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 13, 2014

The Executive Board

Roland Koch

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 2013. 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, 13 March 2014

Ernst & Young GmbH
Wirtschaftsprüfungsgesellschaft

Prof. Dr. Peter Wollmert	Karen Somes
Wirtschaftsprüfer	Wirtschaftsprüferin
[German Public Auditor]	[German Public Auditor]

CONSOLIDATED INCOME STATEMENT

€ million

	Notes	2013	2012
Revenue	(6)	**8,414.6**	**8,343.5**
Cost of sales		-7,298.9	-7,222.2
Gross profit		**1,115.7**	**1,121.3**
Selling and administrative expense		-836.9	-832.1
Other operating income	(7)	99.7	107.6
Other operating expense	(8)	-123.9	-47.0
Income from investments accounted for using the equity method	(9)	32.5	31.0
Earnings before interest and taxes (EBIT)	(10)	**287.1**	**380.8**
Interest income [1]	(11)	7.6	11.9
Interest expense	(11)	-45.4	-38.4
Other financial expense	(11)	-5.3	-7.4
Earnings before taxes [1]		**244.0**	**346.9**
Income tax expense [2]	(12)	-71.5	-101.6
Earnings after taxes from continuing operations [3]		**172.5**	**245.3**
Earnings after taxes from discontinued operations	(2)	**3.7**	**33.6**
Earnings after taxes [3]		176.2	278.9
thereof minority interest		3.4	2.5
Net profit [3]		**172.8**	**276.4**
Average number of shares (in thousands)	(13)	44,149	44,140
Earnings per share [4] (in €)	(13)	3.91	6.26
thereof from continuing operations		3.83	5.50
thereof from discontinued operations		0.08	0.76

[1] Following adjustment of the prior-year figure due to IAS 19R by + €2.0 million
[2] Following adjustment of the prior-year figure due to IAS 19R by - €0.5 million
[3] Following adjustment of the prior-year figure due to IAS 19R by + €1.5 million
[4] Basic earnings per share are equal to diluted earnings per share. The adjustments due to IAS 19R only had an insignificant influence on earnings per share.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

€ million

	2013	2012
Earnings after taxes [1]	176.2	278.9
Items that will not be reclassified to the income statement		
Gains / losses from remeasurement of net defined benefit liability (asset)		
Unrealized gains / losses [2]	-1.5	-63.7
Income taxes on unrealized gains / losses [3]	2.1	16.8
	0.6	-46.9
Items that may subsequently be reclassified to the income statement		
Gains / losses on fair-value measurement of securities		
Unrealized gains / losses	3.3	2.8
Income taxes on unrealized gains / losses	-0.1	0.0
	3.2	2.8
Gains / losses on hedging instruments		
Unrealized gains / losses	50.0	-4.4
Reclassifications to the income statement	23.2	338.9
Income taxes on unrealized gains / losses	-19.3	-86.3
	53.9	248.2
Currency translation differences		
Unrealized gains / losses	-73.7	6.0
Reclassifications to the income statement	-1.2	-17.1
	-74.9	-11.1
Gains / losses on investments accounted for using the equity method		
Unrealized gains / losses	59.1	-97.5
Reclassifications to the income statement	37.3	22.3
	96.4	-75.2
	78.6	164.7
Other comprehensive income after taxes	79.2	117.8
Total comprehensive income after taxes	255.4	396.7
attributable to shareholders of Bilfinger SE	251.9	393.2
attributable to minority interest	3.5	3.5

[1] Following adjustment of the prior-year figure due to IAS 19R by + €1.5 million
[2] Following adjustment of the prior-year figure due to IAS 19R by - €2.0 million
[3] Following adjustment of the prior-year figure due to IAS 19R by + €0.5 million

CONSOLIDATED BALANCE SHEET

€ million

		Notes	Dec. 31, 2013	Dec. 31, 2012
Assets	Non-current assets			
	Intangible assets	(14)	2,023.3	1,890.1
	Property, plant and equipment	(15)	712.3	689.9
	Investments accounted for using the equity method	(16)	74.5	96.2
	Receivables from concession projects	(17)	0.0	508.3
	Other financial assets	(18)	137.2	158.0
	Deferred tax assets	(12)	186.7	176.9
			3,134.0	3,519.4
	Current assets			
	Inventories	(19)	223.7	171.6
	Receivables and other financial assets	(20)	2,008.1	1,953.5
	Current tax assets		52.0	31.7
	Other assets	(21)	89.2	86.5
	Cash and cash equivalents	(22)	668.7	1.087.2
	Assets classified as held for sale	(2)	355.8	0.0
			3,397.5	3,330.5
			6,531.5	6,849.9
Equity and liabilities	Equity	(23)		
	Share capital		138.1	138.1
	Capital reserve		759.6	759.3
	Retained and distributable earnings		1,455.1	1,414.4
	Other reserves		-104.6	-183.1
	Treasury shares		-99.0	-100.0
	Equity attributable to shareholders of Bilfinger SE		2,149.2	2,028.7
	Minority interest		15.5	8.0
			2,164.7	2,036.7
	Non-current liabilities			
	Provisions for pensions and similar obligations	(24)	423.1	394.2
	Other provisions	(25)	60.7	56.6
	Financial debt, recourse	(26)	517.3	519.3
	Financial debt, non-recourse	(26)	12.6	460.5
	Other liabilities	(27)	49.1	168.6
	Deferred tax liabilities	(12)	150.0	149.1
			1.212.8	1.748.3
	Current liabilities			
	Current tax liabilities	(25)	116.5	101.6
	Other provisions	(25)	552.4	556.6
	Financial debt, recourse	(26)	28.1	191.6
	Financial debt, non-recourse	(26)	28.2	9.5
	Trade and other payables	(27)	1,748.9	1,836.4
	Other liabilities	(28)	364.9	369.2
	Liabilities classified as held for sale	(2)	315.0	0.0
			3,154.0	3,064.9
			6,531.5	6,849.9

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, 2012	**138.1**	**759.3**	**1,337.5**	**2.3**	**-383.4**	**34.2**	**-100.0**	**1,788.0**	**4.9**	**1,792.9**
Earnings after taxes	0.0	0.0	276.4[1]	0.0	0.0	0.0	0.0	276.4[1]	2.5	278.9[1]
Other comprehensive income after taxes	0.0	0.0	-46.8[2]	2.8	171.9	-11.1	0.0	116.8[2]	1.0	117.8[2]
Total comprehensive income after taxes	**0.0**	**0.0**	**229.6**	**2.8**	**171.9**	**-11.1**	**0.0**	**393.2**	**3.5**	**396.7**
Dividends paid out	0.0	0.0	-150.1	0.0	0.0	0.0	0.0	-150.1	-1.7	-151.8
Employee share program	0.0	0.0	-0.6	0.0	0.0	0.0	0.0	-0.6	0.0	-0.6
Changes in ownership interest without change in control	0.0	0.0	-1.7	0.0	0.0	0.2	0.0	-1.5	-0.4	-1.9
Other changes	0.0	0.0	-0.3	0.0	0.0	0.0	0.0	-0.3	1.7	1.4
Balance at December 31, 2012	**138.1**	**759.3**	**1,414.4**	**5.1**	**-211.5**	**23.3**	**-100.0**	**2,028.7**	**8.0**	**2,036.7**
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**

[1] Following adjustment due to IAS 19R by + €1.5 million
[2] Following adjustment due to IAS 19R by - €1.5 million

See also further explanations on equity in section 23 of the notes to the consolidated financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

€ million

	Notes	2013	2012
Earnings after taxes from continuing operations		172.5	245.4
Depreciation, amortization and impairments		192.8	174.7
Decrease in non-current provisions and liabilities		-33.3	-5.4
Deferred tax expense / benefit		-29.3	19.4
Adjustment for non-cash income from equity-method investments		-13.3	-14.8
Cash earnings from continuing operations		**289.4**	**419.3**
Increase / decrease in inventories		-19.2	29.0
Decrease / increase in receivables		4.1	-87.3
Increase / decrease in current provisions		6.3	-76.4
Decrease / increase in liabilities		-90.4	0.5
Change in working capital		**-99.2**	**-134.2**
Gains on disposals of non-current assets		-28.6	-52.7
Cash flow from operating activities of continuing operations	(33)	**161.6**	**232.4**
Proceeds from the disposal of intangible assets		1.0	0.0
Proceeds from the disposal of property, plant and equipment		16.1	17.3
Proceeds from the disposal of subsidiaries net of cash and cash equivalents disposed of		4.6	37.0
Proceeds from the disposal of concession projects		170.9	270.3
Disposal of cash and cash equivalents classified as assets held for sale		-7.3	-77.7
Proceeds from the disposal of other financial assets		32.2	25.3
Investments in intangible assets		-13.6	-12.2
Investments in property, plant and equipment		-156.7	-130.3
Acquisition of subsidiaries net of cash and cash equivalents acquired		-246.4	-377.7
Investments in other financial assets		-3.8	-0.5
Cash flow from investing activities of continuing operations	(33)	**-203.0**	**-248.5**
Issue of treasury shares as part of the employee share program		1.2	0.0
Dividend paid to the shareholders of Bilfinger SE		-132.4	-150.1
Dividend paid to minority interest		-6.2	-1.7
Proceeds from changes in ownership interest without change in control		0.2	0.0
Investments resulting in changes in ownership interest without change in control		-3.8	0.0
Borrowing		38.4	524.6
Repayment of financial debt		-193.3	-37.8
Cash flow from financing activities of continuing operations		**-295.9**	**335.0**
Change in cash and cash equivalents of continuing operations		**-337.3**	**318.9**
Cash flow from operating activities of discontinued operations	(33)	-22.4	-127.5
Cash flow from investing activities of discontinued operations	(33)	-23.3	-23.7
Change in cash and cash equivalents of discontinued operations		**-45.7**	**-151.2**
Change in value of cash and cash equivalents due to changes in foreign exchange rates		-13.2	5.2
Cash and cash equivalents at January 1		1,087.2	846.6
Cash and cash equivalents classified as assets held for sale (Concessions) at January 1 (+)		0.0	67.7
Cash and cash equivalents classified as assets held for sale (Concessions) at December 31 (-)		22.4	0.0
Cash and cash equivalents at December 31		**668.6**	**1,087.2**

Notes to the consolidated financial statements 2013

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.

Description of reportable segments:

Industrial The segment Industrial comprises services for the design, construction, maintenance and modernization of plants, primarily for industrial sectors including oil and gas, refineries and petrochemicals, chemicals and agrochemicals, pharmaceuticals, food and beverages, power generation, and steel and aluminum. 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. Important regions include Europe, USA and Asia.

Power The segment Power comprises maintenance, repair, efficiency enhancements, service life extensions and demolition of existing plants as well as the design, manufacture and assembly of components for power plant construction with a focus on boilers and high-pressure piping systems. Services include engineering, delivery, assembly and commissioning of power plant facilities throughout their entire lifecycles (construction, operation, demolition). Important regions include Europe, South Africa and the Middle East.

Building and Facility The Building and Facility business segment includes technical, commercial and infrastructural real-estate services in Europe, USA and MENA countries as well as worldwide services in water and wastewater technology. The Group manages all kinds of facilities. In Germany, it offers development, design, management and construction services for real estate as well as the organization of construction logistics. All of these services are consistently aligned to the entire lifecycles of the properties. As a result of close cooperation among the business segment's specialists in design, construction and operation, Bilfinger is able to execute sustainable, energy-saving and value-optimized real-estate projects.

Construction The Construction segment is comprised of the Group's civil-engineering activities. Bilfinger has positioned itself as a specialist for intelligent civil-engineering services in the areas of mobility and energy. The focal points in the area of mobility are waterways, steel bridges, tunnels, urban railways and tramways, and noise protection barriers. In the area of energy, the Group concentrates on foundations for offshore wind parks and overhead power lines. In addition, foundation engineering, prestressing and geo-technology, steel construction, structural maintenance and formwork are all included in the service range. Civil engineering activities are focused on Germany and other European countries.

'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 €13.6 million (2012: €12.2 million).

SEGMENT REPORTING BY BUSINESS SEGMENT

€ million

	Industrial		Power		Building and Facility	
	2013	2012	2013	2012	2013	2012
Output volume	**3,962.7**	3,705.1	**1,255.8**	1,319.5	**2,345.7**	2,248.5
External revenue	3,923.9	3,654.8	1,259.1	1,312.4	2,301.4	2,151.3
Internal revenue	57.6	55.7	1.1	3.1	35.2	32.8
Total revenue	**3,981.5**	3,710.5	**1,260.2**	1,315.5	**2,336.6**	2,184.1
EBITA (segment earnings)	**232.2**	205.7	**123.0**	122.7	**115.4**	106.3
Amortization of intangible assets from acquisitions	-27.9	-32.8	-5.8	-5.8	-15.2	-12.1
EBIT (segment earnings)	**204.3**	172.9	**117.2**	116.9	**100.2**	94.2
thereof depreciation of property, plant and equipment and amortization of other intangible assets	66.8	60.7	22.9	21.9	18.1	14.4
thereof income from investments accounted for using the equity method	10.3	5.9	0.4	4.6	0.6	14.1
Segment assets at December 31	**2,286.9**	2,252.1	**908.3**	876.3	**1,380.2**	1,171.7
thereof investments in associates and joint ventures accounted for using the equity method	**13.6**	13.3	**1.7**	8.1	**5.1**	28.6
Segment liabilities at December 31	**844.7**	822.9	**388.7**	486.2	**811.1**	672.8
Capital expenditure on property, plant and equipment	**77**	77	**28**	20	**21**	14
Number of employees at December 31	**37,945**	37,056	**10,028**	9,278	**22,069**	15,292

SEGMENT REPORTING BY REGION

€ million

	Germany		Rest of Europe	
	2013	2012	2013	2012
Output volume	3,348.8	3,323.8	3,604.4	3,729.7
External revenues	3,262.4	3,191.7	3,612.3	3,636.9
Non-current assets at December 31	1,462.4	1,421.5	931.5	878.2

	Construction		Total of segments		Consolidation / other		Total continuing operations	
	2013	2012	2013	2012	2013	2012	2013	2012
	1,038.1	1,404.1	8,602.3	8,677.2	-93.7	-91.1	8,508.6	8,586.1
	903.4	1,170.4	8,387.8	8,288.9	26.8	54.6	8,414.6	8,343.5
	21.7	11.4	115.6	103.0	-115.6	-103.0	0.0	0.0
	925.1	1,181.8	8,503.4	8,391.9	-88.8	-48.4	8,414.6	8,343.5
	1.0	24.8	471.6	459.5	-133.9	-27.4	337.7	432.1
	-1.7	-0.6	-50.6	-51.3	0.0	0.0	-50.6	-51.3
	-0.7	24.2	421.0	408.2	-133.9	-27.4	287.1	380.8
	26.1	24.8	133.9	121.8	5.2	3.6	139.1	125.4
	1.1	1.6	12.4	26.2	20.1	4.8	32.5	31.0
	371.2	448.3	4,946.6	4,748.4	1,253.8	1,533.1	6,200.4	6,281.5
	15.4	15.6	35.8	65.6	38.6	4.8	74.4	70.4
	417.6	575.1	2,462.1	2,557.0	1,591.2	1,745.7	4,053.3	4,302.7
	32	29	158	140	12	3	170	143
	3,673	4,490	73,715	66,116	561	567	74,276	66,683

	America		Africa		Asia		Total continuing operations	
	2013	2012	2013	2012	2013	2012	2013	2012
	903.6	691.7	245.0	468.0	406.8	372.9	8,508.6	8,586.1
	889.0	666.0	245.7	475.8	405.2	373.1	8,414.6	8,343.5
	282.9	214.9	21.5	28.6	37.3	35.7	2,735.6	2,578,9

General notes

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 plant and buildings for infrastructure, real estate, industry and the energy sector.

The consolidated financial statements of Bilfinger SE for financial year 2013 were released for publication by the Executive Board on March 13, 2014.

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.

On September 19, 2011, Bilfinger resolved to introduce a publicly listed fund into which it would place 18 public-private partnership projects from its Concessions business segment. With the expiry of the subscription period on December 13, 2011, all of the shares in the Bilfinger Berger Global Infrastructure Fund (BBGI) had been placed. The initial listing of the fund followed on December 21, 2011 in the premium segment of the London Stock Exchange. The sale of the projects to the fund was carried out over the course of the financial year 2012. The assets and liabilities of the project companies were classified as 'held for sale' and presented separately in the balance sheet of December 31, 2011.

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 accordance with the provisions of IFRS 5, the investments held for sale were presented as discontinued operations as of the time of reclassification (for further information, see Note 2 *Discontinued operations*):

- 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.
- The Concessions business segment is no longer presented in segment reporting.

Since the dates of reclassification (May 15, 2013 and December 20, 2013), 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.

Accounting policies

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

The amended and new IFRSs relevant to Bilfinger and applied as of January 1, 2013 are:

- IFRS 7 *Financial Instruments: Disclosures*
- IFRS 13 *Fair Value Measurement*
- IAS 1 *Presentation of Financial Statements*
- IAS 19 *Employee Benefits*
- IAS 36 *Impairment of Assets*
- *Improvements to IFRSs 2009-2011*

The effects of these changes are as follows:

IFRS 7 *Financial Instruments: Disclosures*
Within the scope of the amendment to IAS 32 regarding offsetting financial assets and financial liabilities, amendments to IFRS 7 were published which lead to an expansion of disclosures for the presentation of netting agreements. Those disclosures have been included in the notes to the consolidated financial statements.

IFRS 13 *Fair Value Measurement*
IFRS 13 for the first time sets out a uniform framework for the measurement of fair value, which is applied in various IFRSs (financial instruments, business combinations, disposal groups, changes in ownership interests with a change in control, investment property), and extends the disclosures required in the notes to the consolidated financial statements. Initial application has no significant effects on the financial statements.

IAS 1 *Presentation of Financial Statements*
The amendment to IAS 1 'Presentation of items of other comprehensive income' revises the presentation of other comprehensive income (OCI) of the period in the statement of comprehensive income. OCI is divided into items that are reclassified into profit or loss in following periods (gains / losses on the fair-value measurement of securities, gains / losses on hedging transactions, gains / losses on currency translation differences) and items that are not reclassified into profit or loss (actuarial gains / losses).

IAS 19 *Employee Benefits*
The revised version of IAS 19 states that gains and losses from the remeasurement of the net defined benefit liability may only be recognized directly in equity (other comprehensive income). This corresponds to the method that has been applied to date in the Bilfinger Group. In addition, income due to the expected return on plan assets may only be recognized in the amount of the discount rate used for determining the defined benefit liability (net interest method). The amended regulations are to be applied retrospectively. Accordingly, this resulted in a shift between reserves from gains and losses from the remeasurement of the net defined benefit liability and other retained earnings in the amount of €10.9 million. In addition, this led to an improvement in the net interest result in the prior-year period of €2.0 million and to a corresponding increase in the loss from the remeasurement of the net defined benefit liability (asset) in other comprehensive income before taxes. For the prior-year, the income statement, the statement of comprehensive income and the consolidated statement of changes in equity have been adjusted accordingly. The change in method had no influence on the amount of the provisions for pensions and similar obligations presented in the balance sheet and no material influence on the reporting year's profit or loss.

IAS 36 *Impairment of Assets*

The amendment to IAS 36 includes minor adjustment to the disclosure of the recoverable amounts of non-financial assets. In particular, according to this amendment, the recoverable amount is only to be stated for the cash-generating units with significant goodwill for which an impairment or impairment reversal was recognized in the reporting year. This amendment must be applied at the latest for annual periods beginning on or after January 1, 2014. Bilfinger is applying the amendment earlier.

Improvements to IFRSs 2009-2011

Improvements to the collected standards published in the context of the annual update include improvements to several IFRSs, mainly to remove inconsistencies and to clarify wording. The changes have not led to any effects.

IFRSs already published but not yet applied:

IFRS 7 *Financial Instruments: Disclosures*

The amendments to IFRS 7 relate to disclosures on transition to IFRS 9 (no date yet set for first application).

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. So far, regulations on the classification and measurement of financial instruments and hedge accounting have been published. Regulations on impairment and minor changes to classification and measurement will probably be published in 2014 (no date yet set for first application).

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 (first application for annual periods beginning on or after January 1, 2014). 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. The new regulations are therefore unlikely to lead to any changes in Bilfinger's consolidated group and thus will have 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 (first application for annual periods beginning on or after January 1, 2014). Joint ventures are accounted for using the equity method, in accordance with IAS 31. IFRS 11 has no impact on classification.

IFRS 12 *Disclosure of Interests in Other Entities*

IFRS 12 brings the disclosure requirements concerning all interests in subsidiaries, joint arrangements and associates as well as unconsolidated structured entities into one standard, and extends the disclosures required in the notes to the consolidated financial statements (first application for annual periods beginning on or after January 1, 2014).

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 January 1, 2014).

IAS 28 *Investments in Associates and Joint Ventures*

The amendment to IAS 28 extends the scope of the currently valid IAS 28 *Investments in Associates* with the addition of accounting for joint arrangements using the equity method. The standard has been renamed accordingly as *Investments in Associates and Joint Ventures* (first application for annual periods beginning on or after January 1, 2014).

IAS 32 *Financial Instruments: Presentation*

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

IAS 39 *Financial Instruments: Recognition and Measurement*

The amendment to IAS 39 *Novation of Derivatives* introduces a rule for reasons of simplicity by which hedge accounting need not be discontinued if a hedging derivative is novated to a central counterparty and meets certain criteria (first application for annual periods beginning on or after January 1, 2014).

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 January 1, 2014).

Improvements to IFRSs 2010-2012 and *Improvements to IFRSs 2011-2013*

Improvements to the collected standards published in the context of the annual update include improvements to several IFRSs, mainly to remove inconsistencies and to clarify wording.

At the end of the reporting period, IFRS 9 with the corresponding amendments to IFRS 7, IFRIC 21, the amendment to IAS 19 regarding employee contributions in connection with defined benefit pension plans as well as improvements to IFRSs 2010-2012 and 2011-2013 had not yet been endorsed by the EU Commission. 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.

1. Consolidated Group

In addition to Bilfinger SE, four Subgroups and 66 companies in Germany along with two Subgroups and 71 companies based outside Germany have been included in the consolidated financial statements. Of these, eleven companies in Germany and nine companies based outside Germany have been consolidated for the first time in the year under review. A further 14 companies have been accounted for using the equity method.

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 companies that are controlled directly or indirectly by Bilfinger SE. Control generally exists when Bilfinger has more than half of the voting rights of a company or when Bilfinger, as an exception, is able in another way to govern a company's financial and business policy so as to obtain benefits from its activities. When assessing whether or not control exists, currently exercisable potential voting rights are also taken into consideration.

Associates are accounted for using the equity method. An associate is a company 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 if the owners contractually agree to control the company jointly, i.e. the relevant strategic, financial and operating decisions require the unanimous consent of all owners.

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.

Acquisitions

In financial year 2013, payments of €191 million were made for the acquisitions 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 has 460 employees and 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 has approximately 1,200 employees and 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 generates 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 generates output volume of €190 million with a workforce of 3,300 people. The purchase price allocation is provisional due to the short period of time between the acquisition and the end of the reporting period. Changes may occur with regard to intangible assets and deferred taxes.

In financial year 2012, payments of €363 million were made for the acquisition of fully consolidated companies – after offsetting €31 million in acquired cash and cash equivalents. The purchase price for these companies amounts to €458 million. Of that total, €64 million was recognized on the basis of current earnings planning for earn-out liabilities.

In addition, payments of €11 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 €1 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 €378 million.

In the Industrial business segment at the beginning of financial year 2012, we acquired 98 percent of shares in Neo Structo Construction Private Ltd., located in Surat, India, for a purchase price of €47 million. The company had 1,600 employees and annual output volume of €60 million. Effective April 1, 2012, we acquired the Dutch company Tebodin B.V., The Hague, for a price of €146 million. The consulting and engineering company had 3,200 employees and output volume of €225 million. With effect from the end of July, 2012, we acquired American assembly and service specialists Westcon, Inc., North Dakota, which generated an output volume of over €150 million with 1,000 employees, for a purchase price of €103 million. Several smaller companies were also acquired for a total purchase price of €23 million.

In the Power business segment, we acquired all of the shares of engineering company Envi Con & Plant Engineering GmbH, Nuremberg, Germany, effective August 1, 2012, for a price of €77 million. The company, which specializes in the design of coal and gas-fired power plants, generated an output volume of €35 million with 230 employees.

We made a number of smaller acquisitions in the Building and Facility business segment with a total purchase price of €62 million.

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

EFFECTS AT THE TIME OF ACQUISITION
€ million

	2013	2012
Goodwill	152.8	306.9
Intangible assets from acquisitions	37.4	66.3
Property, plant and equipment and other intangible assets	35.6	38.8
Other non-current assets	15.6	10.3
Receivables	115.3	195.3
Other current assets	45.4	27.2
Cash and cash equivalents	37.4	31.3
Total assets	**439.5**	**676.1**
Retirement benefit obligation	33.3	8.7
Provisions	19.4	14.3
Financial debt	16.0	51.7
Other liabilities	139.6	143.7
Total liabilities	**208.3**	**218.4**
Total purchase price	**231.2**	**457.7**

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 €152.8 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.

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 €284.6 million (2012: €347.0 million) and EBITA of €16.0 million (2012: €38.1 million).

In full-year 2013, the companies acquired during that year generated total revenue in the amount of €543.5 million (2012: €594.1 million) and EBITA in the amount of €22.8 million (2012: €58.8 million).

Sale of companies

In connection with discontinuing the Concessions business segment, seven concession projects were sold to the listed company Bilfinger Berger Global Infrastructure Fund in 2013 (see *General notes* for further information). The concession projects sold comprise availability-based road projects and social infrastructure projects in Europe, Canada and Australia. Of these, two were fully consolidated and five were accounted for using the equity method. The remaining five companies that were subject to the contract of sale will probably be transferred to the purchaser in the first half of 2014. The sale of the A1 concession project is expected to take place in 2014 (see Note 2 *Discontinued operations* for further information).

In the prior-year period, 18 concession projects were sold to Bilfinger Berger Global Infrastructure Fund, a listed company. The projects sold comprise availability-based road projects and social infrastructure projects in Continental Europe, the United Kingdom, Canada and Australia. Of these, ten companies were fully consolidated and eight were accounted for using the equity method. In the case of one fully-consolidated project, only 50 percent of the shares were sold. The remaining equity interest is accounted for using the equity method, with initial measurement at fair value.

The overall effects of the sale were as follows:

EFFECTS AT THE TIME OF SALE
€ million

		2013		2012
Receivables from concession projects	-242.0		-1,495.0	
Other non-current assets	-113.4		-170.2	
Current assets	-10.3		-20.1	
Cash and cash equivalents	-7.3		-77.7	
Assets		-373.0		-1,763.0
Financial debt, non-recourse	218.6		1,402.3	
Other liabilities	80.2		382.1	
Total liabilities		298.8		1,784.4
Disposal of net assets		**-74.2**		**21.4**
Derecognition of minority interest	0.0		-0.9	
Reclassification of other comprehensive income into the income statement	-50.2		-237.7	
Recognition of remaining equity interest at fair value	0.0		19.2	
Recognition of loans to companies accounted for using the equity method	0.0		14.1	
Other changes		**-50.2**		**-205.3**
Sale price		**170.9**		**241.5**
Gain on the remeasurement of remaining equity interest		**0.0**		**5.0**
Capital gain		**46.5**		**52.6**

In connection with the reduction of investments in the Nigerian business, 90 percent of the shares in Julius Berger International GmbH (JBI), Wiesbaden, were sold to Julius Berger Nigeria PLC (JBN), Abuja, Nigeria, in financial year 2012. The remaining 10 percent are shown under non-current 'Other financial assets'. This resulted in a capital gain of €24.6 million. In addition, a gain of €2.6 million was realized on the measurement of the remaining shares at fair value, which is reported under other operating income. The sale had no material effects on the Group's assets and liabilities.

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 €1.8 million (2012: €1.7 million) and minority interest fell by €1.8 million (2012: €0.4 million). In the previous year, other reserves increased by €0.2 million.

2. Discontinued operations

Discontinued operations comprise the equity interests of the Concessions business segment, which were made available for sale on May 15, 2013 and December 20, 2013, as well as the sold company Valemus Australia and the discontinued construction activities in the North American market.

In connection with the allocation to discontinued operations of the investment in the German A1 highway project, which is accounted for using the equity method, the project was impaired in its full amount of €33.7 million in view of the development of transport infrastructure, which continues to be significantly below expectations. The impairment loss is recognized in the consolidated income statement within earnings after taxes from discontinued operations.

Earnings from discontinued operations are comprised as follows:

€ million	2013	2012
Output volume (for information only)	38.5	49.0
Revenue	123.6	165.3
Expenses / income	-135.2	-170.9
Impairment loss	-33.7	-12.9
Gain on the sale of concession projects	46.5	52.6
EBIT	**1.2**	**34.1**
Net interest result	1.4	1.9
Earnings before taxes	**2.6**	**36.0**
Income tax expense	1.1	-2.4
Earnings after taxes from discontinued operations	**3.7**	**33.6**

Earnings after taxes from discontinued operations were fully attributable to the shareholders of Bilfinger SE, with the exception of €0.4 million (2012: €0.6 million).

The discontinued operations of the Concessions business segment, which are presented as a disposal group, are the investments not yet transferred to the purchaser and the German A1 highway project (see *General notes* and Note 1 *Consolidated group – Sale of companies* for more information). These concession projects comprise road projects, schools, prisons and public administrative buildings in Europe, Australia and the United States. Of these, three were fully consolidated and three were accounted for using the equity method.

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

€ million	Dec. 31, 2013	Dec. 31, 2012
Receivables from concession projects	285.1	0.0
Other non-current assets	28.5	0.0
Current assets	19.8	0.0
Cash and cash equivalents	22.4	0.0
Assets classified as held for sale	**355.8**	**0.0**
Financial debt, non-recourse	284.1	0.0
Other liabilities	30.9	0.0
Liabilities classified as held for sale	**315.0**	**0.0**

The accumulated other comprehensive income after taxes of the disposal group amounts to €-26.5 million, of which €0.1 million was attributable to minority interest.

3. 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.

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4. 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	
		2013	2012	2013	2012
Australia	AUD	1.3770	1.2413	1.5423	1.2712
United Kingdom	GBP	0.8493	0.8111	0.8337	0.8161
Canada	CAD	1.3685	1.2848	1.4671	1.3137
Qatar	QAR	4.8366	4.6804	5.0180	4.8040
Croatia	HRK	7.5791	7.5213	7.6265	7.5575
Nigeria	NGN	211.5442	203.8330	220.9624	206.1139
Norway	NOK	7.8051	7.4755	8.3630	7.3483
Poland	PLN	4.1971	4.1843	4.1472	4.0740
Romania	RON	4.4190	4.4560	4.4847	4.4287
Sweden	SEK	8.6505	8.7067	8.8591	8.5820
Switzerland	CHF	1.2309	1.2053	1.2276	1.2072
South Africa	ZAR	12.8308	10.5546	14.5660	11.1727
Czech Republic	CZK	25.9755	25.1429	27.4250	25.1400
Hungary	HUF	297.0133	289.2858	296.9100	291.2900
United Arab Emirates	AED	4.8795	4.7249	5.0614	4.8452
United States	USD	1.3282	1.2856	1.3791	1.3194

5. Accounting policies

Intangible assets with a finite life are capitalized at cost of acquisition and amortized over their expected useful lives on a straight-line basis. The expected useful life is generally regarded as being between three and eight years. This also includes intangible assets from service concession agreements. These are public-private partnership (PPP) projects, for which the right to charge or receive a use-related fee has been agreed. They are measured at the fair value of the construction volumes delivered plus the borrowing costs allocable to the construction phase and less systematic depreciation during the operating phase. In accordance with IFRS 3 / IAS 36, goodwill and other intangible assets with an indefinite or unlimited useful life are no longer amortized. Instead, these items are subjected to regular annual impairment tests, which are also carried out during the year if there are indications of a lasting reduction in value.

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

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

For intangible assets and property, plant and equipment, an impairment charge is recognized wherever the recoverable amount of an asset has fallen below its carrying 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 ventures are contractual agreements in which two or more parties carry out a business activity under joint control. This also includes jointly controlled operations and especially construction consortiums, which, in accordance with IAS 31, are accounted for as follows. Bilfinger as a partner in a joint venture or consortium recognizes in its financial statements the assets it controls and the liabilities and expenses it incurs, and its share of income from the sale of goods and services. Assets and liabilities remaining with the jointly controlled operations or consortiums lead to proportionate shares of earnings, which are accounted for using the equity method and recognized under receivables or payables due to joint ventures.

Deferred taxes are recognized for any deviations between the valuation of assets and liabilities according to IFRS 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 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. The net interest expense or income resulting from the net pension obligations is presented within financial income / expense. 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 towards 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 inflation swaps.

In accordance with IAS 39, derivative financial instruments are recognized at their fair values as assets (positive fair value) or liabilities (negative fair value). Initial recognition is on the trading day.

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

With derivative financial instruments 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 balance-sheet 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 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 and 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, the 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 costs 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 costs to sell are limited to the impairments of the assets previously recognized.

Assets and liabilities of discontinued operations are treated as disposal groups. A discontinued operation is a separate major line of business or geographical area of operations which is held for sale. In addition, earnings after taxes from discontinued operations are presented separately in the income statement.

Revenue from construction contracts is recognized in accordance with IAS 11 Construction Contracts with the use of the percentage-of-completion method – provided that the conditions for application are fulfilled. The percentage of completion is mainly calculated on the basis of the ratio 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 context of concession projects, construction services provided are recognized as revenue in accordance with IAS 11 using the percentage of completion method.

In the operating phase of concession projects, the recognition of revenue from operating services depends upon whether a financial or an intangible asset is to be received as consideration for the construction services provided.

If a financial asset is to be recognized, i.e., the operator receives a fixed payment from the grantor irrespective of the extent of use, revenue from the provision of operating services is recognized according to IAS 18 using the percentage of completion method. The percentage of completion is calculated using the cost-to-cost method.

If an intangible asset is to be received, i.e., the operator receives payments from the users or from the 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.

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.

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 2013, revenue of €5,162.1 million was realized by the percentage-of-completion method (2012: €6,710.9 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, 2013 was €1,904.3 million (2012: €1,866.7 million), whereby allowances for default risks for trade receivables amounted to €27.1 million (2012: €32.1 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 expectations. See Note 24 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 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, 2013 was €613.1 million (2012: €613.2 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, 2013 was €186.7 million (2012: €176.9 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 Section 14 of the notes to the consolidated financial statements for further details.

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 tax liabilities	Taxable temporary differences
Assets held for sale / liabilities in disposal groups	Lower of carrying amount upon classification or fair value less costs to sell (no systematic amortization / depreciation, indication-induced impairment tests)

Notes to the income statement*

The income and expenses of the concession projects held for sale are presented in accordance with IFRS 5 in an 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 €5,162.1 million (2012: €6,710.9 million) includes revenue resulting from the application of the percentage-of-completion method. It also includes goods and services supplied to joint ventures and consortiums as well as shares in the results of such joint ventures and consortiums.

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

	Bilfinger's share	Share of order value	Share of output volume in 2013
ABJV DanTysk, Germany	50%	134	80
S-2 Warsaw, Southern Ringroad	68%	123	38
Gliwice DTS	53%	73	17
Arge ThyssenKrupp Quartier 2. BA	70%	56	41

The breakdown of revenue by business segment and by region is shown under segment reporting.

7. Other operating income

	2013	2012
Income from operating investments	24.6	49.4
Gains on the disposal of property, plant and equipment	11.7	8.5
Income from the reversal of other provisions	9.1	6.4
Gains on currency translation	5.3	3.2
Income from the reversal of impairments on trade receivables	3.5	4.1
Other income	45.5	36.0
Total	**99.7**	**107.6**

* Figures in € million, unless otherwise stated.

The amount for income from operating investments includes a gain of €19.3 million (2012: €45.5 million) from the reduction of our investment in the Nigeria business.

Other income relates to the remeasurement of contingent consideration for the acquisition of subsidiaries of €26.4 million (2012: €3.8 million), and numerous other items of minor individual importance.

8. Other operating expense

	2013	2012
Restructuring expenses Excellence	68.9	0.0
Expenses from increases in other provisions	15.0	11.9
Impairment of trade receivables	8.5	7.9
Expenses from operating investments	7.5	0.0
Losses on the disposal of property, plant and equipment	2.3	2.1
Losses on currency translation	1.7	5.8
Other expenses	20.0	19.3
Total	**123.9**	**47.0**

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

The expenses from operating investments, primarily comprises losses of €5.0 million on the sale of the German road-construction activities.

The other expenses include impairments of other assets, costs of acquisition for the purchase of companies and the expense of a subsequent contingent consideration of €7.0 million for the acquisition of a company, as well as numerous other items of minor individual importance.

9. Income from investments accounted for using the equity method

Income from investments accounted for using the equity method is comprised as follows:

	2013	2012
Income from investments accounted for using the equity method	32.8	31.2
Expenses from investments accounted for using the equity method	-0.3	-0.2
Balance	**32.5**	**31.0**

10. Other information on EBIT

	Cost of sales		Administrative and selling expenses		Total	
Type of expense	2013	2012	2013	2012	2013	2012
Material						
Cost of raw materials, supplies and purchased goods	1,390.3	1,416.3	0.0	0.0	1,390.3	1,416.3
Cost of purchased services	2,147.1	2,423.4	0.0	0.0	2,147.1	2,423.4
Total	**3,537.4**	3,839.7	**0.0**	0.0	**3,537.4**	3,839.7
Human resources						
Wages and salaries	2,342.9	2.213.5	461.0	439.7	2,803.9	2,653.2
Social-security levies and pension contributions	489.1	437.9	82.0	80.3	571.1	518.2
Total	**2,832.0**	2,651.4	**543.0**	520.0	**3,375.0**	3,171.4
Depreciation and amortization						
Intangible assets from acquisitions	50.6	51.3	0.0	0.0	50.6	51.3
Other intangible assets and property, plant and equipment	110.9	97.8	27.6	27.4	138.5	125.2
Total	**161.5**	149.1	**27.6**	27.4	**189.1**	176.5
Other	**768.0**	582.0	**266.3**	284.7	**1,034.3**	866.7
Total	**7,298.9**	7,222.2	**836.9**	832.1	**8,135.8**	8,054.3

Amortization of intangible assets from acquisitions relates to customer relations capitalized in accordance with IFRS 3 / IAS 38 such as order backlogs, framework agreements and customer bases.

EBIT also includes research and development expenses of €14.1 million (2012: €13.4 million).

11. Interest and other financial income / expense

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

		2013		2012
Interest income		**7.6**		11.9
Current interest expense		-31.7		-25.7
Interest cost on defined benefit obligation (DBO)	-21.8		-23.9	
Interest income on plan assets	8.1	-13.7	11.2	-12.7
Interest expense		**-45.4**		-38.4
Income on securities		2.4		0.5
Interest expense for minority interest		-7.7		-7.9
Other financial expense		**-5.3**		-7.4
Total		**-43.1**		-33.9

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 €6.1 million (2012: €6.3 million) reflects the share in profits of the minority interest which is classified as borrowing due to contractual regulations, in particular preemption rights pursuant to IAS 32. €1.6 million of the interest expense for minority interest (2012: €1.6 million) constitutes the interest compounded on purchase-price liabilities from the acquisition of equity interests.

12. 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.

	2013	2012
Actual taxes	100.8	82.2
Deferred taxes	-29.3	19.4
Total	**71.5**	101.6

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

	2013	2012
Earnings before taxes	244.0	346.9
Theoretical tax expense at 30.95%	75.5	107.4
Tax-rate differences	-6.8	-9.4
Tax-rate effects of non-deductible expenses and tax-free income	2.1	0.5
Losses for which no deferred tax assets are capitalized and changes in value adjustments	2.3	0.1
Taxes from other accounting periods	-1.6	3.0
Income tax expense	**71.5**	**101.6**

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.

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, 2013	Dec. 31, 2012	Dec. 31, 2013	Dec. 31, 2012
Non-current assets	11.6	17.0	56.4	52.3
Current assets	12.8	13.7	96.5	102.6
Provisions	105.3	87.4	1.0	4.5
Liabilities	1.6	17.7	1.7	1.7
Tax-loss carryforwards				0.0
Corporate income tax (or comparable taxes outside Germany)	38.8	41.7	–	–
Trade taxes	22.2	11.4	–	–
Offsetting	-5.6	-12.0	-5.6	-12.0
Carried in the balance sheet	**186.7**	**176.9**	**150.0**	**149.1**

At the end of the reporting period, deferred taxes in the amount of €20.0 million (2012: €34.8 million) 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 €186.7 million (2012: €176.9 million) includes future reductions in tax payments in an amount of €61.0 million (2012: €53.1 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 €112.5 million (2012: €145.1 million) and for trade tax to €47.0 million (2012: €47.4 million). Of the tax-loss carryforwards not recognized as deferred tax assets, €5.9 million (2012: €0.0 million) will expire within the next five years, €1.5 million (2012: €0.0 million) within the next nine years, €0.2 million (2012: €8.3 million) within the next 15 years and €13.7 million (2012: €22.1 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.

13. Earnings per share

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

	2013	2012
Net profit	172.8	276.4
Weighted average number of shares issued	44,148,945	44,140,127
Earnings per share, basic / diluted (in €)	**3.91**	**6.26**
thereof from continuing operations	3.83	5.50
thereof from discontinued operations	0.08	0.76

Notes to the balance sheet*

Due to the classification of the held-for-sale concession projects of the Concessions business segment as discontinued operations, the assets and liabilities of the fully consolidated concession projects not yet transferred to the purchaser and the carrying amounts of the concession projects accounted for using the equity method are presented as of December 31, 2013 in accordance with IFRS 5 under the separate item of '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, 2012, since, in line with IFRS 5, the prior-year figures have not been adjusted.

14. 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, 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 Concessions	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 Concessions	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

* 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, 2012	**80.2**	**1,434.2**	**242.6**	**0.9**	**1,757.9**
Additions to the consolidated group	6.5	307.1	66.3	0.1	380.0
Disposals in the consolidated group	0.8	0.1	0.0	0.0	0.9
Additions	9.9	1.8	0.5	1.5	13.7
Disposals	9.8	0.4	0.3	0.0	10.5
Reclassifications	1.2	0.0	0.0	-1.1	0.1
Currency adjustments	0.4	1.9	0.4	0.0	2.7
Dec. 31, 2012	**87.6**	**1,744.5**	**309.5**	**1.4**	**2,143.0**

ACCUMULATED AMORTIZATION AND IMPAIRMENT	Licenses, software and similar rights and assets	Goodwill	Intangible assets from acquisitions	Advance payments on intangible assets	Total
January 1, 2012	**59.6**	**0.2**	**137.1**	**0.0**	**196.9**
Additions to the consolidated group	5.3	0.2	0.0	0.0	5.5
Disposals in the consolidated group	0.0	0.0	0.0	0.0	0.0
Additions	8.3	0.0	51.3	0.0	59.6
Disposals	9.9	0.0	0.3	0.0	10.2
Reclassifications	0.0	0.0	0.0	0.0	0.0
Write-ups	0.0	0.0	0.0	0.0	0.0
Currency adjustments	0.5	0.0	0.6	0.0	1.1
December 31, 2012	**63.8**	**0.4**	**188.7**	**0.0**	**252.9**
Carrying amount December 31, 2012	**23.8**	**1,744.1**	**120.8**	**1.4**	**1,890.1**

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

		2013		2012
Industrial		853		839
thereof Bilfinger Industrial Services	550		739	
thereof Bilfinger Industrial Technologies	303		100	
Power		364		349
Building and Facility		631		524
thereof Bilfinger Facility Services	586		485	
thereof Bilfinger Government Services	38		39	
thereof Bilfinger Hochbau	7		0	
Construction		37		32
thereof Bilfinger Construction	33		28	
thereof Bilfinger Infrastructure	4		4	
Total		**1,885**		**1,744**

The recoverable amounts of these units at the balance sheet date correspond with their values in use, which are derived from their discounted future cash flows. The calculation is based on the planning figures over a three-year period, as approved by the Group's management. Planning is based on past experience, current operating results and the best possible assessment by the Group's management of future development. Market assumptions are taken into consideration with the use of external macroeconomic and industry-specific sources. For the period thereafter, for the sake of a cautious valuation, constant cash flows have been assumed, whereby future growth opportunities have not been taken into consideration. The discount rates before taxes for the cash-generating units in the Industrial, Power and Building and Facility business segments, calculated using the capital-asset-pricing model, are between 9.2 and 11.3 percent (2012: 9.4 to 9.6 percent) and, for the Construction business segment, 12.4 percent (2012: 11.0 to 11.2 percent).

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

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.

15. 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, 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 AMORTIZATION 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**

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, 2012	**410.6**	**669.4**	**566.6**	**7.5**	**1,654.1**
Additions to the consolidated Group	6.2	17.2	43.8	0.0	67.2
Disposals in the consolidated Group	0.0	0.0	0.7	0.0	0.7
Additions	9.8	41.6	65.7	13.5	130.6
Disposals	10.9	55.5	39.6	1.1	107.1
Reclassifications	0.9	3.0	2.7	-6.6	-0.1
Currency adjustments	0.9	1.4	4.6	0.1	7.0
December 31, 2012	**417.5**	**677.1**	**643.0**	**13.4**	**1,751.0**

ACCUMULATED AMORTIZATION AND IMPAIRMENT	Land and buildings	Technical equipment and machinery	Other equipment, office equipment	Advance payments and assets under construction	Total
January 1, 2012	**167.0**	**479.7**	**360.4**	**0.0**	**1,007.1**
Additions to the consolidated Group	0.5	3.6	25.6	0.0	29.7
Disposals in the consolidated Group	0.0	0.0	0.1	0.0	0.1
Additions	11.8	50.8	54.8	0.0	117.4
Disposals	7.1	51.8	37.3	0.0	96.2
Write-ups	0.4	0.0	0.0	0.0	0.4
Reclassifications	-0.1	-2.2	2.3	0.0	0.0
Currency adjustments	0.3	1.1	2.2	0.0	3.6
December 31, 2012	**172.0**	**481.2**	**407.9**	**0.0**	**1,061.1**
Carrying amount December 31, 2012	**245.5**	**195.9**	**235.1**	**13.4**	**689.9**
thereof finance leases Carrying amount December 31, 2012	20.9	0.3	5.7	0.0	26.9

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
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**
2012				
Lease payments	4.2	7.8	15.0	27.0
Interest portion	0.3	1.3	7.3	8.9
Carrying amount / present value	**3.9**	**6.5**	**7.7**	**18.1**

16. Investments accounted for using the equity method

Investments accounted for using the equity method comprise associates and joint ventures.

The change primarily results from the classification of the concession projects held for sale as discontinued operations and their presentation in accordance with IFRS 5.

In line with the proportionate equity interests held in associates, the following amounts are to be attributed to the Group:

ASSOCIATES

	2013	2012
Non-current assets	409.8	1,011.4
Current assets	190.3	390.6
Non-current liabilities	421.1	955.8
Current liabilities	131.4	428.0
Revenue	287.9	641.9
Profit for the year	31.1	20.3
Guarantees from Bilfinger	16.5	6.1

The most important associates in the reporting period are the construction company Julius Berger Nigeria PLC., Abuja, Nigeria, and the concessions companies M6 Tolna Autópálya Koncessziós Zrt., Budapest, Hungary, and M6 Duna Autópálya Koncessziós Zrt., Budapest, Hungary.

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 €131.1 million at December 31, 2013 (2012: €80.4 million), whereby Bilfinger's equity interest decreased from 39.9 percent to 33.4 percent.

If the proportionate losses – including results directly recognized in other comprehensive income – exceed the value of the subsidiary, neither losses nor gains are recognized. The cumulative amount of unrecognized losses from associates at December 31, 2013 is €10.9 million (2012: €49.4 million). Unrecognized losses decreased by €38.5 million in the financial year (2012: €36.4 million). These amounts result from unrealized losses recognized in other comprehensive income from hedging transactions for concession projects.

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

JOINT VENTURES

	2013	2012
Non-current assets	31.5	980.6
Current assets	6.2	63.2
Non-current liabilities	28.5	1,011.0
Current liabilities	9.2	144.9
Revenue	33.5	146.0
Expenses	33.3	134.7
Guarantees from Bilfinger	1.3	1.3

Outstanding equity commitments to concession projects accounted for as joint ventures amounted to €29.6 million in 2012.

17. Receivables from concession projects

Due to the classification of the fully consolidated concession projects held for sale such as discontinued operations and their presentation in accordance with IFRS 5, no receivables from concession projects or the related non-recourse financing are presented.

In the prior-year period, receivables from concession projects represented all services provided in connection with the production of public-private-partnership (PPP) projects for which fixed payments had been agreed irrespective of the extent of use. Due to the length of the payment plans, receivables were measured at the present value of amortized cost. Funds received in the context of loan financing but not yet applied were also presented.

The capitalized amounts from concession projects had corresponding items in non-recourse financial debt.

Receivables from concession projects are comprised as follows:

	2013	2012
Receivables from concession projects	0.0	497.8
Receivables from project-financing funds not yet applied	0.0	10.5
	0.0	**508.3**
Non-recourse financial debt	0.0	453.7

18. Other financial assets

	2013	2012
Loans	15.6	33.9
Equity interests (available for sale, at cost)	12.4	11.2
Derivative financial instruments in hedging relationships	0.7	0.9
Derivative financial instruments not in hedging relationships	0.0	0.1
Securities (available for sale)	53.4	53.7
Securities (held to maturity)	0.1	0.1
Other financial assets	55.0	58.1
Total	**137.2**	**158.0**

The decrease in loans resulted primarily from the sale of concession projects to BBGI.

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

Securities (available for sale) primarily relate to an equity interest of 8.74 percent (2012: 17.54 percent) in the publicly listed Bilfinger Berger Global Infrastructure Fund SICAV S.A. (BBGI). The decrease in the equity interest reflects the fact that Bilfinger did not participate in several capital increases of BBGI.

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 (2012: €36.8 million) through netting with negative market values from hedging transactions recognized in other comprehensive income.

19. Inventories

Inventories are comprised as follows:

	2013	2012
Real-estate properties held for sale	45.9	38.4
Finished goods and work in progress	27.4	10.1
Raw materials and supplies	103.7	94.2
Advance payments made	46.7	28.9
Total	**223.7**	**171.6**

Inventories increased primarily due to first-time consolidation.

20. Receivables and other financial assets

	2013	2012
Receivables		
Trade receivables (including receivables from percentage of completion)	1,827.6	1,794.4
from consortiums and joint ventures	49.1	43.7
from companies in which equity is held	27.6	28.6
	1,904.3	**1,866.7**
Derivatives		
in hedging relationships	6.5	2.2
not in hedging relationships	12.6	2.5
	19.1	**4.7**
Securities (available for sale)	0.0	1.0
Other financial, non-derivative assets	84.7	81.1
Total	**2,008.1**	**1,953.5**

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

	2013	2012
Costs incurred plus recognized profits	5,930.3	6,076.7
Less advance billings	5,801.7	5,874.6
Balance	**128.6**	**202.1**
thereof future receivables from construction contracts	458.2	517.4
thereof advance payments received from construction contracts	329.6	315.3

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

Advance payments received totaled € 5,546.8 million (2012: € 5,580.9 million).

Receivables include security deposits in the amount of €13.4 million (2012: €15.0 million).

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

	2013	2012
Receivables neither overdue nor impaired	1,364.7	1,341.7
Receivables overdue but not impaired		
less than 30 days	288.6	258.4
30 to 90 days	69.7	73.3
91 to 180 days	25.4	32.7
more than 180 days	72.1	82.3
	455.8	**446.7**
Residual value of impaired receivables	7.1	6.0
Total	**1,827.6**	**1,794.4**

Impairments of trade receivables for default risks developed as follows:

	2013	2012
Opening balance	**32.1**	**27.6**
Changes in the consolidated Group, currency differences	-3.3	5.8
Allocations (impairment losses)	8.5	7.9
Utilization	6.7	5.1
Withdrawals (gains on impairment reversals)	3.5	4.1
Closing balance	**27.1**	**32.1**

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

No default risk is recognizable for the receivables that are not impaired.

Other financial non-derivative assets comprise receivables and assets outside the field of supplying goods and services.

21. Other assets

Other assets primarily include value-added tax claims of €50.2 million (2012: €59.9 million) and prepaid expenses of €23.1 million (2012: €26.6 million).

22. Cash and cash equivalents

At the end of the prior year, cash and cash equivalents included bank deposits of concession companies of €21.1 million, to be applied in accordance with project-specific financing agreements.

23. 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 2012. It is divided into 46,024,127 bearer shares with an arithmetical value of €3.00 per share.

By resolution of the Annual General Meeting of April 15, 2010, the Executive Board is authorized with the consent of the Supervisory Board until April 14, 2015 to increase the share capital of the company by up to €69.0 million (Approved Capital 2010). The capital increase serves to issue new shares against cash and / or non-cash contributions.

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 those shares, 17,635 were issued in 2013 in the context of an employee share program. Since then, the company has held 1,866,365 treasury shares, equivalent to 4.054 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

	2013	2012
Retained and distributable earnings	138.1	195.7
Remeasurement of net defined pension plans	-61.1	-61.7 [1]
Employee share program	0.9	-0.6
Other retained earnings	1,377.2	1,281.0 [2]
Total	**1,455.1**	**1,414.4**

[1] Following adjustment due to IAS 19R by - €10.9 million
[2] Following adjustment due to IAS 19R by + €10.9 million

Distributable earnings and proposal on the appropriation of earnings

It is proposed that the reported distributable earnings of Bilfinger SE for the 2013 financial year of €138.1 million be appropriated as follows:

Distribution of a dividend of €3.00 per dividend-entitled share	132.5
Carried forward to new account	5.6
Retained and distributable earnings	**138.1**

This proposal on the appropriation of earnings is based on the dividend-entitled share capital at March 13, 2014 of €132.5 million (divided into 44,157,762 ordinary shares). Due to a change in the number of treasury shares, the number of dividend-entitled shares may change by the time of the resolution on the appropriation of distributable earnings by the Annual General Meeting. In that case, the Executive Board and the Supervisory Board will make a correspondingly adjusted proposal to the Annual General Meeting on the appropriation of distributable earnings with an unchanged dividend of €3.00 per share. In the prior year, the dividend amounted to €3.00 per share entitled to a dividend. The total dividend distribution was €132.4 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 €82.8 million before deferred taxes (2012: €81.3 million) and €61.1 million after consideration of deferred taxes (2012: €61.7 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 and the periodic recognition of expenses from the program in financial years 2012 and 2013 led to changes in retained earnings.

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

Other reserves

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

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

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

24. 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 BGV 2010 Generation Tables in Switzerland.

ACTUARIAL ASSUMPTIONS	Euro zone	Other countries (weighted)	Euro zone	Other countries (weighted)
		2013		2012
Discount rate	3.5%	2.8%	3.5%	2.4%
Projected increase in wages and saleries	2.75%	1.7%	2.75%	1.0%
Projected pension increase	1.4%	0.4%	1.5%	0.2%

Gains and losses from changes in actuarial assumptions and from experience adjustments are recognized in other comprehensive income 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.

The first application of the amended regulations of IAS 19 had no impact on the amounts of the provisions for pensions presented in the balance sheet, and no essential impact on earnings in the reporting period and in the prior year.

COMPOSITION BY REGION	Euro zone	Switzer-land	Other countries	Total	Euro zone	Switzer-land	Other countries	Total
				2013				2012
Defined benefit obligation of funded pension plans	173.9	82.7	28.6	285.2	174.6	84.0	20.4	279.0
Defined benefit obligation of non-funded pension plans	363.5	–	30.3	393.8	331.5	–	30.7	362.2
Defined benefit obligation of all pension plans	**537.4**	**82.7**	**58.9**	**679.0**	**506.1**	**84.0**	**51.1**	**641.2**
in percent	79%	12%	9%	100%	79%	13%	8%	100%
Defined benefit obligation of funded pension plans	173.9	82.7	28.6	285.2	174.6	84.0	20.4	279.0
Fair value of plan assets	176.7	66.5	31.1	274.3	175.4	63.4	20.4	259.2
Funded status	**-2.8**	**16.2**	**-2.5**	**10.9**	**-0.8**	**20.6**	**–**	**19.8**
thereof provisions for pensions	11.6	16.2	1.5	29.3	11.4	20.6	–	32.0
thereof net assets	14.4	–	4.0	18.4	12.2	–	–	12.2
Provision for funded pension plans	11.6	16.2	1.5	29.3	11.4	20.6	–	32.0
Provision for non-funded pension plans	363.5	–	30.3	393.8	331.5	–	30.7	362.2
Provisions for pensions and similar obligation, total	**375.1**	**16.2**	**31.8**	**423.1**	**342.9**	**20.6**	**30.7**	**394.2**

Of gross defined benefit obligation of €679.0 million (2012: €641.2 million), 79 percent relates to the countries of the euro zone. A further 12 percent (2012: 13 percent) relates to Switzerland and 9 percent (2012: 8 percent) relates to other non-euro zone countries, especially Scandinavia. In the euro zone, the majority of the pension plans in the amount of €465.8 million relates to Germany (2012: €431.0 million) and €57.6 million relates to obligations in Austria (2012: €56.8 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 dependents 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 €114.3 million (2012: €112.0 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 €125.4 million (2012: €121.0 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 €82.7 million are recognized (2012: €84.0 million) while plan assets are measured at €66.5 million (2012: €63.4 million). There is thus a cover shortfall of €16.2 million (2012: €20.6 million), primarily due to the lower level of interest rates and increased life expectancy following the introduction of the generation-specific BGV 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 2014 amount to €2.9 million (2012: €3.0 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
			2013			2012
Defined benefit obligation at January 1	279.0	362.2	641.2	254.1	300.0	554.1
Interest cost on DBO	8.2	13.6	21.8	9.8	14.1	23.9
Service cost	6.8	6.5	13.3	5.3	5.6	10.9
current service cost	6.8	6.6	13.4	5.3	5.6	10.9
past service cost	0.0	-0.1	-0.1	0.0	0.0	0.0
gains / losses on settlements	0.0	0.0	0.0	0.0	0.0	0.0
Settlement payments	-0.1	-0.1	-0.2	-0.4	0.0	-0.4
Pension payments	-11.9	-18.8	-30.7	-11.3	-15.4	-26.7
Employee contributions	3.9	0.0	3.9	4.1	0.0	4.1
Currency adjustments	-4.7	-2.4	-7.1	1.7	1.3	3.0
Additions to the consolidated group	11.3	35.3	46.6	8.2	6.5	14.7
Disposals from the consolidated group	0.0	-3.7	-3.7	-5.6	-0.9	-6.5
Transfers to / from other companies	-4.7	-0.2	-4.9	-5.8	1.4	-4.4
Actuarial gains (-) / losses (+)	-2.6	1.4	-1.2	18.9	49.6	68.5
from changes in demographic assumptions	0.7	1.6	2.3	0.0	0.0	0.0
from changes in financial assumptions	-0.7	0.0	-0.7	18.9	50.2	69.1
from experience adjustments	-2.6	-0.2	-2.8	0.0	-0.6	-0.6
Defined benefit obligation at December 31	285.2	393.8	679.0	279.0	362.2	641.2
Fair value of plan assets at January 1	259.2		259.2	252.5		252.5
Interest income on plan assets	8.1		8.1	11.2[1]		11.2[1]
Settlement payments	-0.1		-0.1	0.0		0.0
Pension payments	-11.9		-11.9	-11.3		-11.3
Allocations to fund (company contributions)	16.0		16.0	-1.8		-1.8
Allocations to fund (employee contributions)	3.9		3.9	4.1		4.1
Currency adjustments	-3.5		-3.5	1.5		1.5
Additions to the consolidated group	10.3		10.3	5.6		5.6
Disposals from the consolidated group	-0.2		-0.2	-3.1		-3.1
Transfers to / from other companies	-4.7		-4.7	-4.3		-4.3
Remeasurements	-2.7		-2.7	4.8[2]		4.8[2]
Changes from asset ceiling	-0.1		-0.1	0.0		0.0
Fair value of plan assets at December 31	274.3		274.3	259.2		259.2
Defined benefit obligation at December 31	285.2	393.8	679.0	279.0	362.2	641.2
Fair value of plan assets at December 31	274.3		274.3	259.2		259.2
Funded status at December 31	-10.9	-393.8	-404.7	-19.8	-362.2	-382.0
Net pension provisions at December 31	29.3	393.8	423.1	32.0	362.2	394.2
Net plan assets at December 31	18.4		18.4	12.2		12.2
Gains / losses recognized in profit or loss						
Current service cost	-6.8	-6.6	-13.4	-5.3	-5.6	-10.9
Past service cost	0.0	0.1	0.1	0.0	0.0	0.0
Gains / losses from plan settlements	0.0	0.0	0.0	0.0	0.0	0.0
Net interest cost (-) / income (+)	-0.1	-13.6	-13.7	1.4[1]	-14.1	-12.7[1]
Net pension cost	-6.9	-20.1	-27.0	-3.9[1]	-19.7	-23.6[1]

[1] After adjustment of + €2.0 million due to IAS 19R
[2] After adjustment of - €2.0 million due to IAS 19R

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.

The defined contribution pension expense amounted to €27.4 million (2012: €22.2 million); €1.2 (2012: €1.4) million thereof relate to the Executive Board of Bilfinger SE.

The weighted average duration of the pension obligations is 12.1 years.

COMPOSITION OF PLAN ASSETS

	Dec. 31, 2013	Dec. 31, 2012
Total assets	**274.3**	259.2
Assets with a quoted market price	**224.2**	213.2
Cash and cash equivalents	3.6	5.7
Equity instruments	27.3	17.4
thereof shares Europe, North America and Australia	26.4	16.9
thereof shares emerging markets	0.9	0.5
Debt instruments	90.6	89.1
thereof government bonds	54.5	48.9
thereof corporate bonds investment grade	18.9	20.8
thereof corporate bonds non-investment grade	0.3	0.0
thereof covered bonds	16.9	19.4
Investment funds	102.3	101.0
thereof equity funds	5.1	7.3
thereof bond funds	77.0	79.1
thereof money-market funds	6.0	6.2
thereof real-estate funds	0.0	0.0
thereof other funds	14.2	8.4
Other assets	0.4	0.0
Assets without a quoted market price	**50.1**	46.0
Equity instruments	4.0	3.6
thereof shares	3.7	3.6
thereof other equity instruments	0.3	0.0
Debt instruments	1.0	0.0
thereof bonds	0.0	0.0
thereof other debt instruments	1.0	0.0
Real-estate properties	16.5	16.9
thereof used by the Group	0.0	0.0
Qualifying insurance policies	23.2	24.9
Other assets	5.4	0.6

For the year 2014, contribution payments to pension plans of €18.9 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

	2014	2015	2016	2017	2018	2019-23
	32	31	36	35	35	199

Contributions of €126.8 million were paid to state pension insurance institutions (2012: €107 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 obligation. 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.

	Defined benefit obligation Dec 31, 2013	
	0.5 percentage point increase	0.5 percentage point decrease
Discount rate	-38.3	43.3
Projected wages and saleries	11.3	-10.5
Projected pension increase	24.4	-22.0

25. Current tax liabilities and other provisions

	Current tax liabilities	Risks relating to contracts and litigation	Warranty risks	Personnel-related obligations	Restructuring measures Excellence	Other uncertain liabilities	**Other provisions**	Total
As of January 1, 2013	**101.6**	**238.7**	**124.4**	**85.5**	**0.0**	**164.6**	**613.2**	**714.8**
Utilization	26.2	103.5	41.0	34.1	0.0	51.7	230.3	256.5
Release	0.8	49.5	19.3	5.9	0.0	6.6	81.3	82.1
Additions	41.6	126.3	28.0	30.8	66.8	53.8	305.7	347.3
Currency adjustments	-1.7	-0.5	-1.0	-2.0	0.0	-1.9	-5.4	-7.1
Changes in the consolidated group	2.6	2.7	3.0	6.0	0.0	6.5	18.2	20.8
Reclassification of Concessions	-0.6	0.0	0.0	-0.1	0.0	-6.9	-7.0	-7.6
As of December 31, 2013	**116.5**	**214.2**	**94.1**	**80.2**	**66.8**	**157.8**	**613.1**	**729.6**

Maturities of current tax liabilities and other provisions

	Non-current		Current		Total	
	2013	2012	**2013**	2012	**2013**	2012
Current tax liabilities	**0.0**	0.0	**116.5**	101.6	**116.5**	101.6
Other provisions	**60.7**	56.6	**552.4**	556.6	**613.1**	613.2
Risks relating to contracts and litigation	7.1	5.4	207.1	233.3	214.2	238.7
Warranty risks	17.6	15.4	76.5	109.0	94.1	124.4
Personnel-related obligations	29.6	30.2	50.6	55.3	80.2	85.5
Restructuring measures Excellence	0.0	0.0	66.8	0.0	66.8	0.0
Other uncertain liabilities	6.4	5.6	151.4	159.0	157.8	164.6
Total	**60.7**	56.6	**668.9**	658.2	**729.6**	714.8

Risks relating to contracts and litigation primarily comprise provisions for risks from current projects, provisions for reworking and provisions for litigation risks.

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 Bilfinger Excellence. The amount of employee anniversaries and pre-retirement part-time employment is calculated annually by external experts.

Provisions for restructuring measures comprise obligations in the context of the Bilfinger Excellence efficiency-enhancing program. 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.

26. Financial debt

	Non-current		Current		Total	
	2013	2012	**2013**	2012	**2013**	2012
Project-financing debt (non-recourse)	0.0	172.8	0.0	7.1	0.0	179.9
Bank debt (non-recourse)	12.6	287.7	28.2	2.4	40.8	290.1
Financial debt, non-recourse	**12.6**	460.5	**28.2**	9.5	**40.8**	470.0
Bonds (recourse)	500.0	500.0	0.0	0.0	500.0	500.0
Promissory note loans (recourse)	0.0	0.0	0.0	166.0	0.0	166.0
Bank debt (recourse)	4.7	5.1	23.8	21.7	28.5	26.8
Finance leases	12.6	14.2	4.3	3.9	16.9	18.1
Financial debt, recourse	**517.3**	519.3	**28.1**	191.6	**545.4**	710.9

Project-related non-recourse financing is taken out solely on the respective financed project, without any recourse to Bilfinger. In the prior year, the Concessions business segment accounted for €453.7 million of the total amount.

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. In 2012, liabilities from promissory-note loans still included the tranche of a promissory-note loan placed in 2008 and repaid on July 1, 2013.

27. Trade and other payables

	2013	2012
Liabilities from derivatives, non-current		
in hedging relationships	2.7	72.4
not in hedging relationships	0.9	0.7
	3.6	73.1
Other non-current financial, non-derivative liabilities	45.5	95.5
Other non-current liabilities	**49.1**	168.6
Trade payables	955.3	1.023.3
advance payments received from construction contracts	329.6	315.3
liabilities to joint ventures and consortiums	143.3	163.1
liabilities to companies in which equity is held	20.6	18.0
	1,448.8	1,519.7
Liabilities from derivatives, current		
in hedging relationships	1.8	0.1
not in hedging relationships	6.6	5.3
	8.4	5.4
Other current financial, non-derivative liabilities	291.7	311.3
Trade and other current payables	**1,748.9**	1,836.4

The decrease in non-current liabilities from derivatives in hedging relationships is mainly a result of the classification of the held-for-sale concession projects as discontinued operations and their presentation as such in accordance with IFRS 5.

28. Other liabilities

	2013	2012
Liabilities for sales tax and other taxes	160.8	166.6
Personnel obligations	130.9	136.6
Social-security levies	43.4	40.0
Deferred income and / or accrued expenses	29.8	26.0
Total	**364.9**	369.2

29. 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
				2013		2012
Assets						
Receivables from concession projects	2	LaR	0.0	0.0	508.3	664.3
Equity interests (available for sale, at cost)	–	AfS-aC	12.4	–	11.2	–
Receivables	2	LaR	1,904.3	1,904.3	1,866.7	1,866.7
Other financial, non-derivative assets	2	LaR	155.4	155.9	173.1	173.6
Securities	1	AfS	53.4	53.4	54.7	54.7
Securities	2	HtM	0.1	0.1	0.1	0.1
Cash and cash equivalents	1	LaR	668.7	668.7	1.087.2	1.087.2
Derivatives						
in hedging relationships	2	(Hedge)	7.2	7.2	3.1	3.1
not in hedging relationships	2	FAHfT	12.6	12.6	2.6	2.6
Liabilities						
Financial debt, non-recourse	2	FLAC	40.8	42.2	470.0	493.1
Financial debt recourse, bonds	1	FLAC	500.0	506.9	500.0	518.7
Financial debt recourse, without bonds and finance leases	2	FLAC	28.5	28.5	192.8	192.6
Finance leases, recourse	2	(IAS 17)	16.9	24.4	18.1	25.8
Liabilities	2	FLAC	1,448.8	1,448.8	1,519.7	1,519.7
Other non-derivative liabilities	2	FLAC	337.2	337.5	406.8	413.6
Derivatives						
in hedging relationships	2	(Hedge)	4.5	4.5	72.5	72.5
not in hedging relationships	2	FLHfT	7.5	7.5	6.0	6.0
Aggregated according to valuation categories						
Loans and receivables		LaR	2,728.4	2,728.9	3,635.3	3,791.9
Available-for-sale financial assets		AfS	53.4	53.4	54.7	54.7
Available-for-sale financial assets at cost		AfS-aC	12.4	–	11.2	–
Held-to-maturity financial investments		HtM	0.1	0.1	0.1	0.1
Financial assets held for trading		FAHfT	12.6	12.6	2.6	2.6
Financial liabilities held for trading		FLHfT	7.5	7.5	6.0	6.0
Financial liabilities at amortized cost		FLAC	2,355.3	2,363.9	3,089.3	3,137.7

AGGREGATED PRESENTATION ACCORDING TO IFRS 13 HIERARCHY LEVELS

	Level	Recognized at fair value 2013	Fair value for information only in the Notes 2013	Recognized at fair value 2012	Fair value for information only in the Notes 2012
Assets	1	53.4	668.7	54.7	1,087.2
	2	19.8	2,060.3	5.7	2,704.7
	3	0.0	0.0	0.0	0.0
Liabilities	1	0.0	506.9	0.0	518.7
	2	12.0	1,881.4	78.5	2,644.8
	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 to 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 2013.

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

	IAS 39 category	2013	2012
Valuation category			
Loans and receivables	LaR	-5.5	-7.7
Available-for-sale financial assets	AfS	-0.3	2.2
Financial instruments held for trading	FAHfT & FLHfT	-3.2	-11.7
Financial liabilities at amortized cost	FLAC	-6.4	9.7

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

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

The net earnings of the measurement category *available-for-sale financial assets* include gains / 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 €6.0 million (2012: €0.8 million); the carrying amount of the corresponding derivatives with negative fair values is €2.0 million (2012: €1.1 million). This results in the theoretical net amount of plus €4.0 million (2012: minus €0.3 million). No contractual arrangements exist with regard to offsetting other financial assets and liabilities.

30. Risks related to financial instruments, financial risk management and hedging relationships

We monitor financial risks (default risks, liquidity risks and market-price risks) with proven control mechanisms that allow for timely and transparent reporting. The Group's reporting system guarantees the regular identification, analysis, assessment and management of financial risks by Group Treasury. All relevant equity interests and joint ventures are included in this monitoring. There is no extraordinary concentration of risk.

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

The risk of default on receivables in our business operations is regularly monitored and controlled by the companies of the Group. In this context, use is made, for example, of guarantees and sureties.

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

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

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

On the basis of a 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 is supported by cross-border cash pooling. Investment financing is carried out with consideration of matching maturities. Of the promissory-note bond of €250 million issued for this purpose in 2008, following the repayment of an initial tranche of €84 million in 2011, the second tranche of €166 million was also duly repaid in mid-2013. 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 lines available for the execution of our project and services business continue to be appropriate to support our future corporate growth. To this end, long-term bilateral credit lines in the amount of €1.8 billion with a term until 2014 are available. In addition, we also have short-term bilateral credit lines. All credit commitments can be called due prematurely in the case of a change of control. The long-term credit agreements include a financial covenant in the form of a limitation of the dynamic gearing ratio. Any breach can lead directly or, through cross-default clauses, indirectly to the repayment call of all financing on a recourse basis. At no time did such a threat exist.

The following chart shows the future contractual undiscounted payments on financial liabilities as of December 31, 2013 and December 31, 2012 (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 (interest-rate and commodity derivatives), net payments are shown, whereby the cash flows on the variable side are calculated via the respective forward interest rates.

	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

	Carrying amount	Total	2013	2014	2015	2016-19	> 2019
2012							
Financial debt, non-recourse	470.0	**820.8**	38.8	81.5	29.2	120.8	550.5
Financial debt, recourse, excluding finance leases	692.8	**776.5**	201.5	14.3	13.1	547.6	0.0
Finance leases, recourse	18.1	**28.3**	5.0	2.6	1.7	4.5	14.5
Liabilities	1,519.7	**1,519.7**	1,498.7	14.7	1.3	5.0	0.0
Other financial, non-derivative liabilities	406.8	**418.8**	322.9	41.8	16.7	13.7	23.7
Derivative financial liabilities to be fulfilled on a net basis	70.0	**86.8**	12.7	8.3	7.5	19.8	38.5
Derivative financial liabilities to be fulfilled on a gross basis	8.5						
Payments received		**348.2**	332.8	12.0	0.5	2.9	0.0
Payments made		**350.8**	333.7	13.1	0.6	3.4	0.0
		2.6	0.9	1.1	0.1	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-materials prices and the market values of financial investments. Our centralized risk management allows us to net out cash flows and financial positions to a large extent. We make use of derivative financial instruments to minimize residual risks and the resulting fluctuations in earnings, valuations and cash flows. We do not undertake any financial transactions beyond the underlying business risk. 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.

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

Inflation risks are subsumed under interest-rate risk. Inflation risk is the risk that the fair values or future payments of financial instruments might change due to movements in inflation rates or price indices.

Raw-material price risk is the risk of changes in the market prices of those raw materials that the Group purchases. Whenever possible, hedging against price fluctuations of raw materials is undertaken on the basis of fixed-price agreements for deliveries or sliding-price clauses for consumption at a physical level. If this is not possible, hedging is carried out with the use of commodity swaps, for diesel fuel or bitumen, for example.

Bilfinger 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 value at risk for the risk of changes in interest rates takes into consideration potential changes in the valuation of financial instruments that are measured at fair value. In the prior-year period, this mainly involved interest-rate swaps designated as hedging instruments in the context of cash-flow hedges, so that the risk of a change in interest rates mainly related to income and expense recognized directly in other comprehensive income (unrealized gains / losses on hedging instruments) and not in profit or loss.

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

	2013	2012
Currency risk	9.0	8.1
Interest-rate risk	0.0	3.4

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

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. The cash-flow hedges in the prior year were mainly used to hedge exposure to interest-rate risks and inflation risks, primarily in connection with the financing of private-sector concession projects. Variable-interest payments were transformed into fixed-interest payments with the use of interest swaps and variable inflation-indexed payments are transformed into payments with fixed price increases with the use of inflation swaps.

During 2013, unrealized gains and losses on the measurement of derivative financial instruments of €50.0 million were recognized in other comprehensive income (2012: losses of €4.4 million). In this period, gains of €23.2 million were reclassified (2012: losses of €338.9 million), primarily into earnings from discontinued operations in connection with the sale of concession projects. In addition, earnings from discontinued operations included gains of €0.3 million (2012: €0.2 million) from the measurement of derivative financial instruments that were hedge-ineffective pursuant to IAS 39.

The following overviews show when the hedged interest payments to be made (variable interest-bearing non-recourse financial debt from concession projects and variable interest-bearing components of the recourse promissory-note loan) and the payments hedged against currency risks actually flow and are recognized in profit or loss:

EXPECTED INTEREST PAYMENTS TO BE MADE

	2014	2015	2016	2017-20	> 2020
2013	–	–	–	–	–
	2013	**2014**	**2015**	**2016-19**	**> 2019**
2012	4.1	3.2	3.9	19.4	80.5

EXPECTED FOREIGN CURRENCY PAYMENTS

	2014	2015	2016	2017-20	> 2020
2013	217.1	70.1	44.1	7.6	0.0
	2013	**2014**	**2015**	**2016-19**	**> 2019**
2012	74.3	36.8	0.7	3.4	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.

	2013	2012
Derivatives with positive fair values		
in hedging relationships		
Currency derivatives	7.2	3.1
	7.2	3.1
not in hedging relationships		
Currency derivatives	12.6	2.6
	12.6	2.6
Total derivatives with positive fair values	19.8	5.7
Derivatives with negative fair values		
in hedging relationships		
Interest-rate swaps	0.0	70.0
Currency derivatives	4.5	2.5
	4.5	72.5
not in hedging relationships		
Currency derivatives	7.5	6.0
	7.5	6.0
Total derivatives with negative fair values	12.0	78.5

31. 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. In 2012, for the first time, the credit quality of Bilfinger was evaluated by rating agency Standard & Poor's. The rating as of December 31, 2013 is unchanged at BBB+ / stable outlook (investment grade).

On the basis of mid-term corporate planning and with a view to various acquisition and development scenarios, the financial scope for action is regularly analyzed in terms of any action that might need to be taken.

The key metrics used are as follows:

Key figure	Target value
Dynamic debt-equity ratio (net debt / EBITDA)	< 2.5
Gearing (total debt / total capital)	< 40%
Cash flow protection (funds from operations / net debt)	> 40%

Non-recourse financial debt is not taken into consideration for the calculation of these metrics. At the end of the reporting period the metrics were generally well within the target values.

32. Contingent liabilities and other financial obligations

	2013	2012
Liabilities from guarantees	40.3	35.2

Contingent liabilities relate to guarantees, mainly 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.

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	
	2013	2012
< 1 year	125.6	145.3
1-5 years	212.2	201.7
> 5 years	54.9	68.3

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 €264.2 million in 2013 (2012: €200.4 million).

33. 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:

	2013	2012
Interest payments	19.0	22.6
Interest received	4.3	12.7
Dividends received	15.2	18.4
Income tax payments	63.3	60.6
Tax refunds	2.0	1.4

Proceeds from the disposal of concession projects in the amount of €58.0 million relate to subsidiaries (2012: €270.3 million).

34. Events after the balance sheet date

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

Other disclosures

35. Executive and Supervisory Board

Compensation for the members of the Executive Board comprises several components:

- Annual base salaries of €2,744 thousand (2012: €2,600 thousand)
- Variable remuneration (immediately in cash) with a long-term incentive effect in the form of a profit-sharing model of €4,693 thousand (2012: €4,878 thousand)
- Variable remuneration (deferral, share-based) with a long-term incentive effect in the form of a profit-sharing model of €2,500 thousand (2012: €2,563 thousand)
- Severance pay and compensation of €3,967 thousand (2012: €4,215 thousand)
- Non-cash benefits of €327 thousand (2012: €326 thousand)
- Pension commitments: For the year under review, defined contribution payments were made of €1,196 thousand (2012: €1,370 thousand) to external pension institutions and a further €180 thousand was directly paid out in retirement benefits (2012: €0 thousand).

Of share-based payments to the members of the Executive Board in 2013, the following amounts have been recognized as expenses:

€ thousand	2013	2012
Roland Koch (Chairman)	589	718
Joachim Enenkel	359	412
Dr. Jochen Keysberg (from November 1, 2012)	352	60
Pieter Koolen (from September 19, 2013)	103	0
Joachim Müller	450	535
Klaus Raps (until December 31, 2012)	0	-29
Thomas Töpfer (until October 31, 2013)	14	499
Total	**1,867**	**2,195**

Total remuneration of the members of the Supervisory Board amounts to €1,337 thousand (2012: €1,327 thousand), including reimbursement of expenses of €30 thousand (2012: €21 thousand).

Additional details including individualized remuneration are provided in the remuneration report, which is a part of the management report.

Total remuneration paid to former members of the Executive Board or their surviving dependants amounted to €2,169 thousand (2012: €2,238 thousand). The present value of future pension obligations for those persons calculated according to IAS 19 amounts to €27,264 thousand (2012: €27,524 thousand).

36. 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 price (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 bonus and 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. In total, 16,954 share packages with entitlement to matching shares were acquired by plan participants. At the end of the reporting period, the number had decreased to 16,410 share packages which – provided that the plan conditions are fulfilled – entitle the participants to obtain 16,410 matching shares in each of the years 2014, 2016 and 2018. 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.

Within the framework of an additional employee share program in the reporting period, 3,527 employees were issued with a total of 17,635 of the company's treasury shares with certain tax advantages. Of that total, 3,211 employees acquired the shares by offsetting their price against an upcoming bonus payment. The remaining difference of €8.96 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 employee share programs are deferred pro rata temporis over the vesting period. The expense recognized through profit or loss of cash-settled and equity-settled share-based payments was €5.0 million in 2013 (2012: €2.6 million).

37. Related-party disclosures

Related parties as defined by IAS 24 are persons or entities that can be significantly influenced by the reporting company or that can exert a significant influence on the reporting company.

The significant transactions between fully consolidated companies of the Group and related parties mainly involved associates, joint ventures and non-consolidated subsidiaries. They are shown in the table below.

€ million	Associates		Joint ventures		Non-consolidated subsidiaries	
	2013	2012	**2013**	2012	**2013**	2012
Revenue	41.6	219.7	0.0	0.0	5.6	6.4
Services received	41.3	48.5	0.0	0.0	2.6	3.0
Receivables	20.5	18.0	2.6	19.9	13.8	17.6
Liabilities	15.9	8.3	1.7	4.1	2.9	5.6
Guarantees granted	16.5	6.1	1.3	1.3	10.9	13.5

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 relatives who are subject to disclosure took place in the reporting year.

38. 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 2013 financial year. The amounts of these services provided by Ernst & Young GmbH Wirtschaftsprüfungsgesellschaft are shown as 'thereof' in the following table.

€ million	2013	2012
Audit fees	6.0	5.9
thereof in Germany	3.0	2.8
Other assurance fees	2.0	2.0
thereof in Germany	1.2	1.4
Tax-consulting services	0.7	0.5
thereof in Germany	0.3	0.1
Other services	0.4	0.8
thereof in Germany	0.3	0.7
Total	9.1	9.2

39. Average number of employees

	2013	2012
Office staff		
Germany	12,542	11,643
International	16,387	14,696
Manual workers		
Germany	12,153	10,983
International	28,199	26,326
Total workforce	69,281	63,648

The total number of employees relates to continuing operations.

40. Declaration of compliance

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

As prescribed by Section 161 of the German Stock Corporation Act, an annual declaration of compliance was issued by the Executive Board and the Supervisory Board on September 19, 2013, and on that date was made permanently available to the shareholders on Bilfinger's website.

41. 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/2013