Interim Report Q2 2010

The Multi Service Group. BILFINGER BERGER

Interim group management report

- **Successful first half of 2010**
- **Earnings more than doubled**
- **Jump in earnings also anticipated for full year**
- **Quality: experts give positive assessment**

Bilfinger Berger substantially increased its profitability in the first half of 2010. While output volume, orders received and order backlog remained stable, EBIT and earnings after taxes from continuing operations more than doubled. Net profit also significantly exceeded the prior-year period.

The Company's plan to sell its Australian business is unchanged. Until then, it will be reported separately as discontinued operations. All the figures presented in this interim report reflect the Bilfinger Berger Group's continuing operations, unless otherwise stated.

Stable business volume

In the first six months of this year, output volume and orders received were at the prior-year levels of €3,812 million and €3,976 million respectively. The order backlog totaled €8,872 million, representing an increase of 7 percent.

EBIT more than doubled

First-half EBIT increased to €135 million (H1 2009: €64 million). All segments contributed to the significant increase in earnings. The net interest expense was €18 million (H1 2009: €17 million). Earnings after taxes from continuing operations rose to €77 million (H1 2009: €27 million). In addition, our discontinued operations delivered earnings after taxes of €41 million (H1 2009: €39 million). Net profit increased to €118 million (H1 2009: €65 million).

Jump in earnings anticipated for full year

For full-year 2010, we expect output volume from continuing operations to increase to approximately €8.0 billion (FY 2009: €7.7 billion). We anticipate EBIT of at least €300 million

Key figures for the Group

€ million	H1 2010	H1 2009	Δ in %	FY 2009
Output volume	3,812	3,768	1	7,727
Orders received	3,976	3,965	0	7,696
Order backlog	8,872	8,307	7	8,362
EBIT	135	64	111	173
Earnings after taxes from continuing operations	77	27	185	83
Earnings after taxes from discontinued operations	41	39	5	60
Net profit*	118	65	82	140
Earnings per share (in €)*	2.67	1.69	58	3.79
Investments	185	190	–3	496
thereof in P, P & E	56	55	2	135
thereof in financial assets	129	135	–4	361
Number of employees	60,723	55,163	10	61,027

* Includes continuing and discontinued operations

(FY 2009: €173 million) while net profit – including the contribution from discontinued operations – should reach at least €250 million (FY 2009: €140 million).

Increased working capital requirement

As expected, cash and cash equivalents decreased, amounting to €341 million at the end of the second quarter (end of 2009: €635 million*). One reason for the decrease is the substantial increase in working capital during the calendar year, which is typical of our business. In addition, a reduction in the project business (in which advance payments are common) as a result of the systematic downsizing of our construction business and a lower volume of orders received by our Power Services division for new power plants led to a further increase in working capital. The cash flow from operating activities for continuing operations therefore decreased to minus €210 million (H1 2009: minus €187 million).

Investments in financial assets totaled €129 million. €87 million is accounted for by the services business, mainly for earn-out obligations and increases in equity interests. €42 million of our investments in financial assets was for equity contributions and loans in the concessions business. Investments in property, plant and equipment amounted to €56 million (H1 2009: €55 million). The payment of the dividend for the year 2009 resulted in a cash outflow of €88 million.

Excluding project financing on a non-recourse basis, for which Bilfinger Berger is not liable, liabilities to banks totaled €425 million (end of 2009: €287 million*).

Workforce grows due to acquisitions

At the end of the second quarter, the Bilfinger Berger Group employed 60,723 people (June 30, 2009: 55,163). This growth resulted from the acquisition of MCE, a services company. The number of persons employed in Germany was 24,597 (June 30, 2009: 23,987) and the number employed in other markets was 36,126 (June 30, 2009: 31,176).

Experts give positive assessment

The groups of experts commissioned by the Executive Board in March 2010 to review the structural integrity and quality assurance of civil engineering projects have completed their work. The results provide confirmation of the high quality of Bilfinger Berger's standards. The structural integrity of the civil engineering projects they examined was confirmed without reservations. The implementation and functionality of Bilfinger Berger's quality assurance system comply with the usual high standards of listed construction companies.

Further information on the findings of the groups of experts is provided in the Construction section of this interim report.

Change of legal form

The transformation of Bilfinger Berger into a European Company (SE), which was approved by the Annual General Meeting on April 15, 2010, is proceeding according to plan and will likely be completed by the beginning of October.

Opportunities and risks

No significant changes occurred with regard to opportunities and risks during the reporting period compared with the situation as described in the Annual Report 2009. Provisions have been made for all recognizable risks; in our assessment, no risks exist that would jeopardize the continuing existence of the Bilfinger Berger Group.

In view of the facts and existing insurance cover, as before, it is not necessary to recognize any provisions in connection with the collapse of the Cologne Municipal Archives in 2009.

* Adjusted for the balance-sheet figures of discontinued operations (Valemus Australia)

Developments in the business segments

Overview of output volume and order situation	Output volume		Orders received		Order backlog		Output volume
€ million	**H1 2010**	**Δ in %**	**H1 2010**	**Δ in %**	**H1 2010**	**Δ in %**	**FY 2009**
Industrial Services	1,383	22	1,529	43	2,375	57	2,249
Power Services	538	9	447	−29	1,094	−15	1,017
Building and Facility Services	1,062	−14	1,387	−5	2,550	3	2,529
Construction	809	−12	558	−28	2,775	−8	1,938
Consolidation, other	20		55		78		−6
Continuing operations	**3,812**	**1**	**3,976**	**0**	**8,872**	**7**	**7,727**

EBIT by business segment

€ million	**H1 2010**	**H1 2009**	**Δ in %**	**FY 2009**
Industrial Services	63	55	15	118
Power Services	41	32	28	73
Building and Facility Services	25	13	92	58
Construction	6	−32		−73
Concessions	8	4	100	14
Consolidation, other	−8	−8		−17
Continuing operations	**135**	**64**	**111**	**173**

Industrial Services

- **High growth rates due to MCE**
- **Further increase in EBIT**

In the Industrial Services business segment, output volume, orders received and order backlog all increased substantially. The high growth rates are the result of the acquisition of MCE in late 2009. EBIT rose to €63 million (H1 2009: €55 million).

Production is increasing again in the chemical and oil refinery industries. This development is likely to continue in the second half of the year, with positive effects to be expected on our industrial services business. The other client sectors – energy, pharmaceuticals, food and beverages – are stable, as in the prior year. Due to the low capacity utilization of certain competitors, pressure on prices is increasing in some sectors.

In July, we signed new framework agreements with a total volume of more than €250 million with Statoil, a major Norwegian energy group. The agreements cover service packages for insulation, corrosion protection and scaffolding for the maintenance of offshore oil and gas rigs and processing vessels in the North Sea and at onshore sites in Norway and Denmark. The agreements run for four years with an option for an additional four years.

As part of an outsourcing project, we have taken over maintenance services for Siegfried, a Swiss pharmaceuticals company, at its main plant in Zofingen. This contract will initially run for five years with a total volume of about €50 million.

With the acquisition of a majority interest in Brabant Mobiel, a Dutch company, we have further strengthened our market position in industrial corrosion protection in the Benelux countries. Brabant Mobiel has 150 employees and an annual output volume of more than €20 million.

For full-year 2010, we expect the Industrial Services business segment to expand its output volume to approximately €3.0 billion and to achieve a further increase in earnings.

Key figures for Industrial Services

€ million	H1 2010	H1 2009	Δ in %	FY 2009
Output volume	1,383	1,131	22	2,249
Orders received	1,529	1,066	43	2,402
Order backlog	2,375	1,516	57	2,040
Capital expenditure on P,P&E	26	20	30	49
EBIT	63	55	15	118

Power Services

- **Good utilization of capacity**
- **Very high level of EBIT**

Output volume in the Power Services business segment increased once again, our capacities continue to be well utilized. The decline in orders received reflects the drop in new power plant construction especially in Germany. However, we expect a general revival of demand in the maintenance, repair and rehabilitation business in the coming months, leading to the expectation that orders received in the full year should at least equal the prior-year level. EBIT for the first half of the year increased to €41 million (H1 2009: €32 million).

In the international business, a number of important projects are in a preparatory phase. In Germany, as a result of deferred new construction activities, increasing investment in measures for efficiency improvements and service life extensions is expected from energy providers in the medium term.

In France, we were commissioned by EDF to inspect the boiler in Block 3 of the Cordemais power plant. And we are supplying and installing high-pressure piping in two blocks of RWE's Eemshaven power plant near Groningen in the Netherlands. Bilfinger Berger has been commissioned with the design, supply, installation and operational startup of piping systems at that power plant since 2009.

In the Power Services business segment, we anticipate growth in output volume to €1.1 billion and a further increase in earnings in full-year 2010.

Key figures for Power Services

€ million	H1 2010	H1 2009	Δ in %	FY 2009
Output volume	538	493	9	1,017
Orders received	447	633	–29	1,024
Order backlog	1,094	1,285	–15	1,137
Capital expenditure on P, P & E	14	11	27	28
EBIT	41	32	28	73

Building and Facility Services

- **Pleasing development of earnings**
- **Volume of building construction reduced as planned**

In the Building and Facility Services business segment, output volume and orders received decreased in the first half of the year due to the systematic reduction in the volume of building construction. EBIT was doubled to €25 million (H1 2009: €13 million), with contributions coming from all divisions.

We have sound utilization of capacity in our Facility Services division. The outsourcing trend is continuing in the German facility management market, while there are signs of a revival of demand for real-estate services in Eastern Europe. In asset and property management growth in the transaction rates in the German and European real-estate markets is expected. The new orders received in the second quarter include technical facility management for all the Lufthansa buildings at Munich Airport and for Deutsche Bank's Green Towers in Frankfurt am Main.

We are increasingly focusing our building construction business in Germany on medium-sized projects in the private sector and on public-private partnerships (PPP) with public sector clients. In Halle (Saale), following the modernization and new construction of nine schools on the basis of a PPP model, we have received a follow-up contract for the modernization and expansion of two elementary schools and an after-school care center. Another PPP project is for the new construction of a sports center in Erfurt accommodating 1,500 spectators.

For full-year 2010, we expect the Building and Facility Services business segment to post an output volume of €2.3 billion due to the reduced volume of building construction, while EBIT should be substantially higher than in the prior year.

Key figures for Building and Facility Services

€ million	H1 2010	H1 2009	Δ in %	FY 2009
Output volume	1,062	1,232	–14	2,529
Orders received	1,387	1,466	–5	2,481
Order backlog	2,550	2,464	3	2,181
Capital expenditure on P, P & E	5	7	–29	17
EBIT	25	13	92	58

Construction

- **Positive contribution to earnings**
- **Reduced business volume**

The Construction business segment reduced its output volume and orders received as planned in the course of our targeted downsizing of construction operations. We continue to focus on the sustainable improvement of profitability. EBIT improved considerably compared with the prior-year period to €6 million, once again making a positive contribution to the Group's earnings (H1 2009: minus €32 million).

We are currently faced with generally stable demand in our core markets of Germany and other European countries. We see good opportunities in Scandinavia and the United Kingdom, for example. In line with our strict risk criteria, we are extremely selective in the acceptance of new projects.

Work on the North-South urban rail line in Cologne is proceeding according to plan, with over 90 percent of the project now completed. Efforts at the Waidmarkt excavation pit are currently focused on the recovery of material from the archives. Only when that work has been completed can the investigation into the cause of the collapse of the municipal archives begin.

In Poland, a consortium managed by Bilfinger Berger has received a contract to construct a 13-kilometer section of the new ring road south of Warsaw. This project has a total volume of €200 million and Bilfinger Berger's share amounts to €135 million. We had already received several orders to construct various sections of highway in Poland in late 2009.

We aim to reduce the output volume of the Construction business segment to the region of €1.7 billion in full-year 2010 and we anticipate a significantly positive EBIT.

Key figures for Construction

€ million	H1 2010	H1 2009	Δ in %	FY 2009
Output volume	809	919	–12	1,938
Orders received	558	778	–28	1,749
Order backlog	2,775	3,011	–8	2,962
Capital expenditure on P, P & E	10	14	–29	38
EBIT	6	–32		–73

Groups of experts give positive assessment

The groups of experts commissioned by the Executive Board to review the structural integrity and quality assurance in civil engineering have confirmed the unrestricted structural integrity of the projects they have examined and have stated that Bilfinger Berger's quality assurance system is at the industry's usual high level.

The group of experts under Prof. Dr. Jürgen Schnell of the Technical University of Kaiserslautern evaluated more than 1,300 foundation engineering projects carried out by units of the Bilfinger Berger Group in the past ten years. 84 projects that are either under construction or for which foundation engineering elements are important for structural integrity after completion were subject to intensive investigation. No evidence was found that the actual structural integrity of the civil engineering projects might fail to meet the requirements of applicable construction regulations.

After auditors Ernst & Young certified the very good quality of our internal control system in an industry comparison, a group of experts was commissioned with a review of the implementation and functionality of the quality assurance system of Bilfinger Berger Civil for projects in the execution phase and to indicate possibilities for further development. The group was headed by Dr. Claus Jürgen Diederichs, who lectured for 25 years at the University of Wuppertal. They concluded that the implementation and functionality of the quality assurance system comply with the usual high standards of listed construction companies. The group made recommendations for the further development of the quality assurance system in order to further sensitize employees regarding certain aspects of quality assurance, as well as to streamline the system and eliminate redundancies.

Further information on the investigations is available on the Internet at www.bilfinger.com.

Concessions

- **New projects in Australia and Canada**
- **Further growth in the portfolio's net present value**

The Concessions business segment comprises a portfolio of 28 projects as of the interim balance sheet date. Of our equity commitment of €380 million, a total of €167 million had been paid into project companies. EBIT increased to €8 million (H1 2009: €4 million). The present value of our portfolio increased to €265 million at June 30, 2010 (December 31, 2009: €202 million). This strong growth was the result of equity contributions, the increase in value of existing projects and the expansion of the portfolio through the addition of new projects.

The high acceptance of privately financed projects results in robust and attractive markets, particularly in Australia and Canada. A consortium managed by Bilfinger Berger is to enlarge a prison in Ararat in the Australian state of Victoria. We will design, finance and construct a new building accommodating 358 prisoners and will operate the complex for a period of 25 years after completion. Investment volume amounts to €190 million. We hold a 50 percent stake in the project company; the other half is held by the Commonwealth Bank of Australia. Bilfinger Berger will invest €16 million of equity capital. In July, we reached financial close for another major public-private partnership in the Canadian health sector. This project has an investment volume of approximately €340 million and comprises the design, financing, construction and operation of the new Women's College Hospital in Toronto. Bilfinger Berger holds 100 percent of the project company and will invest equity of €27 million. The concession period is 30 years.

Our PPP portfolio currently comprises 29 projects with an investment volume of €7.5 billion. With total committed equity of €406 million, we have reached the level we aimed for. In addition to developing new projects, the sale of mature projects and the participation by partners in our portfolio is an additional focus of our efforts in the future.

We expect the Concessions business segment to post positive earnings once again in full-year 2010. The present value of our portfolio will be well above the prior-year level.

Key figures for Concessions

Number / € million	H1 2010	H1 2009	FY 2009
Projects in portfolio	28	25	26
thereof under construction	9	12	8
Committed equity	380	334	340
thereof paid in	167	118	140
Net Present Value	265	177	202
EBIT	8	4	14

Discontinued operations

- **Growth in output volume and orders received**
- **Earnings remain at a high level**

Valemus Australia, formerly Bilfinger Berger Australia, continued its successful development in the first half of 2010. Growth rates were recorded for output volume, orders received and order backlog, EBIT amounted to €56 million (H1 2009: €55 million).

The company is profiting in particular from the high level of investment in transport infrastructure. Major projects to widen highways with a total value of €170 million are to be highlighted in the second quarter. In the state of New South Wales, Valemus is constructing another section of the Pacific Highway. And in Queensland, the company has been awarded a contract for the design and construction of a section of the Bruce Highway.

For full-year 2010, we anticipate currency translation related increases in output volume and higher earnings for discontinued operations.

Key figures for discontinued operations

€ million	H1 2010	H1 2009	Δ in %	FY 2009
Output volume	1,509	1,333	13	2,676
Orders received	1,525	1,402	9	3,433
Order backlog	3,706	2,651	40	3,342
Capital expenditure on P, P & E	9	11	–18	27
EBIT	56	55	2	77

Interim consolidated financial statements

The interim consolidated financial statements as of June 30, 2010 have been prepared in accordance with the guidelines of the International Accounting Standards Board (IASB), London, as were the consolidated financial statements for the year 2009, and comply with the requirements of IAS 34. They do not provide all of the information and disclosures included in complete consolidated financial statements and are therefore to be read in conjunction with the consolidated financial statements as of December 31, 2009. The accounting and valuation methods explained in the notes to the consolidated financial statements for the year 2009 have been applied unchanged. From January 1, 2010 the revisions of IFRS 3 *Business Combinations* and IAS 27 *Consolidated and Separate Financial Statements* have also been observed. There were no material changes in the composition of the consolidated group during the reporting period.

On January 26, 2010, the Executive Board of Bilfinger Berger AG decided to initiate the sale of Valemus Australia Pty. Limited (formerly Bilfinger Berger Australia Pty. Limited), Sydney, Australia. Due to the negative development of capital markets, the initial public offering of shares in that company planned for July 2010 has been postponed. This does not affect the fundamental decision to dispose completely of our Australian subsidiary. So in line with the regulations of IFRS 5, the business activities of Bilfinger Berger Australia are presented in this interim report as of June 30, 2010 as discontinued operations.

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 the discontinued operations are presented separately from the income and expenses of the continuing operations, and are summarized separately in one item as earnings after taxes from discontinued operations. The non-current assets classified as held for sale are no longer subject to systematic depreciation or amortization as of the date of reclassification (January 26, 2010).

Consolidated income statement	January 1 - June 30		April 1 - June 30	
€ million	**2010**	**2009**	**2010**	**2009**
Output volume from continuing operations (for information only)	3,812	3,768	2,039	1,991
Revenue	**3,780**	**3,622**	**2,049**	**1,877**
Cost of sales	–3,297	–3,225	–1,780	–1,671
Gross profit	**483**	**397**	**269**	**206**
Selling and administrative expenses	–379	–356	–199	–176
Other operating income and expense	22	18	10	8
Result of investments accounted for using the equity method	9	5	6	3
Earnings before interest and taxes (EBIT)	**135**	**64**	**86**	**41**
Net interest result	–18	–17	–9	–10
Earnings before taxes	**117**	**47**	**77**	**31**
Income tax expense	–40	–20	–26	–12
Earnings after taxes from continuing operations	**77**	**27**	**51**	**19**
Earnings after taxes from discontinued operations	**41**	**39**	**19**	**24**
Earnings after taxes	118	66	70	43
thereof minority interest	0	1	0	1
Net profit	**118**	**65**	**70**	**42**
Average number of shares (in thousands)	44,140	38,251	44,140	38,251
Earnings per share (in €)*	2.67	1.69	1.57	1.09
thereof relating to continuing operations	1.74	0.68	1.14	0.46
thereof relating to discontinued operations	0.93	1.01	0.43	0.63

* Basic earnings per share are equal to diluted earnings per share.

First-half revenue from continuing operations increased by 4 percent to €3,780 million (H1 2009: €3,622 million). In order to present the Group's entire output volume – including our proportion of the output volume generated by joint ventures, which is not included in revenue – for information purposes we also disclose our output volume in the consolidated income statement. It amounts to €3,812 for the first half of this year (H1 2009: €3,768 million).

Gross profit increased to €483 million (H1 2009: €397 million). In relation to output volume, the gross margin increased to 12.7 percent (H1 2009: 10.5 percent). Selling and administrative expenses increased to €379 million (H1 2009: €356 million) or 9.9 percent of output volume (H1 2009: 9.4 percent). EBIT more than doubled to €135 million (H1 2009: €64 million), with positive contributions being made by all business segments.

Scheduled amortization of €20 million has been carried out on intangible assets from acquisitions (H1 2009: €12 million) and is included in cost of sales. The increase primarily reflects the first-time consolidation of MCE at the end of 2009. Depreciation of property, plant and equipment amounted to €54 million (H1 2009: €51 million).

The net interest expense is almost unchanged at €18 million (H1 2009: €17 million). Current interest income decreased to €6 million (H1 2009: €7 million) while current interest expense increased to €13 million (H1 2009: €11 million). The interest expense from the allocation to pension provisions increased due to first-time consolidation to €8 million (H1 2009: €6 million). The interest expense for minority interest decreased to €3 million (H1 2009: €7 million).

The resulting earnings from continuing operations amount to €117 million before taxes (H1 2009: €47 million) and €77 million after taxes (H1 2009: €27 million).

Earnings after taxes from the discontinued operations of our Australian business increased to €41 million (H1 2009: €39 million) due to exchange-rate effects and the discontinuation of scheduled depreciation and amortization as of January 26, 2010. There is an opposing effect from expenses relating to the sale process of approximately €7 million.

The Group's net profit increased to €118 million (H1 2009: €65 million).

Consolidated statement of comprehensive income	January 1 - June 30		April 1 - June 30	
€ million	**2010**	**2009**	**2010**	**2009**
Earnings after taxes	**118**	**66**	**70**	**43**
Gains / losses on hedging instruments				
Unrealized gains / losses	–83	119	–56	99
Reclassifications to the income statement	32	15	18	20
	–51	134	–38	119
Currency translation differences	104	49	39	45
Actuarial gains / losses from pension plans	–13	5	–13	5
Unrealized gains / losses on investments accounted for using the equity method	–28	–4	–16	6
Income taxes on unrealized gains / losses	3	–49	15	–44
Other comprehensive income after taxes	**15**	**135**	**–13**	**131**
Total comprehensive income after taxes	**133**	**201**	**57**	**174**
attributable to shareholders of Bilfinger Berger AG	134	199	58	171
attributable to minority interest	–1	2	–1	3

In addition to the earnings after taxes of €118 million presented in the consolidated income statement (H1 2009: €66 million), other comprehensive income after taxes of €15 million was recognized directly in equity (H1 2009: €135 million). This is the net amount of unrealized gains and losses on hedging instruments, unrealized gains and losses from investments accounted for using the equity method also resulting from hedging instruments, currency translation differences recognized in equity, and actuarial gains and losses from pension plans. The hedging instruments relate primarily to interest-rate derivates used in the concessions business for the long-term financing of project companies. The non-recourse character of this project financing calls for long-term, predictable interest cash flows and thus requires long-term, static hedging against the risk of interest-rate fluctuations. Changes in market values occurring in this context must be reflected in the balance sheet, but they have no impact on the development of the Group due to the closed project structure.

Total comprehensive income after taxes amounts to €133 million (H1 2009: €201 million). Of that total, €134 million is attributable to the shareholders of Bilfinger Berger AG (H1 2009: €199 million).

Consolidated balance sheet

	€ million	June 30 2010	Dec. 31 2009
Assets	**Non-current assets**		
	Intangible assets	1,431	1 ,539
	Property, plant and equipment	659	796
	Investments accounted for using the equity method	52	46
	Receivables from concession projects	2,569	2 ,134
	Other financial assets	205	170
	Deferred tax assets	212	230
		5,128	**4 ,915**
	Current assets		
	Inventories	283	270
	Receivables and other financial assets	1,759	1,869
	Current tax assets	32	30
	Other assets	77	59
	Cash and cash equivalents	341	798
	Assets classified as held for sale	916	–
		3,408	**3,026**
	Total	**8,536**	**7,941**
Equity and liabilities	**Equity**		
	Equity attributable to shareholders of Bilfinger Berger AG	1,584	1,538
	Minority interest	16	23
		1,600	**1,561**
	Non-current liabilities		
	Retirement benefit obligation	300	287
	Provisions	86	84
	Financial debt, recourse	267	320
	Financial debt, non-recourse	2,294	1,880
	Other financial liabilities	254	187
	Deferred tax liabilities	110	116
		3,311	**2,874**
	Current liabilities		
	Current tax liabilities	106	133
	Provisions	569	613
	Financial debt, recourse	158	34
	Financial debt, non-recourse	22	22
	Other financial liabilities	1,891	2,423
	Other liabilities	236	281
	Liabilities classified as held for sale	643	–
		3,625	**3,506**
	Total	**8,536**	**7,941**

Compared with the consolidated financial statements for the year 2009, the balance sheet total increased by €0.6 billion to €8.5 billion. This is primarily due to the increase in receivables from concession projects, which was partially caused by exchange-rate effects, accompanied on the liabilities side by an increase in non-recourse financial debt. When analyzing the change in balance sheet items, it is necessary to consider that at June 30, 2010, assets classified as held for sale of €916 million and liabilities classified as held for sale of €643 million of Valemus Australia are presented as separate items. The composition of those items is shown in the notes to discontinued operations.

With the elimination of the corresponding items of Valemus Australia in the prior-year period, inventories, current receivables and other current assets increased. At the same time, the corresponding current provisions and current liabilities decreased. The negative working capital decreased to minus €651 million. The comparable working capital for the continuing operations at December 31, 2009 was minus €1,039 million. Cash and cash equivalents decreased to €341 million. The comparable figure at December 31, 2009 was €635 million. Other cash and cash equivalents of €254 million are included in the assets classified as held for sale. Recourse financial debt increased to €425 million, from €287 million at December 31, 2009.

Consolidated statement of changes in equity

€ million	Share capital	Capital reserve	Retained earnings and unappropriated retained earnings	Hedging instruments reserve	Currency translation reserve	Treasury shares	Total	Minority interest	Equity
	Equity attributable to the shareholders of Bilfinger Berger AG			Other reserves					
Balance at January 1, 2009	**112**	**523**	**829**	**– 127**	**– 117**	**– 100**	**1,120**	**21**	**1,141**
Total comprehensive income	0	0	68	83	48	0	199	2	201
Capital contributions	0	0	0	0	0	0	0	0	0
Dividends paid out	0	0	– 71	0	0	0	– 71	– 2	– 73
Other changes	0	0	0	0	0	0	0	2	2
Balance at June 30, 2009	**112**	**523**	**826**	**– 44**	**– 69**	**– 100**	**1,248**	**23**	**1,271**
Balance at January 1, 2010	**138**	**759**	**882**	**– 119**	**– 22**	**– 100**	**1,538**	**23**	**1,561**
Total comprehensive income	0	0	109	– 78	103	0	134	– 1	133
Capital contributions	0	0	0	0	0	0	0	0	0
Dividends paid out	0	0	– 88	0	0	0	– 88	– 1	– 89
Other changes	0	0	– 2	2	0	0	0	– 5	– 5
Balance at June 30, 2010	**138**	**759**	**901**	**– 195**	**81**	**– 100**	**1,584**	**16**	**1,600**

Equity attributable to the shareholders of Bilfinger Berger AG increased by €46 million during the first six months of 2010. Earnings after taxes contributed €118 million to this increase while dividend payments led to a reduction of €88 million. Changes recognized directly in equity with no effect on profit and loss increased equity attributable to the shareholders of Bilfinger Berger AG by €16 million. They include €103 million of positive differences on currency translation, €78 million of so-called unrealized losses on hedging instruments and €9 million of actuarial losses on pension plans, which are presented in more detail in the consolidated statement of comprehensive income. Equity attributable to minority interests decreased by €7 million due primarily to deconsolidation.

Bilfinger Berger has held 1,884,000 treasury shares since April 2008. They account for €5,652,000 or 4.1 percent of the share capital at the interim balance sheet date. No cancellation of the treasury shares is currently planned.

Consolidated statement of cash flows

January 1 - June 30

€ million	2010	2009
Cash earnings from continuing operations	150	85
Change in working capital	–359	–267
Gains on disposals of non-current assets	–1	–5
Cash flow from operating activities of continuing operations	**–210**	**–187**
Cash flow from investing activities of continuing operations	**–176**	**–185**
thereof property, plant and equipment	–48	–51
thereof financial assets	–128	–134
Cash flow from financing activities of continuing operations	**47**	**58**
thereof dividends paid to shareholders of Bilfinger Berger AG	–88	–71
thereof dividends paid to minority interest	–1	–2
thereof borrowing	136	131
Change in cash and cash equivalents of continuing operations	**–339**	**–314**
Cash flow from operating activities of discontinued operations	108	19
Cash flow from investing activities of discontinued operations	–10	–16
Cash flow from financing activities of discontinued operations	–3	0
Change in cash and cash equivalents of discontinued operations	**95**	**3**
Other adjustments to cash and cash equivalents	41	20
Cash and cash equivalents at January 1	798	720
Cash and cash equivalents included in assets classified as held for sale at June 30	254	–
Cash and cash equivalents at June 30	**341**	**429**

The cash flow from operating activities reflects a significant increase in cash earnings with a substantial increase in working capital. This is primarily due to the seasonal nature of our business. Additional reasons for the higher level of working capital are the lower volume of project business (which features a high degree of advance payments) due to the planned reduction of our construction activities and the lower level of orders received in connection with new power plant construction by our Power Services division. In total, the cash flow from operating activities of continuing operations decreased to a cash outflow of €210 (H1 2009: cash outflow of €187 million).

The balance of investments with proceeds from disposals for continuing operations amounted to €176 million (H1 2009: €185 million). For property, plant and equipment, cash outflows amounted to €56 million (H1 2009: €55 million) while cash inflows totaled €8 million (H1 2009: €4 million). €129 million was invested in financial assets (H1 2009: €135 million). Of that total, €87 million was for acquisitions in the services business (H1 2009: €33 million) and €42 million (H1 2009: €102 million) comprised capital contributions and loans in the concessions business. The disposal of financial assets led to a cash inflow of €1 million, as in the prior-year period.

The cash inflow from financing activities of continuing operations of €47 million (H1 2009: €58 million) reflects net borrowing of €136 million (H1 2009: €131 million) and dividend payments of €89 million (H1 2009: €73 million). In total, changes in cash and cash equivalents of continuing operations amounted to a net cash outflow of €339 million (H1 2009: net cash outflow of €314 million).

The cash flows of discontinued operations resulted in a cash inflow of €95 million (H1 2009: cash inflow of €3 million).

Changes in currency exchange rates led to an arithmetical increase in cash and cash equivalents of €41 million (H1 2009: €20 million).

Of the Group's total cash and cash equivalents at June 30, 2010, an amount of €254 million is included in the item *assets classified as held for sale*, so the cash and cash equivalents of continuing operations presented in the balance sheet amount to €341 million.

Segment reporting	Output volume		External revenues		Internal revenues		EBIT	
	January 1 - June 30		January 1 - June 30		January 1 - June 30		January 1 - June 30	
€ million	**2010**	**2009**	**2010**	**2009**	**2010**	**2009**	**2010**	**2009**
Industrial Services	1,383	1,131	1,386	1,106	7	2	63	55
Power Services	538	493	536	492	2	1	41	32
Building and Facility Services	1,062	1,232	1,028	1,182	5	15	25	13
Construction	809	919	615	573	8	24	6	–32
Concessions	37	20	210	266	–	–	8	4
Consolidation, other	–17	–27	5	3	–22	–42	–8	–8
Continuing operations	**3,812**	**3,768**	**3,780**	**3,622**	**–**	**–**	**135**	**64**

Segment reporting corresponds to our internal reporting by business segment.

In view of the intended reduction of the construction business and in particular the planned sale of Valemus Australia, the reporting structure was adjusted at the beginning of the year 2010. This reflects the growing importance of our services business. The Industrial Services and Power Services divisions, which were previously allocated to the Services business segment, have now become separate reporting segments. The new Building and Facility Services segment comprises the activities of the German Building division as well as the Facility Services division, which was previously part of the Services business segment. The activities of Bilfinger Berger Nigeria, which were previously allocated to the Civil and the Building and Industrial segments, have also been placed into the new Building and Facility Services segment. The new Construction segment consists of the continuing operations of the old Civil business segment. The composition of the Concessions segment remains unchanged.

The segment reporting depicts only the Bilfinger Berger Group's continuing operations. The prior-year figures have been adjusted to the new reporting format.

The reconciliation of segment earnings (EBIT) to earnings before taxes from continuing operations is derived from the consolidated income statement.

Discontinued operations

Valemus Australia is one of Australia's biggest companies in the fields of civil engineering, building construction and industrial construction, as well as industrial and infrastructure services.

The results of the discontinued operations of Valemus Australia are comprised as follows:

	January 1 - June 30		April 1 - June 30	
€ million	**2010**	**2009**	**2010**	**2009**
Output volume (for information only)	1,509	1,333	832	692
Revenue	1,237	1,116	673	578
Income / expenses	–1,181	–1,061	–647	–543
EBIT	**56**	**55**	**26**	**35**
Net interest result	3	1	2	0
Earnings before taxes	**59**	**56**	**28**	**35**
Income tax expense	–18	–17	–9	–11
Earnings after taxes from discontinued operations	**41**	**39**	**19**	**24**

Earnings after taxes from discontinued operations are fully attributable to the shareholders of Bilfinger Berger AG.

The assets and liabilities of Valemus Australia, classified as held for sale, are comprised as follows:

€ million	**June 30 2010**
Assets	
Goodwill	138
Non-current assets	208
Current assets (excluding cash and cash equivalents)	316
Cash and cash equivalents	254
Assets classified as held for sale	**916**
Liabilities	
Financial debt	70
Other liabilities	573
Liabilities classified as held for sale	**643**

At June 30, 2010, Bilfinger Berger AG has a liability towards Valemus Australia of €121 million (December 31, 2009: €65 million).

The discontinued operations' cumulative other comprehensive income after taxes, which is recognized directly in equity, amounts to €33 million.

Related-party transactions

Most of the transactions between fully consolidated companies of the Group and related companies or persons involve associated companies and joint ventures.

All transactions conducted with companies or persons in a close relationship with Bilfinger Berger (related-party transactions) take place at arm's length.

Contingent liabilities

Contingent liabilities exist in a total amount of €34 million (December 31, 2009: €33 million) with regard to guarantees, primarily for associated companies. In addition, we are jointly and severally liable as partners in companies constituted under the German Civil Code and in connection with consortiums.

Responsibility statement

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

Mannheim, August 11, 2010

Bilfinger Berger AG
The Executive Board

Herbert Bodner

Joachim Müller

Klaus Raps

Kenneth D. Reid

Prof. Hans Helmut Schetter

Thomas Töpfer

Review report

To Bilfinger Berger AG, Mannheim

We have reviewed the interim condensed consolidated financial statements, comprising the income statement, the statement of comprehensive income, the balance sheet, the statement of changes in equity, the statement of cash flows and selected explanatory notes, and the interim group management report of Bilfinger Berger AG, Mannheim, for the period from January 1 to June 30, 2010, which are part of the six-monthly financial report pursuant to Sec. 37w WpHG ["Wertpapierhandelsgesetz": German Securities Trading Act]. The preparation of the interim condensed consolidated financial statements in accordance with IFRSs on interim financial reporting as adopted by the EU and of the group management report in accordance with the requirements of the WpHG applicable to interim group management reports is the responsibility of the Company's management. Our responsibility is to issue a report on the interim condensed consolidated financial statements and the interim group management report based on our review.

We conducted our review of the interim condensed consolidated financial statements and the interim group management report in accordance with German generally accepted standards for the review 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 review to obtain a certain level of assurance in our critical appraisal to preclude that the interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IFRSs on interim financial reporting as adopted by the EU and that the interim group management report has not been prepared, in all material respects, in accordance with the applicable provisions of the WpHG. A review is limited primarily to making inquiries of company personnel and applying analytical procedures and thus does not provide the assurance that we would obtain from an audit of financial statements. In accordance with our engagement, we have not performed an audit and, accordingly, we do not express an audit opinion.

Based on our review nothing has come to our attention that causes us to believe that the interim condensed consolidated financial statements are not prepared, in all material respects, in accordance with IFRSs on interim financial reporting as adopted by the EU and that the interim group management report has not been prepared, in all material respects, in accordance with the provisions of the WpHG applicable to interim group management reports.

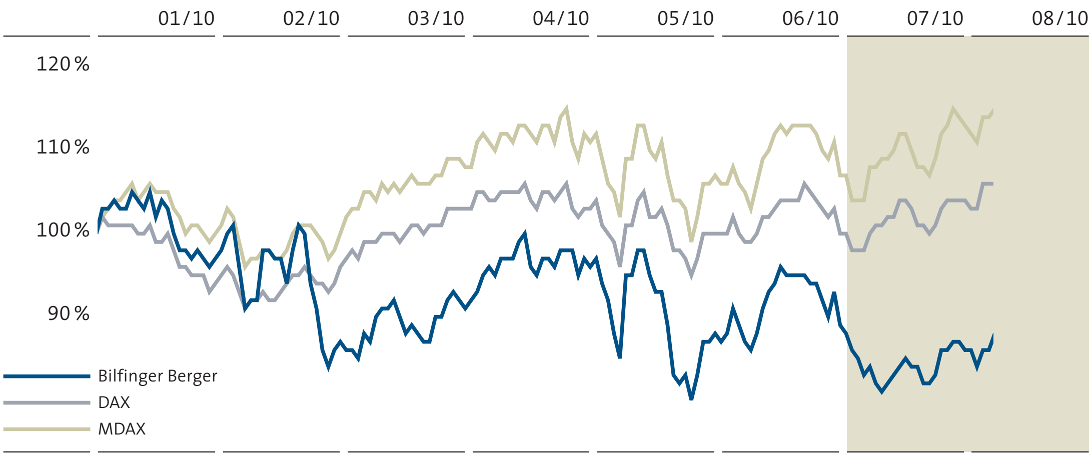
Mannheim, August 11, 2010

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Prof. Dr. Peter Wollmert	Thomas Müller
Wirtschaftsprüfer	Wirtschaftsprüfer
[German public auditor]	[German public auditor]

Bilfinger Berger shares

Relative performance of our shares



At the beginning of April 2010, international equity markets at first continued the positive trend of March. Starting in late April, however, the levels of government debt of some countries of the European Union caused a high degree of uncertainty in the financial markets. This resulted in renewed falls of share prices and ongoing high volatility.

The Bilfinger Berger share price developed largely in parallel with the market. Our strategy of reducing construction activities and further expanding our services business met with positive assessments from investors. Although there were widespread expressions of understanding for the postponement of our Australian subsidiary's IPO, it nevertheless resulted in the suspension of one of the triggers of our share price development at the beginning of July.

From January 1, 2010 until the beginning of August, the DAX climbed by 6 percent and the MDAX by 15 percent, while Bilfinger Berger shares fell by 12 percent.

Key figures on our shares January 1 - June 30

€ per share		2010
Highest price		58.80
Lowest price		40.75
Closing price [1]		45.65
Book value [2]		35.89
Market value / book value [1,2]		1.3
Market capitalization [1,3]	in € million	2,101
MDAX weighting [1]		3.3%
Number of shares [1,3]	in thousands	46,024
Average daily volume (no. of shares)		471,220

All price details refer to Xetra trading
[1] Based on June 30, 2010
[2] Balance-sheet shareholders' equity excluding minority interests
[3] Including treasury shares

Basic share information

ISIN / stock exchange abbreviation:
DE0005909006 / GBF

Main listings: XETRA / Frankfurt

Deutsche Boerse segments / indices:
Prime Standard, MDAX, Prime Construction Perf. Idx.,
DJ STOXX 600, DJ EURO STOXX,
DJ EURO STOXX Select Dividend 30, MSCI Europe

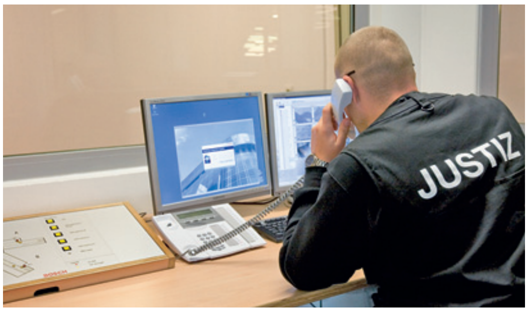
Financial calendar

	2010
November 10	Interim Report Q3 2010

	2011
February 14	Preliminary report on the 2010 financial year
March 30	Press Conference on financial statements
May 12	Interim Report Q1 2011
May 31	Annual General Meeting*
August 11	Interim Report Q2 2011
November 14	Interim Report Q3 2011

*Congress Centrum Rosengarten
Mannheim, 10 a.m.

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.



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