Consolidated financial statements

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 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, March 12, 2015

The Executive Board

Herbert Bodner

Joachim Enenkel

Dr. Jochen Keysberg

Pieter Koolen

Joachim Müller

Auditor’s report

We have audited the consolidated financial statements prepared by the Bilfinger 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 2014. 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, 12 March 2015

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

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

Karen Somes
Wirtschaftsprüferin
[German Public Auditor]

Consolidated financial statements

CONSOLIDATED INCOME STATEMENT

€ million

	Notes	2014	2013
Revenue	(6)	**7,697.2**	**7,560.5**
Cost of sales		-6,774.1	-6,508.7
Gross profit		**923.1**	**1,051.8**
Selling and administrative expense		-806.7	-757.1
Other operating income	(7)	83.5	89.5
Other operating expense	(8)	-232.9	-127.5
Income from investments accounted for using the equity method	(15)	39.8	41.3
Earnings before interest and taxes (EBIT)	(9)	**6.8**	**298.0**
Interest income	(10)	4.0	5.7
Interest expense	(10)	-40.7	-45.0
Other financial expense	(10)	0.5	-5.3
Earnings before taxes		**-29.4**	**253.4**
Income tax expense	(11)	-45.5	-72.6
Earnings after taxes from continuing operations		**-74.9**	**180.8**
Earnings after taxes from discontinued operations	(5.1)	**-27.2**	**-4.6**
Earnings after taxes		-102.1	176.2
thereof minority interest		-30.7	3.4
Net profit		**-71.4**	**172.8**
Average number of shares (in thousands)	(12)	44,168	44,149
Earnings per share* (in €)	(12)	-1.62	3.91
thereof from continuing operations		-1.00	4.01
thereof from discontinued operations		-0.62	-0.10

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

€ million

		2014	2013
Earnings after taxes		**-102,1**	**176,2**
Items that will not be reclassified to the income statement			
Gains / losses from remeasurement of net defined benefit liability (asset)			
Unrealized gains / losses	-112.3		-1.5
Income taxes on unrealized gains / losses	32.9		2.1
		-79.4	**0.6**
Items that may subsequently be reclassified to the income statement			
Gains / losses on fair-value measurement of securities			
Unrealized gains / losses	-2.4		3.3
Reclassifications to the income statement	-6.0		0.0
Income taxes on unrealized gains / losses	0.1		-0.1
		-8.3	3.2
Gains / losses on hedging instruments			
Unrealized gains / losses	-1.5		50.0
Reclassifications to the income statement	-1.3		23.2
Income taxes on unrealized gains / losses	0.9		-19.3
		-1.9	53.9
Currency translation differences			
Unrealized gains / losses	56.7		-73.7
Reclassifications to the income statement	3.5		-1.2
		60.2	-74.9
Gains / losses on investments accounted for using the equity method			
Gains / losses on hedging instruments			
Unrealized gains / losses	-3.9		59.1
Reclassifications to the income statement	23.5		37.3
		19.6	96.4
Currency translation differences			
Unrealized gains / losses		1.0	0.0
		20.6	96.4
		70.6	**78.6**
Other comprehensive income after taxes		**-8.8**	**79.2**
Total comprehensive income after taxes		**-110.9**	**255.4**
attributable to shareholders of Bilfinger SE		-79.8	251.9
attributable to minority interest		-31.1	3.5

See also further explanations on the components of other comprehensive income in section 20 of the notes to the consolidated financial statements.

CONSOLIDATED BALANCE SHEET

€ million

		Notes	Dec.31, 2014	Dec.31, 2013
Assets	Non-current assets			
	Intangible assets	(13)	2,015.4	2,023.3
	Property, plant and equipment	(14)	650.2	712.3
	Investments accounted for using the equity method	(15)	70.5	74.5
	Other financial assets	(16)	68.2	137.2
	Deferred tax assets	(11)	222.4	186.7
			3,026.7	**3,134.0**
	Current assets			
	Inventories	(17)	181.5	223.7
	Receivables and other financial assets	(18)	1,876.0	2,008.1
	Current tax assets		60.0	52.0
	Other assets	(19)	98.1	89.2
	Cash and cash equivalents		403.1	668.7
	Assets classified as held for sale	(5.2)	316.2	355.8
			2,934.9	**3,397.5**
			5,961.6	**6,531.5**
Equity and liabilities	Equity	(20)		
	Share capital		138.1	138.1
	Capital reserve		759.8	759.6
	Retained and distributable earnings		1,170.8	1,455.1
	Other reserves		-33.6	-104.6
	Treasury shares		-97.4	-99.0
	Equity attributable to shareholders of Bilfinger SE		1,937.7	2,149.2
	Minority interest		-20.6	15.5
			1,917.1	**2,164.7**
	Non-current liabilities			
	Provisions for pensions and similar obligations	(21)	523.7	423.1
	Other provisions	(22)	55.0	60.7
	Financial debt, recourse	(23)	515.8	517.3
	Financial debt, non-recourse	(23)	12.6	12.6
	Other liabilities	(24)	21.9	49.1
	Deferred tax liabilities	(11)	91.3	150.0
			1,220.3	**1,212.8**
	Current liabilities			
	Current tax liabilities	(22)	89.1	116.5
	Other provisions	(22)	461.3	552.4
	Financial debt, recourse	(23)	27.9	28.1
	Financial debt, non-recourse	(23)	26.9	28.2
	Trade and other payables	(24)	1,477.1	1,748.9
	Other liabilities	(25)	369.9	364.9
	Liabilities classified as held for sale	(5.2)	372.0	315.0
			2,824.2	**3,154.0**
			5,961.6	**6,531.5**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

€ million

	Equity attributable to the shareholders of Bilfinger SE								Minority interest	Equity
				Other reserves						
	Share capital	Capital reserve	Retained and distributable earnings	Fair value measurement of securities reserve	Hedging instruments reserve	Currency translation reserve	Treasury shares	Total		
Balance at January 1, 2013	**138.1**	**759.3**	**1,414.4**	**5.1**	**-211.5**	**23.3**	**-100.0**	**2,028.7**	**8.0**	**2,036.7**
Earnings after taxes	0.0	0.0	172.8	0.0	0.0	0.0	0.0	172.8	3.4	176.2
Other comprehensive income after taxes	0.0	0.0	0.6	3.2	150.3	-75.0	0.0	79.1	0.1	79.2
Total comprehensive income after taxes	**0.0**	**0.0**	**173.4**	**3.2**	**150.3**	**-75.0**	**0.0**	**251.9**	**3.5**	**255.4**
Dividends paid out	0.0	0.0	-132.4	0.0	0.0	0.0	0.0	-132.4	-2.8	-135.2
Employee share program	0.0	0.3	1.5	0.0	0.0	0.0	1.0	2.8	0.0	2.8
Changes in ownership interest without change in control	0.0	0.0	-1.8	0.0	0.0	0.0	0.0	-1.8	-1.8	-3.6
Other changes	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	8.6	8.6
Balance at December 31, 2013	**138.1**	**759.6**	**1,455.1**	**8.3**	**-61.2**	**-51.7**	**-99.0**	**2,149.2**	**15.5**	**2,164.7**
Balance at January 1, 2014	**138.1**	**759.6**	**1,455.1**	**8.3**	**-61.2**	**-51.7**	**-99.0**	**2,149.2**	**15.5**	**2,164.7**
Earnings after taxes	0.0	0.0	-71.4	0.0	0.0	0.0	0.0	-71.4	-30.7	-102.1
Other comprehensive income after taxes	0.0	0.0	-79.4	-8.3	17.7	61.6	0.0	-8.4	-0.4	-8.8
Total comprehensive income after taxes	**0.0**	**0.0**	**-150.8**	**-8.3**	**17.7**	**61.6**	**0.0**	**-79.8**	**-31.1**	**-110.9**
Dividends paid out	0.0	0.0	-132.5	0.0	0.0	0.0	0.0	-132.5	-4.6	-137.1
Employee share program	0.0	0.2	-0.1	0.0	0.0	0.0	1.6	1.7	0.0	1.7
Changes in ownership interest without change in control	0.0	0.0	-0.6	0.0	0.0	0.0	0.0	-0.6	0.0	-0.6
Other changes	0.0	0.0	-0.3	0.0	0.0	0.0	0.0	-0.3	-0.4	-0.7
Balance at December 31, 2014	**138.1**	**759.8**	**1,170.8**	**0.0**	**-43.5**	**9.9**	**-97.4**	**1,937.7**	**-20.6**	**1,917.1**

See also further explanations on equity in section 20 of the notes to the consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

€ million

	Notes	2014	2013
Earnings after taxes from continuing operations		-74.9	180.8
Depreciation, amortization and impairments		158.8	168.4
Decrease in non-current provisions and liabilities		-29.3	-33.4
Deferred tax benefit		-21.2	-26.4
Adjustment for non-cash income from equity-method investments		-18.0	-13.2
Goodwill impairment and other write-downs		148.0	0.0
Cash earnings from continuing operations		**163.4**	**276.2**
Decrease / increase in inventories		10.2	-12.5
Increase in receivables		-21.7	-18.5
Decrease in current provisions		-40.0	-29.9
Decrease / increase in liabilities		-26.5	27.6
Change in working capital		**-78.0**	**-33.3**
Gains on disposals of non-current assets		-20.4	-32.8
Cash flow from operating activities of continuing operations	(30)	**65.0**	**210.1**
Proceeds from the disposal of intangible assets		0.1	1.0
Proceeds from the disposal of property, plant and equipment		17.2	14.5
Proceeds from the disposal of subsidiaries net of cash and cash equivalents disposed of		6.3	4.6
Proceeds from the disposal of concession projects		103.2	170.9
Disposal of cash and cash equivalents classified as assets held for sale		-32.4	-7.3
Proceeds from the disposal of other financial assets		13.2	32.2
Investments in intangible assets		-15.4	-13.1
Investments in property, plant and equipment		-123.2	-127.0
Acquisition of subsidiaries net of cash and cash equivalents acquired		-136.0	-246.7
Investments in other financial assets		-4.5	-3.8
Changes in marketable securities		50.2	0.0
Cash flow from investing activities of continuing operations	(30)	**-121.3**	**-174.7**
Issue of treasury shares as part of the employee share program		1.1	1.2
Dividend paid to the shareholders of Bilfinger SE		-132.4	-132.4
Dividend paid to minority interest		-6.9	-6.2
Proceeds from changes in ownership interest without change in control		0.1	0.2
Investments resulting in changes in ownership interest without change in control		-0.4	-3.8
Borrowing		9.3	30.6
Repayment of financial debt		-35.4	-193.3
Cash flow from financing activities of continuing operations		**-164.6**	**-303.7**
Change in cash and cash equivalents of continuing operations		**-220.9**	**-268.3**
Cash flow from operating activities of discontinued operations	(30)	-17.0	-70.9
Cash flow from investing activities of discontinued operations	(30)	-54.8	-51.6
Cash flow from financing activities of discontinued operations	(30)	10.5	7.8
Change in cash and cash equivalents of discontinued operations		**-61.3**	**-114.7**
Change in value of cash and cash equivalents due to changes in foreign exchange rates		7.6	-13.2
Cash and cash equivalents at January 1		668.6	1.087.2
Cash and cash equivalents classified as assets held for sale (Concessions) at January 1 (+)		22.4	0.0
Cash and cash equivalents classified as assets held for sale (Concessions / Construction) at December 31 (-)		13.3	22.4
Cash and cash equivalents at December 31		**403.1**	**668.6**

Notes to the consolidated financial statements 2014*

1. Segment reporting

As in the previous year, segment reporting has been prepared in accordance with IFRS 8. The reportable segments of the Bilfinger 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.

In the context of the Bilfinger Excellence efficiency-enhancing program, the previous subgroup organization was discontinued and has been replaced with a divisional structure since January 1, 2014. The 12 divisions are allocated to the three existing business segments. The number of divisions declined from 14 as of March 31, 2014 by two as result of the classification of the activities of the former Construction business segment as discontinued operations.

With the introduction of the new organizational structure, the allocation of some operational Group companies to the business segments has changed. This means that from financial year 2014, output volume of approximately €310 million from 2013 with an EBITA of €24 million are shifted from the Industrial business segment and presented in the Power business segment.

In the course of the planned sale of significant portions of the Construction business segment, the activities that have been put up for sale will be classified as discontinued operations. The Construction business segment is no longer presented in segment reporting. The remaining steel construction activities with an output volume in financial year 2013 of €68 million and an EBITA of €6 million are reported in the Industrial business segment.

Marine construction, offshore and overhead power lines activities, which recorded output volume of approximately €140 million in financial year 2013 and an EBITA of €5 million and which were not originally put up for sale together with key parts of the Construction business segment, were allocated to the newly-created 'Offshore Systems and Grids' division in the Power business segment. On December 16, significant portions of the newly-created division were classified as discontinued operations. The overhead power lines business with an output volume in financial year 2013 of €11 million and an EBITA of €1 million is reported in the Power business segment.

The prior-year figures have been adjusted accordingly.

Description of reportable segments:

Industrial The Industrial business segment provides services for the design, construction, maintenance and modernization of plants, primarily in the sectors oil and gas, refineries, petrochemicals, chemicals and agro chemicals, pharmaceuticals, food and beverages, power generation, and steel and aluminum. The range of services covers consulting, engineering, project management, piping and component engineering, plant assembly, mechanical engineering, electrical, instrumentation and control technology, process engineering, insulation, scaffolding and corrosion protection. Key regions include Europe, the USA and Asia.

Power The Power business segment provides services for the maintenance, repair, efficiency enhancements, service life extensions and demolition of existing plants as well as in the design, manufacture and assembly of components for power plant construction with a focus on boiler and high-pressure piping systems. The company also erects overhead power lines for the expansion of the German grid network. Services include engineering, delivery, assembly and commissioning of power plant facilities throughout their entire lifecycles (construction, operation, demolition). Key regions include Europe, South Africa and the Middle East.

Building and Facility The Building and Facility business segment provides integrated real-estate services for the entire lifecycle of a property. The services comprise design, construction and operation of energy saving and value optimizing real-estate projects. The group manages facilities of all kinds and provides consultancy and real-estate services for fund, asset, property and facility management. In Germany, Bilfinger offers development, design and management services as well as services for construction and construction logistics. Global services in water and wastewater technology fill out our portfolio.

* Figures in € million, unless stated otherwise.

'Earnings before interest, taxes and amortization of intangible assets from acquisitions' (EBITA) is the key performance indicator for the business units and the Group, and thus the metric for earnings in our segment reporting. EBIT is also reported. The reconciliation of EBIT to earnings before taxes from continuing operations is derived from the consolidated income statement. 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. Consolidation includes the consolidation of business transactions between the business segments. The reconciliation also includes income and expenses from headquarters as well as other items that cannot be allocated to the individual segments according to our accounting policies. The allocation of external revenue to the regions is carried out according to the location of the service provision.

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 Group headquarters and interest-bearing liabilities such as debt and provisions for pensions and similar obligations. Accordingly, the corresponding expense and income items are not recorded in segment earnings (EBITA). Investments in property, plant and equipment also include investments in intangible assets such as licenses or software of €15.4 million (previous year: €13.1 million).

SEGMENT REPORTING BY BUSINESS SEGMENT

€ million

Output volume
External revenue
Internal revenue
Total revenue
EBITA (segment earnings)
Amortization of intangible assets from acquisitions and impairment of goodwill
EBIT (segment earnings)
thereof depreciation of property, plant and equipment and amortization of other intangible assets
thereof income from investments accounted for using the equity method
Segment assets at December 31
thereof investments in associates and joint ventures accounted for using the equity method
Segment liabilities at December 31
Capital expenditure on property, plant and equipment
Number of employees at December 31

SEGMENT REPORTING BY REGION

€ million

Output volume
External revenues
Non-current assets at December 31

	Industrial		Power		Building and Facility		Total of segments		Consolidation / other		Total continuing operations	
	2014	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013
	3,705.0	3,720.8	**1,444.5**	1,576.8	**2,658.9**	2,345.7	**7,808.4**	7,643.3	**-118.2**	-91.2	**7,690.2**	7,552.1
	3,649.5	3,665.9	1,442.8	1,570.1	2,603.4	2,291.1	7,695.7	7,527.1	1.5	33.4	7,697.2	7,560.5
	82.4	76.1	9.1	10.3	28.5	35.2	120.0	121.6	-120.0	-121.6	0.0	0.0
	3,731.9	3,742.0	**1,451.9**	1,580.4	**2,631.9**	2,326.3	**7,815.7**	7,648.7	**-118.5**	-88.2	**7,697.2**	7,560.5
	189.7	214.2	**7.8**	147.8	**136.6**	115.4	**334.1**	477.4	**-136.5**	-128.8	**197.6**	348.6
	-18.4	-27.3	-154.2	-8.1	-18.2	-15.2	-190.8	-50.6	0.0	0.0	-190.8	-50.6
	171.3	186.9	**-146.4**	139.7	**118.4**	100.2	**143.3**	426.8	**-136.5**	-128.8	**6.8**	298.0
	64.1	63.7	27.0	26.5	19.9	18.1	111.0	108.3	5.5	6.0	116.5	114.3
	10.8	10.3	0.4	0.4	8.4	10.9	19.6	21.6	20.2	19.7	39.8	41.3
	2,014.6	2,022.1	**1,016.5**	1,219.1	**1,620.9**	1,378.6	**4,652.0**	4,619.8	**1,022.4**	1,293.6	**5,674.4**	5,913.4
	18.4	13.6	**2.0**	1.7	**6.8**	5.1	**27.2**	20.4	**43.3**	38.6	**70.5**	59.0
	770.4	755.7	**507.1**	516.5	**854.4**	810.7	**2,131.9**	2,082.9	**1,582.8**	1,691.7	**3,714.7**	3,774.6
	67	73	**22**	34	**32**	21	**121**	128	**18**	12	**139**	140
	33,016	35,018	**11,561**	13,479	**23,712**	22,069	**68,289**	70,566	**843**	561	**69,132**	71,127

	Germany		Rest of Europe		America		Africa		Asia		Total continuing operations	
	2014	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013
	2,840.2	2,854.9	3,339.8	3,204.4	993.9	903.6	195.4	244.1	320.9	345.1	7,690.2	7,552.1
	2,849.0	2,866.7	3,350.9	3,217.8	980.2	885.4	195.6	244.7	321.5	345.9	7,697.2	7,560.5
	1,268.2	1,441.6	1,059.8	889.1	282.1	255.3	19.8	21.5	35.7	36.7	2,665.6	2,644.2

2. General information

Bilfinger SE is a listed stock corporation with its registered office and headquarters at Carl-Reiss-Platz 1-5, 68165 Mannheim, Germany.

As an engineering and services group, Bilfinger develops, constructs, maintains, and operates facilities and structures for industry as well as for the energy and real-estate sectors.

The consolidated financial statements of Bilfinger SE for financial year 2014 were released for publication by the Executive Board on March 12, 2015.

The consolidated financial statements of Bilfinger 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.

3. Accounting policies

3.1 New and amended IFRSs

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

The new and amended IFRSs relevant to Bilfinger and applied as of January 1, 2014 are:

- IFRS 10 *Consolidated Financial Statements*
- IFRS 11 *Joint Arrangements*
- IFRS 12 *Disclosure of Interests in Other Entities*

The effects of these changes are as follows:

IFRS 10 *Consolidated Financial Statements*

IFRS 10 harmonizes 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. The subsidiaries of Bilfinger are generally companies for which the voting-rights majority is the most important indicator of control and no other contractual arrangements exist. There were therefore no significant changes in Bilfinger's consolidated group and thus no significant impact on the Group's financial position, cash flows, or profitability.

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. Joint ventures were accounted for using the equity method, in accordance with IAS 31. In accordance with IFRS 11, consortia are classified as joint ventures and accounted for using the equity method. In past periods, earnings from joint ventures were disclosed under revenue. Earnings from consortia in the amount of €7.5 million (previous year: €9.9 million) will now be reported under income from investments accounted for using the equity method. The prior-year figures have been adjusted accordingly.

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.

IFRSs already published but not yet applied:

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 classification and measurement requirements for financial instruments. The standard also includes guidance regarding hedge accounting and the impairment of financial assets. The effect of the application of IFRS 9 is currently being reviewed (first application for annual periods beginning on or after January 1, 2018).

IFRS 10 *Consolidated Financial Statements* and
IAS 28 *Investments in Associates and Joint Ventures*

The amendments to IFRS 10 and IAS 28 eliminate an inconsistency between the two standards with regard to accounting for the sale of assets to an associate or a joint venture or, respectively, the contribution of assets to an associate or joint venture (first application for annual periods beginning on or after January 1, 2016).

IFRS 11 *Joint Arrangements*

The amendment to IFRS 11 provides clarification that the principles on the recognition of business combinations as set out in IFRS 3 and other applicable IFRS standards should apply to first-time purchases and additional acquisitions of interests in joint operations that constitute a business as defined in IFRS 3 *Business Combinations*, provided they do not conflict with the guidance in IFRS 11 (first application for annual periods beginning on or after January 1, 2016). At Bilfinger, this guidance will only need to be applied in special cases.

IFRS 15 *Revenue from Contracts with Customers*

IFRS 15 replaces the previous standards and interpretations on revenue recognition (IAS 11, IAS 18, IFRIC 13, IFRIC 15, IFRIC 18 and SIC-31) and provides uniform guidance on the recognition, measurement, presentation and disclosures required in the notes to the consolidated financial statements concerning revenue from contracts with customers on the basis of a five-step model. The impact of the application of IFRS 15 on the recognition of revenue and earnings is currently being reviewed. It is anticipated that the scope of the disclosures required in the notes to the consolidated financial statements will increase considerably (first application for annual periods beginning on or after January 1, 2017).

IAS 1 *Presentation of Financial Statements*

The amendments to IAS 1 clarify that disclosures in the notes to the consolidated financial statements are only to be made where their presentation is not immaterial. The amendments also explain the aggregation of line items on the balance sheet and the statement of comprehensive income, clarify how shares of the other comprehensive income of associates and joint ventures accounted for using the equity method are to be presented, and discard the template for the order of the notes to the consolidated financial statements in favor of relevance to a company-specific presentation (first application for annual periods beginning on or after January 1, 2016).

IAS 19 *Employee Benefits*

The amendment to IAS 19 introduces a simplification rule regarding the consideration of employee contributions in connection with defined benefit pension obligations which are made irrespective of the number of years worked (first application for annual periods beginning on or after July 1, 2014).

IAS 16 *Property, Plant and Equipment* and
IAS 38 *Intangible Assets*
The amendments to IAS 16 and IAS 38 provide clarification as to which methods of depreciation and amortization of property, plant and equipment and of intangible assets are acceptable (first application for annual periods beginning on or after January 1, 2016). The amendments have no impact on Bilfinger.

IFRIC 21 *Levies*
IFRIC 21 regulates the accounting of all levies that are not within the scope of IAS 12 *Income Taxes*. IFRIC 21 clarifies that an entity is to recognize a liability for a levy when the obligating event that triggers payment, as identified by the relevant legislation, occurs (first application for annual periods beginning on or after June 17, 2014).

Improvements to IFRSs for the 2010-2012, 2011-2013 and 2012-2014 cycles
The improvements in the three collections of amendments to IFRS standards published in connection with the *Annual Improvements Process* include several IFRSs, mainly to remove inconsistencies and to clarify wording (first application for 2010-2012 on February 1, 2015, for 2011-2013 on January 1, 2015, and for 2012-2014 on July 1, 2016).

At the end of the reporting period, IFRS 9, IFRS 15, the amendments to IFRS 10 and IAS 28, to IFRS 11, IAS 1, IAS 16 and IAS 38 as well as improvements to IFRSs 2012-2014 had not yet been endorsed by the EU Commission. Unless otherwise stated, the future application of the standards is unlikely to have any material effect on the financial position, cash flows or profitability of the Bilfinger Group. Bilfinger intends to apply those IFRSs as of the mandatory date of application insofar as they have been endorsed.

3.2 Accounting policies

Intangible assets with a finite life are capitalized at cost of acquisition and amortized over their expected useful lives on a straight-line basis. The expected useful life is generally regarded as being between 3 and 8 years. 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 3 and 10 years; other equipment including office and factory equipment is usually depreciated over 3 to 12 years.

For intangible assets and property, plant and equipment, an impairment charge is recognized wherever the recoverable amount of an asset has fallen below its carrying amount. The recoverable amount represents the higher of the net selling price and the present value of estimated future cash flows. If the reason for an impairment loss recognized in prior years no longer applies, the carrying amount 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 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. Payment obligations resulting from future lease payments are recognized under financial liabilities.

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 arrangements are contractual agreements in which two or more parties carry out a business activity under joint control. These include not only joint ventures, which themselves also comprise construction consortiums, but also joint operations. The share of assets, liabilities, income and expenses of joint operations allocable to Bilfinger under the arrangement are recognized in the consolidated financial statements.

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 at the end of the reporting period if this is lower. If the net realizable value of inventories that were written down in the past has risen again, their carrying amounts are increased accordingly. Production costs include all costs that are directly or indirectly attributable to the production process. Overheads are calculated on the basis of normal employment. 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 are entered in equity in the amount of the acquisition costs.

Provisions for pensions and similar obligations are measured for defined benefit pension plans using the projected-unit-credit method, with consideration of future salary and pension increases. As far as possible, pension plan assets are set off. Net interest expense or income resulting from the net pension obligations are presented within financial income / expenses. Actuarial gains or losses from pension obligations and gains or losses on the remeasurement of plan assets are recognized in other comprehensive income.

Other 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 only recognized for legal or constructive obligations toward third parties. Provisions are measured at their settlement amounts, i.e., with due consideration of any price and / or cost increases, and are not set off against profit contributions. In the case of a single obligation, the amount of the most likely outcome is recognized as a liability. If the effect of the time value of money is material, provisions are discounted using the market interest rate for risk-free investments.

The amounts of provisions are estimated with consideration of experiences with similar situations in the past and of all knowledge of events up to the preparation of the consolidated financial statements. The general conditions can be very complex, in particular with provisions for risks relating to contracts and litigation as well as warranty risks. For this reason, uncertainty exists with regard to the timing and exact amounts of obligations.

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 or loss.

IAS 39 divides financial assets into four categories:

Financial Assets Held for Trading (FAHfT) (Financial Assets at Fair Value through Profit or Loss)	Financial assets held for trading (financial assets at fair value through profit or loss)
Held-to-Maturity Investments (HtM)	Held-to-maturity financial investments
Loans and Receivables (LaR)	Loans and receivables
Available-for-Sale Financial Assets (AfS)	Available-for-sale financial assets

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 held for trading (financial liabilities at fair value through profit or loss)
Financial Liabilities at Amortized Cost (FLAC)	Financial liabilities at amortized cost

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 liabilities, amortized cost is equal to the nominal value or the redemption amount.

Fair value is the (market) price that could be obtained on the hypothetical transfer of a certain asset or a certain liability in an orderly (market) transaction in the respective accessible primary market or in the most advantageous market between market participants at the measurement date. For the measurement of fair value, the valuation technique is to be applied which is the most appropriate to the given circumstances and which makes use of as much objective and/or observable information as possible. Depending on the type of asset or liability to be measured, this is the market-price method (e.g., with traded financial instruments), the replacement method (e.g., with property, plant or equipment) or the discounted-cash-flow method (e.g., with OTC derivatives).

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 (PPP) 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 reasonably estimated; otherwise they are measured at amortized cost (AfS-AC). Initial measurement is at the settlement date. Unrealized gains and losses from changes in fair value are recognized in equity with no impact on profit or loss, with due consideration of deferred taxes.

Receivables and other financial assets are measured at amortized cost, with the exception of derivative financial instruments. Possible default risks are reflected by allowances for bad debts 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 amount. Irrecoverable receivables are written off.

Receivables from construction contracts are accounted for in accordance with IAS 11 using the percentage-of-completion (PoC) 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 end of the reporting period. If, for construction contracts, output has been produced which exceeds the amount of advances received, this excess is shown under trade receivables. If the amount of advances received from invoices is higher than the output produced, this excess is shown under advances received from construction contracts. Receivables from percentage of completion correspond to 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 or loss. Changes in the market prices of other securities measured at fair value are recognized in retained earnings (fair valuation of securities reserve) with no effect on profit or loss, with due consideration of deferred taxes. With these securities, impairment losses are recognized if there is any indication of a lasting reduction in value.

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

Financial liabilities primarily comprise financial debt as well as trade and other payables. 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 commodity 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 derivatives used are calculated on the basis of recognized financial-mathematical methods (discounted-cash-flow method and option-pricing model).

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

The goal of hedging with the use of a fair-value hedge is to offset changes in the fair values of balancesheet assets and liabilities, or of off-balance fixed obligations, through opposing changes in the market value of the hedging transaction. The carrying amount of the hedged underlying transaction is adjusted to changes in market values if these changes result from the hedged risk factors. The changes in market values of the hedging transactions and the adjustments of the carrying amounts of the hedged underlying transactions are recognized through profit or loss.

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

Derivative financial instruments that are not related to a hedging instrument 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 with consideration of a discount due to the lack of dividend entitlement at fair value at the end of the reporting period. Here, the Monte Carlo Simulation method is also used. Expenses from share-based payments are recognized on a pro-rata basis in the relevant vesting period. In the case of cash-settled share-based payment transactions, expense is shown by recognizing a provision; in the case of equity-settled share-based payment transactions, the expense is entered directly in equity.

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 amount or fair value less cost to sell, and are no longer systematically depreciated or amortized. Impairment losses are recognized if the fair value less cost to sell is lower than the carrying amount. Any write-ups due to an increase in fair value less cost 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 at the end of the reporting period 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 at the end of the reporting period 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 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 client 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 recognized in the income statement on a project-related basis. In the reporting period, research and development expenses of €15.3 million (previous year: €12.6 million) were recognized.

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. In the year under review, no borrowing costs were capitalized, as in the prior year.

Summary of selected measurement methods:

Balance sheet item	Measurement method
Goodwill and intangible assets with an indefinite or unlimited useful life	Cost of acquisition (no amortization, regular and indication-induced impairment tests)
Intangible assets with a finite useful life	Amortized cost (straight-line amortization, indication-induced impairment tests)
Property, plant and equipment	Depreciated cost of acquisition or production (systematic depreciation, normally straight-line, indication-induced impairment tests)
Assets capitalized in the context of finance leasing	Fair value upon capitalization or present value of minimum leasing payments less systematic depreciation (indication-induced impairment tests)
Investments accounted for using the equity method	Cost of acquisition increased and reduced by the proportionate change in net assets (indication-induced impairment tests)
Equity interests	Cost of acquisition (indication-induced impairment tests)
Receivables from concession projects	Amortized cost (effective-interest method, indication-induced impairment tests)
Securities (AfS)	Fair value
Securities (HtM)	Amortized cost (effective-interest method, indication-induced impairment tests)
Inventories	Lower of cost of acquisition or production or net realizable value
Receivables from construction and services contracts	Percentage-of-completion method, amortized cost
Loans granted and receivables	Amortized cost (effective-interest method, indication-induced impairment tests)
Other assets	Lower of cost or fair value
Treasury shares	Cost of acquisition
Provisions for pensions and similar obligations	Projected-unit-credit method less plan assets
Other provisions	Settlement amount
Financial debt and other financial liabilities	Amortized cost (effective-interest method)
Other liabilities	Cost or settlement amount
Derivative financial instruments	Fair value
Deferred taxes	Taxable temporary differences
Assets held for sale / liabilities in disposal groups	Lower of carrying amount upon classification or fair value less cost to sell (no systematic amortization / depreciation, indication-induced impairment tests)

3.3 Assessments and estimates

With the preparation of the consolidated financial statements, to a certain extent it is necessary to make assumptions and estimates that have an effect on the amounts and valuations shown in the Group's balance sheet and income statement as well as on the contingent liabilities for the reporting period.

The assumptions and estimates 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.

The assumptions and estimates primarily relate to evaluations of the following items:

- Revenue by the percentage-of-completion method: With the use of the percentage-of-completion-method, estimates have to be made with regard to the percentage of completion, the contract costs to complete the contract and the total contract revenue. Changes in those estimates can lead to an increase or decrease in revenue for the period. In 2014, revenue of €4,422.0 million was realized by the percentage-of-completion method (previous year: €4,427.6 million). Disclosures on the sensitivities of the extent of possible effects of changes in estimates cannot reasonably be made due to the large number of individual projects and influencing factors.

- Allowances for bad debts: Allowances for bad debts include to a great extent estimates and assessments of individual receivables that are based on the creditworthiness of the respective client, current economic developments and collaterals received. The carrying amount of receivables at December 31, 2014 was €1,805.0 million (previous year: €1,904.3 million), whereby allowances for default risks for trade receivables amounted to €24.8 million (previous year: €27.1 million). Disclosures on the sensitivities of the extent of possible effects of changes in estimates cannot reasonably be made due to the large number of counterparties and relevant factors.
- Provisions for pensions and similar obligations: Provisions for pensions and similar obligations are measured actuarially with consideration of future developments. These measurements are primarily based on assumptions regarding discount rates, expected salary trends, pension trends and life expectancies. See Note 21 for details of the assumptions made and possible risks.
- Other provisions: The recognition of provisions for risks relating to contracts and litigation as well as warranty risks, personnel-related obligations, restructuring measures and other uncertain liabilities to a great extent involves estimates by Bilfinger. These estimates can change as a result of new information, for example with ongoing project progress or with the status of proceedings. The actual cash outflows or expenses can deviate from the original and updated estimates and can affect profit or loss accordingly. The carrying amount of other provisions at December 31, 2014 was €516.3 million (previous year: €613.1 million). Disclosures on the sensitivities of the extent of possible effects of changes in estimates cannot reasonably be made due to the large number of facts and relevant factors.
- Income taxes: Bilfinger is active in numerous tax jurisdictions. The tax items presented in the consolidated financial statements are calculated with consideration of the respective tax laws and of the relevant administrative judgments, and, due to their complexity, may be subject to deviating interpretations by taxable entities on the one hand and by local fiscal authorities on the other. Deferred tax assets are recognized if sufficient taxable income is available in the future. Among other things, the factors considered include the planned earnings from operating activities, the impact on earnings of the reversal of taxable temporary differences, and possible tax strategies. On the basis of the planned future taxable income, Bilfinger's management assesses the measurement of deferred tax assets at the end of each reporting period. As future business developments are uncertain, assumptions are required on estimates of future taxable income and on the time when deferred tax assets can be utilized. Estimated amounts are adjusted during the period if there are sufficient indications that an adjustment is necessary. If the management assumes that deferred tax assets cannot be realized, either partially or in full, they are impaired by the appropriate amount. The carrying amount of deferred tax assets at December 31, 2014 was €222.4 million (previous year: €186.7 million).
- Impairment of goodwill: Bilfinger tests goodwill for impairment at least annually. Determining the recoverable amount of a cash-generating unit to which goodwill is allocated involves estimates by the management. It is equivalent to the value in use resulting from the discounted cash flows calculated on the basis of financial planning approved by the management. See Note 13 of the notes to the consolidated financial statements for further details.

3.4 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 or loss. Contingent consideration is recognized at the time of acquisition at fair value and in following periods is measured at fair value through profit or 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 in profit or loss 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 or loss and the accumulated other comprehensive income previously recognized in connection with the investment is reclassified to profit or 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 amount.

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 amount of the investment. Upon losing a significant influence or losing joint control, the remaining equity interest is remeasured at fair value through profit or 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 inter-company profits. Deferred taxes from consolidation processes affecting profit have been accrued / deferred.

3.5 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 at the end of the reporting period; expenses and income are translated using the average exchange rate for the year. The aggregate differences compared with translation at the end of the reporting period are entered separately under other comprehensive income.

Currency translation took place using the following significant exchange rates:

€ 1 =		Annual average		At December 31	
		2014	2013	**2014**	2013
Australia	AUD	1.4724	1.3770	1.4829	1.5423
China	CNY	8.1883	8.1655	7.5358	8.3491
United Kingdom	GBP	0.8064	0.8493	0.7789	0.8337
India	INR	81.0689	77.8753	76.7190	85.3660
Canada	CAD	1.4669	1.3685	1.4063	1.4671
Qatar	QAR	4.8381	4.8366	4.4200	5.0180
Croatia	HRK	7.6346	7.5791	7.6580	7.6265
Nigeria	NGN	219.2327	211.5442	225.0440	220.9624
Norway	NOK	8.3551	7.8051	9.0420	8.3630
Poland	PLN	4.1846	4.1971	4.2623	4.1472
Sweden	SEK	9.0969	8.6505	9.3930	8.8591
Switzerland	CHF	1.2146	1.2309	1.2024	1.2276
South Africa	ZAR	14.4065	12.8308	14.0353	14.5660
Czech Republic	CZK	27.5344	25.9755	27.7250	27.4250
Hungary	HUF	308.6608	297.0133	314.8900	296.9100
United Arab Emirates	AED	4.8802	4.8795	4.4574	5.0614
United States	USD	1.3288	1.3282	1.2141	1.3791

4. Consolidated group

4.1 Changes in the consolidated group and inclusion

162 (previous year: 174) companies in Germany and 201 (previous year: 199) companies based outside of Germany have been included in the consolidated financial statements. Of these, 1 (previous year: 14) company in Germany and 14 (previous year: 39) companies based outside of Germany have been consolidated for the first time in the reporting period. In addition, 13 (previous year: 4) companies in Germany and 12 (previous year: 11) companies based outside of Germany were no longer included in the consolidated group due to sale or merger. A further 42 (previous year: 43) companies have been accounted for using the equity method.

In general, all subsidiaries are fully consolidated with the exception of, in particular, inactive companies such as shelf companies and companies in liquidation. Subsidiaries are all entities that are controlled directly or indirectly by Bilfinger SE. Bilfinger controls an investee where Bilfinger has power over the investee, is exposed to or has rights to variable returns from its involvement with the investee, and has the ability to affect those returns through its power over the investee. This is generally the case where Bilfinger has more than half of the voting rights of a company or where, as an exception, Bilfinger is able in another way to exercise power over an investee on the basis of contractual arrangements or the like for purposes of influencing the returns to which Bilfinger is entitled.

Associates are accounted for using the equity method. An associate is an entity over which the Group has significant influence by participating in its financial and business policy but which is not controlled by the Group. Significant influence is generally presumed when Bilfinger has voting rights of 20 percent or more.

Joint ventures are also accounted for using the equity method. A joint venture exists where the owners contractually agree to control the arrangement jointly and the shareholders have rights to the arrangement's net assets.

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 HGB.

As of the balance sheet date, there were no significant minority interests in the Group with respect to its equity. The list of subsidiaries and equity interests shows the subsidiaries in which minority interests were held.

Furthermore, the Group was not subject to any significant restrictions regarding access to or the use of subsidiaries' assets.

4.2 Acquisitions

In financial year 2014, payments of €129 million were made for the acquisition of fully consolidated companies – after offsetting €4 million in acquired cash and cash equivalents. The purchase price for these companies amounts to €133 million.

In addition, payments of €5 million were made for the acquisition of minority interests, which had been recognized as liabilities in accordance with IAS 32. Payments in the amount of €2 million for earn-out liabilities recognized in the prior year were also made. Overall, this led to an outflow of cash and cash equivalents in the amount of €136 million.

Effective July 1, 2014, we acquired the British company GVA Grimley Holdings Limited, Birmingham. This group of companies is a market leader for real-estate consulting services in the United Kingdom, has 1,500 employees and generated an output volume of approximately €220 million in the reporting period.

In financial year 2013, payments of €191 million were made for the acquisition of fully consolidated companies – after offsetting €37 million in acquired cash and cash equivalents. The purchase price for these companies amounts to €231 million, of which €3 million has been recognized as a purchase-price liability.

In addition, payments of €32 million were made for the acquisition of minority interests, which had been recognized as liabilities in accordance with IAS 32. Payments in the amount of €2 million for successive acquisitions and €19 million for earn-out liabilities recognized in the prior year were also made. Subsequent costs of acquisition for equity interests amounted to €2 million.

Overall, this led to an outflow of cash and cash equivalents in the amount of €246 million.

With effect as of January 9, 2013, we acquired Helmut Mauell GmbH, Velbert, Wuppertal, for a price of €7 million. This specialist for power plant control technology had 460 employees and an annual output volume of approximately €65 million.

With effect as of February 26, 2013, we acquired the American water technology specialist Johnson Screens Inc., New Brighton, Minnesota, for a price of €103 million. The company was founded in 1904; it had approximately 1,200 employees and an annual output volume of approximately €165 million.

With effect as of March 22, 2013, we acquired GreyLogix GmbH, Flensburg, for a price of €14 million. This specialist for automation technology generated an annual output volume of €45 million with a workforce of 300 persons.

Effective December 13, 2013, we acquired Europa Support Services Ltd., Manchester, United Kingdom, for a price of €76 million. This facility management company with a focus on the British and Irish markets generated an output volume of €190 million with a workforce of 3,300 people. The purchase price allocation was provisional due to the short period of time between the acquisition and the end of the reporting period.

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

EFFECTS AT THE TIME OF ACQUISITION

	2014	2013
Goodwill	121.2	152.8
Intangible assets from acquisitions	42.3	37.4
Property, plant and equipment and other intangible assets	7.1	35.6
Other non-current assets	5.5	15.6
Receivables	42.5	115.3
Other current assets	12.5	45.4
Cash and cash equivalents	3.5	37.4
Total assets	**234.6**	**439.5**
Retirement benefit obligation	14.0	33.3
Other Provisions	12.6	19.4
Financial debt	19.7	16.0
Other liabilities	55.4	139.6
Total liabilities	**101.7**	**208.3**
Total purchase price	**132.9**	**231.2**

With the exception of capitalized intangible assets from acquisitions, the capitalized fair values shown primarily reflect the carrying amounts in the balance sheets of the acquired companies. Goodwill in the amount of €121.2 million includes inseparable intangible assets such as the expert knowledge of the employees as well as anticipated synergy effects and market opportunities. The acquired goodwill is not deductible for tax purposes. The adjustment of the purchase price allocation in 2013 resulted in changes in goodwill in the amount of minus €5.3 million.

Since the respective dates of first-time consolidation, the companies acquired and consolidated for the first time in the reporting period generated sales revenues of €112.8 million (previous year: €284.6 million) and EBITA of €8.3 million (previous year: €16.0 million).

In full-year 2014, the companies acquired during that year generated total revenue in the amount of €220.6 million (previous year: €543.5 million) and EBITA in the amount of €14.4 million (previous year: €22.8 million).

4.3 Sale of companies

In connection with discontinuing the Concessions business segment, the remaining five concession projects were sold to the listed company Bilfinger Berger Global Infrastructure Fund in 2013 (see Note 5, for further information). Of these, three were fully consolidated and two were accounted for using the equity method.

In the prior-year period, seven concession projects were sold to the listed company Bilfinger Berger Global Infrastructure Fund. Of these, two were fully consolidated and five were accounted for using the equity method.

The overall effects of the sale were as follows:

EFFECTS AT THE TIME OF SALE

	2014	2013
Disposal of assets classified as held for sale	-405.3	-373.0
Disposal of liabilities classified as held for sale	353.0	298.8
Disposal of net assets	**-52.3**	**-74.2**
Derecognition of minority interest	1.9	0.0
Reclassification of other comprehensive income into the income statement	-26.5	-50.2
Other changes	**-24.6**	**-50.2**
Sale price	**94.6**	**170.9**
Capital gain	**17.7**	**46.5**

4.4 Changes in ownership interest without change in 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 €0.6 million (previous year: €1.8 million). In 2013, minority interest decreased by €1.8 million.

5. Discontinued operations

Discontinued operations comprise

- the equity interests of the former Concession business segment, which were put up for sale on May 15, 2013 and December 20, 2013,
- the significant portions of the former Construction business segment put up for sale on May 8, 2014,
- the significant portions of the 'Offshore Systems and Grids' division put up for sale on December 16, 2014, as well as
- the sold company Valemus Australia and abandoned construction activities.

The last three items are consolidated for presentation purposes as 'construction activities'.

On May 15, 2013, the Executive Board of Bilfinger SE decided to discontinue the activities in the Concessions business segment. On November 15, 2013, an agreement was signed with the infrastructure fund BBGI, which is listed on the London Stock Exchange, on the acquisition by BBGI of the projects offered for sale by Bilfinger. In addition, Bilfinger's interest in the German A1 highway project, which is accounted for using the equity method, was classified as held for sale on December 20, 2013 and was also presented under discontinued operations. The investments not held for sale continue to be presented as continuing operations. In segment reporting they are presented under 'Consolidation / other'. This primarily relates to two transport infrastructure concession projects accounted for using the equity method.

In addition, the Executive Board of Bilfinger SE decided on May 8, 2014 to sell significant portions of the former Construction business segment. However, this did not include steel construction activities in particular. On December 22, a contract was signed with the Swiss construction and construction services company Implenia regarding the takeover of the activities put up for sale. Approval was granted by German and foreign antitrust authorities in January 2015, and the transaction is expected to close in the first quarter of 2015.

Additionally, the Executive Board adopted a resolution on December 16, 2014 to sell significant portions of the 'Offshore Systems and Grids' division, which, however, did not include Bilfinger's overhead power lines business.

In accordance with the provisions of IFRS 5, the investments held for sale were presented as discontinued operations as of the time of reclassification:

- In the consolidated balance sheet the affected assets and liabilities (disposal group) are presented separately under 'Assets classified as held for sale' and 'Liabilities classified as held for sale'.
- 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.
- In the consolidated statement of cash flows, cash flows from discontinued operations are also presented separately from the cash flows from continuing operations.

Since the dates of their reclassification, non-current assets classified as held for sale have no longer been subject to systematic depreciation or amortization and subsequent measurement according to the equity method was ceased for the investments accounted for using the equity method.

The amounts in the consolidated income statement and the consolidated statement of cash flows for the prior-year period have been adjusted accordingly.

5.1 Earnings from discontinued operations

Earnings from discontinued operations are comprised as follows:

	2014	2013
Concessions	14.2	3.7
Construction activities	-41.4	-8.3
Earnings after taxes from discontinued operations	**-27.2**	**-4.6**

A loss after taxes from discontinued operations of €8.5 million is attributable to Bilfinger SE shareholders (previous year: net income fully attributable).

Concessions

	2014	2013
Output volume (for information only)	8.8	38.5
Revenue	37.8	123.6
Expenses / income	-42.0	-134.7
Impairment loss	0.0	-33.7
Gain on the sale of concession projects	17.7	46.5
EBIT	**13.5**	**1.7**
Net interest result	-0.1	1.6
Earnings before taxes	**13.4**	**3.3**
Income tax expenses	0.8	0.4
Earnings after taxes	**14.2**	**3.7**

Construction activities

	2014	2013
Output volume (for information only)	815.3	956.5
Revenue	765.6	844.2
Expenses / income	-756.3	-853.8
Impairment loss	-48.0	0.0
EBIT	**-38.7**	**-9.6**
Net interest result	0.2	1.3
Earnings before taxes	**-38.5**	**-8.3**
Income tax expenses	-2.9	0.0
Earnings after taxes	**-41.4**	**-8.3**

Due to changes in energy policy in Europe, which have a negative impact on the expected revenue targets, the carrying amounts of investments in a production site in Poland for steel foundations for offshore wind turbines were impaired. The resulting expense of €48 million is recognized as an impairment loss. Of that amount, €18 million is allocable to minority interest.

5.2 Assets classified as held for sale and liabilities classified as held for sale

Assets and liabilities classified as held for sale are allocated as follows to the disposal groups 'Concessions' and 'Construction activities':

	Dec.31, 2014	Dec.31, 2013
Concessions	0.0	355.8
Construction activities	316.2	0.0
Assets classified as held for sale	**316.2**	**355.8**
Concessions	0.0	315.0
Construction activities	372.0	0.0
Liabilities classified as held for sale	**372.0**	**315.0**

Concessions

The discontinued operations of the former 'Concessions' business segment, which are presented as a disposal group, were in the previous year the investments not yet transferred to the purchaser and the German A1 highway project.

The assets and liabilities classified as held for sale of the 'Concessions' disposal group were comprised as follows:

	Dec. 31, 2014	Dec. 31, 2013
Receivables from concession projects	0.0	285.1
Other non-current assets	0.0	28.5
Current assets	0.0	19.8
Cash and cash equivalents	0.0	22.4
Assets classified as held for sale, Concessions	**0.0**	**355.8**
Financial debt, non-recourse	0.0	284.1
Other liabilities	0.0	30.9
Liabilities classified as held for sale, Concessions	**0.0**	**315.0**

The accumulated other comprehensive income after taxes of the Concessions disposal group amounted to minus €26.5 million as of December 31, 2013, of which €0.1 million was attributable to minority interest.

Construction activities

The discontinued operations presented as the construction activities disposal group comprise the activities put up for sale.

The assets and liabilities of the construction activities disposal group classified as held for sale comprise the following:

	Dec. 31, 2014	Dec. 31, 2013
Goodwill	4.4	0.0
Other non-current assets	133.5	0.0
Current assets	165.0	0.0
Cash and cash equivalents	13.3	0.0
Assets classified as held for sale, construction activities	**316.2**	**0.0**
Non-current liabilities	47.7	0.0
Current liabilities	324.3	0.0
Liabilities classified as held for sale, construction activities	**372.0**	**0.0**

The construction activities group's accumulated other comprehensive loss after taxes recognized in equity as of the balance sheet date amounts to €6.2 million.

Notes to the income statement*

The income and expenses of the activities of the former 'Construction' business segment and the 'Offshore Systems and Grids' division put up for sale are presented in accordance with IFRS 5 in the item 'Earnings after taxes from discontinued operations' and no longer in the individual items under continuing operations. The prior-year figures have been adjusted accordingly.

6. Revenue

Revenue of €4,422.0 million (previous year: €4,427.6 million) includes revenue resulting from the application of the percentage-of-completion method.

7. Other operating income

	2014	2013
Income from operating investments	14.3	24.5
Gains on currency translation	13.0	2.7
Income from the reversal of other provisions	8.9	7.1
Gains on the disposal of property, plant and equipment	3.4	10.5
Income from the reversal of impairments on trade receivables	2.7	3.5
Other income	41.2	41.2
Total	83.5	89.5

The amount for income from operating investments includes a gain of €9.3 million (previous year: €19.3 million) from the reduction of our investment in Julius Berger Nigeria.

Other income relates to the remeasurement of contingent consideration for the acquisition of subsidiaries of €27.2 million (previous year: €26.4 million), and numerous other items of minor individual importance.

* Figures in € million, unless stated otherwise.

8. Other operating expense

	2014	2013
Goodwill impairment	148.0	0.0
Other restructuring expenses	38.9	0.0
Excellence restructuring expenses	24.0	68.9
Losses on currency translation	10.5	0.6
Impairment of trade receivables	4.5	8.1
Losses on the disposal of property, plant and equipment	1.6	1.8
Expenses from operating investments	0.1	2.5
Other expenses	5.3	45.6
Total	232.9	127.5

Goodwill impairments of €148.0 million were recognized on cash-generating units in the Power business segment (see Note 13).

Other restructuring expenses relate in particular to the Industrial and Power business segments.

The Excellence restructuring expenses primarily reflect expenses for workforce reductions in connection with the Bilfinger Excellence efficiency-enhancing program.

The other expenses include impairments of other assets as well as numerous other items of minor individual importance. The previous year had included the expense from a subsequent payment of contingent consideration of €7 million for the acquisition of a company in addition to the items mentioned in the foregoing.

9. Personnel expenses and average number of employees

The following table shows personnel expenses as well as the average number of employees.

	2014	2013
Personnel expenses (€ million)	3,323.1	3,160.8
Average number of employees		
Office staff		
Germany	11,585	11,404
International	16,823	15,483
Manual workers		
Germany	12,297	11,364
International	27,971	27,602
Total workforce	68,676	65,853

The total number of employees relates to continuing operations.

10. Interest and other financial income / expense

Interest and other financial income / expense comprise the following items of the income statement:

		2014		2013
Interest income		**4.0**		**5.7**
Current interest expense		-27.2		-31.5
Interest cost on defined benefit obligation (DBO)	-21.9		-21.0	
Interest income on plan assets	8.4	-13.5	7.5	-13.5
Interest expense		**-40.7**		**-45.0**
Income on securities		6.1		2.4
Interest expense for minority interest		-5.6		-7.7
Other financial expense		**0.5**		**-5.3**
Total		**-36.2**		**-44.6**

Interest income is primarily earned on deposits of cash and cash equivalents 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 €4.8 million (previous year: €6.1 million) reflect 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. €0.8 million of the interest expense for minority interest (previous year: €1.6 million) constitutes the interest compounded on purchase-price liabilities from the acquisition of equity interests.

11. Income tax expense

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 at the end of the reporting period.

	2014	2013
Actual taxes	66.8	99.0
Deferred taxes	-21.3	-26.4
Total	**45.5**	**72.6**

The tax expense calculated with the tax rate of Bilfinger SE can be reconciled with the actual tax expense as follows:

	2014	2013
Earnings before taxes	-29.4	253.4
Theoretical tax expense at 30.95%	-9.1	78.4
Tax-rate differences	-5.7	-6.8
Tax-rate effects of non-deductible expenses and tax-free income	38.3	1.2
Losses for which no deferred tax assets are capitalized and changes in value adjustments	8.9	2.3
Taxes from other accounting periods	-0.3	-2.5
Tax on forfeiture of loss carryforwards pursuant to Sec. 8c of the German Corporate Income Tax Act (KStG)	13.4	0.0
Income tax expense	45.5	72.6

The combined income tax rate for Bilfinger 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.

The increase of tax-rate effects of non-deductible expenses and tax-free income primarily resulted from non-deductible goodwill impairments.

As a result of the acquisition of Bilfinger shares during the reporting period by Cevian Capital and that company's share purchases since 2011, pursuant to Section 8c of the German Corporate Income Tax Act (KStG), the Bilfinger Group's tax-loss carryforwards in Germany (corporate income tax and trade tax) are reduced by 25.62 percent. Accordingly, deferred tax assets recognized on tax-loss carryforwards have been written down by €13.4 million.

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

	Deferred tax assets		Deferred tax liabilities	
	Dec. 31, 2014	Dec. 31, 2013	Dec. 31, 2014	Dec. 31, 2013
Non-current assets	10.2	11.6	57.4	56.4
Current assets	14.2	12.8	39.3	96.5
Provisions	119.7	105.3	0.4	1.0
Liabilities	0.6	1.6	0.2	1.7
Tax-loss carryforwards				
Corporate income tax (or comparable taxes outside Germany)	57.0	38.8	–	–
Trade taxes	26.7	22.2	–	–
Offsetting	-6.0	-5.6	-6.0	-5.6
Carried in the balance sheet	222.4	186.7	91.3	150.0

At the end of the reporting period, deferred taxes in the amount of €53.9 million (previous year: €20.0 million) mainly from the measurement of retirement benefit obligations according to IAS 19 as well as from the measurement of financial instruments according to IAS 39 were offset against equity.

The total amount of deferred tax assets of €222.4 million (previous year: €186.7 million) includes future reductions in tax payments in an amount of €83.7 million (previous year: €61.0 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) amount to €137.0 million (previous year: €112.5 million) and for trade tax to €38.2 million (previous year: €47.0 million).

Of the tax-loss carryforwards not recognized as deferred tax assets, €3.6 million (previous year: €5.9 million) will expire within the next 5 years, €14.2 million (previous year: €1.5 million) within the next 10 years, €14.6 million (previous year: €0.2 million) within the next 15 years and €20.7 million (previous year: €13.7 million) within the next 20 years.

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.

Sufficient provisions have been set aside for risks resulting from tax items not yet assessed as of the date of the calculation of tax assets and tax liabilities. The tax items are determined based on the most likely interpretation of tax code provisions.

12. Earnings per share

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

	2014	2013
Net profit	-71.4	172.8
Weighted average number of shares issued	44,168,430	44,148,945
Earnings per share, basic / diluted (in €)	**-1.62**	**3.91**
thereof from continuing operations	-1.00	4.01
thereof from discontinued operations	-0.62	-0.10

Notes to the balance sheet*

Because the activities put up for sale of the 'Construction' business segment and the 'Offshore Systems and Grids' division have been classified as discontinued operations, the assets and liabilities of the fully consolidated companies or, respectively, the carrying amounts of the investments accounted for using the equity method are presented as of December 31, 2014 in accordance with IFRS 5 under the separate items 'Assets held for sale' or 'Liabilities held for sale'. This is reflected by changes to numerous items of the balance sheet compared with December 31, 2013, since, in line with IFRS 5, the prior-year figures have not been adjusted.

13. 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, 2014	**100.5**	**1,885.7**	**340.8**	**1.9**	**2,328.9**
Additions to the consolidated group	5.3	115.9	42.3	0.0	163.5
Disposals in the consolidated group	0.4	0.2	0.0	0.0	0.6
Additions	13.8	0.0	0.0	1.5	15.3
Disposals	15.5	0.0	131.8	0.0	147.3
Reclassifications	0.9	0.0	0.0	-1.5	-0.6
Currency adjustments	0.3	22.8	8.5	0.0	31.6
Reclassification of construction activities	-3.9	-5.7	0.0	0.0	-9.6
December 31, 2014	**101.0**	**2,018.5**	**259.8**	**1.9**	**2,381.2**

ACCUMULATED AMORTIZATION AND IMPAIRMENT	Licenses, software and similar rights and assets	Goodwill	Intangible assets from acquisitions	Advance payments on intangible assets	Total
January 1, 2014	**70.3**	**0.2**	**235.1**	**0.0**	**305.6**
Additions to the consolidated group	3.3	0.0	0.0	0.0	3.3
Disposals in the consolidated group	0.4	0.1	0.0	0.0	0.5
Additions	11.8	148.0	42.9	0.0	202.7
Disposals	16.4	0.0	131.8	0.0	148.2
Reclassifications	-0.5	0.0	0.0	0.0	-0.5
Write-ups	0.0	0.0	0.0	0.0	0.0
Currency adjustments	0.1	-0.1	5.1	0.0	5.1
Reclassification of construction activities	-1.7	0.0	0.0	0.0	-1.7
December 31, 2014	**66.5**	**148.0**	**151.3**	**0.0**	**365.8**
Carrying amount December 31, 2014	**34.5**	**1,870.5**	**108.5**	**1.9**	**2,015.4**

* Figures in € million, unless stated otherwise.

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, 2013	**87.6**	**1,744.5**	**309.5**	**1.4**	**2,143.0**
Additions to the consolidated group	12.9	152.8	37.4	0.0	203.1
Disposals in the consolidated group	0.9	0.4	0.0	0.0	1.3
Additions	11.9	0.0	0.0	1.8	13.7
Disposals	9.5	0.9	0.0	0.0	10.4
Reclassifications	1.5	-0.3	0.3	-1.3	0.2
Currency adjustments	-3.0	-10.0	-6.4	0.0	-19.4
Reclassification of construction activities	0.0	0.0	0.0	0.0	0.0
December 31, 2013	**100.5**	**1,885.7**	**340.8**	**1.9**	**2,328.9**

ACCUMULATED AMORTIZATION AND IMPAIRMENT	Licenses, software and similar rights and assets	Goodwill	Intangible assets from acquisitions	Advance payments on intangible assets	Total
January 1, 2013	**63.8**	**0.4**	**188.7**	**0.0**	**252.9**
Additions to the consolidated group	7.5	0.0	0.0	0.0	7.5
Disposals in the consolidated group	0.7	0.2	0.0	0.0	0.9
Additions	10.9	0.0	50.6	0.0	61.5
Disposals	9.4	0.0	0.0	0.0	9.4
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	-1.8	0.0	-4.2	0.0	-6.0
Reclassification of construction activities	0.0	0.0	0.0	0.0	0.0
December 31, 2013	**70.3**	**0.2**	**235.1**	**0.0**	**305.6**
Carrying amount December 31, 2013	**30.2**	**1,885.5**	**105.7**	**1.9**	**2,023.3**

Goodwill

Due to the change in the organization of the Group from a subgroup structure to a divisional structure (see Note 1), a new allocation of goodwill was made to the divisions as cash-generating units in financial year 2014. Goodwill is distributed among the divisions as shown in the following table:

	2014
Division / business segment	
Industrial Maintenance	182.5
Insulation, Scaffolding and Painting	54.8
Oil and Gas	62.5
Industrial Fabrication and Installation	232.9
Engineering, Automation and Control	147.6
Support Services	70.1
Industrial	**750.4**
Power Systems	244.9
Piping Systems	116.4
Power	**361.3**
Building	18.6
Facility Services	400.9
Real Estate	189.7
Water Technologies	106.9
Government Services	42.7
Building and Facility	**758.8**
Total	**1,870.5**

In the previous year, goodwill of €1,885.5 million had been distributed among the subgroups as follows:

- €549.6 million to Bilfinger Industrial Services
- €303.3 million to Bilfinger Industrial Technologies
- €364.1 million to Power
- €586.4 million to Bilfinger Facility Services
- €37.6 million to Bilfinger Government Services
- €7.5 million to Bilfinger Hochbau
- €32.6 million to Bilfinger Construction
- €4.4 million to Bilfinger Infrastructure

Annual impairment tests pursuant to IAS 36 now take place at the divisional level. In addition to the annual impairment tests, an impairment test is also to be carried out when indications exist that the carrying amount of a cash-generating unit exceeds its recoverable amount.

In the course of an analysis of the current business situation of each division in the third quarter of 2014, it was decided that a fundamental reassessment of the situation is required in the Power business segment due to the difficult market environment. As a result of low capacity utilization and low price levels in markets that are relevant for Bilfinger, earnings expectations for 2014 have had to be significantly reduced once again. The considerably worsened market situation in Germany and other European countries has also led to an adjustment to the earnings forecast for the years to follow. It therefore became necessary to carry out non-scheduled impairment tests of the goodwill of the cash-generating units in the Power business segment. The impairment test led to goodwill impairment in the 'Power Systems' division of €69.3 million and in the 'Piping Systems' division of €78.7 million.

The recoverable amounts of the cash-generating units at the interim 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. Planning is based on past experience, current operating results and the best possible assessment by the Group's management of future developments. Market assumptions are taken into consideration with the use of external macroeconomic and industry-specific sources. For subsequent periods, for the sake of a cautious assessment, cash flows were assumed for which future growth only in the form of expected inflation-related price increases was considered and organic growth was not taken into account.

The discount rates before taxes calculated using the capital asset pricing model for the cash-generating units were 9.4 to 11.5 percent in the Industrial segment (previous year: 9.3 percent), 10.9 to 13.5 percent in the Power segment (previous year: 11.3 percent), and 8.1 to 10.4 percent in the Building and Facility segment (previous year: 9.2 percent).

A comparison of the recoverable amounts of the units with their carrying amounts including goodwill did not result in any further need for impairments as of December 31, 2014.

For the vast majority of divisions, even a significant increase in the discount rate or a significantly negative deviation from the cash flows assumed in the planning figures would not have resulted in a need to impair goodwill. The lowest thresholds are indicated for the divisions of the Power business segment, where an increase in the discounting multiplier by approximately 1.5 percentage points or a decline in the planned cash flows by nearly 20 percent would result in impairments.

Intangible assets from acquisitions

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.

14. 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, 2014	**447.0**	**693.4**	**702.7**	**22.9**	**1,866.0**
Additions to the consolidated Group	0.0	0.3	14.5	0.0	14.8
Disposals in the consolidated Group	0.1	0.6	0.2	0.0	0.9
Additions	23.4	36.2	54.4	9.2	123.2
Disposals	3.5	17.1	44.1	1.8	66.5
Reclassifications	9.5	-4.2	5.2	-10.0	0.5
Currency adjustments	1.6	13.0	0.2	0.1	14.9
Reclassification of construction activities	-15.4	-217.7	-58.3	-10.0	-301.4
December 31, 2014	**462.5**	**503.3**	**674.4**	**10.4**	**1,650.6**

ACCUMULATED DEPRECIATION AND IMPAIRMENT	Land and buildings	Technical equipment and machinery	Other equipment, office equipment	Advance payments and assets under construction	Total
January 1, 2014	**193.2**	**500.4**	**460.1**	**0.0**	**1,153.7**
Additions to the consolidated Group	0.0	0.0	9.8	0.0	9.8
Disposals in the consolidated Group	0.1	0.6	-0.1	0.0	0.6
Additions	11.6	34.6	58.3	0.0	104.5
Disposals	3.0	14.4	41.7	0.0	59.1
Write-ups	0.2	0.0	0.0	0.0	0.2
Reclassifications	0.0	-3.2	3.7	0.0	0.5
Currency adjustments	0.1	4.2	0.4	0.0	4.7
Reclassification of construction activities	-4.4	-169.5	-39.0	0.0	-212.9
December 31, 2014	**197.2**	**351.5**	**451.7**	**0.0**	**1,000.4**
Carrying amount December 31, 2014	**265.3**	**151.8**	**222.7**	**10.4**	**650.2**
thereof finance leases **Carrying amount December 31, 2014**	**14.9**	**0.0**	**2.3**	**0.0**	**17.2**

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, 2013	**417.5**	**677.1**	**643.0**	**13.4**	**1,751.0**
Additions to the consolidated Group	36.7	31.4	28.9	0.2	97.2
Disposals in the consolidated Group	1.4	15.1	1.4	0.1	18.0
Additions	14.9	49.3	70.0	22.4	156.6
Disposals	13.8	31.3	31.6	0.3	77.0
Reclassifications	3.8	2.4	6.4	-12.7	-0.1
Currency adjustments	-7.1	-20.3	-12.3	0.0	-39.7
Reclassification of Concessions	-3.6	-0.1	-0.3	0.0	-4.0
December 31, 2013	**447.0**	**693.4**	**702.7**	**22.9**	**1,866.0**

ACCUMULATED DEPRECIATION AND IMPAIRMENT	Land and buildings	Technical equipment and machinery	Other equipment, office equipment	Advance payments and assets under construction	Total
January 1, 2013	**172.0**	**481.2**	**407.9**	**0.0**	**1,061.1**
Additions to the consolidated Group	21.3	23.1	22.8	0.0	67.2
Disposals in the consolidated Group	0.4	12.0	1.1	0.0	13.5
Additions	13.7	51.3	63.2	0.0	128.2
Disposals	6.0	27.7	29.2	0.0	62.9
Write-ups	0.0	0.0	0.0	0.0	0.0
Reclassifications	-1.6	-2.7	4.3	0.0	0.0
Currency adjustments	-2.4	-12.7	-7.5	0.0	-22.6
Reclassification of Concessions	-3.4	-0.1	-0.3	0.0	-3.8
December 31, 2013	**193.2**	**500.4**	**460.1**	**0.0**	**1,153.7**
Carrying amount December 31, 2013	**253.8**	**193.0**	**242.6**	**22.9**	**712.3**
thereof finance leases Carrying amount December 31, 2013	20.6	0.1	3.2	0.0	23.9

Finance-lease transactions in the reporting period mainly involve 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
2014				
Lease payments	2.3	8.2	8.2	18.7
Interest portion	0.1	0.5	4.1	4.7
Carrying amount / present value	**2.2**	**7.7**	**4.1**	**14.0**
2013				
Lease payments	4.5	6.1	12.4	23.0
Interest portion	0.2	1.0	4.9	6.1
Carrying amount / present value	**4.3**	**5.1**	**7.5**	**16.9**

15. Investments accounted for using the equity method

For an overview of the investments accounted for using the equity method, please see the list of subsidiaries and equity interests.

The carrying amounts of or, respectively, income from investments accounted for using the equity method are distributed to associates and joint ventures as follows:

	Associates	Joint ventures	Total
December 31, 2014			
Carrying amount of investments accounted for using the equity method	56.2	14.3	**70.5**
Income from investments accounted for using the equity method	22.7	17.1	**39.8**
December 31, 2013			
Carrying amount of investments accounted for using the equity method	64.4	10.1	**74.5**
Income from investments accounted for using the equity method	21.6	19.7	**41.3**

15.1 Associates

Significant associates:

Name	Julius Berger Nigeria PLC		M6 Tolna Autópálya Koncessziós Zrt.		M6 Duna Autópálya Koncessziós Zrt.	
Principal place of business	Abuja, Nigeria		Budapest, Hungary		Budapest, Hungary	
Activity	Construction		Concession project		Concession project	
Bilfinger's share	30.31 %	33.40%	45.00 %	45.00%	40.00 %	40.00 %
	Dec. 31, 2014	Dec. 31, 2013	**Dec. 31, 2014**	Dec. 31, 2013	**Dec. 31, 2014**	Dec. 31, 2013
Dividends received from the investee	**4.5**	5.1	**0.5**	0.0	**3.2**	2.3
Non-current assets	512.0	396.1	509.2	503.1	326.2	352.1
Current assets	499.1	432.3	26.9	26.1	53.2	52.0
Non-current liabilities	464.8	431.3	619.4	557.1	341.4	355.4
Current liabilities	429.8	317.7	14.3	13.4	16.3	19.8
Net assets/equity	**116.5**	79.4	**-97.6**	-41.3	**21.7**	28.9
Group's share of net assets	35.3	26.5	-43.9	-18.6	8.7	11.6
Unabsorbed losses from reserves for hedging instruments			43.9	18.6		
Correction for minority interests / miscellaneous	-0.7	0.5				
Carrying amount of the investee using the equity method	**34.6**	27.0	**0.0**	0.0	**8.7**	11.6
Revenue	945.2	865.0	5.7	5.9	11.8	11.4
Profit from continuing operations	39.0	28.5	3.4	3.5	8.3	8.0
Other comprehensive income for the period	0.5	2.7	-58.6	44.8	-7.4	14.5
Total comprehensive income for the period	**39.5**	31.2	**-55.2**	48.3	**0.9**	22.5

The fair value (quoted price, i.e., level 1 of the IFRS 13 fair value hierarchy) of the shares held by Bilfinger in Julius Berger Nigeria amounted to €107.8 million at December 31, 2014 (previous year: €131.1 million), whereby Bilfinger's equity interest decreased from 33.4 percent to 30.31 percent.

There are loan agreements with associates M6 Duna and Tolna that restrict the payment of dividends and interest on shareholder loans if certain key figures are not reached.

Aggregated disclosure concerning insignificant associates:

	Dec. 31, 2014	Dec. 31, 2013
Carrying amount of the investee accounted for using the equity method	**12.9**	25.8
Group's share of profit / loss from continuing operations	2.5	1.5
Group's share of other comprehensive income for the period	0	0
Group's share of total comprehensive income for the period	**2.5**	1.5

If the proportionate losses – including other comprehensive income – exceed the carrying amount of the investment, neither losses nor gains are recognized. The cumulative amount of unrecognized losses from associates at December 31, 2014 is €36.2 million (previous year: €10.9 million). Losses of €7.7 million (previous year: €7.7 million) exceeding the carrying amount of the investment were offset against loans granted to investees accounted for using the equity method (see Note 16). Unrecognized losses increased by €25.3 million in the financial year (previous year: €38.5 million). These amounts result from unrealized losses recognized in other comprehensive income from hedging transactions for concession projects.

15.2 Joint ventures

Significant joint ventures:

Name		Tebodin & Partner LLC
Principal place of business		Muscat, Oman
Activity		Engineering
Bilfinger's share	50.0 %	50.0 %
	Dec. 31, 2014	Dec. 31, 2013
Dividends received from the investee	**5.0**	**5.3**
Non-current assets	3.5	2.6
Current assets not including cash and cash equivalents	29.4	24.1
Cash and cash equivalents	4.2	2.2
Non-current liabilities not including financial debt	2.8	2.6
Current liabilities not including financial debt	10.5	10.1
Net assets / equity	**23.8**	**16.2**
Group's share of net assets	11.9	8.1
Carrying amount of the investee using the equity method	**11.9**	**8.1**
Revenue	73.2	66.8
Depreciation and amortization (property, plant and equipment and intangible assets)	-0.9	-0.8
Income tax expense	-1.8	-1.9
Remaining income (loss) from continuing operations	16.6	17.5
Profit from continuing operations	13.9	14.8
Total comprehensive income for the period	**13.9**	**14.8**

Aggregated disclosure concerning insignificant joint ventures:

	Dec. 31, 2014	Dec. 31, 2013
Carrying amount of the investee accounted for using the equity method	**2.4**	**1.9**
Group's share of profit / loss from continuing operations	10.2	12.3
Group's share of other comprehensive income for the period	0.0	0.0
Group's share of total comprehensive income for the period	**10.2**	**12.3**

As of the balance sheet date, there were no obligations to contribute capital or resources to joint ventures or obligations to purchase ownership interests in joint ventures from another party in the event certain future conditions are met.

16. Other financial assets

	2014	2013
Loans	18.6	15.6
Equity interests (available for sale, at cost)	14.2	12.4
Derivative financial instruments in hedging relationships	1.3	0.7
Securities (available for sale)	0.6	53.4
Securities (held to maturity)	0.1	0.1
Other financial assets	33.4	55.0
Total	**68.2**	**137.2**

Equity interests (available for sale, at cost) include shares in non-listed companies, which are measured at cost of acquisition.

In the previous year, securities (available for sale) primarily related to an equity interest of 8.74 percent in the publicly listed Bilfinger Berger Global Infrastructure SICAV S.A. (BBGI), which was sold during the reporting period.

Other financial assets primarily comprise amounts that serve to fulfill pension obligations.

The carrying amounts of the loans were reduced by a total of €7.7 million (previous year: €7.7 million) through netting with negative market values from hedging transactions recognized in other comprehensive income.

17. Inventories

Inventories are comprised as follows:

	2014	2013
Real-estate properties held for sale	37.6	45.9
Finished goods and work in progress	20.2	27.4
Raw materials and supplies	87.2	103.7
Advance payments made	36.5	46.7
Total	**181.5**	**223.7**

18. Receivables and other financial assets

	2014	2013
Receivables		
trade receivables (including receivables from percentage of completion)	1,755.2	1,827.6
from consortiums and joint ventures	23.8	49.1
from companies in which equity is held	26.0	27.6
	1,805.0	**1,904.3**
Derivatives		
in hedging relationships	3.6	6.5
not in hedging relationships	7.2	12.6
	10.8	**19.1**
Other financial, non-derivative assets	60.2	84.7
Total	**1,876.0**	**2,008.1**

Construction contracts measured according to the percentage-of-completion method but not yet finally invoiced are recognized as follows:

	2014	2013
Costs incurred plus recognized profits	5,293.9	5,930.3
Less advance billings	5,105.9	5,801.7
Balance	**188.0**	**128.6**
thereof future receivables from construction contracts	427.6	458.2
thereof advance payments received from construction contracts	239.6	329.6

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

Advance payments received totaled €4,917.3 million (previous year: €5,546.8 million).

Receivables include security deposits in the amount of €13.5 million (previous year: €13.4 million).

Details of days overdue and impairments of trade receivables are as follows:

	2014	2013
Receivables neither overdue nor impaired	1,361.8	1,364.7
Receivables overdue but not impaired		
less than 30 days	253.1	288.6
30 to 90 days	68.7	69.7
91 to 180 days	24.4	25.4
more than 180 days	43.3	72.1
	389.5	**455.8**
Residual value of impaired receivables	3.9	7.1
Total	**1,755.2**	**1,827.6**

Impairments of trade receivables for default risks developed as follows:

	2014	2013
Opening balance	**27.1**	**32.1**
Changes in the consolidated group, currency differences	-2.3	-3.3
Allocations (impairment losses)	4.5	8.5
Utilization	1.8	6.7
Withdrawals (gains on impairment reversals)	2.7	3.5
Closing balance	**24.8**	**27.1**

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

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.

19. Other assets

Other assets primarily include value-added tax claims of €55.2 million (previous year: €43.8 million) and prepaid expenses of €30.1 million (previous year: €23.1 million).

20. 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 2013. 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 May 8, 2014, with the consent of the Supervisory Board, the Executive Board has been authorized until May 7, 2019 to increase the company's share capital by up to €69.0 million (Approved Capital 2014). The capital increase serves to issue new shares against cash and / or non-cash contributions.

By resolution of the Annual General Meeting of April 18, 2013, 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 2013). 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 until April 17, 2018.

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 SE bought back 1,884,000 shares through the stock exchange at an average price of €53.07 per share in February 2008. Of these, 17,635 shares were issued during financial year 2013 as part of employee stock ownership plans and another 31,047 were issued for the same purpose during the reporting period. Since then, the company has held 1,835,318 treasury shares, equivalent to 3.99 percent of current voting rights. The company has no rights from these shares (Section 71 b AktG). No cancellation of the treasury shares is currently planned.

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 and distributable earnings

	2014	2013
Retained and distributable earnings	92.0	138.1
Remeasurement of net defined pension plans	-140.5	-61.1
Employee share program	0.8	0.9
Other retained earnings	1,218.5	1,377.2
Total	**1,170.8**	**1,455.1**

Distributable earnings and proposal on the appropriation of earnings

It is proposed that the reported distributable earnings of Bilfinger SE for the 2014 financial year of €92.0 million be appropriated as follows:

Distribution of a dividend of €2.00 per dividend-entitled share	88.3
Carried forward to new account	3.7
Retained and distributable earnings	**92.0**

This proposal on the appropriation of earnings is based on the dividend-entitled share capital at March 12, 2015 of €132.6 million (divided into 44,188,809 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 €2.00 per share. In the prior year, the dividend amounted to €3.00 per share entitled to a dividend. The total dividend distribution was €132.5 million.

Remeasurements include the deviations fully included in the retirement benefit obligation (actuarial gains and losses) between the amount of the retirement benefit obligation expected at the beginning of the year and the actual amount of the retirement benefit obligation at the end of the year, as well as the difference between the income recognized from plan assets based on the amount of the discount rate for the retirement benefit obligation and the income actually achieved from the plan assets.

The accumulated losses from remeasurement recognized in other comprehensive income and attributable to the shareholders of Bilfinger SE amount to €195.1 million before deferred taxes (previous year: €82.8 million) and €140.5 million after consideration of deferred taxes (previous year: €61.1 million).

As part of an employee share program 2012, employees of Group companies in Germany, once the relevant plan conditions were met, were granted the right to free bonus shares. The share buyback carried out through the stock exchange in 2012 for the issue of free shares to the employees, the periodic recognition of expenses from the program in financial years 2012 to 2014 as well as the first-time granting of these bonus shares in the reporting period led to changes in retained earnings.

Other retained earnings principally comprise amounts established from earnings in the reporting period or in previous financial years.

Other reserves

The fair-value measurement of securities reserve includes unrealized gains and losses on financial assets classified as available for sale and primarily related to shares in listed investment funds in the previous year.

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 relates to interest-rate derivatives for concession projects accounted for using the equity method.

The currency translation reserve reflects all currency differences arising from the translation of financial statements of foreign subsidiaries.

21. Provisions for pensions and similar obligations

Various retirement benefit obligations exist at the Bilfinger Group, whose heterogenic nature is historically based in the development of the Group with numerous corporate acquisitions. They comprise both defined contribution pension plans and defined benefit pension plans.

With defined contribution pension plans, the company makes fixed contributions on a contractual or voluntary basis to an external pension fund. Beyond those contributions, the company has no legal or constructive payment obligations in the case that the pension fund should not be sufficient to provide the retirement benefit in full. The contributions are recognized as an expense for pension provision when they fall due.

Pension plans that do not meet the definition of defined contribution pension plans are deemed to be defined benefit pension plans and are recognized in the balance sheet at the present value of the defined benefit obligation (DBO). If assets are set aside solely to pay or fund these obligations, those assets are defined as plan assets and are deducted at their fair value and the net amount is presented in the balance sheet. Any amount in excess of the obligation is presented as other financial assets – with due consideration of any asset ceilings.

Obligations from pension commitments are calculated separately for each plan by estimating the amounts of future pension entitlements, which are discounted to their present values at the end of the reporting period. A discount rate is used equivalent to the rate of return on high-grade corporate bonds with an AA rating denominated in the same currency as the pension obligations and with similar maturities. At the end of the reporting period, the amount of the pension obligations is actuarially calculated with consideration of assumptions on future developments and with application of the so-called projected-unit-credit method. The assumptions underlying the calculations are based on published country-specific statistics and on experience. In addition to estimates of future income and pension developments, they also include biometric assumptions. The latter are based on locally recognized mortality tables; these are the 2005 G Guideline Tables by Klaus Heubeck in Germany and the BVG 2010 Generation Tables in Switzerland.

ACTUARIAL ASSUMPTIONS	Eurozone	Other countries (weighted)	Eurozone	Other countries (weighted)
		2014		2013
Discount rate	2.0%	2.0%	3.5%	2.8%
Projected increase in wages and salaries	2.75%	1.5%	2.75%	1.7%
Projected pension increase	1.5%	0.7%	1.4%	0.4%

Gains and losses from changes in actuarial assumptions and from experience adjustments are recognized in other comprehensive income in the period in which they occur. Past service cost due to the curtailment, introduction or amendment of plans is recognized in profit or loss as incurred. The same applies to gains or losses from the settlement of plans.

COMPOSITION BY REGION	Euro-zone	Switzer-land	Other countries	Total	Euro-zone	Switzer-land	Other countries	Total
				2014				2013
Defined benefit obligation of funded pension plans	181.9	113.0	33.0	327.9	173.9	82.7	28.6	285.2
Defined benefit obligation of non-funded pension plans	430.5	–	49.0	479.5	363.5	–	30.3	393.8
Defined benefit obligation of all pension plans	**612.4**	**113.0**	**82.0**	**807.4**	**537.4**	**82.7**	**58.9**	**679.0**
in percent	76%	14%	10%	100%	79%	12%	9%	100%
Defined benefit obligation of funded pension plans	181.9	113.0	33.0	327.9	173.9	82.7	28.6	285.2
Fair value of plan assets	169.0	88.3	31.6	288.9	176.7	66.5	31.1	274.3
Funded status	**12.9**	**24.7**	**1.4**	**39.0**	**-2.8**	**16.2**	**-2.5**	**10.9**
thereof provisions for pensions	18.1	24.7	1.4	44.2	11.6	16.2	1.5	29.3
thereof net assets	5.2			5.2	14.4	–	4.0	18.4
Provision for funded pension plans	18.1	24.7	1.4	44.2	11.6	16.2	1.5	29.3
Provision for non-funded pension plans	430.5	–	49.0	479.5	363.5	–	30.3	393.8
Provisions for pensions and similar obligation, total	**448.6**	**24.7**	**50.4**	**523.7**	**375.1**	**16.2**	**31.8**	**423.1**

Of gross defined benefit obligations of €807.4 million (previous year: €679.0 million), 76 percent (previous year: 79 percent) relates to the countries of the eurozone. A further 14 percent (previous year: 12 percent) relates to Switzerland and 10 percent (previous year: 9 percent) relates to other non-eurozone countries, especially Scandinavia. In the eurozone, the majority of the pension plans in the amount of €527.1 million relates to Germany (previous year: €465.8 million) and €66.0 million relates to obligations in Austria (previous year: €57.6 million).

The pension plans of Group companies in Germany are generally structured so that employees receive commitments to retirement, invalidity and dependants pensions in the form of lifetime annuities whose amount depends on the length of time worked at the Group and partially also on an employee's level of wage or salary. In addition to direct pension commitments, generally to managerial staff, commitments exist at the Bilfinger Group in the context of company agreements often reached indirectly through relief and pension funds or in the form of direct insurance. The adjustment of pensions to price developments takes place in line with the provisions of applicable law at the latest after three years.

For the employees of Bilfinger SE and some domestic subsidiaries, plans exist for occupational retirement, invalidity and dependants pensions granting the employees entitlement to annual contribution credits to an individual retirement benefit account. The amount of the contribution credits is staggered by contribution group or for managerial staff is contractually agreed. Furthermore, employees have the possibility to make additional contributions out of their wages or salaries in order to improve their company pensions. The interest paid on the respective retirement benefit account balances is based on the returns achieved on the related plan assets, whereby a minimum return of 2 percent per annum is guaranteed by the company. Pension payments can, if applicable and desired by the employee, be made in a lump sum, in installments or in the form of an annuity after the employee has left the company, but at the earliest at the age of 60. The direct benefit obligation (DBO) at the end of the reporting period amounts to €121.9 million. Due to the fact that payments are made on a defined contribution basis, risks from deviations of the actual developments from biometric assumptions are largely excluded.

In order to protect employees' rights from these pension commitments, assets in a total amount of €120.6 million have been placed in a contractual trust arrangement (CTA), based on the model of a two-way trust and protected against insolvency. In this context, Bilfinger SE had previously transferred assets to the administration of an independent trustee. With regard to investment policy, the trustee is bound by the decisions of an investment committee commissioned by the trustor. The investment strategy follows a total return approach with strict risk limitation. No obligations exist to make further payments into the plan assets.

In Switzerland, company pensions are subject to the Federal Act on Company Retirement, Dependants and Invalid Provision (BVG), whereby such plans are to be administered by legally independent funds. These funds are managed by a board of directors comprising equal numbers of representatives of the employees and of the employers, and are subject to state supervision.

The plan benefits include retirement pension, invalidity pension and dependants pension. The BVG sets certain minimum thresholds in this respect and obliges employers and employees to pay appropriate wage-related contributions into a fund.

Employees' pension rights exist solely in relation to the fund; there is no liability on the part of the employer. In the case of the fund having insufficient cover, however, suitable remediation measures are to be taken in order to eliminate the deficit within an appropriate time. Within the context of these measures, additional contributions may have to be paid by employees and employer.

Retirement benefits are defined by the contribution primacy, risk benefits are defined by the benefit primacy.

The plan assets are invested together with the assets of other pension plans. For each employee, an individual retirement benefit account exists, to which the annual contributions are credited and accrue interest. At the end of the reporting period, obligations of €113.0 million are recognized (previous year: €82.7 million) while plan assets are measured at €88.3 million (previous year: €66.5 million). There is thus a cover shortfall of €24.7 million (previous year: €16.2 million), primarily due to the lower level of interest rates and increased life expectancy following the introduction of the generation-specific BVG 2010 mortality table in 2011. The cover shortfall is to be eliminated in the medium term by taking suitable measures, in particular by reducing the interest credits on pension accounts. The employer contributions to the Swiss pension plans anticipated in 2015 amount to €4.2 million (previous year: €2.9 million).

Pension obligations in Austria are claims to severance payments in accordance with national regulations which arose before 2003 and are to be paid as lump sums following termination of employment by the employer or upon retirement. Since 2003, employers have had to pay wage-related contributions to an employee benefit fund in order to finance those claims. These plans qualify as defined contribution plans and the related expenses are therefore recognized as soon as a payment obligation arises.

PENSION PLANS	Funded	Non-funded	Total	Funded	Non-funded	Total
			2014			2013
Defined benefit obligation at January 1	**285.2**	**393.8**	**679.0**	**279.0**	**362.2**	**641.2**
Reclassification to liabilities classified as held for sale	-18.4	-4.1	-22.5			
Interest cost on DBO	8.4	13.5	21.9	8.2	13.6	21.8
Service cost	5.0	7.5	12.5	6.8	6.5	13.3
current service cost	6.0	7.2	13.2	6.8	6.6	13.4
past service cost	-1.1	0.3	-0.8	0.0	-0.1	-0.1
gains / losses on settlements	0.1	0.0	0.1	0.0	0.0	0.0
Settlement payments	-0.1	0.0	-0.1	-0.1	-0.1	-0.2
Pension payments	-12.0	-19.3	-31.3	-11.9	-18.8	-30.7
Employee contributions	4.1	0.0	4.1	3.2	0.0	3.2
Currency adjustments	1.1	-1.1	0.0	-4.0	-2.4	-6.4
Additions to the consolidated group	0.0	14.0	14.0	11.3	35.3	46.6
Disposals from the consolidated group	-0.9	0.0	-0.9	0.0	-3.7	-3.7
Transfers to / from other companies	12.7	0.0	12.7	-4.7	-0.2	-4.9
Actuarial gains (-) / losses (+)	42.8	75.2	118.0	-2.6	1.4	-1.2
from changes in demographic assumptions	1.1	3.4	4.5	0.7	1.6	2.3
from changes in financial assumptions	42.5	71.5	114.0	-0.7	0.0	-0.7
from experience adjustments	-0.8	0.3	-0.5	-2.6	-0.2	-2.8
Defined benefit obligation at December 31	**327.9**	**479.5**	**807.4**	**285.2**	**393.8**	**679.0**
Fair value of plan assets at January 1	**274.3**		**274.3**	**259.2**		**259.2**
Reclassification to liabilities classified as held for sale	-16.6		-16.6			
Interest income on plan assets	8.4		8.4	8.1		8.1
Settlement payments	-0.1		-0.1	-0.1		-0.1
Pension payments	-12.0		-12.0	-11.9		-11.9
Allocations to fund (company contributions)	12.6		12.6	16.0		16.0
Allocations to fund (employee contributions)	4.2		4.2	3.9		3.9
Currency adjustments	0.5		0.5	-3.5		-3.5
Additions to the consolidated group	0.0		0.0	10.3		10.3
Disposals from the consolidated group	-0.9		-0.9	-0.2		-0.2
Transfers to / from other companies	12.8		12.8	-4.7		-4.7
Remeasurements	5.7		5.7	-2.7		-2.7
Changes from asset ceiling	0.0		0.0	-0.1		-0.1
Fair value of plan assets at December 31	**288.9**		**288.9**	**274.3**		**274.3**
Defined benefit obligation at December 31	**327.9**	**479.5**	**807.4**	**285.2**	**393.8**	**679.0**
Fair value of plan assets at December 31	**288.9**		**288.9**	**274.3**		**274.3**
Funded status at December 31	-39.0	-479.5	-518.5	-10.9	-393.8	-404.7
Net pension provisions at December 31	**44.2**	**479.5**	**523.7**	**29.3**	**393.8**	**423.1**
Net plan assets at December 31	**5.2**		**5.2**	**18.4**		**18.4**
Gains / losses recognized in profit or loss						
Current service cost	-6.0	-7.2	-13.2	-6.8	-6.6	-13.4
Past service cost	1.1	-0.3	0.8	0.0	0.1	0.1
Gains / losses from plan settlements	-0.1	0.0	-0.1	0.0	0.0	0.0
Net interest cost (-) / income (+)	0.0	-13.5	-13.5	-0.1	-13.6	-13.7
Net pension cost	**-5.0**	**-21.0**	**-26.0**	**-6.9**	**-20.1**	**-27.0**

In the income statement, service costs and any gains or losses from settlements are allocated to the respective functional areas and are thus included in EBIT. The net interest cost from the interest accrued on the net pension obligation is presented under interest expense.

Defined contribution pension expense amounted to €36.7 million (previous year: €27.4 million); €1.1 million (previous year: €1.2 million) thereof relate to the Executive Board of Bilfinger SE.

The weighted average duration of the pension obligations is 13.6 years.

COMPOSITION OF PLAN ASSETS

	Dec. 31, 2014	Dec. 31, 2013
Total assets	**288.9**	**274.3**
Assets with a quoted market price	**239.7**	**224.2**
Cash and cash equivalents	6.6	3.6
Equity instruments	21.7	27.3
thereof shares Europe, North America and Australia	21.6	26.4
thereof shares emerging markets	0.1	0.9
Debt instruments	87.8	90.6
thereof government bonds	28.8	54.5
thereof corporate bonds investment grade	44.2	18.9
thereof corporate bonds non-investment grade	0.8	0.3
thereof covered bonds	14.0	16.9
Investment funds	123.1	102.3
thereof equity funds	13.9	5.1
thereof bond funds	47.7	77.0
thereof money-market funds	5.9	6.0
thereof real-estate funds	2.7	0.0
thereof other funds	52.9	14.2
Other assets	0.5	0.4
Assets without a quoted market price	**49.2**	**50.1**
Equity instruments	4.1	4.0
thereof shares	3.9	3.7
thereof other equity instruments	0.2	0.3
Debt instruments	1.0	1.0
thereof bonds	0.0	0.0
thereof other debt instruments	1.0	1.0
Real-estate properties	15.0	16.5
thereof used by the Group	0.0	0.0
Qualifying insurance policies	26.3	23.2
Other assets	2.8	5.4

For the year 2015, contribution payments to pension plans of €14.0 million are planned.

The pension obligations recognized at the end of the reporting period will probably lead to the following – undiscounted – cash outflows in the next 10 financial years.

EXPECTED PENSION PAYMENTS

	2015	2016	2017	2018	2019	2020-24
	34	36	36	37	39	215

Contributions of €127.4 million were paid to state pension insurance institutions (previous year: €126.8 million).

Due to the pension plans, the Group is exposed to various risks. A reduction in the interest rate used to discount the provisions for pensions (interest rate for high-grade corporate bonds) would cause the pension obligations to increase. There would be corresponding effects from higher-than-expected income and pension increases. Higher life expectancies than assumed would also lead to an increase in pension obligations, especially when fixed benefits are paid which are independent of the contributions paid in the past. If plan assets exist to cover the pension obligations, it is assumed that they accrue interest at the rate of interest used to discount defined benefit obligations. If the actual interest rate is lower, this leads to an increase in the net pension obligations. For pension plans denominated in foreign currencies, exchange-rate risks also exist.

The following sensitivity analysis shows the change in the pension obligation (DBO) in millions of euros caused by a change in one of the assumptions upon which the calculation is based when all the other assumptions remain unchanged. The calculation methods are otherwise unchanged.

SENSITIVITY ANALYSIS ON ACTUARIAL ASSUMPTIONS

	Defined benefit obligation Dec. 31, 2014	
	0.5 percentage point increase	0.5 percentage point decrease
Discount rate	-50.5	52.6
Projected wages and salaries	16.1	-15.7
Projected pension increase	29.5	-27.0

22. Current tax liabilities and other provisions

	Current tax liabilities	Risks relating to contracts and litigation	Warranty risks	Personnel-related obligations	Restructuring measures	Other uncertain liabilities	Other provisions	Total
As of January 1, 2014	**116.5**	**214.2**	**94.1**	**80.2**	**66.8**	**157.8**	**613.1**	**729.6**
Utilization	74.9	65.9	9.9	36.1	38.2	36.1	186.2	261.1
Release	5.0	12.1	14.1	4.6	0.0	12.6	43.4	48.4
Additions	51.4	48.5	23.0	37.4	54.5	45.5	208.9	260.3
Currency adjustments	1.2	0.3	0.1	0.9	0.0	1.0	2.3	3.5
Changes in the consolidated group	1.4	0.0	-1.2	4.5	0.0	7.1	10.4	11.8
Reclassification of construction activities	-1.5	-57.9	-12.2	-7.3	-0.5	-10.9	-88.8	-90.3
As of December 31, 2014	**89.1**	**127.1**	**79.8**	**75.0**	**82.6**	**151.8**	**516.3**	**605.4**

Maturities of current tax liabilities and other provisions

	Non-current		Current		Total	
	2014	2013	**2014**	2013	**2014**	2013
Current tax liabilities	**0.0**	0.0	**89.1**	116.5	**89.1**	116.5
Other provisions	**55.0**	60.7	**461.3**	552.4	**516.3**	613.1
Risks relating to contracts and litigation	7.9	7.1	119.2	207.1	127.1	214.2
Warranty risks	12.8	17.6	67.0	76.5	79.8	94.1
Personnel-related obligations	29.3	29.6	45.7	50.6	75.0	80.2
Restructuring measures	0.0	0.0	82.6	66.8	82.6	66.8
Other uncertain liabilities	5.0	6.4	146.8	151.4	151.8	157.8
Total	**55.0**	60.7	**550.4**	668.9	**605.4**	729.6

Risks relating to contracts and litigation primarily comprise provisions for risks from current projects, provisions for reworking and provisions for litigation risks. The provisions for litigation risks include anticipated payments in the double-digit million range (euros) from an ongoing legal dispute in connection with a former construction project in North America.

Warranty risks primarily comprise provisions for warranties related to individual cases from the valuation of projects.

Personnel-related obligations mainly consist of provisions for employee anniversaries and pre-retirement part-time employment as well as provisions for personnel severance compensation that do not relate to restructuring measures. The amount of employee anniversaries and pre-retirement part-time employment is calculated annually by external experts.

The provisions for restructuring measures relate to commitments associated with the efficiency-enhancement program Bilfinger Excellence in the amount of €52.0 million (previous year: €66.8 million) and other restructuring measures in the amount of €30.6 million (previous year: €0.0 million). In addition to costs for site closures, the provisions primarily relate to severance payments for departing employees.

Other contingent liabilities include a provision for risks in connection with discontinued operations, provisions for contingent losses, costs of annual financial statements, compensation for damages and consultant costs, and other miscellaneous provisions.

23. Financial debt

	Non-current		Current		Total	
	2014	2013	**2014**	2013	**2014**	2013
Bank debt (non-recourse)	12.6	12.6	26.9	28.2	39.5	40.8
Financial debt, non-recourse	**12.6**	12.6	**26.9**	28.2	**39.5**	40.8
Bonds (recourse)	500.0	500.0	0.0	0.0	500.0	500.0
Bank debt (recourse)	3.9	4.7	25.8	23.8	29.7	28.5
Finance leases	11.9	12.6	2.1	4.3	14.0	16.9
Financial debt, recourse	**515.8**	517.3	**27.9**	28.1	**543.7**	545.4

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

Liabilities from bonds relate to an unsubordinated unsecured bond placed in December 2012 in the amount of €500 million, for which repayment is due in December 2019.

24. Trade and other payables

	2014	2013
Liabilities from derivatives, non-current		
in hedging relationships	0.8	2.7
not in hedging relationships	1.8	0.9
	2.6	3.6
Other non-current financial, non-derivative liabilities	19.3	45.5
Other non-current liabilities	**21.9**	49.1
Trade payables	858.0	955.3
advance payments received from construction contracts	239.6	329.6
liabilities to joint ventures and consortiums	69.3	143.3
liabilities to companies in which equity is held	20.8	20.6
	1,187.7	1,448.8
Liabilities from derivatives, current		
in hedging relationships	2.0	1.8
not in hedging relationships	13.2	6.6
	15.2	8.4
Other current financial, non-derivative liabilities	274.2	291.7
Trade and other current payables	**1,477.1**	1,748.9

25. Other liabilities

	2014	2013
Liabilities for sales tax and other taxes	176.0	160.8
Personnel obligations	121.4	130.9
Social-security levies	40.8	43.4
Deferred income and / or accrued expenses	31.7	29.8
Total	**369.9**	364.9

26. Additional information on financial instruments

The carrying amounts and fair values of financial assets and financial liabilities, classified according to the categories of IAS 39 and indicating the fair value hierarchy according to IFRS 13, are as follows:

	Level according to IFRS 13 hierarchy	IAS 39 category	Carrying amount	Fair value	Carrying amount	Fair value
				2014		2013
Assets						
Equity interests (available for sale, at cost)	–	AfS-aC	14.2	–	12.4	–
Receivables	2	LaR	1,805.0	1,805.0	1,904.3	1,904.3
Other financial, non-derivative assets	2	LaR	112.2	112.2	155.4	155.9
Securities	1	AfS	0.6	0.6	53.4	53.4
Securities	2	HtM	0.1	0.1	0.1	0.1
Cash and cash equivalents	1	LaR	403.1	403.1	668.7	668.7
Derivatives						
in hedging relationships	2	(Hedge)	4.9	4.9	7.2	7.2
not in hedging relationships	2	FAHfT	7.2	7.2	12.6	12.6
Liabilities						
Financial debt, non-recourse	2	FLAC	39.5	41.0	40.8	42.2
Financial debt recourse, bonds	1	FLAC	500.0	532.5	500.0	506.9
Financial debt recourse, without bonds and finance leases	2	FLAC	29.7	29.7	28.5	28.5
Finance leases, recourse	2	(IAS 17)	14.0	20.3	16.9	24.4
Liabilities	2	FLAC	1,187.7	1,187.7	1,448.8	1,448.8
Other non-derivative liabilities	2	FLAC	293.5	293.5	337.2	337.5
Derivatives						
in hedging relationships	2	(Hedge)	2.8	2.8	4.5	4.5
not in hedging relationships	2	FLHfT	15.0	15.0	7.5	7.5
Valuation category						
Loans and receivables		LaR	2,320.3	2,320.3	2,728.4	2,729.0
Available-for-sale financial assets		AfS	0.6	0.6	53.4	53.4
Available-for-sale financial assets at cost		AfS-aC	14.2	–	12.4	–
Held-to-maturity financial investments		HtM	0.1	0.1	0.1	0.1
Financial assets held for trading		FAHfT	7.2	7.2	12.6	12.6
Financial liabilities held for trading		FLHfT	15.0	15.0	7.5	7.5
Financial liabilities at amortized cost		FLAC	2,050.4	2,084.4	2,355.3	2,363.9

AGGREGATED PRESENTATION ACCORDING TO IFRS 13 HIERARCHY LEVELS	Level	Recognized at fair value	Fair value for information only in the Notes	Recognized at fair value	Fair value for information only in the Notes
			2014		2013
Assets	1	0.6	403.1	53.4	668.7
	2	12.1	1.917.3	19.8	2.060.3
	3	0.0	0.0	0.0	0.0
Liabilities	1	0.0	532.5	0.0	506.9
	2	17.8	1.572.2	12.0	1.881.4
	3	0.0	0.0	0.0	0.0

For cash and cash equivalents, current receivables and liabilities and current other financial non-derivative assets and other non-derivative liabilities, the carrying amounts are approximately equal to the 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 to the present values calculated using current market-based interest-rate parameters.

For derivatives, the fair values are determined with the use of recognized financial-mathematical methods on the basis of observable market data such as exchange rates and interest rates (forwards and swaps: present-value method; options: option-pricing models).

The fair values of the available-for-sale securities and of the recourse financial debt from the bonds issues in financial year 2012 are derived from the respective stock-exchange prices.

Equity interests are measured at cost of acquisition as fair values cannot be reliably determined.

Hierarchy of fair values by valuation inputs:
All assets and liabilities either measured at fair value or for which fair-value disclosures are required are categorized within a level of the following IFRS 13 measurement hierarchy based on the quality and objectiveness of the inputs used in valuation:

Level 1: Current (unadjusted) prices in active markets for identical assets or liabilities.
Level 2: Market data other than the inputs in Level 1 such as prices in active markets for similar assets or liabilities, prices for identical assets or liabilities in markets that are not active, market-corroborated inputs (interest rates, implied volatilities, credit spreads) and derived prices or valuation inputs. Level 2 inputs may have to be adjusted to reflect the features of the asset or liability being measured (condition, location, market activity, etc.).
Level 3: Unobservable inputs, i.e., not market data but estimates and the Group's own information. This data is to be adjusted so that it reflects the assumptions of the (fictive) market participants.

No reclassifications between the IFRS 13 measurement hierarchy levels took place in 2014.

Net earnings from financial instruments classified according to IAS 39 measurement categories are as follows:

	IAS 39 category	2014	2013
Valuation category			
Loans and receivables	LaR	-5,9	-5,5
Available-for-sale financial assets	AfS	7,1	-0,3
Financial instruments held for trading	FAHfT & FLHfT	0,9	-3,2
Financial liabilities at amortized cost	FLAC	-0,7	-6,4

Interest and dividends are not components of net earnings shown.

The net earnings of the measurement category *loans and receivables* include impairments, reversals and income / expenses from currency translation.

The net earnings of the measurement category *available-for-sale financial assets* include gains / 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.

The derivatives contracted by Bilfinger are partially subject to legally enforceable netting arrangements (ISDA agreement), which, however, do not allow any offsetting of receivables and payables in the balance sheet under IAS 32.42, i.e., there is no current legally enforceable right to offsetting with the simultaneous intention to settle on a net basis, but the right to offset in the case of delayed payment or insolvency on the part of a contracted party. These items are therefore presented in the balance sheet on a gross basis. The carrying amount of the derivatives that were subject to offsetting agreements with positive fair values is €4.5 million (previous year: €6.0 million); the carrying amount of the corresponding derivatives with negative fair values is €3.2 million (previous year: €2.0 million). This results in the theoretical net amount of €1.3 million (previous year: €4.0 million). No contractual arrangements exist with regard to offsetting other financial assets and liabilities.

27. 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 appropriate financial transactions, as a rule, with banks that have been classified by the Financial Stability Board as systemically relevant or that have a public rating of at least 'A-'. In addition, on the basis of an internal limit system, a diversification of volumes and maturities takes place.

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.

On the basis of rolling cash-flow planning, liquidity risks in the Group are monitored and controlled centrally. Within the context of central financing, Bilfinger SE is available to its subsidiaries as a lender of last resort. With the exception of economically less relevant regions, the Group's internal equalization of liquidity in Europe and the USA is supported by cross-border cash pooling.

Investment financing is carried out with consideration of matching maturities. In financial year 2012, a €500 million bond with maturity in 2019 was issued. To finance working capital, we have a €500 million pre-approved credit line at attractive conditions that is in place until 2016.

The credit facilities of more than €2.5 billion available for the execution of our project and services business are of sufficient size to provide support for continued corporate development. Furthermore, we also have a surety program of $750 million in place for carrying out our business operations in North America. All credit commitments can be called due prematurely in the case of a change of control. The firmly committed credit facility includes 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 following chart shows the future contractual undiscounted payments on financial liabilities as of December 31, 2014 and December 31, 2013 (repayments, capital repayments, interest and derivatives with negative fair values). For derivative financial liabilities to be fulfilled on a gross basis (currency derivatives), payments received and payments made are shown; for derivative financial liabilities to be fulfilled on a net basis (commodity derivatives), net payments are shown.

	Carrying amount	Total	2015	2016	2017	2018 - 21	> 2021
2014							
Financial debt, non-recourse	39.5	**42.6**	27.3	1.1	1.4	5.4	7.4
Financial debt, recourse, excluding finance leases	529.7	**589.1**	38.0	12.6	12.2	526.3	0.0
Finance leases, recourse	14.0	**20.5**	2.3	1.5	1.2	6.4	9.1
Liabilities	1,187.7	**1,187.7**	1,181.7	1.1	1.5	1.9	1.5
Other financial, non-derivative liabilities	293.5	**293.6**	274.3	6.5	0.1	9.1	3.6
Derivative financial liabilities to be fulfilled on a net basis	3.9	**3.9**	3.1	0.8	0.0	0.0	0.0
Derivative financial liabilities to be fulfilled on a gross basis	13.9						
Payments received		**382.1**	305.1	71.5	5.5	0.0	0.0
Payments made		**393.8**	314.2	73.7	5.9	0.0	0.0
		11.7	9.1	2.2	0.4	0.0	0.0

	Carrying amount	Total	2014	2015	2016	2017 - 20	> 2020
2013							
Financial debt, non-recourse	40.8	**44.2**	28.5	0.4	1.1	5.5	8.7
Financial debt, recourse, excluding finance leases	528.5	**599.7**	36.3	12.4	12.4	538.6	0.0
Finance leases, recourse	16.9	**24.9**	5.7	1.4	1.3	7.6	8.9
Liabilities	1,448.8	**1,448.8**	1,440.5	1.2	2.3	4.8	0.0
Other financial, non-derivative liabilities	337.2	**340.1**	300.7	10.1	17.9	7.9	3.5
Derivative financial liabilities to be fulfilled on a net basis	0.0	**0.0**	0.0	0.0	0.0	0.0	0.0
Derivative financial liabilities to be fulfilled on a gross basis	12.0						
Payments received		**604.6**	515.7	43.0	40.4	5.5	0.0
Payments made		**614.7**	518.0	46.6	44.1	6.0	0.0
		10.1	2.3	3.6	3.7	0.5	0.0

With its international operations, the Bilfinger Group is subject to various market-price risks, relating in particular to currency exchange rates, interest rates, raw-material prices and the market values of financial investments. Centralized control 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. Hedging is primarily carried out via micro-hedges. 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 (not translation risks) 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 in 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.

Raw-material price risk is the risk of changes in the market prices of those raw materials that the Group purchases. Whenever possible, we hedge against the risk of price fluctuations of raw materials by using fixed-price agreements for materials purchases, or by stipulating clauses that allow for price adjustments when we invoice for the relevant services. If this is not possible, hedging is carried out with the use of commodity swaps, for diesel fuel or bitumen, for example.

Bilfinger 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 periodic effects are determined by relating the hypothetical changes in the risk variables to the volume of financial instruments held at the end of the reporting period. It is assumed that the volume at the balance sheet date is representative of the whole year.

VALUE AT RISK

	2014	2013
Currency risk	3.8	9.0

Due to this consistent application of the financing policy, there were no negative effects on the Group's financial position or earnings in 2014.

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.

The cash-flow hedges as of the end of the reporting period are primarily applied to hedge exposure to currency risks in connection with firm commitments.

During 2014, unrealized losses on the measurement of derivative financial instruments of €1.5 million were recognized in other comprehensive income (previous year: gains of €50.0 million). In this period, losses of €1.3 million were reclassified (previous year: gains of €23.2 million) to gross profit and to earnings after taxes from discontinued operations in connection with the sale of concession projects. In addition, earnings from discontinued operations in the prior-year period included gains of €0.3 million from the measurement of derivative financial instruments that were hedge-ineffective pursuant to IAS 39.

The following overviews show when the cash flows hedged against currency risks occur and are recognized in profit or loss:

EXPECTED FOREIGN CURRENCY PAYMENTS

	2015	2016	2017	2018 - 21	> 2021
2014	170.3	52.3	1.5	1.5	0.0
	2014	**2015**	**2016**	**2017 - 20**	**> 2020**
2013	217.1	70.1	44.1	7.6	0.0

The following table shows the fair values of the various types of derivative financial instruments that Bilfinger uses to hedge market-price risks. A difference is made depending on whether they are hedge-effective or hedge-ineffective pursuant to IAS 39.

	2014	2013
Derivatives with positive fair values		
in hedging relationships		
Currency derivatives	4.9	7.2
	4.9	**7.2**
not in hedging relationships		
Currency derivatives	7.2	12.6
	7.2	**12.6**
Total derivatives with positive fair values	12.1	19.8
Derivatives with negative fair values		
in hedging relationships		
Currency derivatives	2.8	4.5
	2.8	**4.5**
not in hedging relationships		
Currency derivatives	11.1	7.5
Commodity derivatives	3.9	0.0
	15.0	**7.5**
Total derivatives with negative fair values	17.8	12.0

Other disclosures*

28. Additional information on capital management

The goal of capital management at Bilfinger is to maintain a strong financial profile including adherence to the financial covenant. 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. Since 2012, the credit quality of Bilfinger has been evaluated by rating agency Standard & Poor's. On January 21, 2015, the rating was adjusted to BBB / negative outlook (December 31, 2013: BBB+ / stable outlook).

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.

This process applies the following key metrics, which are determined based on the Standard & Poor's method:

	Target value	Actual value Dec. 31, 2014
Key figure		
Dynamic debt-equity ratio (net debt / EBITDA)	< 2.5	2.8
Gearing (total debt / total capital)	< 40%	44%
Cash flow protection (funds from operations / net debt)	> 40%	24%

Non-recourse financial debt is not taken into consideration for the calculation of these metrics. Due to unsatisfactory performance in 2014, the target values for the metrics were not achieved.

29. Contingent liabilities and other financial obligations

	2014	2013
Liabilities from guarantees	25.4	40.3

Liabilities from guarantees relate mainly to those provided to associates, joint ventures and non-consolidated subsidiaries. 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 contingent liabilities comprise in particular potential litigation charges. These include judicial, arbitrative, and out-of-court proceedings involving customers and subcontractors that file claims or may in future file claims under various contracts, for example under contracts for real-estate services, maintenance, servicing, and construction projects, or claims arising out of other supply and service relationships. At this time, however, Bilfinger does not expect that these legal disputes will result in any significant negative effects on its financial position, cash flows or profitability.

* Figures in € million, unless stated otherwise.

The other financial obligations from operating leases also include, in line with IAS 17, other forms of arrangements for the use of assets, in particular rental agreements.

	Minimum lease payments on operating leases	
	2014	2013
< 1 year	140.1	113.0
1-5 years	212.1	182.3
> 5 years	69.5	53.7

The future payments from non-terminable operating leases primarily relate to real estate, scaffolding, items of equipment and furnishings, and vehicles.

The expenses recognized in profit or loss of operating leases amounted to €242.1 million in 2014 (previous year: €241.8 million).

30. Notes to the statement of cash flows

The cash flow from operating activities of continuing and discontinued operations includes the following items in the reporting year:

	2014	2013
Interest payments	26.5	19.0
Interest received	4.0	4.3
Dividends received	14.3	15.2
Income tax payments	99.9	63.3
Tax refunds	9.9	2.0

Of the proceeds from the disposal of concession projects, €96.1 million (previous year: €58.0 million) was generated through the sale of subsidiaries.

31. Events after the balance sheet date

There have been no significant events since the balance sheet date.

32. Executive and Supervisory Board

More details on the remuneration of members of the Executive Board and the Supervisory Board is included in the remuneration report which is a component of the combined management report.

Compensation for the members of the Executive Board is comprised of several components which are presented in the table below (remuneration pursuant to German accounting standard GAS 17).

€ thousand	Non-performance-related remuneration				Performance-related remuneration				Total remuneration		Expense recognized from share-based remuneration	
	Fixed remuneration		Fringe benefits		65% immediately		35% deferred (share based)					
	2014	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013
Roland Koch (Chairman until August 8, 2014)	497	818	67	106	761	1,430	408	762	1,733	3,116	-24	589
Herbert Bodner (interim Chairman of the Executive Board from August 9, 2014)	1,125	–	46	–	–	–	–	–	1,171	–	–	–
Joachim Enenkel	499	499	52	56	438	845	235	450	1,224	1,850	1	359
Dr. Jochen Keysberg	466	399	88	87	455	676	244	360	1,253	1,522	130	352
Pieter Koolen (from September 19, 2013)	400	113	50	13	350	193	188	103	988	422	161	103
Joachim Müller	499	499	45	44	438	845	235	450	1,217	1,838	57	450
Thomas Töpfer (until October 31, 2013)	–	416	–	21	–	704	–	375	–	1,516	–	14
Total	**3,486**	2,744	**348**	327	**2,442**	4,693	**1,310**	2,500	**7,586**	10,264	**325**	1,867

Total remuneration as defined by IAS 24 was €13,635 thousand (previous year: €14,975 thousand). Of that amount, €6,456 thousand was accounted for by short-term employee benefits (previous year: €7,944 thousand), €1,125 thousand by post-employment benefits (previous year: €1,197 thousand), €5,729 thousand by termination benefits (previous year: €3,967 thousand) and €325 thousand by long-term share-based remuneration (previous year: €1,867 thousand). Termination benefits in the amount of €3,664 thousand relate to Roland Koch and in the amount of €2,065 thousand to Joachim Müller.

The total remuneration paid to former members of the Executive Board or their surviving dependants amounted to €6,639 thousand (previous year: €2,169 thousand). This figure includes severance and compensation payments, recognized as an expense in the reporting year, in the amount of the already paid out as well as the deferred component totaling €3,664 thousand for Roland Koch as a result of the termination of his contract. The present value of future pension obligations for those persons calculated according to IAS 19 amounts to €31,470 thousand (previous year: €27,264 thousand).

The total remuneration of the members of the Supervisory Board amounts to €1,338 thousand (previous year: €1,337 thousand), including reimbursement of expenses of €37 thousand (previous year: €30 thousand).

33. Share-based payment

Cash-settled share-based payments exist in the context of the remuneration of Executive Board members and involve a long-term incentive plan (LTI) that runs until 2015, as well as variable cash remuneration depending on the relative performance of the Bilfinger share (deferral). Details of these payments are provided in the remuneration report, which is a part of the management report.

Equity-settled share-based payments exist in the context of an employee share program in 2012. Under this program, employees of German Group companies were able to acquire Bilfinger shares for up to 10 percent of their annual gross salary for an average price of €75.13 (own investment). For a maximum of five share packages each of five shares, the plan participants received one bonus share per package, totaling 12,250 shares. In addition, for each share package, participants were granted the right to one Bilfinger share free of charge (matching share) after two, four and six years (vesting periods). A precondition for the granting of matching shares is that the plan participants do not dispose of their own investment until the end of the respective vesting period and continue to be employed at the Bilfinger Group. The shares to be issued free of charge from the program have been measured at their fair value at the time of issue. That fair value for future matching shares is the result of the stock-market price of Bilfinger shares less the present value of the dividends expected during the vesting period. The average fair value of the future matching shares was €65.11 when granted. Of the 16,954 share packages acquired at the start of the program that included rights to matching shares, 14,572 share packages were still held by plan participants at the end of the first vesting period in October 2014, leading to a corresponding number of matching shares being granted during the reporting period, which came from the company's treasury shares.

Within the framework of an additional employee share program in the reporting period, 3,295 employees were issued with a total of 16,475 of the company's treasury shares with certain tax advantages. Of that total, 3,061 employees acquired the shares by offsetting their price against an upcoming bonus payment. The remaining difference of €3.72 per share compared with the current stock-exchange price was borne by the company. Executives were solely able to acquire the shares at the current stock-exchange price.

The costs resulting for Bilfinger from the share programs are deferred pro rata over the vesting period. The expense recognized through profit or loss of cash-settled and equity-settled share-based payments was €1.7 million in 2014 (previous year: €5.0 million).

34. 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	
	2014	2013	**2014**	2013	**2014**	2013
Revenue	**37.7**	41.6	**19.8**	0.0	**5.6**	5.5
Services received	**38.7**	41.3	**0.0**	0.0	**3.5**	2.6
Receivables	**20.3**	20.5	**3.1**	2.6	**14.1**	13.8
Liabilities	**16.9**	15.9	**0.6**	1.7	**3.3**	2.9
Guarantees granted	**5.6**	16.5	**1.3**	1.3	**10.1**	10.9

Remuneration of the Executive Board and the Supervisory Board is explained in the previous note and in the remuneration report. No further transactions with the Executive Board, the Supervisory Board and their close relations who are subject to disclosure took place in the reporting year.

Pursuant to the notification in accordance with Section 21 Subsection 1 of the German Securities Trading Act (WpHG) dated September 29, 2014, the investment company Cevian Capital II GP Limited, St. Helier, Jersey, Channel Islands, holds 25.62% of voting rights with respect to Bilfinger SE capital. Over the past financial year, no business was conducted between Bilfinger SE or, respectively, its Group companies and Cevian Capital.

35. Auditors' fees

The amounts listed below cover all of the services provided to the companies of the Bilfinger Group by our external auditors, Ernst & Young, in the 2014 financial year. The amounts of these services provided by Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft are shown as 'thereof' in the following table.

	2014	2013
Audit fees	6.4	6.0
thereof in Germany	3.1	3.0
Other assurance fees	2.4	2.0
thereof in Germany	1.5	1.2
Tax-consulting services	0.7	0.7
thereof in Germany	0.3	0.3
Other services	0.4	0.4
thereof in Germany	0.3	0.3
Total	9.9	9.1

36. Declaration of compliance

Bilfinger SE is included in the consolidated financial statements as a listed company.

On February 11, 2015, the Executive Board and the Supervisory Board issued the annual declaration of compliance required pursuant to Section 161 of the German Stock Corporation Act and made this permanently available to shareholders on our website as of that date.

37. List of subsidiaries and equity interests of Bilfinger SE

The list of subsidiaries and equity interests of Bilfinger 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 at: http://www.bilfinger.com/en/Investor-Relations/Reports/2014