling presented its activities at the STUVA Conference whose motto for the year was 'Subterranean Construction for Sustainable Environmental and Climate Protection'.

bauperformance was able to display its core competences at Consense in Stuttgart, one of the leading trade fairs for sustainable building, investing and operation. Quality and responsibility were the main topics at this year's German Construction Technology Day in Berlin where Bilfinger Berger provided a number of speakers at the various specialist events.

Human resources

> Uniform employer branding and attractive presentation in the job market

> Training focus on risk awareness and compliance

> Language and intercultural training for international assignments

Recruiting

Recruiting new employees, especially technical specialists and executives, is an important part of the human resources efforts at Bilfinger Berger. We are a preferred employer for engineers and are becoming increasingly attractive for business administration graduates. All units of the Group appear in the job market with a uniform employer-branding concept. The career pages on our website have been supplemented with a new area, 'Working at Bilfinger Berger', in which the Group is presented as an international, attractive and multifaceted employer. On the career portal and our YouTube channel, videos and image trailers are shown in which our employees report on their job experience. These measures have led to a significant improvement in both the awareness and perception of Bilfinger Berger as an employer. The number of visitors to our career website, for example, increased by approximately 30 percent after the relaunch.

In 2011, more than 1,000 vacancies at the Group were filled in Germany alone; on average, applicants were able to choose from over 400 job offers.

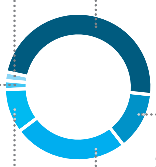
Apprenticeships

We are convinced that only with well-qualified staff from our own ranks can the success of Bilfinger Berger be secured. Apprenticeships are therefore a focus of our strategic program BEST (Bilfinger Berger Escalates Strength). The objective is to achieve high training standards throughout the Group. We also want to increase the number of apprenticeships we offer.

In financial year 2011, Bilfinger Berger employed 1,551 apprentices worldwide, 919 of them in Germany. Once they have successfully completed a final exam, we take on about two thirds of our apprentices as employees.

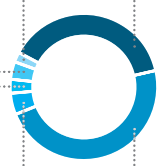
Number of employees by business segment

	2011	2010	Δ in %
Industrial Services	29,427	28,054	+5
Power Services	7,588	7,193	+5
Building and Facility Services	15,711	15,714	0
Construction	5,849	6,607	–11
Concessions	141	135	+4
Headquarters & other units	494	479	+3
	59,210	**58,182**	**+2**



Number of employees by region

	2011	2010	Δ in %
Germany	23,324	23,652	–1
Rest of Europe	28,123	26,018	+8
America	3,079	2,870	+7
Africa	2,055	1,978	+4
Asia	2,592	3,633	–29
Australia (not including Valemus)	37	31	+19
	59,210	**58,182**	**+2**



Training

Specialized training for our employees is organized by the Subgroups, while Group Human Resources is responsible for Group-wide training courses in methodology, personal development and social skills. Needs-oriented courses are available to staff members and executives at all levels.

In 2011, the focus of our training activities was on the subjects of risk awareness and compliance. The Group's employees are able to prepare for international assignments with language courses and intercultural training. In addition to specialist knowledge and working methods, an understanding of the culture of a foreign country is a key success factor for an assignment abroad.

In cooperation with Group Procurement, we have established the Procurement Academy. Functional profiles for purchasing activities and a range of courses specially tailored to those profiles have been developed for the systematic training of our employees. Like all Group-wide training, the Procurement Academy also serves to promote the active networking of our employees.

Personnel development

Bilfinger Berger applies systematic human resources work with local and centralized elements. By supporting employees in their respective units, headquarters instruments ensure that talent is encouraged and can develop throughout the Group.

For the support of our management trainees, two new Group-wide programs were designed and implemented last year. Selected high-potentials from all the Subgroups were given practice-oriented training in management subjects and were able to exchange opinions on current business topics. Personal contacts are a key driver for promoting cooperation within the Group. In the first module of the newly revised Executive Development Program, top executives were able to gain further qualifications in the area of strategic and corporate management. Two additional modules with the subjects of change management and general management will complete this program in the future.

Acquisitions: Number of employees

	2011
ATG Ltd.	262
Babcock Borsig Steinmüller CZ s.r.o.	176
Rosink Apparate- und Anlagenbau GmbH	148
Hochtief Facility Management Ireland Ltd.	137
Alpha Mess-Steuer-Regeltechnik GmbH	117
Diemme Filtration S.r.l.	113
Actys Holding B.V.	103
PP IPEC AS	77
Enginius	10
	1,143

E-recruiting (German-speaking countries)

	2011	2010	Δ in %
Industrial Services	165	152	+9
Power Services	83	45	+84
Building and Facility Services	900	692	+30
Construction	91	78	+17
Concessions	6	1	+500
Headquarters & other units	80	77	+4
	1,325	**1,045**	**+27**

Codetermination

Following the transformation of Bilfinger Berger AG into a European company (Societas Euorpaea – SE), the first SE Works Council was elected in the fourth quarter of the year 2010. 21 members from 14 European countries attended the constitutive meeting in February 2011 and started their work. In that meeting, the chairperson and two deputy chairpersons were elected, along with the four members of the so-called Executive Committee, which is responsible for the Works Council's day-to-day work. In addition, the SE Works Council also elected the six members of the Bilfinger Berger SE Supervisory Board representing the employees.

Bonus payment for employees in Germany

Once again, 17,000 employees in Germany received a bonus payment (€250 gross) in May 2011 as thanks for their efforts and commitment.

Health care

The health of our employees is extremely important to us and is the subject of numerous programs and seminars. In addition to existing initiatives such as workplace programs, health groups and seminars on fitness and health management, we also offered a course under the heading of 'Fit through healthy nutrition' in 2011.

We encourage our employees' sporting activities in numerous sports such as running, football, basketball, cycling, skiing, squash and inline skating. With more than 400 participants, Bilfinger Berger entered one of the largest teams at the company run at the Hockenheim Ring racetrack in 2011. A Bilfinger Berger team of 36 cyclists started the cycle race around the Eschborn-Frankfurt financial center. And 28 teams with 280 players and a total of 400 employees from all units of the Group took part in Bilfinger Berger's internal football cup, the biggest Group-wide sports event.

University marketing

The goal of our intensive university marketing is to identify and recruit highly qualified graduates. Since the 2010 winter semester, Bilfinger Berger has been supporting six engineering students in a pilot project at the RWTH Aachen technical university. Due to the positive experience gained with that project, we have expanded the sponsorship and support 34 students of engineering and economics subjects in Germany each year. We also pay particular attention to intensifying and internationalizing our broad range of activities at selected focus universities to reflect our strong growth and meet future requirements for highly qualified specialists, also internationally.

Hardship fund

The hardship fund we set up in 2010 with capital of €500,000 is applied to support employees who have got into financial difficulties through no fault of their own. In the year under review, financial aid was granted to employees or surviving dependents in a total of ten cases.

Sustainability

> We utilize our technical potential for sustainable action

> We make an important ecological contribution through our research and development activities

> Central responsibility for health, safety, environment and quality

For Bilfinger Berger, sustainability is one of the company's key tasks. The Group and its employees accept responsibility for our operations, for society and for the environment. This implies taking appropriate action in the areas of economy, ecology and social issues.

Bilfinger Berger has been contributing to sustainable development through various activities for many years now. Our actions in the field of research and development are not only the basis for our financial success, but simultaneously also make an important ecological contribution. Key issues are climate protection and resource conservation, renewable energy systems, lower water consumption, CO_2 reductions and environmental protection (see the 'Research and development' chapter on pages 80ff. for details). The company assumes social responsibility by promoting projects with a focus on sustainability for the benefit of society.

Memberships

Since 2008, Bilfinger Berger has been committed to sustainability through its membership in the UN Global Compact. The Global Compact is a worldwide initiative supported by more than 8,700 companies and organizations from over 130 countries. By joining the Global Compact, we have committed ourselves to entrepreneurial action in compliance with the ten principles of the initiative. Those principles reflect the values and fundamental policies by which we manage our company and which are also included in our Vision Statement and our Code of Conduct.

Since 2009, Bilfinger Berger has been a member of the European Network of Construction Companies for Research and Development (ENCORD), an innovation network of leading European construction companies. In 2011, ENCORD developed a sustainability charter in order to make a significant contribution to achieving a sustainable world through research, development and innovation in the construction industry. The charter's principles include good procurement practices, social responsibility for local communities, as well as transparency and ethical standards for employees, clients, suppliers and society.

Bilfinger Berger also supports the application of sustainable technologies through its collaboration in the industrial initiative 'Dii.' Since early 2010, Bilfinger Berger has been an associate partner of the initiative, which has set itself the goal of implementing the Desertec concept. That concept calls for the provision of approximately 15 percent of Europe's and a large proportion of the host countries' electricity requirements by 2050 from renewable energy systems such as wind power and solar energy located in North Africa and the Middle East.

Sustainability reporting

Due to the increasing importance of this subject, we will publish an annual Sustainability Report on our website beginning in 2012. This will be a source of information for our stakeholders on the data relevant for the sustainability of our activities from the fields of economics, ecology, the workforce, society and products.

Environmental protection

The demands placed on environmental protection, which are already very strict in many countries, are fully complied with by Bilfinger Berger. Our operating units provide evidence of their high quality standards in environmental protection by means of certification and audits.

Effective measures for environmental protection are given high priority in the establishment of our temporary work sites. As early as the planning and work preparation stages, specific precautions are taken to reduce noise, vibrations, dust and emissions. Optimizing these aspects on construction sites is a core competence of the Bilfinger Berger Building subsidiary, bauserve.

Its logistics services lead to efficiency enhancements for each project and reduce the environmental burden of noise and emissions. Bilfinger Berger applies environmentally compatible processes and technology throughout all project phases. Waste is effectively sorted so that the maximum possible proportion can be recycled. We deal with hazardous substances conscientiously for the effective protection of soil and water.

The examples given show that for us, ecological sustainability is not only a question of conviction, but a fixed element of our daily business.

Safety at work

Improving safety at work is a permanent quest; it is given the utmost priority and is a key component of our employee training program. Certified management systems for safety at work in accordance with international standards (Occupational Health and Safety / OSHAS and Safety Certificate Contractors / SCC) have long been normal practice for our units in the field of industrial services. Our construction units will also work in accordance with these standards in the future.

With the new corporate function we established in 2011, HSEQ (Health, Safety, Environment, Quality), and with similar departments in the Subgroups, we have brought together and thoroughly structured the responsibilities for occupational health and safety, environmental protection and quality assurance.

The Group's occupational safety organization has been strengthened through the creation of the position of a Safety Officer at HSEQ. He initiates activities for the further improvement of safety precautions, manages the improvement process and ensures the smooth functioning of the reporting system for incidents as well as the necessary communications of the local safety officers.

Corporate social responsibility

Our corporate units and their employees support numerous organizations worldwide with monetary donations, contributions in kind and their personal involvement. As a company that acts responsibly, Bilfinger Berger supports initiatives, foundations and campaigns with a focus on the areas of education, culture and sport.

In this context, Bilfinger Berger grants scholarships to students at renowned universities such as the technical universities RWTH Aachen and TU Dresden. Six scholarships in engineering science courses have been receiving support since the 2010 winter semester in a pilot project. Due to the positive experience gained, we expanded this sponsorship and supported 34 students of engineering and economics subjects in 2011. We will continue to expand this involvement.

In addition, the company provides funding for the endowed chair of Business Administration and Corporate Governance at the University of Mannheim's Business School. Under the rubric of corporate governance, scientists and practitioners examine the question of how companies can act as responsibly as possible towards the general public. In this way, the Group is making another contribution towards the social education of next-generation executives.

The 'Technology is the Future' initiative established by Bilfinger Berger in 2008 is geared toward adolescents. Bilfinger Berger started the initiative in the form of a not-for-profit company together with partner companies in German industry. The objective of the alliance is to arouse interest in engineering as a career among secondary school students.

'Knowledge Factory,' another project we support, targets children in kindergarten and at primary school: with the help of educational projects, children get to know the fascinating world of natural sciences, technology and business. With this involvement, Bilfinger Berger seeks to promote enthusiasm for technical professions already at an early age.

In the promotion of culture, Bilfinger Berger is involved for example in the National Theatre of Mannheim Foundation. Funds are directed toward young artists in the form of scholarships and also enable the Mannheim ensemble to stage exclusive performances that go beyond the normal theatre program. Every two years, for example, the international Schiller Festival is held. And with funding for the new 'Ring of the Nibelungen,' Bilfinger Berger is supporting a major new production of the National Theater for the first time.

In 2011, Bilfinger Berger continued its partnership with German Sport Aid and once again sponsored the Sports Ball. With the funds it receives from its partners, German Sport Aid has been supporting German athletes since 1967. In 2011, it supported a total of about 3,800 athletes from nearly all Olympic disciplines as well as from traditional non-Olympic sports and sports for the disabled.

Risk and opportunity report

- Through the management of risks and opportunities, we protect and expand our potential
- The Group's collective risk management function is exercised by the Executive Board and headquarters and monitored by the Supervisory Board
- Within the scope of the Group-wide risk management system, the Subgroups and subsidiaries make use of instruments that are aligned with their operating business
- Group Project Controlling accompanies large volume orders or orders with particular risks from the bid phase through to completion
- The internal control and risk management system as relates to the accounting process ensures that the business situation is properly reflected in the financial statements

Risk-management system

In the course of its business activities, Bilfinger Berger creates opportunities and takes risks; both must be thoroughly weighed and considered. Business success depends on the principle that the risks taken are managed and that they are outweighed by the opportunities. The task of the risk management system is to ensure that risks are controlled. For the timely identification, evaluation and responsible handling of risks, effective management, recording, control and audit systems must be in place which together form Bilfinger Berger's risk management system. The elements of our risk management 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. Our risk management system has been designed with the strong international focus of Bilfinger Berger's business activities and the special features of the individual project business in mind.

The risk-management function comprises the following components in particular:

- General principles of risk awareness and fostering individual risk-conscious behavior
- Specification and control of key performance indicators (EBITA, return on capital employed, liquidity, etc.)
- Collective controlling by corporate departments (Group Controlling, Procurement, Treasury, Project Controlling, Internal Auditing, Legal, Compliance, HSEQ)
- Particular risk review and monitoring for major projects
- Internal control and risk management system as relates to the accounting process

Risk management at Bilfinger Berger is a continuous and decentralized process, which is monitored and controlled from headquarters. Accordingly, the Subgroups and subsidiaries, within the scope of the overall system, use instruments of risk management that are customized to their respective business segments. The Group's collective risk management function is exercised by the Executive Board and headquarters and monitored by the Supervisory Board. Effectively avoiding risks requires more than just good instruments and procedures. A highly developed risk awareness among decision makers is also indispensable. The training program we introduced in 2009 for all operative management levels to further increase risk awareness was continued in the reporting year. Group-wide, general principles of risk awareness apply to management and staff at all levels. On this basis our Subgroups developed concrete guidelines for dealing with the risks inherent in their particular business.

Each year, the Group sets new targets for all of its subsidiaries in terms of the key performance indicators EBITA and return on capital employed, as well as liquidity targets and limits. These and other key figures are monitored with the use of monthly reporting. The actual situation and the targets set are analyzed at all 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 other members of the management team with detailed information on the current financial situation. In consultation with the Executive Board, the corporate functions perform a specialist monitoring function throughout the Group. They have wide-ranging obligations to request and receive information, to issue individually defined 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 departments of Group Controlling, Procurement, Group Treasury, Project Controlling, Internal Auditing, Legal, Compliance and HSEQ (Health, Safety, Environment and Quality) report regularly and comprehensively to the Executive Board on possible risks from their respective specialist perspectives. In addition, the Executive Board submits a quarterly risk report to the Audit Committee and the plenum of the Supervisory Board. The Committee is informed on a semi-annual basis by the heads of Project Controlling and Internal Audit on the results of the reviews carried out by their corporate departments.

Orders with large volumes or special risks can only be accepted if they are expressly approved by the Executive Board. Above a specified volume, approval of the Supervisory Board is also required. Projects with greater risks are reviewed more intensively by the Executive Board prior to a bid being submitted and continue to be closely monitored when an order has been received. Risks, particularly those related to major projects, are counteracted by clearly structuring the distribution of tasks within the corporate department:

- > Group Project Controlling supports these projects from the bidding phase until completion. The technical, financial and timeline-related development of each project – irrespective of the responsible operating unit – 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 working routines and processes. It also carries out audits at the level of the operating units.
- > Group Controlling is responsible for the monthly recording of all performance measures as well as for the active controlling of the subsidiaries.
- > With its supplier management system, Group Procurement supports the evaluation and selection of subcontractors, materials suppliers and external service providers.
- > The Legal department reviews contractual 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 provides employees throughout the Group with 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 comprehensive risk management system that is subject to continuous development. The functionality and effectiveness of key elements of this system, including the operational, non-accounting related internal controlling system and the internal risk systems are reviewed by the Audit Committee of the Supervisory Board and the external auditors. Any recommendations on the optimization of the risk management system resulting from these reviews are implemented immediately.

Strategic opportunity management

The Subgroups regularly prepare a comprehensive strategic three-year plan from which an aggregate overview for the Group is derived and reviewed by the Executive Board. To achieve a greater level of detail, the Executive Board conducts full-day workshops with the executive management of the Subgroups at which the analyses and planning of the Subgroups are discussed, also with a view to their classification in the Group planning. This treatment takes all factors that are relevant for the Group's opportunity management into consideration, including markets, competitive situation, strategic positioning, analysis of strengths and weaknesses, own organization, investments, human resources as well as volume and earnings development. It serves as a basis for strategic decisions intended to take advantage of the Group's opportunity potential.

Internal control and risk management system as relates to the accounting process

The internal control system as relates to the accounting process consists of principles, procedures and measures to secure the effectiveness, efficiency and accuracy of the Company's accounting as well as the observance of applicable legal requirements. This also includes the internal auditing system insofar as it relates to accounting.

Under consideration of standards that are usual for the industry as well as applicable legal requirements, Bilfinger Berger has established an internal control and risk management system for Group accounting processes in order to recognize potential risks and minimize them. This system is being continuously developed.

This internal control and risk management system ensures that entrepreneurial substance is accurately recorded, processed and recognized in the balance sheet and implemented in the accounting system. Appropriate staffing and equipment, the use of adequate software as well as clear legal and internal company requirements form the basis of an orderly, standardized and consistent accounting process. The clear division of areas of responsibility as well as various control and monitoring mechanisms (especially plausibility controls, the dual control principle and audit treatments from Internal Auditing), ensure proper accounting. In this way, it is ensured that the accounting process is carried out uniformly and in line with legal requirements, the principles of proper book-keeping, international financial reporting standards and internal Group guidelines. Furthermore, it is ensured that business transactions throughout the Group are recorded and evaluated uniformly and within the scope of accounting publications and that, as a result, accurate and reliable information is made available.

The internal control and risk management system established at Bilfinger Berger with regard to the Group accounting process consists of the following significant features:

- > The IT systems used in the accounting areas are protected from unauthorized access through appropriate security measures.
- > Standardized accounting is guaranteed through Group-wide guidelines.
- > Accounting data is randomly reviewed on a regular basis for completeness and accuracy. Programmed plausibility audits are carried out by software that is specifically designed for that purpose.
- > Appropriate controls have been implemented for all accounting-relevant processes (including the dual control principle and analytical audits). They are also reviewed regularly by Internal Auditing.
- > On the basis of the reports received from the external auditors and from Internal Auditing, the Supervisory Board, through its Audit Committee, reviews the functionality of the internal control and risk management system as relates to the accounting process.

Market and industry-specific risks

The Bilfinger Berger Group depends on the general economic situation and the development of those markets in which the company is active. Due to the international nature of our business activities, we are also exposed to political and other risks. There is a tremendous amount of competition in our markets, changes in legal requirements, in terms of tax laws for example, could burden our earnings. To manage these 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 managed in good time.

Country risks

Country risks include uncertainties arising from political developments in our markets. In order to minimize such risks, we operate only in certain specified markets. We see no country risks that are relevant to the Group's earnings.

Financial risks

We monitor financial risks with proven control mechanisms that allow for a timely and transparent reporting. The Group's reporting system guarantees the regular identification, analysis, assessment and management of financial risks by Group Treasury. All relevant equity interests and joint ventures are included in this monitoring.

Liquidity risks are monitored and managed centrally at the Group on the basis of a rolling 12-month cash-flow planning. Within the context of central financing, Bilfinger Berger SE is available to its subsidiaries as a lender of last resort. In Europe, with the exception of less economically relevant regions, the Group's internal balancing of liquidity is supported in numerous countries by cross-border cash pooling.

Investment financing is carried out with consideration of matching maturities. From the €250 million promissory note loan placed for this purpose in 2008, there is a maturity in 2013. An initial tranche of €84 million was repaid on time in 2011. To finance working capital, we have a pre-approved credit line in the amount of €500 million in place until 2016.

For the execution of our project and services business, the sureties we have available continue to be sufficient to support the future growth of the Group. In 2011, the expired syndicated surety of €950 million was replaced by a long-term bilateral surety in the amount of €1.8 billion with a term until 2014. Further short-term bilateral sureties are also in place. In the case of a change of control, all credit commitments may be called due prematurely. Long-term credit agreements include a financial covenant in the form of a limitation of the dynamic debt levels. A breach can lead directly or, via cross default clauses, indirectly to a calling-in of all borrowings on a recourse basis. At no time was there a threat of this occurring.

The long-term debt in place in our concessions business is solely on a non-recourse basis, so lenders have no access to Bilfinger Berger's assets or cash flows beyond the respective project companies.

Market-price risks in the finance sector primarily involve exchange rates, interest rates, raw-material prices and the market values of financial investments. Our central risk management allows us to net out cash flows and financial positions 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. Fundamental questions of risk management such as defining or reviewing methods, limits or risk strategies are dealt with by a steering committee with the direct involvement of the Executive Board.

We use currency futures or currency options to hedge risks relating to foreign-currency cash flows and balance sheet items denominated in foreign currencies. We generally hedge against transaction risks in the project business for the entire project period immediately after a contract is received. In individual cases this is already done during 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.

Whenever possible, hedging against price fluctuations of raw materials is undertaken on the basis of fixed-price agreements for deliveries or sliding-price clauses for consumption at a physical level. If this is not possible, hedging is carried out with the use of commodity swaps, for diesel fuel or bitumen, for example.

We counteract the risks of interest-rate changes by continually reviewing and, when required, adjusting the composition of recourse liabilities subject to fixed and variable interest rates. We assess risks with consideration of future needs for new financing or refinancing on the basis of a cash-flow-at-risk model. The borrowing costs budgeted within the scope of the cost-of-capital model serve as a point of reference. To manage this, we generally apply derivative financial instruments such as interest-rate swaps and swaptions.

In the area of non-recourse project financing, however, liabilities are hedged with full maturity matching with the use of interest-rate swaps. Changes in market value occurring in this context must be reflected in the balance sheet, but they have no impact on the success of the relevant project or on the Group's cash flows.

Substantial counterparty risks can arise in connection with the investment of liquid funds and the application of derivative financial instruments. To limit such risks, we enter into financial transactions exclusively with such banks that have a rating of at least A-. In addition, on the basis of an internal limit system, a diversification of volumes and maturities takes place. Our risk consideration also includes the loss of pre-approved but not yet utilized financing in the project business.

Due to this consistent application of the financing policy, there were no negative effects on the Group's financial position or earnings also in 2011.

Acquisition risks

We counteract risks relating to acquisitions with the following concept: We generally acquire either a controlling interest or 100 percent ownership of suitable companies. Companies that we regard as candidates for acquisition are valued by our experts with the help of comprehensive due diligence audits. The key criteria for this assessment are strategic relevance, profitability, management quality and future prospects. 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 latest acquisitions have also fulfilled our high expectations in terms of return on capital and profits. New companies are integrated into the Group and its risk management system according to clear plans and instructions. Decisions on the acquisitions to be made by the Group are taken by the Executive Board. Approval of the Supervisory Board is also required for larger company acquisitions.

Subsidiaries' risks

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

The subsidiary controllers report to the Executive Board once a month and inform it of any unusual developments without delay. In addition, there is a financial controlling department in each Subgroup that reports to the respective management and is subject to the functional supervision of subsidiary controlling at headquarters. The Supervisory Board ensures that it is informed in detail on the development of newly acquired Group companies.

Partner risks

For the execution of our business activities we maintain diverse contractual relationships with a large number of partners. For the most part, these are clients, partners in jointly-owned companies, consortiums and joint ventures, subcontractors, suppliers, financial institutions as well as service providers. If these contract partners are not able to meet their performance and / or payment obligations, if they perform poorly, behind schedule or not at all, it can lead to difficulties for our own performance and to financial losses.

We counter this risk by carefully selecting our partners in terms of reliability and performance and – when necessary – a collateralization of their contractual obligations. In the execution of projects with consortium and joint venture partners and in the assignment of important subcontractors, all potential breakdowns on the partner side are routinely included in the bid considerations. This approach has proven to be effective in the global economic and financial crisis: Virtually no partner risks have arisen.

A particular problem is presented by advance performance obligations, especially in the construction business. Inherent to these obligations is the risk that payments from the client are not made on time or that additional work must be carried out that has not been secured with a price agreement. We systematically monitor the business conduct and financial situation of our clients.

Project risks

We face calculation and execution risks in relation to the planning and implementation of complex major projects in particular. Losses in major projects can lead to a substantial burden on earnings.

The management of these risks is one of the main tasks of the units responsible for the individual project and is supported by the central project controlling. This includes the selection of projects and the subsequent bid preparation, project execution and processing of any guarantee claims. In the selection of projects and the processing of bids, in addition to the actual task of the project, the client's person, conditions in the region the project is to be carried out, the competence and capacity of the Group unit that will potentially do the work, execution risks, the draft contract as well as the payment plan and payment security are all analyzed, critically evaluated and divided into risk classes. Selection of the projects that are to be pursued is made on the basis of these risk classes.

Within the context of this project controlling, principal contracts are subjected to a thorough commercial and legal examination, with technical aspects analyzed separately by experts in that field. Projects above a certain volume or with a high degree of complexity are carefully monitored by a central unit with defined regulations in each phase of the business, so that any corrective measures can be taken in good time. 68 major projects were under special observation in the year 2011. With complex projects in the concessions business, we make use of the expertise available throughout the Group to assess costs and risks reliably.

Opportunity management in project business

The recognition and realization of opportunities in the project business is an integral part of the process management system at our operational units. We define opportunities as favourable deviations from the planned framework conditions. Their opposite, negative deviations from planned framework conditions, constitutes risk. Opportunities and risks are therefore treated in the same step of the process. It is only following the analysis of a deviation from normal conditions that a classification as opportunity or risk can be undertaken.

Accordingly, an opportunity / risk index is prepared in the bid phase of a project in which positive or negative deviations from the normal, generally expected conditions are listed. In the determination of costs, the calculation initially assumes planned conditions. Only subsequently are the positive or negative particularities that are listed in the risk and opportunity index analyzed, evaluated and decisively taken into account in the final decision on the bid and its formulation.

Following the placing of the order, the project management responsible for the execution of the project uses the risk and opportunity index as an important information and control instrument. The index is updated and re-evaluated on an ongoing basis and serves as a key component of project meetings.

Risks in the services business

As is the case in the project business, calculation and execution risks also exist in the services business. In general, however, these are limited due to the lesser degree of complexity and the lower volumes of the services to be provided.

The basis for the management of these risks by our services units is a profound understanding of the services being provided and of the contract conditions that have been agreed. For the execution of the work they have their own competent and reliable staff in sufficient numbers. Due to the high degree of involvement in the business processes of the client, particular attention is paid to the appropriate qualifications of the persons assigned. For international activities, knowledge of the local conditions and the reliability of local employees is of particular importance.

Quality assurance

Our operational units remain primarily responsible for the quality of their products as well as the relevant safety and monitoring measures. These decentralized systems are supported by the headquarters. A corporate officer for quality assurance gathers relevant data and information from all Subgroups, determines the status of 'best practice' and distributes his findings to all Group units. The condensed knowledge on optimized quality management is routed to the ongoing work of the quality assurance managers in our operating units as well as to training and education measures.

The proven audits and certifications of processes and units with our partners, the German Quality Association, the European Organisation for Quality and the Technical Review Association are continued. With the further development of our quality management, we have taken all the steps necessary to provide our clients with a quality level of the highest standard.

Compliance risks

Compliance cases can have a variety of consequences for the company and its employees. These range from damage to the company's competitiveness, loss of assets, third-party damage claims to sanctions from the state. The clarification alone of suspicious cases often causes substantial costs through the involvement of internal and external measures. With our compliance system, which is constantly being developed, we are making targeted efforts to avoid these risks. Suspicious events are actively confronted and investigated. In case of an investigation, we cooperate with the responsible authorities.

Reputation risks

Accidents at our project sites, environmental damage, actual or alleged deficits and errors in our performance as well as compliance violations can all damage our reputation and impact our financial situation. We counteract damage to our reputation through open communication and cooperation with clients and government authorities.

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 of, for example, steel, oil and services facilitates the flexible procurement of materials for our 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. We also protect ourselves against inflation in our bids by means of sliding price clauses.

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 programs 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 regularly and individually with our employees. Vacant management positions are mainly filled from within the workforce. By means of our human resources controlling, we analyze structural changes within the workforce and can thus counteract any negative developments at an early stage. As a result of our farsighted human resources development, no specific risks are recognizable in the personnel sector.

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, Oracle and Microsoft. Applicable security guidelines are regularly adapted to the latest technical developments. IT security is regularly audited in a standardized process by internal and external auditors.

Environmental risks

Through our production processes at production facilities and at construction sites as well as in transport, contamination of air and water is possible. We counter such risks through preventative measures in the selection of materials and products, the course of the processes and work instructions as well as through relevant controls. We are insured against any environmental damage that may occur despite these precautions.

Overall risk

In the past financial year, 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 arise, the possibility that they would have an impact on our output volume or earnings cannot be excluded. However, no risks can be identified that could threaten the existence of the Group.

Summary statement on the risk situation

In the past financial year, no risks were recognizable that could substantially jeopardize the Group. It is not expected that any risk will endanger the financial performance or financial position of the company.

Additional disclosures pursuant to Section 289 Subsection 4 and Section 315 Subsection 4 of the German Commercial Code (HGB)

Structure of subscribed capital

The subscribed capital of €138,072,381 (unchanged) is divided into 46,024,127 no-par value bearer shares with an arithmetical value of €3.00 per share. Each share entitles its holder to one vote at the Annual General Meeting.

Limitations relating to voting rights or the transfer of shares

We are not aware of any limitations to voting rights beyond the statutory limitations, such as pursuant to Sections 136 and 71 b of the German Stock Corporation Act (AktG). As part of a long-term incentive plan, former members of the Executive Board hold a total of 7,728 shares which are subject to a lockup period. The lockup period is in effect until April 16, 2012 for 5,230 shares and until June 1, 2013 for 2,498 shares.

Shareholdings in Bilfinger Berger exceeding 10 percent of the voting rights

The investment companies Cevian Capital Partners Limited, Floriana, Malta; Cevian Capital II Master Fund LP, Grand Cayman, Cayman Islands; and Cevian Capital II GP Limited, St. Helier, Jersey, Channel Islands notified us on October 31, 2011 with reference to Section 21 Subsection 1 of the German Securities Trading Act (WpHG) that a shareholding in Bilfinger Berger exists with more than 10 percent and less than 15 percent of the voting rights.

Shares with special rights

There are no Bilfinger Berger shares with special rights conferring powers of control.

Control of voting rights of employee shares with indirect exercise of controlling rights

We are not aware of any employee shareholdings in Bilfinger Berger that do not exercise their control rights directly.

Statutory requirements and provisions of the Articles of Incorporation on the appointment and dismissal of members of the Executive Board and changes to the Articles of Incorporation

The appointment and dismissal of members of the Executive Board are subject to the statutory provisions of Section 39 of the SE Regulations, Section 16 of the SE Implementation Act and Sections 84 and 85 of the German Stock Corporation Act (AktG), as well as the provisions of Article 8 of the Articles of Incorporation. Accordingly, members of the Executive Board are appointed by the Supervisory Board for a maximum period of five years. Reappointments are permitted. The Supervisory Board can dismiss a member of the Executive Board when there is good cause for such dismissal. The Supervisory Board decides on the appointment or dismissal of a member of the Executive Board by simple majority. In the event of a tied vote, the Chairman of the Supervisory Board has a casting vote; if the Chairman does not participate, the Deputy Chairman has a casting vote provided he is a representative of the shareholders.

Any amendments to the Articles of Incorporation of Bilfinger Berger SE are subject to the statutory provisions of Section 59 Subsection 1 of the SE Regulations and Sections 133 and 179 of the AktG, as well as the provisions of Article 21 Paragraph 2 of the Articles of Incorporation of Bilfinger Berger SE. Accordingly, a majority of two thirds of the valid votes cast or, provided that at least half of the share capital is represented, a simple majority of the valid votes cast is sufficient to amend the Articles of Incorporation. This does not apply to a change of the object of the company, for a resolution in accordance with Section 8 Paragraph 6 of European Council (EC) Regulation No. 2157/2001 of October 8, 2001, or for cases for which a greater voting or capital majority is stipulated by law. Pursuant to Article 25 of the Articles of Incorporation, the Supervisory Board is authorized to make resolutions concerning amendments and supplements that affect only the wording of the Articles of Incorporation.

Authorization of the Executive Board with regard to the buyback and issue of shares

Treasury shares

In February 2008, the Executive Board, with the consent of the Supervisory Board and on the basis of the authorization granted by the Annual General Meeting of May 23, 2007, bought back 1,884,000 shares through the stock exchange at an average price of €53.07 per share. This represents 4.094 percent of current voting rights. In accordance with the resolution of May 23, 2007, the Executive Board can sell these shares through the stock exchange, offer them for sale to shareholders with consideration of the principle of equal treatment, use them in the context of business combinations or acquisitions or for the fulfillment of conversion and option rights, or recall them without any further resolution by an Annual General Meeting. Since acquisition, the shares have been held by the company as treasury shares. The company has no rights from these shares (Section 71 b of the AktG).

The Annual General Meeting held on April 15, 2010 authorized the Executive Board, with the consent of the Supervisory Board, to acquire the company's own shares until April 14, 2015 in an amount of €13,807,238 of the current share capital under the condition that the shares to be acquired on the basis of this authorization, together with other shares held by the company which the company has already acquired and which are still in its possession or attributable to the company in accordance with Sections 71d and 71e of the AktG, at no time exceed 10 percent of the share capital. Furthermore, the requirements of Section 71 Subsection 2 Sentences 2 and 3 of the AktG are also to be observed. The acquisition may not be made for the purpose of trading in the company's own shares.

Acquisition is to take place in accordance with the principle of equal treatment (Section 53 a of the AktG) through the stock exchange or by means of a public offer to buy addressed to all shareholders. In the case of acquisition through the stock exchange, the price paid (excluding incidental costs) may not be more than ten percent higher or ten percent lower than the stock-exchange price of Bilfinger Berger shares resulting from the opening auction in Xetra trading of Deutsche Börse AG (or a comparable successor system). With a public offer to buy, the price offered (excluding incidental costs) may not be more than ten percent higher or ten percent lower than the average stock-exchange price of Bilfinger Berger shares on the last three days of stock-exchange trading before the day the offer is made public, calculated on the basis of the arithmetical average of the price of Bilfinger Berger shares in the closing auction of Xetra trading of Deutsche Börse AG (or a comparable successor system).

Shares acquired on the basis of this authorization may be offered to all shareholders with consideration of the principle of equal treatment or sold through the stock exchange. With the consent of the Supervisory Board, they may also be disposed of otherwise if the shares are sold in exchange for cash at a price not substantially below their average stock-market price on the last three trading days before the determination of the final selling price by the Executive Board. This authorization is limited to ten percent of the share capital of the company at the time of the resolution of the Annual General Meeting on April 15, 2010 or – if lower – ten percent of the company's share capital at the time of disposal of the shares. The authorized volume is reduced by the proportionate part of the share capital which is attributable to shares or to which conversion and / or option rights or obligations under bonds which were issued or sold, subject to an exclusion of subscription rights, on or after April 15, 2010 pursuant to Section 186 Subsection 3 Sentence 4 of the AktG either directly, analogously or mutatis mutandis. In addition, the shares may be used within the scope of business combinations or acquisitions, recalled without any further resolution by the Annual General Meeting, or used for the fulfillment of conversion and / or option rights or obligations under bonds.

Approved capital

By resolution of the Annual General Meeting of April 15, 2010, with the consent of the Supervisory Board, the Executive Board was authorized until April 14, 2015 to increase the company's share capital by up to €69,000,000 by the single or multiple issue of new no-par value bearer shares (Approved Capital 2010). Such issue of new shares may take place against cash and / or non-cash contributions. The new shares are to be offered to the shareholders for subscription. An indirect subscription right within the meaning of Section 186 Subsection 5 of the AktG shall suffice in this context. Limited to new shares representing a total proportionate amount of the share capital of up to €27,600,000 and subject to the consent of the Supervisory Board, the Executive Board is authorized to exclude the shareholders' statutory subscription rights under the conditions specified in the authorization resolution with the issue of new shares in cases of fractional amounts, to grant subscription rights to holders of conversion or option rights issued by the company or by a company of the Group, or to carry out capital increases against cash and / or non-cash contributions.

Conditional capital

By resolution of the Annual General Meeting of April 15, 2010, the share capital was conditionally increased by up to €13,807,236 through the issue of up to 4,602,412 new bearer shares representing a proportionate amount of the share capital of €3.00 per share (Conditional Capital 2010). The conditional capital increase serves to grant shares to holders of conversion and / or option rights upon the execution of such rights, or to fulfill conversion and / or option obligations under convertible bonds or bonds with warrants which, in accordance with the authorization granted by the Annual General Meeting on April 15, 2010, are issued and / or guaranteed by the company or by a company of the Group until April 14, 2015.

The conditional capital increase will only be carried out to the extent that holders of bonds make use of their conversion and / or option rights or fulfill their obligations to exercise conversions / options, and the conditional capital is required for this purpose. The new shares participate in profits from the beginning of the financial year in which they are issued as a result of the exercise of conversion or option rights or the fulfillment of conversion or option obligations.

Agreements related to a change of control

In the case of a change of control resulting from an offer to take over Bilfinger Berger SE, as is common business practice, termination possibilities exist for the providers of credit and guaranties for our syndicated cash credit lines of €500 million, our promissory note loan of €166 million, and various bilateral credit facilities totaling over €1,820 million. For the credit facilities, there is also an immediate prohibition of any further utilization in the case of such a change of control.

Compensation agreements in the case of an offer to take over the company

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 the benefit of the company and its shareholders. Further details can be found in the remuneration report (see pages 105ff.).

Executive Board remuneration

The remuneration of the members of the Executive Board is comprised of a fixed salary, bonuses, fringe benefits and pension commitments. Further information including individualized details of payments can be found in the remuneration report within the corporate governance report (see pages 105ff.). The remuneration report is part of the Group management report.

Events after the balance sheet date

Our company has developed according to plan over the course of the current financial year. No events have occurred that are of particular significance for the Group's profitability, cash flows or financial position; our business and economic environment has not changed significantly. In our next interim report, which we will publish on May 10, 2012, we will provide a detailed overview of the first quarter of the year.

Outlook

Economic developments

Prospects for growth in the world economy have worsened for the years 2012 and 2013. Forecasters from the World Bank, the European Commission and economic research institutes unanimously warn about the consequences of the European sovereign debt crisis for global growth. This crisis of confidence is accompanied by significant risks for the stability of the financial sector and the real economy, so that forecasts for development in these two years are marked by considerable uncertainty. The problem of critical national debt is by no means limited to countries in the euro zone, it threatens economic recovery in the USA and in Japan to an equal degree. For 2012, the World Bank forecasts a further decrease in global economic growth from 3.7 to 3.4 percent, which could however be followed by a recovery to 4 percent in 2013. The decrease in 2012 will likely be primarily at the expense of industrialized countries. The outlook for emerging economies remains relatively robust, as their development has somewhat decoupled from the economic situation in industrialized countries.

For the euro zone, which has been especially hard hit by the debt crisis, the World Bank anticipates slightly negative growth of 0.3 percent in 2012 and a recovery to 1.1 percent in 2013. With the exception of Estonia, no country in the euro zone can expect to significantly exceed a mark of 1 percent according to the forecast from the European Commission. Developments in Central and Eastern Europe could proceed somewhat more favorably with Poland likely to once again achieve above-average growth of 2.5 percent. The United Kingdom, on the other hand, has virtually no chance of a sweeping economic recovery.

Germany will also no longer be able to escape the negative development in its most important export markets: Forecast growth in 2012 is at a maximum of 1 percent. Prospects differ greatly from industry to industry. For export-oriented capital goods, a weakening dynamic is expected in 2012 which will be followed by further growth in 2013. For the chemical industry, the industry association has forecast weakening but still slightly positive growth for full-year 2012. Due to expected demand in the context of changes to the energy policy, investment levels in the energy sector should not be dampened by global economic development. The construction and real-estate sector, thanks to lower interest rates and concerns about financial assets, will continue to see stable development.

According to the forecasts from the World Bank, North America will achieve growth rates of about two percent in the years 2012 and 2013. In the USA, the start of budget consolidations will also have a burdening effect.

Globally, weaknesses in industrialized countries will slow upward pressure on prices and thus lessen inflationary problems. This could have a positive impact on emerging economies which have recently had to deal with significant inflationary pressure. Reduced inflationary pressure will also help central banks contribute to a stabilization through strongly expansive interest-rate and money supply policies.

If a surprisingly strong global economic downturn should occur, the raw material exporting economies will also not be in a position to withstand the negative consequences. In such a case, price and volume effects would weaken exports and thus the financing strength of the raw materials producers.

Development of the Group

Following the successful transformation from a construction group to an engineering and services company, Bilfinger Berger is using its potential for the next phase in its development. Under the strategic program BEST (Bilfinger Berger Escalates Strength) output volume will grow by about half to €11-12 billion by 2016 and net profit will be doubled to about €400 million (see page 44).

In view of the development forecast for our industry and our robust business model, the expected dampening of the overall economic situation should not have any grave negative consequences for Bilfinger Berger. Assuming that the high levels of national debt in Europe and the United States as well as the resulting austerity measures do not lead to a significant recession, the developments expected by Bilfinger Berger for the years 2012 and 2013, not including future acquisitions, are described below.

Beginning in financial year 2012, we will use EBITA (earnings before interest, taxes and amortization on intangible assets from acquisitions) as a key performance indicator for operating profit. In addition, a change in the allocation of headquarters administrative costs will lead to an increase in the earnings margins of the business segments of approximately 0.3 percentage points and to a corresponding burden for headquarters. This change has no impact on the earnings of the Group. The following statements have been made on a comparable basis.

Business segments

Industrial Services: Following strong growth in the reporting year, a moderate increase in output volume is expected for 2012 in light of the cautious outlook for the process industry. Growth in the EBITA margin is nonetheless anticipated. Growth should continue in financial year 2013.

Power Services: Buoyed by good international demand, we expect stronger growth in output volume in 2012 as compared to the reporting year along with a further increase in the EBITA margin. This development should continue in 2013.

Building and Facility Services: Output volume and earnings in the business segment will be impacted by the planned sale of a majority interest in the engineering and services activities of Bilfinger Berger Nigeria GmbH. Output volume will therefore decline in 2012. Adjusted for this effect, we expect a slight increase in output volume in what remains a highly competitive environment. Despite the change, we plan earnings in 2012 above the level achieved in the reporting year. In financial year 2013, output volume and earnings should be higher than in the prior year.

Construction: Austerity measures initiated by the public sector will lead to weaker demand for civil engineering. Regardless of this development, output volume in this business segment will decline following completion of a major project and will reach the magnitude that has been planned for some time. The improved risk structure and the increasing focus on higher margin activities will allow for a further increase in the EBITA margin in 2012 and 2013.

Concessions: The sale of 18 mature projects to a fund will lead to a capital gain of approx. €50 million in 2012. At the same time, the sale results in a decrease in operating profit generated by the operation of the projects. Overall, the business segment will double its earnings as compared to the reporting year. In future as well, we intend to sell mature projects as part of the business model. This will have a considerable influence on earnings in the business segment.

Group

Output volume: Despite planned growth in the services segments, the Group's output volume in 2012 will decrease as a result of the planned further focusing in the Construction business segment and through the sale of a majority stake in the engineering and services activities of Bilfinger Berger Nigeria GmbH.

EBITA: Including the capital gains mentioned previously and with margins rising, we expect a significant increase in EBITA in 2012.

Net profit: Net profit in 2012 will be substantially higher than the prior-year figure of €220 million adjusted for earnings from discontinued operations.

Return on capital employed: We intend to create substantial value added in each segment, with a return on capital employed (ROCE) above our weighted average cost of capital. In the coming years, we anticipate a return on capital employed for the Group of between 15 and 20 percent.

2013: We anticipate growth in both output volume and earnings in 2013.

Dividend policy: Our sustainable dividend policy calls for a distribution ratio of approx. 50 percent of net profit, adjusted for special items if necessary.

Property, plant and equipment: Investments in property, plant and equipment in 2012 and 2013 will be above the relatively low level of the reporting year and will achieve a magnitude of 1 percent of output volume.

Financial assets: Overall, we have financial scope of significantly more than €1 billion for acquisitions planned within the context of our corporate strategy. We intend to invest a considerable portion of this total in financial years 2012 and 2013.

Financing structure: In accordance with our planning, investments in property, plant and equipment as well as dividend payments in the years 2012 and 2013 will be financed from cash flow. Subsequent to the use of available liquidity for acquisitions pending during this period, we also plan the use of borrowed capital.

Capital structure: With regard to capital structure, we seek to maintain key figures that would allow for an investment-grade rating. Accordingly, the ratio of adjusted net debt to adjusted EBITDA should be below 2.5.

Research and development: Our expenditures for research and development will increase in the coming years. The focus of activities will be on the optimization of energy generation in power plants and the reduction of energy requirements over the lifecycle of buildings.

General statement from the Executive Board of Bilfinger Berger SE on the anticipated development of the Group

On the basis of the strengths we derived from the successful transformation to an engineering and services company, we intend to grow organically at an average annual rate of 3 to 5 percent. The larger portion of the planned increase in volume will come from takeovers. We will increase earnings at a disproportionately high rate through acquisitions in high-margin areas and through the further measures laid out in our strategy program, BEST. We still do not see any recessionary tendencies in our markets, even though growth rates have weakened in some sectors. Bilfinger Berger is well-equipped for the future with its robust business model.

Disclaimer:

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

Corporate Governance report

Bilfinger Berger attaches great importance to good corporate governance. The principles of good and responsible corporate governance guide the actions of the management and control functions of Bilfinger Berger SE. The term 'corporate governance' refers to the entire management and control system of a company, including its organization, its socio-political principles and guidelines as well as the internal and external monitoring and control mechanisms. Good and transparent corporate governance ensures the responsible, value-oriented management and control of the company.

Structure of corporate governance

Bilfinger Berger SE is a European stock company located in Germany and is subject to the European SE regulations, the German SE Implementation Act and the German Stock Corporation Act (AktG). The company 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 17 of our Articles of Incorporation.

Executive Board

The members of the Executive Board are appointed by the Supervisory Board; it currently consists of five members (see page 186). The Executive Board manages the company in its own responsibility; its tasks include setting the company's corporate goals and strategic focus, managing and monitoring the operating units, as well as implementing and monitoring an efficient risk management system.

Details of the remuneration of the members of the Executive Board can be found in the remuneration report, which is included as a section of this corporate governance report (see pages 105ff.).

Supervisory Board

In accordance with Article 11 of the Articles of Incorporation, the Supervisory Board of Bilfinger Berger SE consists of twelve members, six of whom are representatives of the shareholders and six of whom are employee representatives. The shareholder representatives are elected by the Annual General Meeting, and it is thereby incumbent on the Supervisory Board, in accordance with Section 124 Subsection 3 Sentence 1 of the AktG, to propose candidates to the Annual General Meeting. The appointment of the employee representatives is carried out by the SE Works Council in accordance with the agreement on employee participation reached between company management and the European employee representatives on July 15, 2010. With regard to the appointment of those members to be appointed by the SE Works Council, the Supervisory Board has no right to make proposals; it is not involved in the selection procedure for the employee representatives in the Supervisory Board.

The Supervisory Board advises and monitors the management of the company by the Executive Board. Decisions of fundamental importance for the company require the approval of the Supervisory Board. Within the context of its report, the Supervisory Board informs the shareholders about its activities (see pages 8ff).

The current composition of the Supervisory Board and the committees formed for more efficient execution of its activities can be seen in the section of the Annual Report entitled 'Boards of the company' (see page 189).

The remuneration of the members of the Supervisory Board is presented in the remuneration report (see page 107).

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 company and consolidated financial statements as well as the combined management report for Bilfinger Berger SE and the Bilfinger Berger 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 entitles its holder to one vote at the Annual General Meeting.

German Corporate Governance Code

The German Corporate Governance Code contains recommendations and suggestions for good corporate governance and control. It was developed by the responsible government commission based upon statutory provisions as well as nationally and internationally recognized standards of corporate governance. The Code is updated and elaborated on a continual basis. Bilfinger Berger supports the goal set out by the German Corporate Governance Code of enhancing the transparency and comprehensibility of the corporate governance system and fostering trust among national and international investors, customers, employees and the public in the management and supervision of German listed companies.

Objectives for the composition of the Supervisory Board

In accordance with Section 5.4.1 Sentence 1 of the German Corporate Governance Code, the Supervisory Board shall state concrete objectives regarding its composition which, while considering the specifics of the enterprise, take into account the international activities of the enterprise, potential conflicts of interest, an age limit to be specified for the members of the Supervisory Board and diversity. In accordance with Section 5.4.1 Paragraph 2 Sentence 2 of the German Corporate Governance Code, these objectives should also include appropriate consideration for the participation of women. Proposals from the Supervisory Board to the responsible election committees shall, in accordance with Section 5.4.1 Paragraph 3 Sentence 1 of the German Corporate Governance Code, give ample consideration to these objectives. The objectives and the status of their implementation shall, in accordance with Section 5.4.1 Paragraph 3 Sentence 2 of the German Corporate Governance Code, be published in the corporate governance report.

As previously outlined, the Supervisory Board is responsible for making proposals for the election of the shareholder representatives to the Supervisory Board to the Annual General Meeting, but it is not involved in the selection procedure for the employee representatives in the Supervisory Board. Against this backdrop, the Supervisory Board announces, in accordance with Section 5.4.1 Paragraph 2 of the German Corporate Governance Code and considering the specific situation of the company, the following objectives for its composition. It intends to orient itself in the resolutions it proposes to the Annual General Meeting for the appointment of Supervisory Board members on the provision that those persons whose personal and professional qualifications make them the best suited for the position be considered:

> At least two members should, as a result of their international experience, embody to a significant extent the criteria of internationality.
> At least two members should possess particular knowledge and experience in business administration and finance.
> At least two members should possess particular experience from leading positions in industrial or services companies.
> At least three members should be independent as defined by Section 5.4.2 Sentence 2 of the German Corporate Governance Code and should have no consulting or management function for clients, suppliers, creditors or other business partners, nor should they hold any position which could lead to a conflict of interest.
> At least four members should not be former members of the Executive Board.
> No member should exercise a management or consulting function for a significant competitor of the company.
> At least one member should meet the requirements of Section 100 Subsection 5 of the AktG (a so-called financial expert).
> At least one woman should be a member of the Supervisory Board.
> As a rule, no member should be over 70 years of age at the time of the Annual General Meeting which is to decide on his or her appointment as member of the Supervisory Board; exceptions are to be justified.

The composition of the current Supervisory Board complies with the objectives stated above.

Declaration of Compliance

On December 5, 2011, in accordance with Section 161 of the German Stock Corporation Act (AktG), the Executive Board and Supervisory Board issued the following annual Declaration of Compliance as required:

"Bilfinger Berger SE complies with all of the recommendations of the German Corporate Governance Code as amended on May 26, 2010 with the following exceptions:

> The Supervisory Board does not comply with the recommendation in Section 5.1.2 Paragraph 1 Sentence 2 Clause 2 (aim for an appropriate consideration of women) insofar as it is guided solely by the qualification of those persons available when filling Executive Board positions and, in this connection, the gender of those persons does not play a decisive role in the decision.

> The recommendation in Section 5.4.3 Sentence 3 (announcement to shareholders of proposed candidates for the Chair of the Supervisory Board) is not followed because this recommendation does not conform with the distribution of competences as set out in the German Stock Corporation Act (AktG), which states that the election of the Supervisory Board Chairman is the responsibility of the Supervisory Board alone.

> Finally, the recommendation in Section 5.4.6 Paragraph 2 Sentence 1 Clause 2 (fixed and performance-related compensation) is not followed. The members of the Supervisory Board receive only fixed compensation. This fixed compensation system is, in our view, better suited to the monitoring tasks of the Supervisory Board members than performance-related compensation because it makes it possible to exclude any of the Supervisory Board members' own financial interests from company decisions.

Since issuing the declaration of compliance of March 21, 2011, the company has complied with all recommendations of the German Corporate Governance Code as amended on May 26, 2010 with the exception of the recommendations in Sections 5.1.2 Paragraph 1 Sentence 2 Clause 2, 5.4.3 Sentence 3 and 5.4.6 Paragraph 2 Sentence 1."

The Declaration of Compliance is published on the company's website and is updated when changes occur.

Bilfinger Berger also fulfills nearly all non-binding suggestions of the German Corporate Governance Code. Exceptions are the components of Supervisory Board compensation based on the long-term performance of the enterprise (Section 5.4.6 Paragraph 2 Sentence 2) and the accessibility of the proxy representative of the shareholders also during the Annual General Meeting (Section 2.3.3 Sentence 3 Clause 2). The suggestion that shareholders should be given access to the Annual General Meeting through modern communication technology (Section 2.3.4) is followed insofar as the speech of the Chairman of the Executive Board is broadcast on the Internet.

Directors' dealings

Pursuant to Section 15 a of the German Securities Trading Act (WpHG), 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 SE any acquisitions and disposals of Bilfinger Berger shares and related financial instruments, particularly derivatives, in an amount of more than €5,000 in any calendar year. We publish details of such transactions on our website at www.bilfinger.com, among other places, 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 percent of the shares issued by the company.

Compliance system

Our Code of Conduct is a key element of our compliance system. Bilfinger Berger is aware that only responsible actions and the observance of ethical principles can effectively protect the interests of the company, its employees and its partners. These principles have been clearly formulated in our Code of Conduct. These behavioral guidelines, which apply to all Group employees, include fundamental rules for the counteraction of corruption, bribery, bid rigging, illegal employment as well as guidelines on dealing with confidential information, donations and social behavior in the company. Because legal and social conditions vary from country to country, the Code also includes country-specific behavioral guidelines that are updated as needed.

The Group's Chief Compliance Officer, as well as the compliance officers and compliance managers who report to him, are responsible for the distribution, application and implementation of our rules of conduct. There are various opportunities for employees and persons from outside the company to report misconduct to the Compliance Organization; among other things, an external ombudsman has been appointed. Any information given to the ombudsman via the compliance hotline remains anonymous because calls made to this line cannot be identified. Internal whistleblowers are protected against reprisals.

The control systems we have implemented to ensure compliance with the rules of conduct include both routine and extraordinary audits by 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 rules of conduct and the Compliance System are components of information events for employees, discussions between supervisors and employees, and comprehensive training measures. With our e-learning program, we train employees in questions of compliance without them ever having to leave their desks. Through the immediate reporting of serious cases, as well as through quarterly reports from the Chief Compliance Officer, the Executive Board, the Audit Committee of the Supervisory Board and the entire Supervisory Board are informed regularly about developments in this area. The Chief Compliance Officer is supported by a committee, which includes, in addition to the Chief Compliance Officer, the Heads of Legal, Internal Auditing and Human Resources. In addition, a renowned institute led by an internationally recognized expert consults Bilfinger Berger concerning the evaluation and further development of the Compliance System.

If information is received about possible compliance infringements, we take active steps with our own investigations, inform the responsible authorities, and cooperate with them on the clarification of the matter. Any misconduct that is discovered will result in personnel consequences if necessary and will be followed up with organizational measures. 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.

Remuneration of the committees

The following remuneration 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 its approval of the management report and has adopted it for its reporting on corporate governance and compensation.

Corporate governance statement

The Executive Board issued a corporate governance statement pursuant to Section 289 a of the German Commercial Code (HGB) that has been made available to the general public on the company's website (www.bilfinger.com) under the heading 'Corporate governance statement.'

Mannheim, March 14, 2012

Bilfinger Berger SE

The Executive Board | The Supervisory Board

Remuneration report

This remuneration report explains the remuneration system that has been in force for the Executive Board since January 1, 2011 as well as the structure and level of remuneration paid to the individual members of the Executive Board for the year 2011. The remuneration report also provides details of the remuneration of the Supervisory Board in the year 2011. The remuneration report is a constituent part of the corporate governance report and the Group management report.

Executive Board remuneration

In the place of the system of Executive Board remuneration that was in effect until the end of 2010, which consisted of an annual fixed salary, a performance-related bonus with a one-year assessment basis, and a payment linked to the company's long-term performance and share price (long-term incentive plan), a new system has been effective for all Executive Board members since January 1, 2011. Instead of an annual bonus and a long-term incentive plan, the new system provides for variable remuneration according to a profit-sharing model related to the average of the earnings before taxes (EBT) achieved in the past three financial years. Accordingly, the remuneration of all members of the Executive Board was regulated in the year under review as follows:

Annual fixed salary

The annual fixed salary amounts to €449 thousand for full members of the Executive Board and €768 thousand for the Chairman of the Executive Board. As newly appointed Executive Board members, the remuneration received by Mr. Töpfer and Mr. Enenkel was reduced by 20 percent until March 31, 2011 and April 7, 2012 respectively. In addition to the fixed salary, the members of the Executive Board also receive fringe benefits (benefits in kind) for the most part in the form of insurance cover and the use of company cars, the value of which is accounted for in accordance with applicable tax law.

Variable remuneration

Pursuant to Germany's Appropriateness of Management Board Remuneration Act of August 2009, the remuneration structure at listed companies is to be oriented towards sustainable corporate development; variable remuneration is to be paid on a multi-year assessment basis. The members of the Executive Board therefore receive variable remuneration according to a profit-sharing model related to the average of the earnings before taxes (EBT) achieved in the past three financial years. Of the amount of variable remuneration calculated in this way, 65 percent is paid out immediately. The other 35 percent is paid out only after a waiting period of two years and depending on the relative development of Bilfinger Berger's share price (in terms of total shareholder return) compared with the MDAX.

The details are as follows: As the starting amount of variable remuneration, each full member of the Executive Board receives €3,800 (€3,040 for as long as the annual fixed salary is reduced by 20 percent) and the Chairman of the Executive Board receives €6,600 per €1 million of the average EBT achieved by the Group in the past three years. This starting amount is limited by a cap of €1,300 thousand for full members of the Executive Board (€1,040 thousand for as long as the annual fixed salary is reduced by 20 percent) and €2,200 thousand for the Executive Board Chairman. 65 percent of the starting amount is paid out immediately. The remaining 35 percent (deferral) is paid out after a waiting period of 2 years depending on the development of Bilfinger Berger's share price (in terms of total shareholder return) compared with the MDAX. If the relative development of the share price is more than 60 percent worse than the MDAX, the deferral is not paid out. The deferral is limited by a cap to 150 percent of its starting value (equal to 35 percent of the starting amount of the variable remuneration).

The Supervisory Board can reduce the EBT of one or more financial years that is used to calculate the average EBT by up to 20 percent if the EBT is significantly increased by non-recurring components of earnings. Furthermore, the Supervisory Board can increase or reduce the starting amount of profit sharing in its own discretion by up to 10 percent based on the evaluation of the individual performance of each member of the Executive Board.

Total remuneration granted for the year 2011

The total remuneration of the members of the Executive Board is shown in the table below.

€ thousand	Annual fixed salary	Variable remuneration		**Total cash remuneration**
		thereof 65% immediately	thereof 35% deferred	Annual fixed salary and immediate remuneration
Herbert Bodner (Chairman until June 30, 2011)	384	715	385	1,099
Roland Koch (from March 1, 2011, Chairman from July 1, 2011)	534	997	537	1,531
Joachim Enenkel	360	676	364	1,036
Joachim Müller	449	845	455	1,294
Klaus Raps	449	845	455	1,294
Thomas Töpfer	427	803	432	1,230
	2,603	**4,881**	**2,628**	**7,484**

The members of the Executive Board received non-cash remuneration for the most part in the form of the use of company cars and contributions to insurance policies in a total amount of €340 thousand (2010: €354 thousand). No loans or advances were made to the members of the Executive Board in 2011. No remuneration was paid for positions held on supervisory boards or comparable boards of companies of the Group in 2011.

Additional disclosure

Long-term incentive plan

The remuneration system for the Executive Board that was in effect until the end of 2010 also included a variable component linked to the company's long-term performance and share price (long-term incentive plan). Under this arrangement, the members of the Executive Board were granted phantom shares in the form of so-called performance share units (PSUs). As of December 31, 2011, Messrs. Müller, Raps and Töpfer held a total of 42,253 PSUs from the years 2007 through 2010. Cash payment (taxable) of the value of these PSUs takes place in each case after a four-year lockup period in the years 2012 through 2015 in line with the development of Bilfinger Berger's share price compared with the MDAX. The amounts to be paid out are limited by caps. On the basis of the Bilfinger Berger share price of €65.88 at the end of 2011 and taking the caps into consideration, from today's perspective, payments totaling €1,828 thousand will be made in the years 2012 through 2015.

PSUs granted under the long-term incentive plan Number of PSUs	2007 tranche	2008 tranche	2009 tranche	2010 tranche	**Total**
Joachim Enenkel	–	–	–	1,868	1,868
Joachim Müller	–	837	1,850	10,023	12,710
Klaus Raps	1,656	4,905	1,883	10,023	18,467
Thomas Töpfer	–	–	1,189	8,019	9,208
	1,656	**5,742**	**4,922**	**29,933**	**42,253**
Theoretical amount to be paid out based on a share price of 65,88 € per share (in € thousand)	**70**	**336**	**324**	**1,098**	**1,828**
Year of payment	2012	2013	2014	2015	

Mr. Bodner received payment (taxable) for the PSUs for the year 2008 after the Annual General Meeting held on May 31, 2011, according to the arrangement valid for him, with 65 percent in cash and 35 percent invested in Bilfinger Berger shares with a two-year lockup period. All of the PSUs granted to him for the years 2009 and 2010 were paid out in cash on July 1, 2011 due to his retirement for reasons of age.

Retirement benefits

The system of retirement benefits for the members of the Executive Board consists of defined-contribution pension plans and has been transferred to external institutions (insurance-type pension fund and reinsured relief fund). This means that future pension entitlements are fully funded, so members of the Executive Board no longer place a financial burden on the company after reaching retirement age. The benefits of the external institutions also cover the risk of occupational disability for Messrs. Enenkel, Müller, Raps and Töpfer. Mr. Koch, however, would receive a monthly pension of €6,599 directly from Bilfinger Berger until the age of 62 in the case of occupational disability (increasing by €175 for each year of service); his annual contributions to the relief fund would continue to be paid in the amount of 55 percent of his last annual fixed salary.

For Messrs. Enenkel, Raps and Töpfer, retirement pension commitments exist that were granted before they were appointed to the Executive Board. The obligations amount to €198 thousand for Mr. Enenkel (2010: €189 thousand) and €88 thousand for Mr. Raps (2010: €84 thousand). Mr. Töpfer has a pension commitment from Bilfinger Berger Industrial Services GmbH representing an obligation of €484 thousand (2010: €461 thousand).

The table below shows contributions to the relief fund for the year 2011 and pension entitlement already achieved. In the case of death, there is entitlement to a widow's pension equivalent to 70 percent of the normal pension. Mr. Bodner retired from the Executive Board as of June 30, 2011 for reasons of age. His retirement benefits are paid by external institutions (insurance-type pension fund and reinsured relief fund).

€ thousand	Probable annual pension entitlement upon retirement	Payments to relief fund	
		2011	**2010**
Roland Koch (from March 1, 2011, Chairman from July 1, 2011)	156	364	0
Joachim Enenkel	93	162	162
Joachim Müller	97	202	202
Klaus Raps	113	202	202
Thomas Töpfer	100	180	144
Former members of the Executive Board	0	0	385
	559	**1,110**	**1,095**

Other arrangements for the members of the Executive Board

Messrs. Müller, Raps and Töpfer receive a transitional payment from the company if their Executive Board membership ends due to revocation or non-extension of their Executive Board appointment by the company or due to termination of their contracts of service for an important reason to be justified by the company. However, this arrangement only applies if the event causing termination occurs after a period of office of a full eight years and after the member concerned has reached the age of 54.

In the case of a change of control, i.e., if a shareholder in the company reaches or exceeds a shareholding of 30 percent of the company's voting rights and in addition due to an allocation of responsibilities decided upon by the Supervisory Board a significant change occurs in the Executive Board members' responsibilities, or if the company enters into a control agreement as the controlled company, the members of the Executive Board have a special right of termination for their contracts of service. A special regulation applies to the Chairman of the Executive Board due to his function; he is entitled to terminate his contract of service if the acquiring entity takes measures that effectively and materially restrict his abilities to exert control or his independence as the Chairman of the Executive Board. In the case of termination of a contract of service due to a change of control, the members of the Executive Board receive severance compensation for the remaining periods of their contracts of service subject to a maximum of three years. The severance compensation comprises the annual fixed salary and profit sharing; the latter is calculated as the average of the variable remuneration paid in the past five financial years to the respective member of the Executive Board (immediate payments, deferrals, PSUs paid out and bonuses). The previous regulation of remuneration applied until the end of the year 2010 and the new regulation applies as of January 1, 2011. Furthermore, following the remaining periods of their contracts of service covered by severance compensation, the Executive Board members are entitled to a transitional payment if the individual conditions for such payment are fulfilled. Pursuant to the previous remuneration system, PSUs already granted are not compensated for the time after leaving the Executive Board. In accordance with the recommendation of Section 4.2.3 Paragraph 5 of the German Corporate Governance Code, severance compensation in the case of a change of control is limited to 150 percent of the aforementioned severance cap.

Total remuneration of former members of the Executive Board and pensions

The amounts paid to former members of the Executive Board or their surviving dependents totaled €2,378 thousand (2010: €2,496 thousand). The present value of future pension obligations for those persons calculated according to IAS 19 amounts to €27,405 thousand (2010: €27,456 thousand).

Supervisory Board remuneration

The members of the Supervisory Board receive, as specified by Article 16 of the Articles of Incorporation of Bilfinger Berger SE, in addition to the reimbursement of their expenses, annual fixed remuneration of €70 thousand. The Chairman of the Supervisory Board receives two and a half times that amount; the Deputy Chairman of the Supervisory Board and the Chairmen of the Committees with the exception of the Nomination Committee receive double that amount. The members of the committees with the exception of the Nomination Committee receive one and a half times that amount. If a member of the Supervisory Board exercises several of the aforementioned functions, he or she is only entitled to the highest of the respective amounts. In addition, the members of the Supervisory Board receive a meeting fee of €500 for each meeting of the Supervisory Board and its committees they attend.

The members of the first Supervisory Board of Bilfinger Berger SE, whose period of office ended with the Annual General Meeting on May 31, 2011, received remuneration for the period from January 1, 2011 until the day of the Annual General Meeting on May 31, 2011 as specified by the shareholders at that meeting and oriented towards Article 16 of the Articles of Incorporation of Bilfinger Berger SE.

In financial year 2011, members of the Supervisory Board of Bilfinger Berger SE were compensated for expenses in the total amount of €19 thousand. The total remuneration of the members of the Supervisory Board of Bilfinger Berger SE in 2011 amounted to €1,331 thousand (2010: €2,007 thousand). No additional remuneration was paid or benefits granted for personal services rendered such as consulting or agency services.

Remuneration of the Supervisory Board of Bilfinger Berger SE
€ thousand

	Jan 1 – May 31 2011	May 31 – Dec 31 2011	Total
Dr. h. c. Bernhard Walter (Chairman, Chairman of the Presiding Committee, until May 31 member of the Special Committee)	74	106	180
Stephan Brückner (Deputy Chairman, member of the Presiding Committee and until May 31 of the Special Committee)	60	85	145
Volker Böhme (member of the Presiding Committee and until May 31 member of the Special Committee)	46	65	111
Dr. John Feldmann (member of the Presiding Committee and until May 31 member of the Special Committee)	45	65	110
Lone Fønss Schrøder	–	43	43
Thomas Kern (until May 31 member of the Special Committee, since May 31 member of the Audit Committee)	45	65	110
Rainer Knerler (until May 31 member of the Audit Committee and the Special Committee, since May 31 member of the Presiding Committee)	46	65	111
Sławomir Kubera	30	–	30
Thomas Pleines	30	43	73
Dietmar Schäfers (until May 31 member of the Presiding Committee)	45	–	45
Bernhard Schreier	30	–	30
Udo Stark (Chairman of the Audit Committee and until May 31 member of the Special Committee)	61	85	146
Holger Timmer	–	43	43
Prof. Dr. Klaus Trützschler (member of the Audit Committee and until May 31 member of the Special Committee)	46	65	111
Marek Wróbel	–	43	43
	558	**773**	**1,331**

Consolidated financial statements and additional information

Responsibility statement

To the best of our knowledge, and in accordance with the applicable accounting principles for 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, which has been combined with the management report of Bilfinger Berger SE, includes a fair review of the development and performance of the business and position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.

Mannheim, February 28, 2012

The Executive Board

Roland Koch

Joachim Enenkel

Joachim Müller

Klaus Raps

Thomas Töpfer

Auditor’s report

We have audited the consolidated financial statements prepared by the Bilfinger Berger SE, Mannheim, comprising the income statement, the statement of comprehensive income, the balance sheet, the statement of changes in equity, the statement of cash flows and the notes to the consolidated financial statements, together with the group management report, that was combined with the company’s management report, for the fiscal year from 1 January to 31 December 2011. The preparation of the consolidated financial statements and the group management report in accordance with IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to Sec. 315a (1) HGB [‘Handelsgesetzbuch’: ‘German Commercial Code’] are the responsibility of the parent company’s management. Our responsibility is to express an opinion on the consolidated financial statements and on the group management report based on our audit.

We conducted our audit of the consolidated financial statements in accordance with Sec. 317 HGB and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the consolidated financial statements in accordance with the applicable financial reporting framework and in the group management report are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Group and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting-related internal control system and the evidence supporting the disclosures in the consolidated financial statements and the group management report are examined primarily on a test basis within the framework of the audit. The audit includes assessing the annual financial statements of those entities included in consolidation, the determination of entities to be included in consolidation, the accounting and consolidation principles used and significant estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements and the group management report. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the consolidated financial statements comply with IFRSs as adopted by the EU, the additional requirements of German commercial law pursuant to Sec. 315a (1) HGB and give a true and fair view of the net assets, financial position and results of operations of the Group in accordance with these requirements. The group management report is consistent with the consolidated financial statements and as a whole provides a suitable view of the Group’s position and suitably presents the opportunities and risks of future development.

Mannheim, March 14, 2012

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Prof. Dr. Peter Wollmert Wirtschaftsprüfer [German Public Auditor]	Thomas Müller Wirtschaftsprüfer [German Public Auditor]

Consolidated financial statements

Consolidated income statement
€ million

		Notes	2011	2010
Revenue		(7)	**8,208.5**	**7,953.5**
Cost of sales			–7,141.9	–6,923.8
Gross profit			**1,066.6**	**1,029.7**
Selling and administrative expenses			–771.3	–772.4
Other operating income		(8)	118.3	132.8
Other operating expense		(9)	–81.0	–71.4
Income from investments accounted for using the equity method		(10)	28.7	22.1
Earnings before interest and taxes (EBIT)		(11)	**361.3**	**340.8**
Interest income		(12)	19.4	11.8
Interest expense		(12)	–40.5	–40.7
Other financial expense		(12)	–9.6	–11.0
Earnings before taxes			**330.6**	**300.9**
Income tax expense		(13)	–108.7	–92.6
Earnings after taxes from continuing operations			**221.9**	**208.3**
Earnings after taxes from discontinued operations		(3)	**174.0**	**78.1**
Earnings after taxes			395.9	286.4
thereof minority interest			1.8	2.4
Net profit			**394.1**	**284.0**
Average number of shares	(in thousands)	(14)	44,140	44,140
Earnings per share [1]	(in €)	(14)	8.93	6.43
thereof from continuing operations			4.99	4.66
thereof from discontinued operations			3.94	1.77

[1] Basic earnings per share are equal to diluted earnings per share.

Consolidated statement of comprehensive income
€ million

	2011	2010
Earnings after taxes	**395.9**	**286.4**
Gains / losses from the fair valuation of securities		
Unrealized gains / losses	2.3	0.0
Income taxes on unrealized gains / losses	0.0	0.0
	2.3	0.0
Gains / losses on hedging instruments		
Unrealized gains / losses	–235.5	–171.9
Reclassifications to the income statement	26.0	117.2
Income taxes on unrealized gains / losses	53.7	4.0
	–155.8	–50.7
Currency translation differences		
Unrealized gains / losses	–23.9	143.7
Reclassifications to the income statement	–58.6	–4.5
	–82.5	139.2
Actuarial gains / losses from pension plans		
Unrealized gains / losses	–3.7	–17.3
Income taxes on unrealized gains / losses	–0.4	6.3
	–4.1	–11.0
Unrealized gains / losses on investments accounted for using the equity method	–55.1	–7.2
Other comprehensive income after taxes	**–295.2**	**70.3**
Total comprehensive income after taxes	**100.7**	**356.7**
attributable to shareholders of Bilfinger Berger SE	99.8	355.5
attributable to minority interest	0.9	1.2

Consolidated balance sheet

€ million

		Notes	Dec 31, 11	Dec 31, 10
Assets	**Non-current assets**			
	Intangible assets	(15)	1,561.0	1,457.3
	Property, plant and equipment	(16)	647.0	662.5
	Investments accounted for using the equity method	(17)	68.5	98.3
	Receivables from concession projects	(18)	377.0	1,788.5
	Other financial assets	(19)	272.6	260.3
	Deferred tax assets	(13)	164.2	193.0
			3,090.3	**4,459.9**
	Current assets			
	Inventories	(20)	199.0	199.1
	Receivables and other financial assets	(21)	1,742.0	1,593.7
	Current tax assets		30.8	38.7
	Other assets	(22)	49.6	58.4
	Cash and cash equivalents	(23)	846.6	537.5
	Assets classified as held for sale (Concessions)	(2)	1,761.3	0.0
	Assets classified as held for sale from discontinued operations	(3)	0.0	1,049.8
			4,629.3	**3,477.2**
			7,719.6	**7,937.1**
Equity and liabilities	**Equity**	(24)		
	Share capital		138.1	138.1
	Capital reserve		759.3	759.3
	Retained and distributable earnings		1,337.5	1,061.3
	Other reserves		–346.9	–55.9
	Treasury shares		–100.0	–100.0
	Equity attributable to shareholders of Bilfinger Berger SE		1,788.0	1,802.8
	Minority interest		4.9	9.4
			1,792.9	**1,812.2**
	Non-current liabilities			
	Retirement benefit obligation	(25)	324.5	312.7
	Provisions	(26)	60.0	71.5
	Financial debt, recourse	(27)	181.4	183.5
	Financial debt, non-recourse	(27)	338.7	1,624.1
	Other financial liabilities	(28)	128.0	212.0
	Deferred tax liabilities	(13)	126.1	106.9
			1,158.7	**2,510.7**
	Current liabilities			
	Current tax liabilities	(26)	88.5	118.1
	Provisions	(26)	755.5	633.4
	Financial debt, recourse	(27)	4.5	88.9
	Financial debt, non-recourse	(27)	8.7	19.3
	Other financial liabilities	(28)	1,829.3	1,800.1
	Other liabilities	(29)	286.9	251.5
	Liabilities classified as held for sale (Concessions)	(2)	1,794.6	0.0
	Liabilities classified as held for sale from discontinued operations	(3)	0.0	702.9
			4,768.0	**3,614.2**
			7,719.6	**7,937.1**

Consolidated statement of changes in equity
€ million

	Equity attributable to the shareholders of Bilfinger Berger SE								Minority interest	Equity
				Other reserves						
	Share capital	Capital reserve	Retained and distributable earnings	Fair valuation of securities reserve	Hedging instruments reserve	Currency translation reserve	Treasury shares	Total		
Balance at January 1, 2010	**138.1**	**759.3**	**881.4**	**0.0**	**–118.5**	**–21.9**	**–100.0**	**1,538.4**	**23.0**	**1,561.4**
Total comprehensive income	0.0	0.0	273.0	0.0	–55.6	138.1	0.0	355.5	1.2	356.7
Dividends paid out	0.0	0.0	–88.3	0.0	0.0	0.0	0.0	–88.3	–3.1	–91.4
Changes in ownership interest without a change in control	0.0	0.0	–2.8	0.0	0.0	0.0	0.0	–2.8	–8.6	–11.4
Other changes	0.0	0.0	–2.0	0.0	2.0	0.0	0.0	0.0	–3.1	–3.1
Balance at December 31, 2010	**138.1**	**759.3**	**1,061.3**	**0.0**	**–172.1**	**116.2**	**–100.0**	**1,802.8**	**9.4**	**1,812.2**
Balance at January 1, 2011	**138.1**	**759.3**	**1,061.3**	**0.0**	**–172.1**	**116.2**	**–100.0**	**1,802.8**	**9.4**	**1,812.2**
Total comprehensive income	0.0	0.0	390.0	2.3	–210.2	–82.3	0.0	99.8	0.9	100.7
Dividends paid out	0.0	0.0	–110.4	0.0	0.0	0.0	0.0	–110.4	–3.5	–113.9
Changes in ownership interest without a change in control	0.0	0.0	–2.5	0.0	–1.1	0.3	0.0	–3.3	–2.3	–5.6
Other changes	0.0	0.0	–0.9	0.0	0.0	0.0	0.0	–0.9	0.4	–0.5
Balance at December 31, 2011	**138.1**	**759.3**	**1,337.5**	**2.3**	**–383.4**	**34.2**	**–100.0**	**1,788.0**	**4.9**	**1,792.9**

Consolidated statement of cash flows
€ million

	Notes	2011	2010
Earnings after taxes from continuing operations		221.9	208.3
Depreciation, amortization and impairments		159.6	167.2
Decrease in non-current provisions		–0.3	–10.8
Deferred tax expense / benefit		22.7	11.8
Equity adjustment		–17.8	–10.5
Cash earnings from continuing operations		**386.1**	**366.0**
Decrease in inventories		10.3	75.8
Increase / decrease in receivables		–160.9	3.4
Decrease / increase in current provisions		–44.8	47.1
Increase / decrease in liabilities		104.7	–207.9
Change in working capital		**–90.7**	**–81.6**
Gains on the disposal of non-current assets		–14.1	–40.7
Cash flow from operating activities of continuing operations	(34)	**281.3**	**243.7**
Proceeds from the disposal of intangible assets		0.8	1.3
Proceeds from the disposal of property, plant and equipment		11.9	16.1
Proceeds from the disposal of financial assets		607.2	35.1
Disposal of cash and cash equivalents from the sale of Valemus		–202.3	–
Investments in intangible assets		–8.6	–8.4
Investments in property, plant and equipment		–118.4	–132.3
Investments in financial assets		–217.5	–202.5
Cash flow from investing activities of continuing operations	(34)	**73.1**	**–290.7**
Dividend paid to the shareholders of Bilfinger Berger SE		–110.4	–88.3
Dividend paid to minority interest		–3.5	–3.1
Borrowing		1.7	4.9
Repayment of loans		–94.2	–10.4
Cash flow from financing activities of continuing operations		**–206.4**	**–96.9**
Change in cash and cash equivalents of continuing operations		**148.0**	**–143.9**
Cash flow from operating activities of discontinued operations	(34)	–60.7	160.2
Cash flow from investing activities of discontinued operations	(34)	–2.6	–33.9
Cash flow from financing activities of discontinued operations		–5.0	–0.4
Change in cash and cash equivalents of discontinued operations		**–68.3**	**125.9**
Other adjustments to cash and cash equivalents		–8.7	62.9
Cash and cash equivalents of continuing operations at January 1		537.5	798.4
Cash and cash equivalents of discontinued operations at January 1, 2011 (+) / at December 31, 2010 (-)		305.8	305.8
Cash and cash equivalents classified as assets held for sale (Concessions) at end of year (-)		67.7	–
Cash and cash equivalents at December 31		**846.6**	**537.5**

Notes to the consolidated financial statements

Segment reporting

As in the previous year, segment reporting has been prepared in accordance with IFRS 8. The reportable segments of the Bilfinger Berger Group reflect the internal reporting structure. Segment reporting depicts the Group's continuing operations. The definition of the segments is based on products and services.

Description of reportable segments:

Industrial Services

The segment Bilfinger Berger Industrial Services comprises services for the construction, maintenance and modernization of industrial plants, primarily for industrial sectors including oil and gas, refineries and petrochemicals, chemicals and agrochemicals, pharmaceuticals, food and beverages, power generation, and steel and aluminum. Among the services provided are piping construction, machine and apparatus service, plant assembly, machine and apparatus engineering, electrical, instrumentation and control technology, laboratory and analysis technology, insulation, scaffolding and corrosion protection. Important regions include Europe and the United States. In the future, activities will also be established in India and the Middle East.

Power Services

The segment Bilfinger Berger Power Services comprises maintenance, repair, efficiency enhancements and lifetime extensions at existing plants, as well as the manufacture and assembly of components for power plant construction with a focus on boilers and high-pressure piping systems. Important regions include Europe, South Africa and the Middle East.

Building and Facility Services

The Building and Facility Services business segment includes technical, commercial and infrastructural real-estate services in Europe, the United States and MENA countries, as well as building construction in Germany. Design, construction, maintenance and operation of buildings are carried out in accordance with the lifecycle approach. Through close cooperation and exchange of knowledge and experience among designers, builders and facility managers, Bilfinger Berger can make sustainable, energy-efficient and usage-optimized buildings a reality for its clients. It also provides construction-related services from Germany for Julius Berger Nigeria PLC.

Construction

The Construction segment is comprised of the Group's civil-engineering activities. A high degree of technical expertise and decades of experience enable Bilfinger Berger to design and execute demanding civil-engineering projects. Key areas include tunneling, bridge construction, road construction, hydraulic engineering, pre-stressing technology, steel construction and foundation engineering. Civil engineering activities are focused on Germany and other European countries. Outside Europe, we act primarily as a technology partner for local companies.

Concessions

Bilfinger Berger reports on its privately financed concession projects in the Concessions business segment. On the basis of long-term concession contracts, Bilfinger Berger delivers and operates transport and social infrastructure projects as a private partner to the public sector. Important markets include Australia, Canada and Europe.

As in the previous year, segment earnings are reported as earnings before interest and taxes (EBIT). Internal revenue reflects the supply of goods and services between the segments. These are 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. The reconciliation also includes income and expenses from the headquarters as well as other items that cannot be allocated to the individual segments according to our accounting policies.

The reconciliation of segment assets also includes cash and cash equivalents 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 obligation. Accordingly, the corresponding expense and income items are not recorded in segment earnings (EBIT). Investments in property, plant and equipment also include investments in intangible assets such as licenses or software of €8.6 million (2010: €8.4 million).

Segment reporting by business segment € million	Industrial Services		Power Services		Building and Facility Services	
	2011	2010	2011	2010	2011	2010
Output volume	**3,294.3**	**2,931.6**	**1,156.9**	**1,106.1**	**2,256.4**	**2,333.1**
External revenue	3,266.8	2,915.9	1,152.2	1,103.1	2,189.8	2,240.0
Internal revenue	34.2	24.9	0.8	3.0	22.0	13.2
Total revenue	**3,301.0**	**2,940.8**	**1,153.0**	**1,106.1**	**2,211.8**	**2,253.2**
EBIT (segment earnings)	**150.2**	**134.0**	**92.3**	**83.3**	**83.4**	**80.0**
thereof amortization of intangible assets from acquisitions	18.5	26.7	3.8	4.6	10.8	9.5
thereof depreciation of property, plant and equipment and amortization of other intangible assets	56.1	53.4	18.7	16.1	14.1	19.9
thereof profit from investments accounted for using the equity method	1.4	0.6	3.1	3.5	7.9	7.6
Segment assets at December 31	**1,847.1**	**1,824.6**	**758.0**	**682.9**	**1,074.8**	**934.7**
thereof investments in associates and joint ventures accounted for using the equity method	**6.2**	**4.4**	**6.0**	**4.9**	**24.6**	**3.5**
Segment liabilities at December 31	**764.2**	**789.3**	**483.3**	**436.1**	**744.4**	**725.3**
Investments in property, plant and equipment	**69**	**74**	**14**	**33**	**16**	**13**
Number of employees at December 31	**29,427**	**28,054**	**7,588**	**7,193**	**15,711**	**15,714**

Segment reporting by region € million	Germany		Europe excluding Germany	
	2011	2010	2011	2010
Output volume	3,359.8	3,357.8	3,520.0	3,030.1
External revenue	3,264.3	3,201.2	3,358.5	2,974.9
Non-current assets at December 31	1,217.5	1,172.2	815.5	753.9

	Construction		Concessions		Total of segments		Consolidation, other		Total continuing operations	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
	1,750.9	**1,660.7**	**78.8**	**76.0**	**8,537.3**	**8,107.5**	**–61.4**	**–49.0**	**8,475.9**	**8,058.5**
	1,387.5	1,271.9	165.4	412.6	8,161.7	7,943.5	46.8	10.0	8,208.5	7,953.5
	14.6	18.9	0.0	0.0	71.6	60.0	–71.6	–60.0	0.0	0.0
	1,402.1	**1,290.8**	**165.4**	**412.6**	**8,233.3**	**8,003.5**	**–24.8**	**–50.0**	**8,208.5**	**7,953.5**
	34.8	**28.6**	**22.5**	**39.8**	**383.2**	**365.7**	**–21.9**	**–24.9**	**361.3**	**340.8**
	2.4	0.0	0.0	0.0	35.5	40.8	0.0	0.0	35.5	40.8
	33.2	31.0	0.4	0.4	122.5	120.8	2.9	3.7	125.4	124.5
	1.8	1.5	14.6	8.9	28.8	22.1	0.0	0.0	28.8	22.1
	495.9	**509.2**	**2,142.7**	**1,967.0**	**6,318.5**	**5,918.4**	**1,401.1**	**968.9**	**7,719.6**	**6,887.3**
	14.9	**14.2**	**16.8**	**71.3**	**68.5**	**98.3**	**0.0**	**0.0**	**68.5**	**98.3**
	617.7	**568.9**	**1,841.2**	**1,719.0**	**4,450.8**	**4,238.6**	**1,475.9**	**1,183.4**	**5,926.7**	**5,422.0**
	26	**20**	**0**	**0**	**125**	**140**	**2**	**1**	**127**	**141**
	5,849	**6,607**	**141**	**135**	**58,716**	**57,703**	**494**	**479**	**59,210**	**58,182**

	America		Africa		Asia		Total continuing operations	
	2011	2010	2011	2010	2011	2010	2011	2010
	624.1	526.2	564.5	635.4	407.5	509.0	8,475.9	8,058.5
	648.3	677.8	537.1	591.2	400.3	508.4	8,208.5	7,953.5
	133.0	139.0	33.2	43.1	8.8	11.7	2,208.0	2,119.9

General notes

General information

Bilfinger Berger SE 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 SE for financial year 2011 were released for publication by the Executive Board on February 28, 2012.

The consolidated financial statements of Bilfinger Berger SE have been prepared in accordance with International Financial Reporting Standards (IFRSs), 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').

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. The consolidated financial statements have been prepared in euros. All amounts are shown in millions of euros (€ million), unless otherwise stated.

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.

The income statement is presented according to the cost-of-sales method.

Profit contributions from operating investments are generally entered under other operating income or other operating expense, whereby amounts of income and expense that relate to investments accounted for using the equity method are shown as separate items in the consolidated income statement.

On January 26, 2010, the Executive Board of Bilfinger Berger SE decided to initiate the sale of Valemus Australia Pty. Limited, Sydney, Australia. The sale of that subsidiary was completed on March 10, 2011. In accordance with the provisions of IFRS 5, the business activities of Valemus Australia have therefore been presented as discontinued operations since the first quarter of 2010.

In the context of concentrating its construction activities, Bilfinger Berger has abandoned its construction business in North America. In accordance with the provisions of IFRS 5, as of the year 2011, those activities are also presented in the consolidated income statement and in the consolidated statement of cash flows as discontinued operations. The prior-year figures have been adjusted accordingly.

The assets and liabilities of the discontinued operations classified as held for sale are presented separately within the consolidated balance sheet. In the consolidated income statement, the income and expenses of discontinued operations are presented separately from the income and expenses of continuing operations, and are summarized separately in one item as earnings after taxes from discontinued operations. Non-current assets classified as held for sale are no longer subject to systematic depreciation or amortization as of the date of reclassification.

On September 19, 2011, Bilfinger Berger resolved to introduce a publicly listed fund into which it will place 18 public-private partnership projects from its Concessions business segment. With the expiry of the subscription period on December 13, 2011, all of the shares in the Bilfinger Berger Global Infrastructure Fund had been placed. The initial listing of the fund followed on December 21, 2011 in the premium segment of the London Stock Exchange. The sale of the projects to the fund is expected to take effect in the first quarter of 2012. The assets and liabilities of those project companies are classified as *held for sale* and are presented separately in the balance sheet, as the sale will result in the loss of a controlling or significant influence in those project companies.

Accounting policies

The significant accounting policies applied generally correspond with those applied in the prior year, with the following exceptions:

The new or amended IFRSs relevant to Bilfinger Berger and applied as of January 1, 2011 are:

- IAS 24 *Related Party Disclosures*
- *Amendments to the International Financial Reporting Standards 2010*

The effects of these changes are as follows:

IAS 24 *Related Party Disclosures*
The revised version of the standard makes it clear that the definition of related parties in connection with associates and joint ventures also includes those entities' subsidiaries. Furthermore, with regard to the definition of transactions that must be disclosed, it is made clear that executory contracts are subject to disclosure. The application of this change has not led to any material effects.

Improvements to the International Financial Reporting Standards 2010
The provisions of the third omnibus standard were published in the context of the annual improvements of IFRSs and are to be applied for the first time for financial year 2011. They affect six standards and one interpretation, and primarily aim to remove inconsistencies and clarify wording. The application of these changes has not led to any material effects.

The other IFRSs, the application of which is mandatory for annual periods beginning on or after January 1, 2011, have no effect on the consolidated financial statements of Bilfinger Berger.

IFRSs already published but not yet applied:

IFRS 7 *Financial Instruments: Disclosures*
The amendments to IFRS 7 *Disclosures – Transfers of Financial Assets* require additional disclosures intended to allow risks associated with the transfer of financial assets (for example with securitization and the sale of receivables) and their effects on financial position and financial performance to be better evaluated, as well as additional disclosures if an unusual volume of transfers takes place at the end of a financial year (first application for annual periods beginning on or after July 1, 2011).

A further amendment to IFRS 7 was published in the context of the amendment to IAS 32 regarding offsetting financial assets and financial liabilities (first application for annual periods beginning on or after January 1, 2013).

In addition, amendments to IFRS 7 were published regarding disclosures in the notes to the consolidated financial statements on the transition to IFRS 9 (first application for annual periods beginning on or after January 1, 2015).

IFRS 9 *Financial Instruments*

The new standard will replace IAS 39 *Financial Instruments: Recognition and Measurement*. The objective of IFRS 9 is to simplify the rules for the classification and measurement of financial instruments. So far, regulations on the classification and measurement of financial assets and liabilities have been published. Regulations on hedge accounting and a further draft standard on impairment will probably be published in 2012 (first application for annual periods beginning on or after January 1, 2015).

IFRS 10 *Consolidated Financial Statements*

IFRS 10 simplifies the currently valid consolidation principles of IAS 27 and SIC-12. The uniform consolidation model includes all entities that are controlled by the parent by means of voting rights or other contractual arrangements (first application for annual periods beginning on or after January 1, 2013).

IFRS 11 *Joint Arrangements*

IFRS 11 replaces the currently valid principles on accounting for jointly controlled entities, jointly controlled assets and operations of IAS 31. The focus of IFRS 11 is no longer on the legal form of the joint arrangement, but on the way in which rights and obligations are shared among the parties to the arrangement on the basis of contracts, articles of incorporation and other agreements (first application for annual periods beginning on or after January 1, 2013).

IFRS 12 *Disclosure of Interests in Other Entities*

IFRS 12 brings the disclosure requirements concerning all interests in subsidiaries, joint arrangements and associates as well as unconsolidated structured entities into one standard, and extends the disclosures required in the notes to the consolidated financial statements (first application for annual periods beginning on or after January 1, 2013).

IFRS 13 *Fair Value Measurement*

IFRS 13 for the first time sets out a uniform framework for measuring fair value, which is referred to in various IFRSs (financial instruments, business combinations, disposal groups, changes in ownership interests with a change of status, investment property), and extends the disclosures required in the notes to the consolidated financial statements (first application for annual periods beginning on or after January 1, 2013).

IAS 1 *Presentation of Financial Statements*

The amendment to IAS 1 *Presentation of items of other comprehensive income* revises the presentation of other comprehensive income (OCI) of the period in the statement of comprehensive income. OCI is to be separated into those elements which may be reclassified to profit or loss in following periods (hedging gains and losses, gains and losses on currency translation) and those that will not be reclassified to profit or loss (actuarial gains and losses) (first application for annual periods beginning on or after July 1, 2012).

IAS 12 *Income Taxes*

The amendment to IAS 12 relating to *Deferred Taxes – Recovery of Underlying Assets* introduces an exception whereby investment properties carried at fair value can be exempt from the general principle that deferred taxes are to be measured depending on the tax consequences of the expected use. The deferred taxes are then measured on the assumption of sale rather than continued use. This amendment is particularly relevant for countries where the use and sale of assets are subject to different rates of taxation (first application for annual periods beginning on or after January 1, 2012).

IAS 19 *Employee Benefits*

The amendment to IAS 19 introduces new rules on accounting for the cost of defined benefit plans and for termination benefits. This means that actuarial gains and losses will be recognized directly in other comprehensive income in the future. Another change is that gains from the expected interest earned on the plan assets may only be recognized in the amount of the discount rate used to determine the defined benefit obligation. In addition, disclosures in the notes to the consolidated financial statements are extended (first application for annual periods beginning on or after January 1, 2013).

IAS 28 *Investments in Associates and Joint Ventures*

The amendment to IAS 28 extends the scope of the currently valid IAS 28 *Investments in Associates* with the addition of accounting for joint arrangements using the equity method. The standard has been renamed accordingly as *Investments in Associates and Joint Arrangements* (first application for annual periods beginning on or after January 1, 2013).

IAS 32 *Financial Instruments: Presentation*

The amendment to IAS 32 explains the conditions for offsetting financial instruments. The rules clarify the importance of the current legal right to offset and the conditions under which systems with gross offsetting can be regarded as net offsetting (first application for annual periods beginning on or after January 1, 2014).

At the balance sheet date, the amendments to IAS 1, IAS 12, IAS 19, IAS 28, IAS 32 and the amendments to IFRS 7 relating to IAS 32 and IFRS 9 as well as IFRS 9 to IFRS 13 had not yet been endorsed by the EU Commission. The future application of the standards and interpretations is unlikely to have any material effect on the financial position, cash flows or profitability of the Bilfinger Berger Group. Bilfinger Berger intends to apply those IFRSs as of the mandatory date of application insofar as they have been endorsed.

1. Consolidated Group

In addition to Bilfinger Berger SE, four subgroups and 44 companies in Germany along with two subgroups and 55 companies based outside Germany have been included in the consolidated financial statements. Thereof, four companies in Germany and six companies based outside Germany have been consolidated for the first time in the year under review. A further 20 companies have been accounted for using the equity method. Eight companies which were previously accounted for using the equity method are now accounted for as a disposal group in accordance with IFRS 5. The disposal group also includes ten fully consolidated companies.

Information disclosed pursuant to Section 313 Subsection 2 of the German Commercial Code (HGB) is summarized in a separate list of equity interests. That list also includes a definitive list of all subsidiaries that make use of the disclosure exemption pursuant to Section 264 Subsection 3 of the HGB.

In financial year 2011, payments of €101 million were made for the acquisitions of fully consolidated companies – after offsetting €19 million in acquired cash and cash equivalents. The prices paid for these companies totaled €152 million, of which €32 million was accounted for as a purchase-price liability. €7 million was applied for the acquisition of minority interests.

A further €50 million was applied for the acquisition of 19.9 percent of the shares of the listed fund initiated by Bilfinger Berger, the Bilfinger Berger Global Infrastructure SICAV S.A., Luxembourg.

In addition, payments of €21 million were made for the acquisition of minority interests, which had been recognized as liabilities in accordance with IAS 32, and for earn-out payments.

This led to a total cash outflow of €179 million.

In the Industrial Services business segment, we acquired all of the shares of Alpha Meß-Steuer-Regeltechnik GmbH, Neustadt an der Weinstraße, Germany, effective November 10, 2011, and the Finnish company Are Oy Industrial Services by way of an asset deal effective December 1, 2011, as well as several smaller companies, for a total price of €27 million.

In the Power Services business segment, we acquired all of the shares of Rosink Apparate- and Anlagenbau GmbH, Nordhorn, Germany, effective October 28, 2011 for a price of €38 million. In addition, by way of an asset deal, we acquired an entity of AE&E, Brno, Czech Republic. The prices paid for acquisitions in this business segment totaled €40 million.

In the Building and Facility Services business segment, we acquired 80 percent of the shares of Diemme Filtration srl, Lugo, Italy, effective October 4, 2011; we have an option for the acquisition of the remaining 20 percent. The price amounts to a total of €65 million, of which €25 million has been recognized as a purchase-price liability in accordance with IAS 32. In addition, we acquired 75 percent of the shares of Actys Holding B.V., Utrecht, Netherlands, effective December 2, 2011; we have an option for the acquisition of the remaining 25 percent. The price amounts to a total of €15 million, of which €4 million has been recognized as a purchase-price liability in accordance with IAS 32. Furthermore, we acquired 100 percent of the shares of HSG Zander Ireland Facility Services Ltd., Dublin, Ireland. The prices paid for acquisitions in this business segment totaled €85 million.

In 2010, payments of €43 million were made for acquisitions – after offsetting €17 million of acquired cash and cash equivalents. Of that total, €39 million was paid for companies that have been fully consolidated. The prices paid for those companies totaled €68 million, of which €8 million has been accounted for as a purchase-price liability; €4 million has been offset against advance payments made. The prices paid for the other acquisitions totaled €4 million.

In the Industrial Services business segment, we acquired 80 percent of the shares of Beheermaatschappij Brabant Mobiel B.V., Oosterhout, Netherlands, effective July 1, 2010, for a price of €10 million. The remaining 20 percent of the shares have been recognized as a purchase-price liability in accordance with IAS 32.

In the Power Services business segment, we acquired all of the shares of Rotring Engineering AG, Buxtehude, Germany, effective October 25, 2010 for a price of €41 million; thereof €7 million has been recognized as a purchase-price liability as of the balance sheet date.

Several smaller companies were also acquired for a total purchase price of €17 million.

€15 million was applied for the acquisition of minority interests.

This applied in particular to the acquisition of the remaining 30 percent of the shares of EPM Assetis GmbH, Frankfurt, Germany, in the Building and Facility Services business segment, for a purchase price of €10 million.

Furthermore, payments of €73 million were made for the extinguishment of purchase-price liabilities. This relates to the acquisition of shares held by minority shareholders, which had been recognized as liabilities in accordance with IAS 32, as well as to earn-out payments.

This led to a total cash outflow of €131 million.

The newly acquired companies affected the Group's assets and liabilities at the time of acquisition as follows:

Effects at the time of acquisition

	2011	2010
Goodwill	113.5	47.1
Intangible assets from acquisitions	20.9	7.4
Non-current assets	15.0	7.2
Current assets (excluding cash and cash equivalents)	41.0	15.6
Cash and cash equivalents	18.8	16.6
Total assets	**209.2**	**93.9**
Retirement pension obligation	2.6	2.3
Provisions	3.1	5.3
Financial debt	0.4	–
Other liabilities	51.0	18.2
Total liabilities	**57.1**	**25.8**
Purchase price	**152.1**	**68.1**

With the exception of capitalized intangible assets from acquisitions, the capitalized fair values shown primarily reflect the carrying values in the balance sheets of the acquired companies.

Since the respective dates of first-time consolidation, the companies acquired and consolidated for the first time in 2011 generated total revenue of €63.0 million (2010: €17.5 million) and EBIT (after amortization of intangible assets from acquisitions of €2.0 million (2010: €1.1 million) of €3.9 million (2010: €3.8 million).

In full-year 2011, companies acquired during that year generated total revenue of €164.4 million (2010: €73.1 million) and EBIT (after amortization of intangible assets from acquisitions of €3.0 million (2010: €1.6 million)) of €12.9 million (2010: €10.2 million).

Sale of companies

On March 10, 2011, we sold all of the shares of Valemus Australia Pty. Limited, Sydney, Australia, to Lend Lease, an Australian construction and real-estate group, resulting in net sale proceeds of €571.1 million.

The overall effects of the sale were as follows:

Effects at the time of sale

	2011
Goodwill	149.3
Non-current assets	258.9
Current assets (excluding cash and cash equivalents)	569.7
Cash and cash equivalents	202.3
Total assets	1,180.2
Financial debt	72.1
Other liabilities	641.7
Total liabilities	713.8
Disposal of net assets	**–466.4**
Reclassification of other comprehensive income into the income statement	**58.6**
Net disposal proceeds	**571.1**
Income tax expense	**–2.6**
Gain on the sale of Valemus Australia	**160.7**

Net disposal proceeds take into account a risk provision for contractual commitments and warranty obligations as well as for litigation risks accepted in connection with the sale of Valemus Australia.

In the context of abandoning the construction activities in North America, the sale was concluded of a unit of our subsidiary Fru-Con that is specialized in the construction of sewage treatment plants. The net proceeds of that sale amount to €15 million; no significant gain was realized on the sale.

On October 1, 2010, we sold 50 percent of our equity interests in four concession projects to HSBC Infrastructure resulting in sale proceeds of €70.2 million. The four projects are the Northwest Anthony Henday Drive and Kicking Horse Pass highway projects in Canada, the Kent Schools project in England and the M80 motorway project in Scotland.

The companies have been deconsolidated. The remaining equity interests are accounted for using the equity method. Initial measurement was at fair value. This resulted in a gain on remeasurement of €3.8 million, which is presented under other operating income.

The overall effects of the sale in 2010 were as follows:

Effects at the time of sale

		2010
Non-current assets		–928.2
Current assets (excluding cash and cash equivalents)		–8.1
Cash and cash equivalents		–11.7
Total assets		–948.0
Financial debt, non-recourse		–760.8
Other liabilities		–138.1
Total liabilities		–898.9
Disposal of net assets		**–49.1**
Reclassification of other comprehensive income into the income statement	–57.2	
Recognition of remaining equity interest at fair value	16.7	
Recognition of loans to companies accounted for using the equity method	80.5	
Other changes		**40.0**
Sale price	70.2	
Thereof extinguishment of debt	–39.8	
Net sale price		**30.4**
Net gain on the disposal and remeasurement of remaining equity interest		**21.3**

In connection with the disposal of the Remediation Services division, 100 percent of the equity of Bilfinger Berger Umweltsanierung GmbH, Essen, was sold effective December 31, 2010, resulting in a capital gain of €19.3 million. Expenses of €19.6 million were incurred for winding up the remaining environmental business activities. The net impact on earnings was a charge of €0.3 million. The sale had no material effects on the Group's assets and liabilities.

Changes in shareholdings not affecting control

Due to changes in equity interests in consolidated subsidiaries that did not lead to the gain or loss of control, retained earnings decreased by €2.5 million (2010: €2.8 million), other reserves by €0.8 million (2010: €0.0 million) and minority interest by €2.3 million (2010: €8.6 million).

2. Assets and liabilities classified as held for sale (Concessions)

The concession companies classified as a disposal group relate to a total of 18 projects. They include availability-based road projects as well as schools, hospitals, prisons and public adminstration buildings in Germany, the United Kingdom, Canada and Australia. Ten of them have been fully consolidated and eight were accounted for using the equity method before reclassification.

The assets and liabilities classified as held for sale from the disposal group consist mainly of 'Receivables from concession projects' and 'Financial debt, non-recourse' and are comprised as follows at December 31, 2011:

	Dec 31, 11
Assets	
Receivables from concession projects	1,504.9
Other non-current assets	176.0
Current assets	12.7
Cash and cash equivalents	67.7
Assets held for sale	**1,761.3**
Liabilities	
Financial debt, non-recourse	1,415.0
Other liabilities	379.6
Liabilities held for sale	**1,794.6**

The accumulated other comprehensive income after taxes of the disposal group amounts to €-241.2 million, of which €-1.1 million is attributable to minority interest.

3. Discontinued operations

Discontinued operations comprise Valemus Australia, which was sold on March 10, 2011, and the abandoned construction activities in the North American market.

Valemus Australia is one of Australia's largest companies in the fields of civil engineering, building and industrial construction, as well as industrial and infrastructure services.

Earnings from discontinued operations are comprised as follows:

	2011	2010
Output volume (for information purposes)	517.8	3,272.4
Revenue	425.0	2,653.3
Expenses / income	–407.8	–2,540.8
EBIT	**17.2**	**112.5**
Interest income	2.4	11.3
Earnings before taxes	**19.6**	**123.8**
Income tax expense	–6.3	–45.7
Earnings after taxes	**13.3**	**78.1**
Gain on the disposal of Valemus Australia	**160.7**	**0.0**
Earnings after taxes from discontinued operations	**174.0**	**78.1**

Earnings after taxes from discontinued operations are fully attributable to the shareholders of Bilfinger Berger SE.

The assets and liabilities of Valemus Australia, classified as held for sale, were comprised as follows at December 31, 2010:

	Dec 31, 10
Assets	
Goodwill	152.2
Non-current assets	228.6
Current assets	363.2
Cash and cash equivalents	305.8
Assets held for sale	**1,049.8**
Liabilities	
Financial debt	80.6
Other liabilities	622.3
Liabilities held for sale	**702.9**

4. 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 fair values irrespective of the size of the minority interest. With each acquisition, there is a special option of electing to recognize minority interest at fair value or at the relevant proportion of net assets. Acquisition-related costs are expensed. In the case of an acquisition achieved in stages (step acquisition), equity interests previously held are remeasured through profit and loss. Contingent consideration is recognized at the time of acquisition at fair value and in following periods is measured at fair value through profit and loss. 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 goodwill is recognized as income immediately after acquisition. At deconsolidation, the residual book values of goodwill are taken into consideration in the calculation of the gain or loss on disposal.

Changes in an equity interest that do not lead to a loss of control are treated as transactions between equity holders and reported within equity. Such transactions lead to the recognition neither of goodwill nor of any disposal gains. In the case of a sale of equity interest that leads to a loss of control, the remaining equity interest is remeasured at fair value through profit and loss and the accumulated other comprehensive income previously recognized in connection with the investment is reclassified to profit and loss or, if it is an actuarial gain or loss, to retained earnings.

Losses attributable to the non-controlling interest are fully attributed to the non-controlling interest, even if this results in a negative carrying value.

Investments accounted for using the equity method are measured at cost of acquisition plus the prorated change in net assets, whereby any goodwill is included in the carrying value of the investment. Upon losing a significant influence or losing joint control, the remaining equity interest is remeasured at fair value through profit and loss.

Receivables, liabilities, income and expenses between consolidated companies have been offset. Non-current assets and inventories resulting from Group output volume have been adjusted to exclude any intercompany profits. Deferred taxes from consolidation processes affecting profit have been accrued / deferred.

5. Currency translation

In the consolidated financial statements, the assets and liabilities of the accounts prepared in foreign currencies are translated using the average 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 other comprehensive income.

Currency translation took place using the following significant exchange rates:

1 € =		Annual average		At December 31	
		2011	2010	2011	2010
Australia	AUD	1.3488	1.4442	1.2723	1.3121
United Kingdom	GBP	0.8696	0.8583	0.8353	0.8630
Canada	CAD	1.3800	1.3674	1.3215	1.3277
Qatar	QAR	5.0823	4.8312	4.7170	4.8346
Croatia	HRK	7.4418	7.2883	7.5370	7.3853
Nigeria	NGN	218.1297	200.4850	206.3461	202.2185
Norway	NOK	7.7909	8.0078	7.7540	7.8231
Poland	PLN	4.1395	3.9932	4.4580	3.9675
Romania	RON	4.2357	4.2112	4.3197	4.2890
Sweden	SEK	9.0381	9.5466	8.9120	8.9814
Switzerland	CHF	1.2300	1.3822	1.2156	1.2442
South Africa	ZAR	10.1683	9.7085	10.4830	8.8512
Czech Republic	CZK	24.6013	25.2887	25.8000	25.1760
Hungary	HUF	279.6273	275.3133	311.1300	278.7500
United Arab Emirates	AED	5.1266	4.8749	4.7578	4.8785
United States	USD	1.3968	1.3272	1.2939	1.3282

6. 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 three and eight years. This also includes intangible assets from service concession agreements. These are public-private partnership (PPP) projects, for which the right to charge or receive a use-related fee has been agreed. They are measured at the fair value of the construction volumes delivered plus the borrowing costs allocable to the construction phase and less systematic depreciation during the operating phase. 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 systematic, 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 directly or indirectly attributable to the production process. Repair costs are always expensed as incurred.

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 three and ten years; other equipment including office and factory equipment is usually depreciated over three to twelve 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 (value in use). If the reason for an impairment loss recognized in prior years no longer applies, the carrying value is increased again accordingly, at the most up to the amount of the amortized cost of acquisition. 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 asset 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 debt.

The classification of agreements as lease agreements takes place on the basis of the substance of the transaction. That is, a test is carried out as to whether the fulfillment of the agreement depends on the use of specific assets and whether the agreement confers the right of use of those assets.

Investments accounted for using the equity method – associates and jointly controlled entities – are valued with consideration of the prorated net asset change of the company as well as any impairments which may have been recognized.

Joint ventures are contractual agreements in which two or more parties carry out a business activity under joint control. This also includes jointly controlled operations and especially 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 from and payables to joint ventures.

Deferred taxes are recognized for any deviations between the valuation of assets and liabilities according to IFRS and the tax valuation in the amount of the expected future tax charge or relief. In addition, deferred tax assets are recognized for the carryforwards of unused tax losses if their future realization is probable. Deferred tax assets and liabilities from temporary differences are offset 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 directly or indirectly attributable to the production process. Financing costs are not taken into consideration.

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.

The purchase, sale or withdrawal of *treasury shares* is recognized directly in equity. At the time of acquisition, treasury shares entered in equity in the amount of the acquisition costs.

Retirement benefit obligations are calculated for defined benefit pension plans using the projected unit credit method, with consideration of future salary and pension increases. As in the previous year, the option has been utilized of accounting for actuarial gains and losses according to the third option provided by IAS 19.93A as part of the retirement benefit obligation or of the plan assets and recognizing them in other comprehensive income. As far as possible, pension plan assets are set off. The interest component contained in the pension expense is recognized as an interest expense under financial income.

Provisions are recognized if there is a present obligation resulting from a past event, its occurrence is more likely than not, and the amount of the obligation 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 constructive 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 (Financial Instruments). No use has been made of the option to designate financial instruments upon initial recognition to be measured at fair value through profit and loss.

IAS 39 divides financial assets into four *categories:*

Financial assets held for trading (FAHfT) (financial assets at fair value through profit or loss)
Held-to-maturity investments (HtM)
Loans and receivables (LaR)
Available-for-sale financial assets (AfS)

Available-for-sale financial assets are any non-derivative financial assets designated as available for sale, and those that are not classified to any of the other three categories of financial assets listed above.

Financial liabilities are divided into the following categories:

Financial Liabilities Held for Trading (FLHfT) (Financial Liabilities at Fair Value through Profit or Loss)
Financial Liabilities at Amortised Cost (FLAC)

The amortized cost of a financial asset or 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 depreciation and impairments or plus 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, fair value is calculated as far as possible using recognized financial-mathematical methods (discounted cash-flow method and option pricing model).

Receivables from *concession projects* are measured at amortized cost. Receivables due from concession projects relate to all services provided in connection with the performance of public-private partnership projects for which a fixed payment was agreed irrespective of the extent of use.

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 reliably 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 other comprehensive income, 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 in separate accounts. 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.

Receivables from *construction contracts* are accounted for in accordance with IAS 11 using the percentage-of-completion method. Revenue is recognized in relation to the percentage of completion of each contract.

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.

Receivables from the provision of services are accounted for in accordance with IAS 18 also using the percentage of completion method – provided that the conditions for application are fulfilled – and are presented analogously to receivables from construction contracts.

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) in other comprehensive income, 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 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 and inflation 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 in a hedging relationship, the accounting of changes in fair value depends on the type of hedge.

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 firm commitments, through opposing changes in the market value of the hedging instrument. The carrying value of the hedged item 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 items 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 highly probable forecast transactions. Changes in the effective part of the fair value of a derivative are at first recognized under other comprehensive income, with due consideration of deferred taxes (hedging instruments reserve), and are only recognized through profit and loss when the hedged item is realized. The ineffective part of the hedging instrument is recognized immediately through profit and loss.

Derivative financial instruments that are not related to a hedging relationship 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 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 provided in the remuneration report, which is a component of the management report.

Non-current assets held for sale and *disposal groups* as well as *related liabilities* are classified as such and presented separately in the balance sheet. Assets are classified as held for sale if the carrying amounts are primarily to be realized through a sale transaction rather than through continuing use. The sale must be highly probable and the assets or disposal groups must be immediately saleable in their present condition. These assets and disposal groups are measured at the lower of carrying value or fair value less costs to sell, and are no longer systematically depreciated or amortized. Impairment losses are recognized if fair value less cost to sell is lower than the carrying value. Any write-ups due to an increase in fair value less costs to sell are limited to the impairments of the assets previously recognized.

Assets and liabilities of *discontinued operations* are treated as disposal groups. A discontinued operation is a separate major line of business or geographical area of operations which is held for sale. In addition, earnings after taxes from discontinued operations are presented separately in the income statement.

Revenue from construction contracts is recognized in accordance with IAS 11 Construction Contracts with the use of the percentage-of-completion method – provided that the conditions for application are fulfilled. The percentage of completion is mainly calculated on the basis of the ratio on the balance sheet date of the output volume already delivered to the total output volume to be delivered. The percentage of completion is also calculated from the ratio of the actual costs already incurred on the balance sheet date to the planned total costs (cost-to-cost method). If the results of construction contracts cannot be reliably estimated, revenue is calculated using the zero profit method in the amount of the costs incurred and probably recoverable.

Revenue from the provision of services is recognized in accordance with IAS 18.20 with the use of the percentage of completion method – provided that the conditions for application are fulfilled. In the area of services, percentage of completion is mainly calculated using the cost-to-cost method.

Revenue from the sale of goods is recognized according to the criteria of IAS 18.14 (revenue recognition on the transfer of significant risks and rewards of ownership).

In the context of concession projects, construction services provided are recognized as revenue in accordance with IAS 11 using the percentage of completion method.

In the operating phase of concession projects, the recognition of revenue from operating services depends upon whether a financial or an intangible asset is to be received as consideration for the construction services provided.

If a financial asset is to be recognized, i.e. the operator receives a fixed payment from the grantor irrespective of the extent of use, revenue from the provision of operating services is recognized according to IAS 18 using the percentage of completion method. The percentage of completion is calculated using the cost-to-cost method.

If an intangible asset is to be received, i.e. the operator receives payments from the users or from the grantor depending on use, the payments for use are recognized as revenue according to IAS 18 generally in line with the extent of use of the infrastructure by the users.

If the operator receives both use-dependent and use-independent payments, revenue recognition is split in accordance with the ratio of the two types of payment.

Expenditures for *research and development* such as for the further development of processes and special innovative technical proposals for individual projects are generally expensed on a project-related basis.

Borrowing costs that can be directly allocated to the acquisition, construction or production of an asset which requires a considerable period of time to be put into its intended condition for use or for sale are capitalized as part of that asset's cost of acquisition or production. All other borrowing costs are expensed in the period in which they are incurred.

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 recognition and measurement of items presented 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 underlying 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 differ from the originally anticipated estimates.

Notes to the income statement*

The income and expenses of the construction activities in the North American market, which were abandoned in 2011, and of the sold Valemus Group are presented under the heading of 'Earnings after taxes from discontinued operations' and no longer in the individual items under continuing operations. The prior-year figures have been adjusted accordingly.

7. Revenue

Revenue of €6,362.2 million (2010: €5,599.0 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 the results of such joint ventures and consortiums.

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

	Bilfinger Berger's share	Share of order value	Share of output volume in 2011
Transco, Sedrun / Switzerland	28 %	323	34
A1 Hamburg – Bremen / Germany	65 %	278	61
London Array / United Kingdom	50 %	221	126
M80 Stepps – Haggs / United Kingdom	50 %	159	33
Gdansk Southern Ring Road / Poland	75 %	160	71

The breakdown of revenue by business segment and by region is shown under segment reporting.

* Figures in € million, unless otherwise stated.

8. Other operating income

	2011	2010
Gains on the disposal of property, plant and equipment	4.0	7.3
Income from the reversal of impairments on trade receivables	6.5	10.0
Gains on currency translation	11.7	9.0
Income from operating investments	14.9	40.3
Other income	81.2	66.2
Total	**118.3**	**132.8**

The prior-year figure for income from operating investments includes a gain of €17.5 million from the sale of concession projects and a gain of €19.3 million from the sale of Bilfinger Berger Umweltsanierung GmbH, Essen.

Other income relates to the reversal of provisions, the write-up of other assets and the write-up of an investment accounted for using the equity method, as well as numerous other items of minor individual amounts. It also includes interest income from concession projects, which breaks down as follows:

	2011	2010
Interest income on receivables from concession projects	114.3	142.2
Less balance of interest expenses (non-recourse financing) and interest from the investment of non-utilized-project-financing funds	–101.4	–126.4
	12.9	**15.8**

9. Other operating expense

	2011	2010
Losses on the disposal of property, plant and equipment	1.9	4.4
Impairments of trade receivables	8.3	13.7
Losses on currency translation	14.9	5.5
Expenses from operating investments	1.8	3.6
Other expenses	54.1	44.2
Total	**81.0**	**71.4**

Other expenses relate to increases in provisions and impairments of other assets as well as numerous other items of minor individual amounts.

10. Income from investments accounted for using the equity method

Income from investments accounted for using the equity method is comprised as follows:

	2011	2010
Income from investments accounted for using the equity method	28.8	22.9
Expenses from the disposal and impairment of equity investments	–0.1	–0.8
Total	**28.7**	**22.1**

11. Other information on EBIT

Material expenses

	2011	2010
Cost of raw materials, supplies and purchased goods	1,483.2	1,458.0
Cost of purchased services	2,559.3	2,595.7
Total	**4,042.5**	**4,053.7**

Personnel expenses

	2011	2010
Wages and salaries	2,365.6	2,245.2
Social-security levies and pension contributions	476.6	457.2
Total	**2,842.2**	**2,702.4**

Depreciation and amortization

	2011	2010
Intangible assets from acquisitions	35.6	40.8
Other intangible assets	7.6	6.8
Intangible assets	**43.2**	**47.6**
Property, plant and equipment	**117.7**	**117.7**
Total	**160.9**	**165.3**

Amortization of intangible assets from acquisitions relates to customer relations capitalized in accordance with IFRS 3/IAS 38 such as order backlogs, framework agreements and customer bases. Amortization of intangible assets is mainly presented under cost of sales.

Depreciation of property, plant and equipment in the prior year includes impairments of €4.1 million recognized in connection with winding up the remaining activities of the Remediation Services division, which are presented under cost of sales.

EBIT also includes research and development expenses of €9.9 million (2010: €10.1 million).

12. Interest income / expense

Interest income and expense comprise the following items of the income statement:

		2011		2010
Interest income		**19.4**		**11.8**
Interest expense		–25.0		–24.8
Interest expense from additions to retirement benefit obligation	–24.1		–24.5	
Interest income from pension plan assets	8.6	–15.5	8.6	–15.9
Interest expense		**–40.5**		**–40.7**
Expense from securities		–0.1		0.0
Interest expense for minority interest		–9.5		–11.0
Other financial expense		**–9.6**		**–11.0**
Total		**–30.7**		**–39.9**

Interest income is primarily earned on cash deposits with variable interest rates. Current interest expense is mainly incurred on financial debt excluding non-recourse debt with fixed interest rates.

With an unchanged investment policy, an increase in interest rates would lead to higher interest income.

The interest expense for minority interest of €8.9 million (2010: €10.7 million) reflects the share in profits of the minority interest which is classified as borrowing due to contractual regulations, in particular preemption rights pursuant to IAS 32. €0.6 million of the interest expense for minority interest (2010: €0.3 million) constitutes the interest compounded on purchase-price liabilities from the acquisition of equity interests.

13. Income taxes

Income taxes are 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. Those expected tax rates are derived from the statutory regulations that are in force or enacted on the balance sheet date.

	2011	2010
Actual taxes	86.0	81.0
Deferred taxes	22.7	11.6
Total	**108.7**	**92.6**

The tax expense calculated with the tax rate of Bilfinger Berger SE can be reconciled with the actual tax expense as follows:

	2011	2010
Earnings before income taxes	330.6	300.9
Theoretical tax expense at 30.95%	102.3	93.1
Tax-rate differences	–6.5	–4.8
Tax-rate effects of non-deductible expenses and tax-free income	10.7	14.0
Losses for which no deferred tax assets are capitalized and changes in value adjustments	–2.3	–12.3
Taxes from other accounting periods	4.5	2.6
Income tax expense	**108.7**	**92.6**

The combined income tax rate for Bilfinger Berger SE was 30.95 percent, as in the prior year, consisting of corporate income tax at a rate of 15 percent and the solidarity surcharge, which is levied at a rate of 5.5 percent of the applicable corporate income tax, as well as trade tax at an average municipal multiplier of 432 percent.

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

	Deferred tax assets		Deferred tax liabilities	
	2011	2010	2011	2010
Non-current assets	16.7	21.3	53.3	61.8
Current assets	12.9	17.7	98.3	78.0
Provisions	89.8	83.6	3.6	8.3
Liabilities	19.5	44.9	1.8	1.9
Tax loss carryforwards	56.2	68.6	0.0	0.0
Offsetting	–30.9	–43.1	–30.9	–43.1
Carried in the balance sheet	**164.2**	**193.0**	**126.1**	**106.9**

In 2011, taxes in an amount of €105.0 million (2010: €51.8 million) from measurement issues not affecting profit or loss were offset against equity.

The total amount of deferred tax assets of €164.2 million (2010: €193.0 million) includes future reductions in tax payments in an amount of €56.2 million (2010: €68.6 million) that arise from the expected utilization in future years of existing tax-loss carryforwards. The realization of the tax-loss carryforwards is reasonably certain. Non-capitalized tax-loss carryforwards for corporate income tax (or comparable taxes outside Germany) and for trade tax amount to €63.0 million (2010: €102.5 million) and €63.8 million (2010: €82.5 million) respectively. Thereof €55.6 million (2010: €102.5 million) and €63.8 million (2010: €82.5 million) respectively can be utilized 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.

14. Earnings per share

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

		2011	2010
Net profit		394.1	284.0
Weighted average number of shares issued		44,140,127	44,140,127
Basic / diluted earnings per share	in €	**8.93**	**6.43**
thereof from continuing operations		4.99	4.66
thereof from discontinued operations		3.94	1.77

Notes to the balance sheet*

Due to the classification of 18 concession projects as a disposal group, the assets and liabilities of the fully consolidated concession projects and the carrying amounts of the concession projects accounted for using the equity method are presented at December 31, 2011 under the separate items of 'Assets classified as held for sale (Concessions)' and 'Liabilities classified as held for sale (Concessions).' The changes in numerous items of the balance sheet compared with December 31, 2010 are significantly affected hereby, as the prior-year figures have not been adjusted.

15. Intangible assets

Cost of acquisition or production

	Licenses, software and similar rights and assets	Goodwill	Intangible assets from acquisitions	Advance payments on intangible assets	Total
January 1, 2010	**69.9**	**1,367.9**	**222.9**	**0.7**	**1,661.4**
Changes in the consolidated Group	–0.1	53.2	7.4	0.0	60.5
Additions	7.6	15.3	0.0	0.7	23.6
Disposals	6.7	4.1	2.8	0.0	13.6
Reclassifications	0.5	0.0	0.0	–0.6	–0.1
Currency adjustments	1.1	14.9	6.5	0.0	22.5
Reclassification of Valemus	0.0	–128.8	–7.6	0.0	–136.4
December 31, 2010	**72.3**	**1,318.4**	**226.4**	**0.8**	**1,617.9**

Accumulated amortization and impairment

	Licenses, software and similar rights and assets	Goodwill	Intangible assets from acquisitions	Advance payments on intangible assets	Total
January 1, 2010	**52.7**	**0.0**	**70.2**	**0.0**	**122.9**
Changes in the consolidated Group	–0.2	0.0	0.0	0.0	–0.2
Additions	6.8	0.0	40.8	0.0	47.6
Disposals	6.6	0.0	2.7	0.0	9.3
Reclassifications	0.1	0.0	0.0	0.0	0.1
Write-ups	0.0	0.0	0.0	0.0	0.0
Currency adjustments	0.8	0.0	2.5	0.0	3.3
Reclassification of Valemus	0.0	0.0	–3.8	0.0	–3.8
December 31, 2010	**53.6**	**0.0**	**107.0**	**0.0**	**160.6**
Carrying amount at December 31, 2010	**18.7**	**1,318.4**	**119.4**	**0.8**	**1,457.3**

* Figures in € million, unless otherwise stated.

Cost of acquisition or production

	Licenses, software and similar rights and assets	Goodwill	Intangible assets from acquisitions	Advance payments on intangible assets	**Total**
January 1, 2011	**72.3**	**1,318.4**	**226.4**	**0.8**	**1,617.9**
Changes in the consolidated Group	3.2	113.5	21.0	0.0	137.7
Additions	7.5	3.4	0.0	1.1	12.0
Disposals	2.6	1.1	6.4	0.5	10.6
Reclassifications	0.4	–0.6	0.0	–0.5	–0.7
Currency adjustments	–0.6	0.6	1.6	0.0	1.6
December 31, 2011	**80.2**	**1,434.2**	**242.6**	**0.9**	**1,757.9**

Accumulated amortization and impairment

	Licenses, software and similar rights and assets	Goodwill	Intangible assets from acquisitions	Advance payments on intangible assets	**Total**
January 1, 2011	**53.6**	**0.0**	**107.0**	**0.0**	**160.6**
Changes in the consolidated Group	1.6	0.0	0.0	0.0	1.6
Additions	7.4	0.2	35.6	0.0	43.2
Disposals	2.5	0.0	6.5	0.0	9.0
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	–0.5	0.0	1.0	0.0	0.5
December 31, 2011	**59.6**	**0.2**	**137.1**	**0.0**	**196.9**
Carrying amount at December 31, 2011	**20.6**	**1,434.0**	**105.5**	**0.9**	**1,561.0**

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

	2011	2010
Industrial Services	624	626
Power Services	304	284
Building and Facility Services	474	402
thereof Bilfinger Berger Facility Services	434	360
thereof Bilfinger Berger Government Services	40	42
Construction	32	6
thereof Bilfinger Berger Civil	28	1
thereof Bilfinger Berger Budownictwo	4	5
Total	**1,434**	**1,318**

The recoverable amounts of these units at 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, as approved by the Group's management. The planning is based on past experience, current operating results and the best possible assessment by the Group's management of the future development. Market assumptions are taken into consideration with the use of external macroeconomic and industry-specific sources. For the period thereafter, for the sake of a cautious valuation, constant cash flows have been assumed, whereby future growth opportunities have not been taken into consideration. The discount rate used for the future cash flows is equal to the business segments' cost-of capital rate, as used in our system of return-on-capital-employed controlling. The discount rate used for the business segments Industrial Services, Power Services and Building and Facility Services is, as in 2010, 9.5 percent and for the Construction business segment it is 11.5 percent (2010: 12.5 percent).

A comparison of the recoverable amounts attributed to the units with their carrying amounts including goodwill did not result in any need for impairment; nor would a significant increase in the discount rate or significant negative deviations from the planning premises result in any need to impair goodwill.

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

16. 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**
January 1, 2010	**421.2**	**759.3**	**567.0**	**40.0**	**1,787.5**
Changes in the consolidated Group	–6.4	–16.6	–0.9	0.0	–23.9
Additions	22.4	41.4	53.7	14.9	132.4
Disposals	14.0	26.5	37.0	0.6	78.1
Reclassifications	11.8	28.7	–1.3	–39.1	0.1
Currency adjustments	6.2	12.4	5.8	1.2	25.6
Reclassification of Valemus	–25.6	–160.7	–55.2	0.0	–241.5
December 31, 2010	**415.6**	**638.0**	**532.1**	**16.4**	**1,602.1**

Accumulated depreciation and impairment

	Land and buildings	Technical equipment and machinery	Other equipment office equipment	Advance payments and assets under construction	**Total**
January 1, 2010	**159.7**	**478.0**	**353.9**	**0.0**	**991.6**
Changes in the consolidated Group	–3.6	–14.2	–1.0	0.0	–18.8
Additions	12.8	55.6	49.3	0.0	117.7
Disposals	7.1	22.3	35.3	0.0	64.7
Write-ups	0.0	0.0	0.0	0.0	0.0
Reclassifications	–0.7	2.9	–2.3	0.0	–0.1
Currency adjustments	1.8	6.8	1.1	0.0	9.7
Reclassification of Valemus	–5.9	–62.7	–27.2	0.0	–95.8
December 31, 2010	**157.0**	**444.1**	**338.5**	**0.0**	**939.6**
Carrying amount at December 31, 2010	**258.6**	**193.9**	**193.6**	**16.4**	**662.5**
thereof, finance leases **Carrying amount at December 31, 2010**	**22.8**	**0.8**	**6.6**	**0.0**	**30.2**

Cost of acquisition or production

	Land and buildings	Technical equipment and machinery	Other equipment office equipment	Advance payments and assets under construction	**Total**
January 1, 2011	**415.6**	**638.0**	**532.1**	**16.4**	**1,602.1**
Changes in the consolidated Group	2.2	8.8	–0.7	0.6	10.9
Additions	4.6	42.3	65.4	6.0	118.3
Disposals	6.0	29.3	25.0	0.0	60.3
Reclassifications	–0.7	18.6	–2.6	–15.3	0.0
Currency adjustments	–5.1	–8.9	–2.6	–0.2	–16.8
Reclassification of disposal group Concessions	0.0	–0.1	0.0	0.0	–0.1
December 31, 2011	**410.6**	**669.4**	**566.6**	**7.5**	**1,654.1**

Accumulated depreciation and impairment

	Land and buildings	Technical equipment and machinery	Other equipment office equipment	Advance payments and assets under construction	**Total**
January 1, 2011	**157.0**	**444.1**	**338.5**	**0.0**	**939.6**
Changes in the consolidated Group	3.1	5.0	–1.0	0.0	7.1
Additions	10.3	55.4	52.0	0.0	117.7
Disposals	2.9	24.9	22.7	0.0	50.5
Write-ups	0.0	0.0	0.0	0.0	0.0
Reclassifications	0.4	4.0	–4.4	0.0	0.0
Currency adjustments	–0.9	–3.8	–2.0	0.0	–6.7
Reclassification of disposal group Concessions	0.0	–0.1	0.0	0.0	–0.1
December 31, 2011	**167.0**	**479.7**	**360.4**	**0.0**	**1,007.1**
Carrying amount at December 31, 2011	**243.6**	**189.7**	**206.2**	**7.5**	**647.0**
thereof, finance leases **Carrying amount at December 31, 2011**	**22.1**	**0.7**	**3.9**	**0.0**	**26.7**

Finance-lease transactions in the reporting period mainly involve land and buildings with contract periods of up to 30 years.

The payment obligation resulting from finance leases 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
2011				
Lease payments	3.6	8.5	16.4	28.5
Interest portion	0.3	1.4	8.4	10.1
Carrying amount / present value	**3.3**	**7.1**	**8.0**	**18.4**
2010				
Lease payments	3.9	10.0	19.2	33.1
Interest portion	0.5	2.2	9.6	12.3
Carrying amount / present value	**3.4**	**7.8**	**9.6**	**20.8**

17. Investments accounted for using the equity method

Investments accounted for using the equity method comprise associates and joint ventures.

In line with the proportionate equity interests held in associates, the following amounts are to be attributed to the Group:

Associates

	2011	2010
Non-current assets	972.3	762.1
Current assets	373.3	379.8
Non-current liabilities	880.1	604.8
Current liabilities	477.7	497.4
Revenue	676.8	584.1
Profit for the year	21.3	18.1
Guarantees from Bilfinger Berger	10.4	10.8

The most important associates in 2011 are the construction company Julius Berger Nigeria PLC., Abuja, Nigeria (carrying amount based on the interim financial statements as of September 30, 2011 and extrapolated for December 31, 2011) , and the concessions companies M6 Tolna Autópálya Koncessziós Zrt, Budapest, Hungary; M6 Duna Autópálya Koncessziós Rt., Budapest, Hungary; A1 Mobil GmbH & Co. KG, Sittensen, Germany; and Southern Way Asset Management Nominees Pty Ltd., North Sydney, Australia.

The fair value (stock-exchange price) of the shares in Julius Berger Nigeria held by Bilfinger Berger at December 31, 2011 amounts to €91.6 million.

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

Joint ventures

	2011	2010
Non-current assets	366.7	998.0
Current assets	23.6	47.9
Non-current liabilities	378.4	1,047.3
Current liabilities	38.4	77.1
Revenue	72.0	160.3
Expenses	69.3	156.2
Guarantees from Bilfinger Berger	2.0	1.9

The most important joint venture in 2011 is the concession company Agder OPS Finansselskap AS, Lillesand, Norway.

Outstanding equity commitments to concession projects accounted for as joint ventures amount to €38.8 million (2010: €56.9 million).

18. Receivables from concession projects

Receivables from concession projects represent all services provided in connection with the construction of public-private partnership (PPP) projects for which fixed payments have been agreed irrespective of the extent of use. Due to the length of the payment plans, receivables are measured at the present value of amortized cost. The annual accumulation of interest on these discounted amounts is presented as interest income under other operating income. Grantors' 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 presented.

The capitalized amounts from concession projects have corresponding items in non-recourse liabilities. These amounts are presented under financial debt, thereof €338.7 million as non-current (2010: €1,624.1 million) and €8.7 million as current (2010: €19.3 million).

Receivables from concession projects are comprised as follows:

	2011	2010
Receivables from concession projects	372.4	1,782.7
Receivables from project-financing funds not yet applied	4.6	5.8
	377.0	**1,788.5**
Non-recourse financial liabilities	**347.4**	**1,643.4**

Receivables decreased by €1,504.9 million and non-recourse financial debt decreased by €1,415.0 million due to the classification of 10 fully consolidated projects as a disposal group.

The fully consolidated concession projects presented under receivables from concession projects are:

	Investment volume	Bilfinger Berger's share of project	Project status	Period of concession
	€ million	in %		
Transport infrastructure				
M1 Westlink, United Kingdom	230	75	in operation	2009 – 2036
Northeast Stoney Trail, Canada	293	100	in operation	2009 – 2039
Building construction				
Lagan College & Tor Bank School, United Kingdom	50	70	under construction	2012 – 2038
Women's College Hospital, Canada	350	100	under construction	2015 – 2045

Concession fees are dependent on the availability of the transport infrastructure or building, are paid by the grantor and are inflation indexed. The concession agreements are design-build-finance-operate contracts and also include the obligation to perform maintenance and major repairs. At the end of the concession period, the transport infrastructures and buildings are transferred to the grantor. There are generally no extension or termination options.

19. Other financial assets

	2011	2010
Loans	105.3	164.5
Equity interests (available for sale, at cost)	6.7	11.9
Derivative financial instruments in hedging relationships	9.0	6.3
Securities (available for sale)	56.2	0.9
Securities (Held-to-maturity)	2.6	2.6
Other financial assets	92.8	74.1
Total	**272.6**	**260.3**

Loans are primarily equity bridge loans to concession companies.

Equity interests (available for sale, at cost) include shares in non-listed companies, which are measured at cost of acquisition.

The increase in securities (available for sale) primarily relates to the acquisition of a 19.9 percent equity interest in the listed investment fund Bilfinger Berger Global Infrastructure SICAV S.A.

Derivative financial instruments include positive market values of currency hedges relating to projects.

Other assets primarily comprise amounts that serve to fulfill pension obligations, as well as monies deposited for the fulfillment of obligations to make capital contributions in the Concessions business segment.

20. Inventories

Inventories are comprised as follows:

	2011	2010
Real-estate properties held for sale	20.0	10.8
Finished goods and work in progress	11.0	6.6
Raw materials and supplies	99.2	87.8
Advance payments made	68.8	93.9
Total	**199.0**	**199.1**

21. Receivables and other financial assets

	2011	2010
Trade receivables		
including receivables from percentage of completion	1,552.2	1,355.0
Receivables from consortiums and joint ventures	55.4	80.8
Receivables from companies in which shares are held	25.5	24.3
	1,633.1	**1,460.1**
Derivatives		
in hedging relationships	3.0	0.6
not in hedging relationships	7.2	13.1
	10.2	**13.7**
Securities (available for sale)	0.6	0.7
Other financial, non-derivative assets	98.1	119.2
Total	**1,742.0**	**1,593.7**

Construction contracts measured according to the percentage of completion but not yet finally invoiced are recognized as follows:

	2011	2010
Costs incurred plus recognized profits	4,957.5	4,496.5
Less advance billings	4,905.0	4,480.9
Balance	**52.5**	**15.6**
thereof costs incurred and estimated earnings in excess of billings	368.0	315.0
thereof liabilities from percentage of completion	315.5	299.4

The amount of costs incurred and estimated earnings in excess of billings is included under trade receivables.

Advance payments received totaled €4,683.3 million in 2011 (2010: €4,242.9 million).

Details of days overdue and impairments of trade receivables are as follows:

	2011	2010
Receivables neither overdue nor impaired	1,267.7	1,014.0
Receivables overdue but not impaired		
less than 30 days	154.6	201.8
30 to 90 days	42.4	63.0
91 to 180 days	35.6	16.6
more than 180 days	47.6	52.3
	280.2	**333.7**
Residual value of impaired receivables	4.3	7.3
Total	**1,552.2**	**1,355.0**

Impairments of trade receivables for default risks developed as follows:

	2011	2010
Opening balance	**33.8**	**40.0**
Changes in the consolidated Group, currency differences	–3.3	–4.4
Allocations (impairment losses)	8.3	13.7
Utilization	4.7	5.5
Withdrawals (gains on impairment reversals)	6.5	10.0
Closing balance	**27.6**	**33.8**

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

No default risk is recognizable for the receivables that are not impaired.

Other *financial non-derivative assets* comprise receivables and assets outside the field of supplying goods and services.

22. Other assets

Other assets include value-added tax claims of €27.0 million (2010: €34.9 million) and prepaid expenses of €22.6 million (2010: €23.5 million).

23. Cash and cash equivalents

Cash and cash equivalents include bank deposits of concession companies of €24.0 million (2010: €69.1 million), to be applied in accordance with project-specific financing agreements.

The average variable interest rate for cash and cash equivalents was 0.88 percent (2010: 0.48 percent).

24. Equity

The classification of equity and changes in equity are presented in the consolidated statement of changes in equity.

Share capital amounts to €138.1 million, unchanged from the end of 2010. It is divided into 46,024,127 bearer shares with an arithmetical value of €3.00 per share.

By resolution of the Annual General Meeting of April 15, 2010, the Executive Board is authorized with the consent of the Supervisory Board until April 14, 2015 to increase the share capital of the company by up to €69.0 million (Approved Capital 2010). The capital increase serves to issue new shares against cash and / or non-cash contributions.

Also by resolution of the Annual General Meeting of April 15, 2010, the share capital was increased by up to €13.8 million by the issue of up to 4,602,412 new bearer shares with a proportionate amount of the share capital of €3.00 per share (Contingent Capital 2010). It serves to grant shares upon the exercise of conversion rights or option rights or upon the fulfillment of conversion obligations or option obligations in connection with bonds.

With the approval of the Supervisory Board and on the basis of the authorization granted by the Annual General Meeting of May 23, 2007, the Executive Board of Bilfinger Berger SE, bought back 1,884,000 shares through the stock exchange at an average price of €53.07 per share in February 2008. This represents 4.094 percent of the current voting rights. The shares are held as treasury shares and there is currently no intention to cancel them.

We refer to the explanation given in the management report pursuant to Section 289 Subsection 4 and Section 315 Subsection 4 of the German Commercial Code (HGB) 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 and use the Company's own shares.

Retained earnings and distributable earnings

	2011	2010
Retained and distributable earnings	247.0	115.1
Actuarial gains / losses	–5.5	–1.4
Other retained earnings	1,096.0	947.6
Total	**1,337.5**	**1,061.3**

Distributable earnings and proposal on the appropriation of earnings

It is proposed that the reported distributable earnings of Bilfinger Berger SE of the 2011 financial year of €247.0 million be appropriated as follows:

Distribution of a dividend of €2.50 plus a bonus of €0.90, together €3.40 per dividend-entitled share	150.1
Carried forward to new account	96.9
Retained and distributable earnings	247.0

This proposal on the appropriation of earnings is based on the dividend-entitled share capital at February 28, 2012 of €132.4 million (divided into 44,140,127 ordinary shares). Due to a change in the number of treasury shares, the number of dividend-entitled shares may change by the time of the resolution on the appropriation of distributable earnings by the Annual General Meeting. In that case, the Executive Board and the Supervisory Board will make a correspondingly adjusted proposal to the Annual General Meeting on the appropriation of distributable earnings with an unchanged dividend of €3.40 per share.

Actuarial gains and losses include the deviations between the retirement benefit obligation anticipated at the beginning of the year and the actual obligation at the end of the year, which are fully included in the retirement benefit obligation, as well as the difference between the income on plan assets anticipated at the beginning of the year and the actual income during the year. The accumulated actuarial losses recognized in equity and attributable to the shareholders of Bilfinger Berger SE amount to €6.3 million before deferred taxes (2010: €2.7 million) and €5.5 million after consideration of deferred taxes (2010: €1.4 million).

Other reserves

The *fair valuation of securities reserve* includes the unrealized gains and losses on financial assets classified as available for sale and primarily relates to shares in listed investment funds.

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

The *currency translation reserve* reflects all currency differences arising from the translation of financial statements of foreign subsidiaries.

25. Retirement benefit obligation

For the employees of Bilfinger Berger SE and of some German subsidiaries, defined-contribution pension commitments exist with a guaranteed minimum interest rate on contributions paid into a contractual trust arrangement (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.

Pension plans at foreign companies of the Group are accounted for in accordance with the provisions of IAS 19 either as defined-benefit plans or as defined-contribution plans. If the obligation is solely to make the contributions, there is no need to recognize a pension obligation in the balance sheet. In those cases in which the conditions set by IAS 19 are not fulfilled, the pension plans are accounted for as defined-benefit plans. Pension provisions are valued on the balance sheet date using actuarial techniques according to the projected-unit-credit method, taking future developments into consideration. The calculations are subject to biometric accounting principles – in Germany the Guideline Table 2005 G by Klaus Heubeck – and are primarily based on the following assumptions:

	2011	2010
Applicable interest rates (euro countries)	5.00 %	5.00 %
Applicable interest rates (non-euro countries, weighted)	2.70 %	2.90 %
Expected annual increase in incomes	2.75 %	2.50 %
Expected annual increase in pensions	1.50 %	1.50 %

We utilize the option of accounting for actuarial gains and losses in line with the 'third option' offered by IAS 19.93A as part of the retirement benefit obligation recognized in other comprehensive income. This means that the retirement benefit obligation is shown in the amount of the present value of the actual obligation (defined benefit obligation). The full recognition of actuarial gains and losses in the balance sheet means that the financial position is reflected more accurately in the balance sheet because hidden reserves or obligations are now revealed. In 2011, actuarial losses of €3.6 million were recognized in other comprehensive income (2010: losses of €17.3 million). Accumulated over time, the net actuarial losses recognized in other comprehensive income amount to €6.3 million (2010: losses of €2.7 million).

To the extent that claims to pension benefits are covered by plan assets, the value of the plan assets is deducted from the obligation to obtain the balance sheet amount. The market value of the plan assets amounted to €252.5 million at the balance sheet date (2010: €244.5 million). It comprises cash and cash equivalents (€19.3 million), bonds (€170.8 million), shares (€23.6 million), real estate (€16.3 million) and other assets (€22.5 million).

Pension plans	2011		2010	
	Funded by plan assets	Un-funded	Funded by plan assets	Un-funded
Provisions on January 1 (before deduction of plan assets)	**248.5**	**291.0**	**224.0**	**270.2**
Defined benefit obligations on January 1	**248.5**	**291.0**	**224.0**	**270.2**
Service costs	8.4	5.9	8.7	6.0
Past service cost	0.0	0.0	1.0	0.1
Interest expense	10.3	13.9	10.4	14.1
Pension payments	–11.3	–15.3	–14.2	–13.4
Settlements	–1.8	–0.8	–0.2	–0.2
Currency adjustments	2.0	0.0	12.5	1.8
Changes in the consolidated Group / other	0.7	2.0	–1.4	3.4
Actuarial gains (-) / losses (+)	–2.7	3.3	7.7	9.0
Defined benefit obligations on December 31	**254.1**	**300.0**	**248.5**	**291.0**
Fair value of plan assets on January 1	**244.5**		**223.5**	
Expected income from plan assets	8.6		8.6	
Pension payments	–11.3		–14.2	
Allocated to fund from employee contributions	4.0		5.0	
Allocated to fund from company contributions	11.0		11.8	
Settlements	–1.5		0.0	
Currency adjustments	1.6		10.4	
Changes in the consolidated Group / other	–1.4		0.0	
Actuarial gains (-) / losses (+)	–3.0		–0.6	
Fair value of plan assets on December 31	**252.5**		**244.5**	

Pension plans	2011		2010	
	Funded by plan assets	Un-funded	Funded by plan assets	Un-funded
Defined benefit obligations on December 31	254.1	300.0	248.5	291.0
Plan assets on December 31	252.5		244.5	
Funded status on December 31	**–1.6**	**–300.0**	**–4.0**	**–291.0**
Amount capitalized on December 31	**22.9**		**17.6**	
Provision recognized on December 31	**24.5**	**300.0**	**21.7**	**291.0**
Past service cost	**0.0**	**0.0**	**0.0**	**0.0**

Pension plans		2009		2008		2007
	Funded by plan assets	Un-funded	Funded by plan assets	Un-funded	Funded by plan assets	Un-funded
Defined benefit obligations on December 31	224.0	270.2	145.2	217.7	135.4	135.4
Plan assets on December 31	223.5		167.0		159.8	
Funded status on December 31	**–0.5**	**–270.2**	**21.8**	**–217.7**	**24.4**	**–135.4**
Amount capitalized on December 31	**16.0**		**23.0**		**24.6**	
Provision recognized on December 31	**16.5**	**270.2**	**1.1**	**217.7**	**0.0**	**135.4**
Past service cost	**0.0**	**0.0**	**0.1**	**0.0**	**0.2**	**0.0**

The net pension benefit expense for funded and unfunded pension plans is comprised as follows:
The defined contribution pension expense amounted to €10.3 million (2010: €9.1 million).

	2011	2010
Current service cost	14.3	14.7
Interest expense	24.2	24.5
Expected income from plan assets	–8.6	–8.6
Past service costs	0.0	1.1
Net pension benefit expense	**29.9**	**31.7**

In the income statement, service costs are posted under EBIT and the interest expense from the addition to the defined benefit obligation is posted under net interest result. Expected income from plan assets of €8.6 million (2010: €8.6 million) was posted under the net interest result. Based on a long-term investment strategy, this represents a return on plan assets of 3.5 percent (2010: 3.9 percent). The income actually achieved from plan assets in 2011 amounted to €5.6 million (2010: €8.0 million). As a result of experience-based adjustments, the defined benefit obligation increased by €1.4 million.

The pension payments expected in subsequent years are as follows:
Plan assets of approximately €253 million are available for future payments out of funded pension plans (2010: €245 mil-

Expected pension payments	2012	2013	2014	2015	2016	2017-2021
	25	25	28	29	31	175

lion).

Contributions of €112 million were paid to state pension insurance institutions (2010: €117 million).

26. Current tax liabilities and provisions

Maturities of current tax liabilities and provisions

	Deferred tax liabilities	Provisions	Total
Balance at January 1, 2011	**118.1**	**704.9**	**823.0**
Utilization	59.0	258.5	317.5
Release	2.9	44.1	47.0
Additions	31.8	413.6	445.4
Currency differences	0.1	2.0	2.1
Changes in the consolidated Group	0.5	–2.4	–1.9
Reclassification of disposal group (Concessions)	–0.1	0.0	–0.1
Balance at December 31, 2011	**88.5**	**815.5**	**904.0**

The increase in provisions for other uncertain liabilities is due to the risk provision for obligations assumed in connection

	Non-current		Current		Total	
	2011	**2010**	**2011**	**2010**	**2011**	**2010**
Deferred tax liabilities	**0.0**	**0.0**	**88.5**	**118.1**	**88.5**	**118.1**
Provisions	**60.0**	**71.5**	**755.5**	**633.4**	**815.5**	**704.9**
Risks relating to contracts, warranties and litigation	17.1	26.7	388.6	380.3	405.7	407.0
Personnel-related obligations	20.6	21.9	91.0	101.8	111.6	123.7
Other uncertain liabilities	22.3	22.9	275.9	151.3	298.2	174.2
Total	**60.0**	**71.5**	**844.0**	**751.5**	**904.0**	**823.0**

with the disposal of Valemus Australia.

93.4 percent of the total cash flow for current tax liabilities and provisions is expected to be in the following year (2010: 91.3 percent), 3.8 percent in the years 2013 through 2016 (2010: 4.8 percent) and 2.9 percent thereafter (2010: 3.9 percent).

27. Financial debt

Project-related non-recourse financing is taken out solely on the respective financed project, without any recourse to Bil-

	Non-current		Current		Total	
	2011	2010	2011	2010	2011	2010
Project-financing debt (non-recourse)	171.0	475.3	7.1	9.9	178.1	485.2
Bank debt (non-recourse)	167.7	1,148.8	1.6	9.4	169.3	1,158.2
Financial debt, non-recourse	**338.7**	**1,624.1**	**8.7**	**19.3**	**347.4**	**1,643.4**
Bank debt (recourse)	166.3	166.1	1.2	85.5	167.5	251.6
Finance leases	15.1	17.4	3.3	3.4	18.4	20.8
Financial debt, recourse	**181.4**	**183.5**	**4.5**	**88.9**	**185.9**	**272.4**

finger Berger.

The change in non-recourse financing debt includes €1,415.0 million relating to the reclassification of financial debt from the fully consolidated concession projects classified as a disposal group.

Bank debt (recourse) relates to the ongoing tranches, due on July 1, 2013, of a promissory-note loan placed in 2008. The tranche of €84 million falling due in 2011 was repaid in 2011.

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

For financial liabilities with fixed interest rates, the average interest rate on the balance sheet date for non-recourse debt

	Variable interest rate		Fixed interest rate						Total	
			< 1 year		1-5 years		> 5 years			
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
Non-recourse financing	**8.7**	**34.0**	**0.0**	**0.0**	**0.0**	**0.0**	**338.7**	**1,609.4**	**347.4**	**1,643.4**
Other financing	1.5	76.1	0.0	9.5	166.0	166.0	0.0	0.0	167.5	251.6
Finance leases	0.0	0.0	3.3	3.4	7.1	7.8	8.0	9.6	18.4	20.8
Recourse financing	**1.5**	**76.1**	**3.3**	**12.9**	**173.1**	**173.8**	**8.0**	**9.6**	**185.9**	**272.4**

was 5.53 percent (2010: 5.25 percent), for other debt it was 6.00 percent (2010: 6.00 percent) and for finance leasing it was 5.21 percent (2010: 5.50 percent). Financing with variable interest rates is shown as fixed-interest financial debt to the extent that interest-rate swaps have been concluded.

28. Other financial liabilities

The decrease in liabilities from derivatives in hedging relationships is primarily the result of the classification of fully

	2011	2010
Liabilities from derivatives, non-current		
in hedging relationships	76.9	190.2
not in hedging relationships	1.6	0.3
	78.5	190.5
Other non-current financial, non-derivative liabilities	49.5	21.5
Total non-current financial liabilities	**128.0**	**212.0**
Liabilities		
from trade	963.3	863.8
from percentage of completion	315.5	299.4
to joint ventures and consortiums	188.2	181.0
to companies in which equity is held	49.8	92.8
	1,516.8	1,437.0
Liabilities from derivatives, current		
in hedging relationships	2.9	8.9
not in hedging relationships	6.6	16.8
	9.5	25.7
Other current financial, non-derivative liabilities	303.0	337.4
Total current financial liabilities	**1,829.3**	**1,800.1**

consolidated concession projects as a disposal group. The derivatives are now presented under liabilities classified as held for sale (Concessions).

29. Other liabilities

30. Additional information on financial instruments

	2011	2010
Value-added tax	136.4	114.0
Personnel obligations	97.4	81.0
Social-security levies	36.4	35.5
Deferred income and / or accrued expenses	16.7	21.0
Total	**286.9**	**251.5**

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

For cash and cash equivalents, current receivables and liabilities and current other financial non-derivative assets and li-

		2011		2010	
Assets	IAS 39 category	Carrying value	Fair value	Carrying value	Fair value
Receivables from concession projects	LaR	377.0	525.9	1,788.5	2,016.0
Equity interests (available for sale, at cost)	AfS-aC	6.7	–	11.9	–
Receivables	LaR	1,633.1	1,633.1	1,460.1	1,460.1
Other financial, non-derivative assets	LaR	296.2	296.3	357.8	357.8
Securities	AfS	56.8	56.8	1.6	1.6
Securities	HtM	2.6	2.6	2.6	2.6
Cash and cash equivalents	LaR	846.6	846.6	537.5	537.5
Derivative financial instruments					
in hedging relationships	(Hedge)	12.0	12.0	6.9	6.9
not in hedging relationships	FAHfT	7.2	7.2	13.1	13.1
Liabilities					
Financial debt, non-recourse	FLAC	347.4	353.0	1,643.4	1,642.1
Financial debt, recourse, excluding finance leases	FLAC	167.5	167.5	251.6	251.6
Finance leases, recourse	(IAS 17)	18.4	18.6	20.8	24.3
Liabilities	FLAC	1,516.8	1,516.8	1,437.0	1,437.0
Other financial, non-derivative liabilities	FLAC	352.5	357.1	358.9	367.4
Derivative financial instruments					
in hedging relationships	(Hedge)	79.8	79.8	199.1	199.1
not in hedging relationships	FLHfT	8.2	8.2	17.1	17.1
Aggregated according to valuation categories					
Loans and receivables	LaR	3,152.9	3,302.0	4,143.9	4,371.4
Available-for-sale financial assets	AfS	56.8	56.8	1.6	1.6
Available-for-sale financial assets at cost	AfS-aC	6.7	–	11.9	–
Held-to-maturity financial investments	HtM	2.6	2.6	2.6	2.6
Financial assets held-for-trading	FAHfT	7.2	7.2	13.1	13.1
Financial liabilities held-for-trading	FLHfT	8.2	8.2	17.1	17.1
Financial liabilities at amortized cost	FLAC	2,384.2	2,394.4	3,690.9	3,698.1

abilities, 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 measurement categories *loans and* *receivables, held-to-maturity financial investments* and *financial liabilities at amortized cost*, correspond with the present values calculated using current market-based interest-rate parameters.

Equity interests are measured at cost of acquisition, as fair values cannot be reliably determined.

Hierarchy of fair values by measurement method:

The fair values of financial instruments are measured with the use of one of the three methods described in the following three levels, whereby Level 3 is not currently relevant for Bilfinger Berger:

Level 1: quoted prices in active markets for identical assets or liabilities
Level 2: other methods by which all inputs that have a material influence on the determined fair value are based on direct or indirect market data
Level 3: methods that use inputs with a material influence on the determined fair value that are not based on observable market data

The financial instruments measured at fair value are allocated to the following levels at December 31, 2011 and 2010:

				2011			2010
Assets	IAS 39 category	**Total**	**Level 1**	**Level 2**	**Total**	**Level 1**	**Level 2**
Securities	AfS	**56.8**	56.8	0.0	**1.6**	1.6	0.0
Derivatives in hedging relationships	(Hedge)	**12.0**	0.0	12.0	**6.9**	0.0	6.9
Derivatives in non-hedging relationships	FAHfT	**7.2**	0.0	7.2	**13.1**	0.0	13.1
		76.0	**56.8**	**19.2**	**21.6**	**1.6**	**20.0**
Liabilities							
Derivatives in hedging relationships	(Hedge)	**79.8**	0.0	79.8	**199.1**	0.0	199.1
Derivatives in non-hedging relationships	FLHfT	**8.2**	0.0	8.2	**17.1**	0.0	17.1
		88.0	**0.0**	**88.0**	**216.2**	**0.0**	**216.2**

Net earnings from financial instruments classified according to IAS 39 measurement categories are as follows:

Valuation category	IAS 39 category	**2011**	**2010**
Loans and receivables	LaR	0.1	–17.7
Available-for-sale financial assets	AfS	1.3	–2.5
Financial instruments held for trading	FAHfT & FLHfT	–5.6	28.1
Financial liabilities at amortized cost	FLAC	4.0	–13.7

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

The net earnings of the measurement category *loans and receivables* include impairments, reversals and income / expense from currency translation.

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

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

The net earnings of the measurement 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 account for allowances for non-collection of trade receivables.

31. Risks related to financial instruments, financial risk management and hedging relationships

We monitor financial risks (default risks, liquidity risks and market-price risks) with proven control mechanisms that allow for timely and transparent reporting. The Group's reporting system guarantees the regular identification, analysis, assessment and management of financial risks by Group Treasury. All relevant equity interests and joint ventures are included in this monitoring. There is no extraordinary concentration of risk.

Default risk is the risk that a contracting party of a financial instrument does not fulfill its payment obligations. Substantial counterparty risks can arise in connection with the investment of liquid funds and the application of derivative financial instruments. To limit such risks, we enter into financial transactions exclusively with banks that have a rating of at least A-. In addition, on the basis of an internal limit system, a diversification of volumes and maturities takes place. Our risk consideration also includes the loss of pre-approved but not yet utilized financing in the project business. The risk of default on receivables in our business operations is regularly monitored and controlled by the companies of the Group. In this context, use is made for example of guarantees and sureties. 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. Liquidity risks are monitored and managed centrally at the Group on the basis of rolling 12-month cash-flow planning. Within the context of central financing, Bilfinger Berger SE is available to its subsidiaries as a lender of last resort. In Europe, with the exception of less economically relevant regions, the Group's internal equalization of liquidity is supported by cross-border cash pooling. Investment financing is carried out with consideration of matching maturities. Of the €250 million promissory note loan placed for this purpose in 2008, the first tranche of €84 million was repaid in 2011 as due. The remaining tranches totaling €166 million are due in 2013. To finance working capital, we have a €500 million pre-approved credit line at attractive conditions that is in place until 2016. The credit lines available for the execution of our project and services business continue to be appropriate to support our future corporate growth. The syndicated credit line of €950 million that expired in 2011 was replaced with long-term bilateral credit lines of €1.8 billion available until 2014. In addition, we also have short-term bilateral credit lines. All credit commitments can be called due prematurely in the case of a change of control. The long-term credit agreements include a financial covenant in the form of a limitation of the dynamic gearing ratio. Any breach can lead directly or, through cross-default clauses, indirectly to the repayment call of all financing on a recourse basis. At no time did such a threat exist. The long-term debt in our concessions business is solely on a non-recourse basis, so lenders have no access to Bilfinger Berger's assets or cash flows beyond the respective project companies.

The following chart shows the future contractual undiscounted payments on financial liabilities as of December 31, 2011 and December 31, 2010 (repayments, capital repayments, interest and derivatives with negative fair values). With derivative financial liabilities to be fulfilled on a gross basis (currency derivatives), payments received and payments made are shown; with derivative financial liabilities to be fulfilled on a net basis (interest-rate and commodity derivatives), net payments are shown, whereby the cash flows on the variable side are calculated via the respective forward interest rates.

2011	Book value	Total	2012	2013	2014	2015-2018	> 2018
Financial debt, non-recourse	347.4	**705.6**	42.9	21.7	34.2	85.8	521.0
Financial debt, recourse, excluding finance leases	167.5	**176.5**	6.4	170.0	0.1	0.0	0.0
Finance leases, recourse	18.4	**29.0**	5.4	2.4	1.4	4.3	15.5
Liabilities	1,516.8	**1,516.8**	1,507.8	1.0	6.3	1.6	0.1
Other financial, non-derivative liabilities	352.5	**363.7**	312.0	5.2	28.8	6.6	11.1
Derivative financial liabilities to be fulfilled on a net basis	74.5	**92.1**	10.9	13.1	8.3	21.0	38.8
Derivative financial liabilities to be fulfilled on a gross basis	13.5						
Payments received		**620.2**	607.3	4.6	4.8	3.5	0.0
Payments made		**623.8**	608.7	5.4	5.7	4.0	0.0
		3.6	1.4	0.8	0.9	0.5	0.0

2010	Book value	Total	2011	2012	2013	2014-2017	> 2017
Financial debt, non-recourse	1,643.4	**3,225.4**	153.5	114.3	108.9	557.8	2,290.9
Financial debt, recourse, excluding finance leases	251.6	**268.4**	91.1	6.0	171.1	0.1	0.1
Finance leases, recourse	20.8	**31.8**	6.0	2.6	1.9	4.6	16.7
Liabilities	1,437.0	**1,437.0**	1,432.2	1.8	1.2	1.3	0.5
Other financial, non-derivative liabilities	358.9	**376.3**	343.9	5.4	4.4	3.0	19.6
Derivative financial liabilities to be fulfilled on a net basis	190.1	**205.6**	42.1	36.6	27.3	43.2	56.4
Derivative financial liabilities to be fulfilled on a gross basis	26.1						
Payments received		**1,072.5**	1,030.5	30.4	3.4	8.2	0.0
Payments made		**1,085.5**	1,041.3	30.8	3.9	9.5	0.0
		13.0	10.8	0.4	0.5	1.3	0.0

With its international operations, the Bilfinger Berger Group is subject to various *market-price risks,* relating in particular to currency exchange rates, interest rates, raw-materials prices and the market values of financial investments. Our central risk management allows us to offset cash flows and financial positions 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. Fundamental questions of risk management such as defining or reviewing methods, limits or risk strategies are dealt with by a steering committee with the direct involvement of the Executive Board.

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 risks relating to foreign-currency cash flows and balance sheet items denominated in foreign currencies. We generally hedge against transaction risks in the project business for the entire project period immediately after a contract is received. In some cases this is already done during the bidding phase. Risk management takes place with the use of specified risk limits for outstanding foreign-exchange items, their value at risk and marked-to-market results. All future cash flows that are not denominated in the functional currency of the respective company of the Group are subject to currency risk.

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, when required, adjusting the composition of recourse liabilities subject to fixed and variable interest rates. We assess risks with consideration of future needs for new financing or refinancing on the basis of a cash-flow-at-risk model. The borrowing costs budgeted within the scope of the cost-of-capital model serve as a point of reference. To manage this, we generally apply derivative financial instruments such as interest-rate swaps and swaptions. In the area of non-recourse project financing, however, liabilities are hedged with full maturity matching with the use of interest-rate swaps. Changes in market value occurring in this context must be reflected in the balance sheet, but they have no impact on the success of the relevant project or on the Group's cash flows. Inflation risks are subsumed under interest-rate risk. Inflation risk is the risk that the fair values or future payments of financial instruments might change due to movements in inflation rates or price indices.

Raw-material price risk is the risk of changes in the market prices of those raw materials that the Group purchases. Whenever possible, hedging against price fluctuations of raw materials is undertaken on the basis of fixed-price agreements for deliveries or sliding-price clauses for consumption at a physical level. If this is not possible, hedging is carried out with the use of commodity swaps, for diesel fuel or bitumen, for example.

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 percent will not be exceeded during the next five days. The calculation takes place on the basis of the variance-covariance approach. The value at risk is the maximum possible loss on the basis of the specified parameters, but does not make a statement on the distribution of loss or expected extent of loss if it is actually exceeded.

When calculating the value at risk for currency risks, potential changes 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 and currency derivatives are taken into consideration. The decrease compared with 2010 primarily reflects the termination of hedging of the disposal proceeds for the sale of Valemus Australia.

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. As this mainly involves interest-rate swaps designated as hedging instruments in the context of cash-flow hedges, the risk of a change in interest rates mainly relates to income and expense recognized in other comprehensive income (unrealized gains / losses on hedging instruments) and not to profit and loss.

The periodic effects are determined by relating the hypothetical changes in the risk variables to the volume of financial instruments held on the balance sheet date. It is assumed that the volume at the balance sheet date is representative for the whole year.
Due to the consistent application of the financing policy, there were no negative effects on the Group's financial position

Value-at-Risk

	2011	2010
Currency risk	3.8	11.8
Interest-rate risk	22.6	17.7

or earnings also in 2011.

Hedging instruments

IAS 39 includes special accounting regulations that are intended to avoid a presentation of hedging relationships that does not properly reflect the financial situation by synchronizing or compensating for changes in the values of the underlying hedged items and hedging instruments *(hedge accounting)*. Hedge accounting is applied if there are permissible hedged items and hedging instruments and a permissible hedging relationship, documentation of the hedging relationship, and evidence of an effective hedging context. An effective hedging relationship exists if changes in the value of the hedged item are largely compensated for by changes in the value of the hedging instrument.

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 and inflation risks primarily in connection with the financing of private-sector concession projects. Variable-interest payments are transformed into fixed-interest payments with the use of interest swaps and variable inflation-indexed payments are transformed into payments with fixed price increases with the use of inflation swaps. In addition, cash-flows hedges are used to hedge against currency risks for firm commitments off the balance sheet.

During the year 2011, unrealized losses on the valuation of derivative financial instruments of €235.5 million were recognized in other comprehensive income (2010: losses of €171.9 million). In this period, losses of €26.0 million were reclassified into interest result on concession projects, net interest result and earnings from discontinued operations (2010: losses of €117.2 million). In addition, net profit for the year 2011 includes a loss of €0.7 million from the measurement of derivative financial instruments that were hedge ineffective pursuant to IAS 39 (2010: gain of €0.1 million).

The following overview shows when the hedged interest payments to be made (variable interest-bearing non-recourse financial debt from concession projects and variable interest-bearing components of the recourse promissory-note loan) and when the hedged inflation-indexed payments to be received from concession projects actually flow and are recognized in profit and loss:

The payments to be made for firm commitments hedged against currency risks amount to €17.6 million in 2012 (2010: €9.3

Expected interest payments to be made

	2012	2013	2014	2015-2018	> 2018
2011	5.5	3.5	3.0	18.8	85.7

	2011	2012	2013	2014-2017	> 2017
2010	26.6	30.9	39.3	195.2	777.5

Expected inflation-indexed payments to be received

	2012	2013	2014	2015-2018	> 2018
2011	0.0	0.0	0.0	0.0	0.0

	2011	2012	2013	2014-2017	> 2017
2010	27.4	27.9	28.5	121.5	1,177.2

million in 2011); the hedged payments to be received amount to €375.2 million, mainly in 2012 (2010: €332.0 million, mainly in 2011).

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.

	2011	2010
Derivatives with positive fair values		
Hedge effective		
Interest and inflation swaps	0.0	6.3
Currency derivatives	12.0	0.6
	12.0	**6.9**
Hedge ineffective		
Interest-rate swaps	0.0	0.0
Currency derivatives	7.1	13.1
Commodity derivatives	0.1	0.0
	7.2	**13.1**
Total derivatives with positive fair values	**19.2**	**20.0**
Derivatives with negative fair values		
Hedge effective		
Interest and inflation swaps	74.4	188.3
Currency derivatives	5.4	10.8
	79.8	**199.1**
Hedge ineffective		
Interest-rate swaps	0.0	1.3
Currency derivatives	8.1	15.3
Commodity derivatives	0.1	0.5
	8.2	**17.1**
Total derivatives with negative fair values	**88.0**	**216.2**

32. Additional information on capital management

The goal of capital management at Bilfinger Berger is to maintain a strong financial profile. In addition to securing liquidity and limiting financial risks, the focus is on maintaining sufficient financial flexibility as a precondition for the continuous further development of our business portfolio. We aim to optimize the total cost of capital on the basis of an adequate capital structure. Our objective is to have a financial standing comparable to an investment grade rating.

On the basis of mid-term corporate planning and with a view to various acquisition and development scenarios, the financial scope for action is regularly analyzed in terms of any action that might need to be taken.

The key metrics are the dynamic debt-ratio (net debt / EBITDA) and gearing (total debt / total capital). Non-recourse financial debt is not taken into consideration for the calculation of these metrics.

Gearing at December 31, 2011 and December 31, 2010 is as follows:
There are no external minimum capital requirements.

	2011	2010
Financial debt, recourse	185.9	272.4
Retirement benefit obligation	324.5	312.7
Total debt	**510.4**	**585.1**
Equity	1,792.9	1,812.2
Total capital	**2,303.3**	**2,397.3**
Gearing	**22.2 %**	**24.4 %**

33. Contingent liabilities and other financial obligations

Contingent liabilities relate to guarantees, primarily provided for subsidiaries that have meanwhile been sold. Bilfinger

	2011	2010
Liabilities from guarantees	150.0	56.7

Berger is indemnified by the respective purchasers against any risk arising from those guarantees. 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.

Other financial obligations relate to operating leases and long-term rental agreements.

The expenses recognized in profit and loss of operating leases and long-term rental agreements shown above as well as of

	Minimum lease payments on operating leases		Long-term rental agreements	
	2011	2010	2011	2010
< 1 year	36.7	34.0	85.1	56.4
1-5 years	45.1	50.0	139.5	95.7
> 5 years	6.0	6.0	31.0	35.4

short-term rentals amounted to €186.6 million in 2011 (2010: €151.4 million).

34. Notes to the statement of cash flows

The cash flow from operating activities of continuing and discontinued operations includes the following items in 2011:

	2011	2010
Interest payments	21.7	24.1
Interest received	19.0	10.4
Income tax payments	62.9	66.1
Tax refunds	2.1	2.5

Payments made for investments in financial assets of continuing and discontinued operations include €132.2 million for the acquisition of equity interests (2010: €131.1 million) and €35.1 million for capital contributions or loans to concession companies (2010: €71.4 million). In addition, €50.2 million was invested in the acquisition of 19.9 percent of a listed infrastructure investment fund.

Proceeds from the disposal of financial assets in the amount of €607.2 million relate to the sale of investments (2010: €35.1 million).

35. Events after the balance sheet date

There have been no significant events since the balance sheet date.

Other disclosures

36. Executive Board and Supervisory Board

The total remuneration of the members of the Executive Board comprised the following components:

- > Annual base salaries of €2,603 thousand (2010: €2,812 thousand)
- > Variable remuneration with a long-term incentive effect in accordance with a long-term incentive plan (LTI) of €0 thousand (2010: €2,017 thousand)
- > Variable remuneration with a long-term incentive effect in accordance with a profit-sharing model of €7,509 thousand (2010: €0 thousand)
- > Bonuses of €0 thousand (2010: €5,005 thousand)
- > Severance pay and compensation of €0 thousand (2010: €3,299 thousand)
- > Special remuneration of €0 thousand (2010: €225 thousand)
- > Non-cash benefits of €340 thousand (2010: €354 thousand)
- > Pension commitments; payments of €1,110 thousand were made to external pension institutions for 2011 (2010: €1,095 thousand), with return flows to Bilfinger Berger of €217 thousand in 2010

The total remuneration of the members of the Supervisory Board amounts to €1,350 thousand (2010: €2,056 thousand), including reimbursement of expenses of €19 thousand (2010: €49 thousand).

Additional details including individualized remuneration are provided in the remuneration report, which is a part of the management report.

The total remuneration paid to former members of the Executive Board or their surviving dependents amounted to €2,378 thousand (2010: €2,496 thousand). The present value of future pension obligations for those persons calculated according to IAS 19 amounts to €27,405 thousand (2010: €27,456 thousand).

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 mainly involved associates, joint ventures and non-consolidated subsidiaries. They are shown in the table below.

	Associates		Joint ventures		Non-consolidated subsidiaries	
	2011	2010	2011	2010	2011	2010
Revenues	300.2	426.3	0.0	0.0	9.3	3.7
Services received	48.0	8.8	2.5	0.0	4.0	2.1
Receivables	80.8	83.6	23.4	88.3	17.6	14.4
Liabilities	40.4	86.7	4.0	0.0	5.4	6.2
Guarantees granted	10.4	10.8	2.0	1.9	10.2	9.5

In 2011, payments totaling €0.6 million were made to the pension support fund, Unterstützungskasse der Bilfinger Berger SE e. V., which is a related party pursuant to IAS 24.

No transactions with the Executive Board, the Supervisory Board and their close relatives took place in 2011 that are subject to disclosure. The remuneration of the Executive Board and the Supervisory Board is explained in the previous note and in the remuneration report.

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, Ernst & Young, in the 2011 financial year. The amounts of these services provided by Ernst & Young GmbH Wirtschaftsprüfunsgesellschaft are shown as 'thereof' in the following table.

	2011	2010
Audit fees	5.5	6.1
thereof in Germany	2.8	2.9
Other assurance fees	3.1	4.0
thereof in Germany	2.2	1.9
Tax-consulting services	0.5	0.8
thereof in Germany	0.2	0.3
Other services	0.1	0.3
thereof in Germany	0.0	0.2
Total	**9.2**	**11.2**

39. Average number of employees

Office staff	2011	2010
Germany	11,435	11,546
International	11,284	11,303
Manual workers		
Germany	10,837	11,261
International	23,966	23,684
Total workforce	**57,522**	**57,794**

The total number of employees relates to the continuing operations.

40. Declaration of compliance

Bilfinger Berger SE 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 5, 2011, and on that date was made permanently available to the shareholders on Bilfinger Berger's Internet website.

41. List of subsidiaries and equity interests of Bilfinger Berger SE

The list of subsidiaries and equity interests of Bilfinger Berger SE pursuant to Section 313 Subsection 2 of the German Commercial Code (HGB) is an integral part of the audited consolidated financial statements, which have been submitted for publication in the online version of the German Federal Gazette (Bundesanzeiger). It is also published on the Internet site of Bilfinger Berger at: http://www.bilfinger.com/en/Investor-Relations/Reports/2011.

Return-on-capital-employed controlling

€ million	Industrial Services		Power Services		Building and Facility Services	
	2011	2010	2011	2010	2011	2010
Goodwill	677.1	705.0	293.4	259.8	441.8	436.6
Property, plant and equipment	308.2	303.5	131.5	118.8	48.4	62.1
Other non-current assets	18.0	19.9	7.2	4.9	42.2	31.1
Current assets	834.5	785.6	263.6	278.6	426.3	435.6
Segment assets	**1,837.8**	**1,814.0**	**695.7**	**662.1**	**958.7**	**965.4**
Segment liabilities	743.7	808.3	440.4	462.8	666.7	644.7
Interest-bearing liabilities	0.0	0.0	0.0	0.0	23.9	21.0
Non-interest-bearing liabilities	**743.7**	**808.3**	**440.4**	**462.8**	**690.6**	**665.7**
Balance	**1,094.1**	**1,005.7**	**255.4**	**199.3**	**268.1**	**299.7**
Financial assets, project-related	0.0	0.0	0.0	0.0	0.0	0.0
Financial assets, division-related	0.0	0.0	62.2	71.1	169.6	94.6
Operating financial assets	**0.0**	**0.0**	**62.2**	**71.1**	**169.6**	**94.6**
Capital employed	**1,094.1**	**1,005.7**	**317.6**	**270.4**	**437.7**	**394.3**
EBIT (earnings before interest and taxes)	**150.2**	**134.0**	**92.3**	**83.3**	**83.4**	**80.0**
Amortization of intangible assets from acquisitions	18.5	26.7	3.8	4.6	10.8	9.5
Interest income	0.0	0.0	0.0	0.0	0.0	0.0
Increase in value of concessions portfolio	0.0	0.0	0.0	0.0	0.0	0.0
Interest income, project-specific (4.5% p.a.)	0.0	0.0	0.0	0.0	0.0	0.0
Interest income, division-specific (4.5% p.a.)	0.0	0.0	2.8	3.2	7.6	4.3
Return	**168.7**	**160.7**	**98.9**	**91.1**	**101.8**	**93.8**
ROCE (return on capital employed)	**15.4 %**	**16.0 %**	**31.2 %**	**33.7 %**	**23.3 %**	**23.8 %**
WACC (weighted average cost of capital)	**9.5 %**	**9.5 %**	**9.5 %**	**9.5 %**	**9.5 %**	**9.5 %**
Value added, relative	**5.9 %**	**6.5 %**	**21.7 %**	**24.2 %**	**13.8 %**	**14.3 %**
Value added, absolute	**64.7**	**65.2**	**68.8**	**65.4**	**60.2**	**56.4**

	Construction		Concessions		Total of segments		Consolidation other		Total continuing operations		Discontinued operations		Consolidated Group	
	2011	**2010**	**2011**	**2010**	**2011**	**2010**	**2011**	**2010**	**2011**	**2010**	**2011**	**2010**	**2011**	**2010**
	30.6	5.8	0.2	0.2	1,443.1	1,407.4	–9.6	0.0	1,433.5	1,407.4	29.2	143.9	1,462.7	1,551.3
	102.7	116.3	1.2	1.4	592.0	602.1	54.5	70.7	646.5	672.8	39.9	170.9	686.4	843.7
	17.6	17.9	1,925.1	2,420.6	2,010.1	2,494.4	94.4	66.3	2,104.5	2,560.7	0.7	3.1	2,105.2	2,563.8
	421.5	468.6	33.0	30.2	1,978.9	1,998.6	835.5	483.8	2,814.4	2,482.4	124.5	567.4	2,938.9	3,049.8
	572.4	**608.6**	**1,959.5**	**2,452.4**	**6,024.1**	**6,502.5**	**974.8**	**620.8**	**6,998.9**	**7,123.3**	**194.3**	**885.3**	**7,193.2**	**8,008.6**
	589.3	622.1	99.9	136.9	2,540.0	2,674.8	2,569.7	2,862.9	5,109.7	5,537.7	115.9	557.5	5,225.6	6,095.2
	0.0	0.0	1,630.0	2,092.7	1,653.9	2,113.7	–2,214.9	–2,608.6	–561.0	–494.9	0.0	0.0	–561.0	–494.9
	589.3	**622.1**	**1,729.9**	**2,229.6**	**4,193.9**	**4,788.5**	**354.8**	**254.3**	**4,548.7**	**5,042.8**	**115.9**	**557.5**	**4,664.6**	**5,600.3**
	–16.9	**–13.5**	**229.6**	**222.8**	**1,830.2**	**1,714.0**	**620.0**	**366.5**	**2,450.2**	**2,080.5**	**78.4**	**327.8**	**2,528.6**	**2,408.3**
	16.9	13.4	0.0	0.0	16.9	13.4	–16.9	–13.4	0.0	0.0	0.0	0.0	0.0	0.0
	261.3	248.6	0.0	0.0	493.1	414.3	–493.1	–414.3	0.0	0.0	0.0	0.0	0.0	0.0
	278.2	**262.0**	**0.0**	**0.0**	**510.0**	**427.7**	**–510.0**	**–427.7**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
	261.3	**248.5**	**229.6**	**222.8**	**2,340.2**	**2,141.7**	**110.0**	**–61.2**	**2,450.2**	**2,080.5**	**78.4**	**327.8**	**2,528.6**	**2,408.3**
	34.8	**28.6**	**22.5**	**39.8**	**383.2**	**365.7**	**–21.9**	**–24.9**	**361.3**	**340.8**	**175.3**	**99.8**	**536.6**	**440.6**
	2.4	0.0	0.0	0.0	35.5	40.8	0.0	0.0	35.5	40.8	0.1	1.0	35.6	41.8
	0.0	0.0	0.0	0.0	0.0	0.0	19.3	11.9	19.3	11.9	2.2	13.4	21.5	25.3
	0.0	0.0	26.5	25.6	26.5	25.6	0.0	0.0	26.5	25.6	0.0	0.0	26.5	25.6
	0.8	0.6	0.0	0.0	0.8	0.6	–0.8	–0.6	0.0	0.0	0.0	0.0	0.0	0.0
	11.9	11.2	0.0	0.0	22.3	18.7	–22.3	–18.7	0.0	0.0	0.0	0.0	0.0	0.0
	49.8	**40.4**	**49.0**	**65.4**	**468.2**	**451.4**	**–25.6**	**–32.3**	**442.6**	**419.1**	**177.6**	**114.2**	**620.2**	**533.3**
	19.1 %	**16.3 %**	**21.3 %**	**29.3 %**	**20.0 %**	**21.1 %**	**–**	**–**	**18.1 %**	**20.1 %**	**226.4 %**	**34.8 %**	**24.5 %**	**22.1 %**
	11.5 %	**12.5 %**	**8.5 %**	**9.0 %**	**10.0 %**	**10.0 %**	**–**	**–**	**9.75 %**	**10.0 %**	**9.75 %**	**10.0 %**	**9.75 %**	**10.0 %**
	7.6 %	**3.8 %**	**12.8 %**	**20.3 %**	**10.0 %**	**11.1 %**	**–**	**–**	**8.3 %**	**10.1 %**	**216.7 %**	**24.8 %**	**14.8 %**	**12.1 %**
	19.7	**9.3**	**29.5**	**45.3**	**242.9**	**241.6**	**–39.2**	**–30.5**	**203.7**	**211.1**	**170.0**	**81.4**	**373.7**	**292.5**

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 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 retirement benefit obligations 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 against the business segment's return.

Segment liabilities and so-called non-recourse project 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 segments.

Project-related and business-unit-related financial assets are allocated to the business segments in the context of return-on-capital 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 controlling concept is derived from *EBIT* (earnings before interest and taxes) as shown in the income statement.

This is adjusted for the *amortization and impairment of intangible assets from acquisitions.*

Interest income is earned primarily from the investment of cash deposits listed under consolidation / other.

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 expense of non-recourse financing and the interest income from receivables from concession projects are included in EBIT.

In addition to regular earnings, the calculation of return for the Concessions business segment also takes into account the *increase in value of the concessions portfolios*. It is adjusted by any value increases realized in prior years on projects sold in the current year.

Project-related and business-unit-related interest income relates to credit entries on operating financial assets made by headquarters to the benefit of the business segments.

Return as defined by our return-on-capital-employed controlling is the sum of EBIT and the described additional financial 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.

Valuation of the project portfolio in the Concessions business segment

To measure the economic success of our portfolio, we consider not only the operating profit of the project companies, but also the annual change in the net present value of all future payments to be made to us as equity investor. These free cash flows are calculated following the deduction of interest and principal payments due after taxes at the project level, minus future equity contributions.

As in previous years, the net present value is calculated using the discounted cash flow (DCF) method. The net present value is the total of future cash flows between the project company and the investor on the balance sheet date. To ensure that the valuation adequately reflects the risks involved, we apply discount rates by taking into account individual project characteristics.

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

> Only projects that have reached financial close are taken into account.
> 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.
> All future cash flows are translated into €

The value of a concession project changes in the course of its lifecycle. The initial realization phase holds the greatest potential for value creation because the project is approaching the maturity phase and, thus, future cash flows become more secure from year to year. At the same time, risks from realization decline.

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

Project portfolio € million	Contractually committed equity		Paid-in equity		Future cash flows		Present value of future cash flows	
	2011	2010	2011	2010	2011	2010	2011	2010
Transport infrastructure	214	214	148	96	1,030	1,011	215	155
Building construction	169	144	77	64	657	520	153	113
Total	**383**	**358**	**225**	**160**	**1,687**	**1,531**	**368**	**268**

The calculation of the discounted cash flows is therefore based on specific discount rates composed of a risk-free basic interest rate and risk premiums for the type of project and its current lifecycle stage. The weighted risk-free basic interest rate is derived from long-term interest rates for government bonds in the respective countries of investment (European Monetary Union, United Kingdom, Norway, Canada, Hungary, Australia).

The supplement for the risk type differentiates between:

> projects whose revenue depends exclusively on the degree of contractually agreed availability (2 percent)
> projects whose revenues contain certain demand risks (3 percent)

The supplement for the project phase differentiates between:

> projects in the construction phase (3 percent) with a still relatively high realization risk
> projects in the ramp-up phase (2 percent) in which the risk has already proven to be significantly lower

The risk premium for the project phase ceases to apply when certainty of revenues and costs increases significantly. Projects generally enter this phase after one or two years of operation. The discount rates used by us thus range from 12 percent (construction phase with demand risks) to 8 percent (operating phase with pure availability). The weighted discount rate 2011 for the entire portfolio amounted to 9.7 percent (2010: 9.9 percent). The decrease of -0.2 percent as compared to the previous year in the average discount rate is attributable to three projects reaching the next lifecycle phase, by one project being successfully terminated while in in the construction phase and by regular cash flow updates of the existing portfolio. These effects which reduce the average discount rate overcompensate for an opposing effect from two newly closed projects which are currently in the construction phase. The expected future cash flows from the existing portfolio until the year 2044 amount to € 1,687 million at the balance sheet date.

The net present value of the portfolio on the balance sheet date under application of the project-specific discount rates amounted to €368 million (2010: €268 million). This figure is substantially higher than the paid-in equity up to that point of €225 million (2010: €160 million).

The following factors contributed to the significant increase in value:

> Scheduled equity contributions of €65 million
> Exchange-rate effects of plus €8 million. Exchange-rate movements affect the levels of expected future cash flows in Euros and thus the total net present value of the concessions portfolio in Euros. Changes in value due to exchange-rate movements are eliminated in the calculation of growth in intrinsic value
> Intrinsic value growth of existing projects in the portfolio of €19 million
> Intrinsic value growth of the portfolio from newly concluded projects of €8 million

The maturing process of the individual project from financial close through construction, ramp-up and operating phases through 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) and thereby the level of economic success, we consider the intrinsic growth in value of the portfolio during the relevant period in addition to EBIT.

Cash flows for Bilfinger Berger 2012 - 2044 (after taxes)
€ million

	2012	2013	2014	2015	2016	2017	2018	2019	2020
Transport infrastructure	–54	25	23	25	28	27	25	27	27
Building construction	–10	4	–2	–6	28	22	22	22	24
Total	**–64**	**29**	**20**	**19**	**55**	**48**	**47**	**50**	**51**

	2021	2022	2023	2024	2025	2026	2027	2028	2029
Transport infrastructure	25	25	25	47	45	51	32	30	29
Building construction	22	23	19	19	20	21	22	37	36
Total	**47**	**48**	**44**	**66**	**64**	**72**	**54**	**67**	**66**

	2030	2031	2032	2033	2034	2035	2036	2037	2038
Transport infrastructure	35	31	29	43	40	46	69	52	40
Building construction	27	44	21	34	27	27	21	16	17
Total	**62**	**75**	**50**	**77**	**67**	**73**	**90**	**68**	**57**

	2039	2040	2041	2042	2043	2044	Total
Transport infrastructure	25	84	75	0	0	0	1,030
Building construction	19	9	21	21	20	12	657
Total	**44**	**93**	**96**	**21**	**20**	**12**	**1,687**

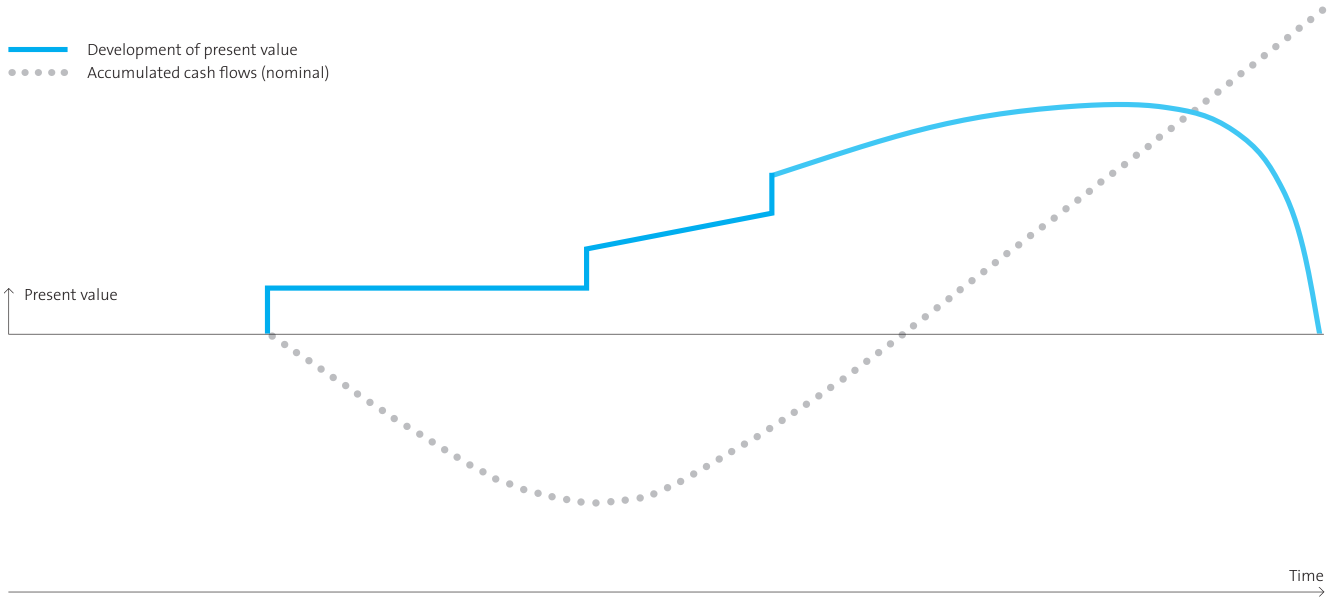
Changes in net present value Dec. 2010 – Dec. 2011
€ million

	Transport infrastructure	Building construction	Total
Present value Dec. 2010	155	113	**268**
Capital contributions	53	12	65
Exchange rate changes	3	5	8
Present value Dec. 2010 updated to Dec. 2011	211	130	**341**
Increase in value	4	23	27
Present value Dec. 2011	215	153	**368**

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, Phase I, Hungary	482	40	19	Equity method	In operation	2006 – 2026
Kicking Horse Pass, Canada [1]	100	50	4	Equity method	In operation	2007 – 2030
M1 Westlink, United Kingdom	230	75	9	Fully consolidated	In operation	2009 – 2036
Golden Ears Bridge, Canada [1]	800	100	34	Fully consolidated	In operation	2009 – 2041
E18 Highway, Norway	453	50	8	Equity method	In operation	2009 – 2034
Northeast Stoney Trail, Canada	293	100	9	Fully consolidated	In operation	2009 – 2039
M6 Highway, Phase III, Hungary	520	45	22	Equity method	In operation	2010 – 2038
Northwest Anthony Henday Drive, Canada [1]	750	50	17	Equity method	Under construction	2011 – 2041
M80, United Kingdom [1]	352	42	23	Equity method	Under construction	2012 – 2041
Autobahn A1, Germany	650	43	43	Equity method	Under construction	2013 – 2038
Peninsula Link, Australia	561	33	26	Equity method	Under construction	2013 – 2038
Building construction						
Liverpool & Sefton Clinics, United Kingdom [1]	118	27	3	Equity method	In operation	2004 – 2043
Barnet & Harringey Clinics, United Kingdom [1]	86	27	2	Equity method	In operation	2005 – 2043
Gloucester Hospital, United Kingdom [1]	60	50	3	Equity method	In operation	2005 – 2034
Bedford Schools, United Kingdom [1]	41	100	4	Fully consolidated	In operation	2006 – 2035
Victoria Prisons, Australia [1]	150	100	17	Fully consolidated	In operation	2006 – 2031
District Administration Center, Unna, Germany [1]	24	90	2	Fully consolidated	In operation	2006 – 2031
Coventry Schools, United Kingdom [1]	36	100	4	Fully consolidated	In operation	2004 – 2035
Kent Schools, United Kingdom [1]	155	50	6	Equity method	In operation	2005 – 2035
Royal Women's Hospital, Australia [1]	198	100	11	Fully consolidated	In operation	2008 – 2033
Burg Correctional Facility, Germany [1]	100	90	8	Fully consolidated	In operation	2009 – 2034
Borders Schools, United Kingdom [1]	137	75	8	Fully consolidated	In operation	2009 – 2038
Clackmannanshire Schools, United Kingdom [1]	136	100	7	Fully consolidated	In operation	2009 – 2039
East Down & Lisburn Schools, United Kingdom [1]	91	50	3	Equity method	Under construction	2009 – 2039
Staffordshire Fire Service, United Kingdom [1]	54	85	5	Fully consolidated	Under construction	2011 – 2036
Kelowna & Vernon Hospitals, Canada	260	50	9	Equity method	Under construction	2009 – 2042
Ararat Prison, Australia	186	50	16	Equity method	Under construction	2012 – 2037
Women's College Hospital, Canada	350	100	27	Fully consolidated	Under construction	2015 – 2045
Lagan College & Tor Bank School, United Kingdom	50	70	4	Fully consolidated	Under construction	2012 – 2038
Northern Territory Secure Facilities, Australia	468	50	30	Equity method	Under construction	2014 – 2044
			383			

[1] will be sold to the Bilfinger Berger Global Infrastructure Fund in the first quarter of 2012, therof only 50 percent share of the Golden Ears Bridge

Development of present value and accumulated cash flows (Dec. 2011)



Construction (8)

- Autobahn A1, Germany
- Lagan College & Tor Bank School, United Kingdom
- M80, United Kingdom
- Kelowna & Vernon Hospitals, Canada
- Women's College Hospital, Canada
- Ararat Prison, Australia
- Northern Territory Secure Facilities, Australia
- Peninsula Link, Australia

Ramp-up (5)

- East Down & Lisburn Schools, United Kingdom
- Staffordshire Fire Stations, United Kingdom
- M6 Highway, Phase III, Hungary
- Golden Ears Bridge, Canada
- Northwest Anthony Henday Drive, Canada

Yield (17)

- Burg Correctional Facility, Germany
- District Administration Center, Unna, Germany
- Barnet & Harringey Clinics, United Kingdom
- Bedford Schools, United Kingdom
- Borders Schools, United Kingdom
- Clackmannanshire Schools, United Kingdom
- Coventry Schools, United Kingdom
- Gloucester Hospital, United Kingdom
- Kent Schools, United Kingdom
- Liverpool & Sefton Clinics, United Kingdom
- M1 Westlink, United Kingdom
- E18 Highway, Norwegen
- M6 Highway, Phase I, Hungary
- Kicking Horse Pass, Canada
- Northeast Stoney Trail, Canada
- Royal Women's Hospital, Australia
- Victoria Prisons, Australia

Maturity (0)

Boards of the Company

Executive Board

Herbert Bodner (Chairman, until June 30, 2011)

Roland Koch (from March 1, 2011, Chairman from July 1, 2011)
Strategic issues, Human Resources (Labor Director), Legal, Compliance, Project Controlling, Communications, Group Organization

Memberships in statutory supervisory boards of other German companies:
UBS Deutschland AG, Frankfurt am Main (Chairman)

Memberships in comparable monitoring boards of other German and foreign companies:
Hessische Staatsweingüter GmbH Kloster Eberbach, Eltville (Chairman)

Joachim Enenkel
Civil, Power Services, Nigeria, Technology

Memberships in comparable monitoring boards of other German and foreign companies:
Bilfinger Berger Budownictwo S.A., Warsaw / Poland*;
Hydrobudowa-6 S.A., Warsaw / Poland*

Joachim Müller
Accounting, Finance, Controlling, Internal Audit, Taxes, Investor Relations, Purchasing, IT

Memberships in comparable monitoring boards of other German and foreign companies:
Bilfinger Berger Budownictwo S.A., Warsaw / Poland*;
FCHC Corporation, Reston / Virginia, USA*
(Deputy Chairman);
Hydrobudowa-6 S.A., Warsaw / Poland*

Klaus Raps
Building, Facility Services, Government Services, Data Protection, Corporate Real Estate

Memberships in comparable monitoring boards of other German and foreign companies:
FCHC Corporation, Reston / Virginia, USA (Chairman)*

Thomas Töpfer
Industrial Services, Concessions, Safety, Health, Environment, Quality

Memberships in comparable monitoring boards of other German and foreign companies:
Bilfinger Berger Global Infrastructure SICAV S.A., Luxembourg*

Unless otherwise indicated, all details correct at January 1, 2011.

* Group mandate

Supervisory Board

Honorary Chairman:
Gert Becker

Dr. h.c. Bernhard Walter, Chairman
Former Speaker of the Executive Board of
Dresdner Bank AG, Frankfurt am Main

Memberships in statutory supervisory boards of other German companies:
Daimler AG, Stuttgart;
Deutsche Telekom AG, Bonn;
Henkel AG & Co. KGaA, Düsseldorf

Stephan Brückner, Deputy Chairman
Employee of BIS Maintenance Südwest GmbH,
Heinsberg

Volker Böhme
Employee of BIS Industrieservice Nordwest GmbH,
Dortmund

Dr. John Feldmann
Former Member of the Executive Board of BASF SE,
Ludwigshafen am Rhein

Memberships in statutory supervisory boards of other German companies:
KION Holding 1 GmbH, Wiesbaden (Chairman);
KION Group GmbH, Wiesbaden (Chairman)

Memberships in comparable monitoring boards of other German and foreign companies:
COFACE Holding AG, Mainz

Lone Fønss Schrøder (from May 31, 2011)
Non-executive member in administrative bodies
at German and non-German companies

Memberships in statutory supervisory boards of other German companies:
Heidelberger Druckmaschinen AG, Heidelberg

Memberships in comparable monitoring boards of other German and foreign companies:
AKER Solutions ASA, Lysaker / Norway;
Kvaerner ASA, Fornebu / Norway;
NKT Holding AS, Brøndby / Denmark ;
Svenska Handelsbanken AB, Stockholm / Sweden;
Vattenfall AB, Stockholm / Sweden;
Volvo Personvagnar AB, Gothenburg / Sweden

Thomas Kern
Employee of HSG Zander Rhein-Main GmbH,
Neu-Isenburg

Rainer Knerler
Regional Manager Berlin-Brandenburg of the
Industriegewerkschaft Bauen-Agrar-Umwelt
(Construction, Agriculture and Environment Trade Union),
Berlin

Sławomir Kubera (until May 31, 2011)
Employee of Bilfinger Berger Budownictwo S.A.,
Warsaw / Poland

Unless otherwise indicated, all details correct at January 1, 2011.

* Group mandate

Thomas Pleines

Former Member of the Executive Board of Allianz Deutschland AG, former Chairman of the Executive Board of Allianz Versicherungs AG

Memberships in statutory supervisory boards of other German companies:
DEKRA SE, Stuttgart (Chairman)

Memberships in comparable monitoring boards of other German and foreign companies:
Südvers Holding GmbH & Co. KG, Freiburg (Chairman);
Kaba AG, Rümlang / Switzerland

Dietmar Schäfers (until May 31, 2011)

Deputy Federal Chairman of the Industriegewerkschaft Bauen-Agrar-Umwelt (Construction, Agriculture and Environment Trade Union), Frankfurt am Main

Memberships in statutory supervisory boards of other German companies:
ThyssenKrupp Xervon GmbH, Düsseldorf (Deputy Chairman);
Zentrales Versorgungswerk für das Dachdeckerhandwerk VVaG, Wiesbaden;
Zusatzversorgungskasse des Baugewerbes AG, Wiesbaden (Deputy Chairman);
Zusatzversorgungskasse des Dachdeckerhandwerks VVaG, Wiesbaden;
Zusatzversorgungskasse des Steinmetz- und Steinbildhauerhandwerks VVaG, Wiesbaden;
Zusatzversorgungskasse des Gerüstbaugewerbes VVaG, Wiesbaden

(as of: May 31, 2011)

Bernhard Schreier (until May 31, 2011)

Chairman of the Executive Board of Heidelberger Druckmaschinen AG, Heidelberg

Memberships in statutory supervisory boards of other German companies:
ABB AG, Mannheim;
Heidelberger Druckmaschinen Vertrieb Deutschland GmbH, Heidelberg (Chairman)*;
Universitätsklinikum Heidelberg (institution under public law), Heidelberg

Memberships in comparable monitoring boards of other German and foreign companies:
Heidelberg Americas, Inc., Kennesaw / USA (Chairman)*;
Heidelberg Graphic Equipment Ltd., Brentford / UK (Chairman)*;
Heidelberg Japan K.K., Tokyo / Japan*;
Heidelberg USA, Inc., Kennesaw / USA (Chairman)*

(as of: May 31, 2011)

* Group mandate

Udo Stark
Former Chairman of the Executive Board of
MTU Aero Engines Holding AG, Munich

Memberships in statutory supervisory boards of other German companies:
MTU Aero Engines Holding AG, Munich;
MTU Aero Engines GmbH, Munich

Holger Timmer (from May 31, 2011)
Employee on the Executive Board of
IG Metall, Frankfurt am Main

Prof. Dr. Klaus Trützschler
Member of the Executive Board at
Franz Haniel & Cie GmbH, Duisburg

Memberships in statutory supervisory boards of other German companies:
Celesio AG, Stuttgart*;
Sartorius AG, Göttingen;
TAKKT AG, Stuttgart (Chairman)*;
Zwiesel Kristallglas AG, Zwiesel (Chairman);
Wuppermann AG, Leverkusen (Chairman)

Memberships in comparable monitoring boards of other German and foreign companies:
Wilh. Wehrhahn KG, Neuss

Marek Wróbel (from May 31, 2011)
Employee at BIS Multiserwis Sp. z o.o.,
Krapkowice / Poland

Presiding Committee:
Dr. h.c. Bernhard Walter
Stephan Brückner
Dr. John Feldmann
Rainer Knerler (from May 31, 2011)
Dietmar Schäfers (until May 31, 2011)

Audit Committee:
Udo Stark
Volker Böhme
Thomas Kern (from May 31, 2011)
Rainer Knerler (until May 31, 2011)
Prof. Dr. Klaus Trützschler

Nomination Committee:
Dr. h.c. Bernhard Walter
Dr. John Feldmann
Udo Stark

Special Committee (until May 31, 2011):
Dr. h.c. Bernhard Walter
Stephan Brückner
Volker Böhme
Dr. John Feldmann
Thomas Kern
Rainer Knerler
Udo Stark
Prof. Dr. Klaus Trützschler

Glossary

Associates
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 percent and 50 percent.

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
A metric for the assessment of a company's financial strength and profitability in terms of its flows of cash. The statement of cash flows presents the changes in levels of cash and cash equivalents over the year, showing the cash inflows and outflows for 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. 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'. In Bilfinger Berger's accounting, EBIT is used as a performance measure for the profits from operating activities.

Equity consolidation
A method of including minority interests in associates and joint ventures in the consolidated financial statements. The investment is initially recognized at cost and adjusted thereafter for the investor's share of changes in the investee's equity. These changes are generally shown in the Group's income statement.

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
Acronym of International Accounting Standards Board. This institution was established in London in 1973 with the task of creating the International Financial Reporting Standards (IFRS).

IFRIC
Acronym of the International Financial Reporting Interpretations Committee. IFRIC is based in London and is responsible for specifying the details of how IFRSs should be interpreted.

IFRS
Acronym of the International Financial Reporting Standards, which were created to facilitate the international comparison of companies' accounts and financial reporting. Since 2005, pursuant to the European Union's so-called IAS Directive, application of the IFRS is mandatory for the consolidated financial statements of listed companies domiciled in the European Union. The IFRS also include those standards of the International Accounting Standards (IAS) which have not yet been superseded.

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.

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.

Plan assets

Assets that serve to cover pension obligations and fulfill the conditions of IAS 19. 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 EBIT.

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 EBIT 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

Assets	2002	2003	2004	2005	2006	2007	2008	2009	Pro forma 2009[1]	2010	2011
Non-current assets	**1,257.8**	**1,117.4**	**1,364.8**	**1,951.9**	**2,451.2**	**3,139.0**	**3,964.3**	**4,914.4**	**4,621.7**	**4,459.9**	**3,090.3**
Intangible assets	212.4	299.9	349.3	592.4	738.4	786.9	1,235.3	1,538.5	1,405.9	1,457.3	1,561.0
Property, plant and equipment	553.6	539.7	475.3	512.0	607.3	581.2	599.3	795.9	650.4	662.5	647.0
Receivables from concession projects	0.0	0.0	139.1	525.3	893.2	1,499.5	1,641.8	2,134.2	2,134.2	1,788.5	377.0
Other non-current assets	419.5	172.7	288.7	187.0	84.2	167.3	299.5	215.9	213.6	358.6	341.1
Deferred tax assets	72.3	105.1	112.4	135.2	128.1	104.1	188.4	229.9	217.6	193.0	164.2
Current assets	**2,375.0**	**2,365.9**	**2,355.6**	**2,404.7**	**2,678.2**	**2,988.8**	**2,808.7**	**3,026.2**	**3,318.9**	**3,477.2**	**4,629.3**
Inventories, receivables, other	1,602.6	1,465.4	1,441.9	1,572.8	1,895.5	2,192.8	2,088.5	2,227.8	1,923.3	1,889.9	2,021.4
Cash and cash equivalents	772.4	900.5	913.7	831.9	782.7	796.0	720.2	798.4	634.7	537.5	846.6
Assets held for sale	–	–	–	–	–	–	–	–	760.9	1,049.8	1,761.3
Equity and liabilities											
Shareholders' equity	**1,032.3**	**1,136.1**	**1,130.5**	**1,188.8**	**1,206.2**	**1,331.9**	**1,141.0**	**1,561.4**	**1,561.4**	**1,812.2**	**1,792.9**
Share capital	109.1	110.2	110.2	111.6	111.6	111.6	111.6	138.1	138.1	138.1	138.1
Reserves	866.0	953.3	963.1	1,012.3	1,031.3	1,132.0	1,034.0	1,408.2	1,408.2	1,649.6	1,502.9
Treasury shares	–	–	–	–	–	–	–100.0	–100.0	–100.0	–100.0	–100.0
Unappropriated retained earnings	36.4	47.7	36.7	37.2	46.5	67.0	74.4	92.1	92.1	115.1	247.0
Minority interest	20.8	24.9	20.5	27.7	16.8	21.3	21.0	23.0	23.0	9.4	4.9
Non-current liabilities	**541.8**	**436.2**	**471.1**	**898.8**	**1,319.7**	**1,817.1**	**2,602.0**	**2,873.4**	**2,822.8**	**2,510.7**	**1,158.7**
Pension provisions	187.6	90.5	97.2	130.2	159.7	135.4	218.8	286.7	286.7	312.7	324.5
Other provisions	106.2	106.1	107.7	105.3	99.5	89.0	68.6	84.3	84.3	71.5	60.0
Financial debt, recourse	87.2	68.3	85.5	86.6	90.9	70.0	306.1	319.6	269.0	183.5	181.4
Financial debt, non-recourse	113.3	110.3	114.2	485.1	808.3	1,313.9	1,488.5	1,880.3	1,880.3	1,624.1	338.7
Other liabilities	6.3	4.6	13.9	17.2	67.3	79.0	392.7	186.5	186.5	212.0	128.0
Deferred tax liabilities	41.2	56.4	52.6	74.4	94.0	129.8	127.3	116.0	116.0	106.9	126.1
Current liabilities	**2,058.7**	**1,911.0**	**2,118.8**	**2,269.0**	**2,603.5**	**2,978.8**	**3,030.0**	**3,505.8**	**3,556.4**	**3,614.2**	**4,768.0**
Tax provisions	47.3	44.8	55.4	50.2	71.5	80.7	120.3	132.7	91.7	118.1	88.5
Other provisions	302.7	302.7	343.3	419.9	424.5	434.8	447.7	612.8	589.7	633.4	755.5
Financial debt, recourse	225.4	113.6	48.7	40.9	47.8	40.6	21.7	34.0	18.2	88.9	4.5
Financial debt, non-recourse	30.3	51.3	90.7	10.1	18.9	48.0	29.6	21.9	21.9	19.3	8.7
Other liabilities	1,453.0	1,398.6	1,580.7	1,747.9	2,040.8	2,374.7	2,410.7	2,704.4	2,280.8	2,051.6	2,116.2
Liabilities held for sale	–	–	–	–	–	–	–	–	554.1	702.9	1,794.6
Balance-sheet total	**3,632.8**	**3,483.3**	**3,720.4**	**4,356.6**	**5,129.4**	**6,127.8**	**6,773.0**	**7,940.6**	**7,940.6**	**7,937.1**	**7,719.6**
Proportion of balance-sheet total											
Non-current assets	35 %	32 %	37 %	45 %	48 %	51 %	59 %	62 %	58 %	56 %	40 %
Current assets	65 %	68 %	63 %	55 %	52 %	49 %	41 %	38 %	42 %	44 %	60 %
Shareholders' equity	28 %	33 %	30 %	27 %	24 %	22 %	17 %	20 %	20 %	23 %	23 %
Non-current liabilities	15 %	12 %	13 %	21 %	26 %	30 %	38 %	36 %	35 %	32 %	15 %
Current liabilities	57 %	55 %	57 %	52 %	50 %	48 %	45 %	44 %	45 %	45 %	62 %

[1] For better comparability, assets held for sale and liabilities held for sale are reported separately

Business developments
€ million

	2002	2003	2004	2005	2006	2007	2008	2009	2009[3]	2010[3]	2011
Output volume	4,912	5,586	6,111	7,061	7,936	9,222	10,742	10,403	7,620	8,059	8,476
Orders received	5,216	5,605	6,139	7,545	10,000	11,275	10,314	11,129	7,668	7,954	7,776
Order backlog	5,168	6,277	6,339	7,001	8,747	10,759	10,649	11,704	8,308	8,497	7,833
Capital expenditure	324	271	165	330	370	268	697	530	496	343	345
Property, plant and equipment	71	88	70	102	136	204	237	162	135	141	127
Financial assets	253	183	95	228	234	64	460	368	361	202	218
Employees (at year-end)	50,277	50,460	49,852	55,346	49,141	52,723	60,923	67,199	60,838	58,182	59,210

Group earnings											
EBIT	69[1]	89[1]	81	110	170	229	253[1]	250	180	341	361
Net profit	115[2]	126[2]	51	66	92	134	200[2]	140	140	284	394
Cash flow from operating activities	74	30	198	188	207	325	357	368	386	244	281
Cash flow per share	1.88	0.76	4.98	4.70	5.14	8.07	9.22	9.94	10.43	5.52	6.37
Earnings per share	1.53	1.26	1.28	1.66	2.29	3.32	5.18	3.79	3.79	6.43	8.93

SE											
Dividend distribution	36.4	47.7	36.7	37.2	46.5	63.6	70.6	88.3	88.3	110.4	150.1
Dividend per share	0.51	0.60	0.92	0.92	1.15	1.66	1.85	2.00	2.00	2.50	2.50
Dividend bonus	0.45	0.65									0.90
Share price at year-end	14.60	27.00	30.25	40.30	55.52	52.78	37.32	53.92	53.92	63.20	65.88

1 Adjusted for exceptional items totaling €45 million in 2008, €48 million in 2003 and €36 million in 2002
2 Includes positive exceptional items totaling €60 million in 2008, €78 million in 2003 and €54 million in 2002
3 Figures adjusted for discontinued operations, where relevant.

Financial calendar

May 10, 2012	Annual General Meeting*
	Interim Report Q1 2012
August 9, 2012	Interim Report Q2 2012
November 14, 2012	Interim Report Q3 2012

* Congress Centrum Rosengarten
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Imprint

Conception:
Kirchhoff Consult AG
Hamburg

Layout, Setting:
Burkardt | Hotz
Büro für Gestaltung
Offenbach am Main

Lithography:
Goldbeck Art
Frankfurt am Main

Printed by:
ColorDruck Leimen GmbH
Leimen

Photography:
Thomas Dashuber
ddp images / Maximilian Stock Ltd.,
Fotolia,
Kathrin Harms,
Infraserv GmbH & Co. Höchst KG,
Rainer Kwiotek,
LOOK-foto / H. & D. Zielske
picture alliance / SCHROEWIG /
Bernd Oertwig,
Christoph Püschner,
Christian Schlüter,
Frank Schultze,
Shutterstock,
Uffe Weng,
Carl Zeiss

Project description texts:
Bernd Hauser

Paper:
Hello matt 150g
FSC Mix SCS-COC-001048

The Annual Report is published
in German and English.

MIX
Paper from
responsible sources
FSC™ C021366

carbon neutral
natureOffice.com | DE-134-476101
print production