HALF YEARLY REPORT 2014

powered by PORR

Key Data

in EUR m	1-6/2014	1-6/2013	Change
Operating data			
Production output	1,590	1,289	+23.4%
Foreign share	39%	33%	+6,0PP
Order backlog	4,708	4,806	-2.0%
Order bookings	1,707	2,722	-37.3%
Average staffing levels	11,972	10,823	+10.6%
Income statement			
Revenue	1,362	1,030	+32.2%
EBIT	19.2	14.5	+32.4%
EBT	2.9	0.07	>100%
Interim profit	5.1	0.02	>100%
Earnings per share in EUR	0.19	-0.32	>100%
Cash flow and investments			
Operating cash flow	23	20	+15.0%
Cash flow from operating activities	-81	-33	-145.5%
Cash flow from investing activities	-24	-33	+27.3%
Cash flow from financing activities	88	8	>100%
Investments	47	50	-6.0%
Depreciation/amortisation/impairment	32	26	+23.1%

in EUR m	30.6.2014	31.12.2013	Change
Statement of financial position			
Total assets	2,500	2,296	+8.9%
Equity (incl. non-controlling interest)	448.6	347.7	+29.0%
Equity ratio without cash flow hedges	19.3%	16.5%	+2.8PP
Equity ratio with cash flow hedges	17.9%	15.1%	+2.8PP
Non-current assets	1,110	1,069	+3.8%
Current assets	1,390	1,228	+13.2%
Non-current liabilities	687	669	+2.7%
Current liabilities	1,364	1,280	+6.6%
Net debt[1]	403	664	-39.3%

[1] In the comparable period June 30th 2013

The figures have been rounded off.

Contents

Foreword by the Executive Board

Dear shareholders and respected business associates,

Three important developments had a significant impact on the first half 2014 for PORR. One was that European construction output finally seems to have passed its trough and is thereby expected to return to growth in line with general economic growth trends. In particular the economies in our home markets Austria, Germany and Poland continue to be solid and are thereby set to provide a solid backdrop for our business in the future. Another factor was the mild winter, which facilitated an early start to the construction season and consequently led to a significant increase in output. The third key development was the successful capital increase, making PORR more fit for the future and attractive for the capital markets.

PORR has successfully mastered the past years and adjusted both our strategy and the organisational structure to meet the challenging backdrop. Above all, the concentration on the stable home markets – which are responsible for more than 93% of total output – as well as the focus on construction as our core competency have proven to be the right course once again in the reporting period.

In the operating business PORR continued its positive, stable growth, with production output rising by 23% to EUR 1,590m. We are delighted that every operating unit managed to increase output, thereby contributing to the Group's overall success. The infrastructure projects on our home markets saw positive progress once again, as did Qatar in particular. In line with these developments, we also managed to increase EBIT by around 32%.

We have taken a major step towards our goal of making PORR more attractive to investors. The first stage was merging the ordinary and preference shares and conducting the share split. We then succeeded in carrying out a successful capital increase at the end of April. Investors subscribed to a total of 2,645,000 new shares in two tranches. The preplacement was four times covered, while the second tranche – after exercising subscription rights – was even 22 times covered.

This development shows that we are on the right track. There has also been a significant increase in our communication with shareholders.

Streamlined organisation, openness and transparency must also be reflected in our work environment. This is why PORR's renovations and new construction will create an open new world of work. The key factors in our corporate culture – openness and transparency – will also be manifest in our physical space.

> "Every operating unit managed to increase production output in the first half year."

The acquisition of shares held by CA Immo in UBM took place after the end of the reporting period. Subject to approval of the antitrust authorities, PORR will acquire a 25% stake (plus 8 shares)

from CA Immo International Beteiligungsverwaltung GmbH in UBM Realitätenentwicklung AG. Given the existing stake in UBM and the purchase of a further stake, the PORR Group will have a total of around 69.1% of shares after closing and therefore hold a majority stake in UBM.

The Executive Board
Vienna, August 2014

Karl Heinz Strauss
Chief Executive Officer

Christian B. Maier
Executive Board Member

J. Johannes Wenkenbach
Executive Board Member

Highlights 2014

PORR success in tunnel and road upgrades

In May TEERAG-ASDAG and a partner were charged with the general overhaul of the Bruck/Mur tunnels. This field has grown into one of the PORR Group's core competencies in recent years. Current tunnel construction includes sites in Styria and Carinthia (Koralm Tunnel KAT 3), Germany (Stuttgart 21) and Qatar (Doha metro).

PORR – second-best construction firm in Czech Republic

In an anonymous vote, over 350 national and public developers and awarding authorities confirmed PORR's exceptional market position in the Czech Republic. The prize-giving ceremony was held in the Czech National Bank on 29th May, with distinguished dignitaries from politics and business including the Czech President Miloš Zeman.

PORR capital increase a great success

In the course of the capital increase PORR managed to place the full 2,645,000 new shares with institutional and private investors. The gross proceeds of around EUR 119m will primarily be used to strengthen equity and for the partial repayment of profit participation rights in a subsidiary.

EUROPEAN CONCRETE AWARD 2014

As part of the CONSTRUCTION CONGRESS 2014, the "Kraftwerk Sohlstufe Lehen" consortium, consisting of the companies Hinteregger, PORR and TEERAG-ASDAG, was presented with the EUROPEAN CONCRETE AWARD 2014 in the "Civil Engineering" category.

Three lots on the Vienna underground rail network

PORR won the tender for the final three lots on the Vienna underground rail network with a volume of EUR 68m. The tender involves the lots Favoritenstraße turnout, Neulaa and Oberlaa – measures to extend the U1 to the south.

PORR to build Obervermunt II power plant

In February PORR received the tender to build the Obervermunt II power plant in Vorarlberg as part of a consortium. The total tender is worth EUR 120m; PORR has a 30% share. With output of 360 MW in turbine and pumping mode, the pumped storage power plant will be the second largest plant of Vorarlberger Illwerke.

PORR on the Stock Exchange

Pleasing performance for PORR shares

The expansive monetary policy of the most important central banks had a positive impact on the financial markets in the first half 2014. Following on from the first quarter, where the Ukraine crisis led to market uncertainty and slumps in share prices, the second quarter showed a slight upwards trend. In the first half 2014 the Eurostoxx 50 was up by 3.8%, in contrast to the leading ATX index, which closed slightly down by 1.8%.

Compared to the ATX, ordinary shares in PORR AG performed extremely well. They started the year at a price of EUR 25.5 and were listed at EUR 54.0 as at June 30th 2014. Market capitalisation stood at EUR 785.6m as at June 30th 2014. Trading volumes remained high compared to the first half 2013, with an average of 24,983 shares.

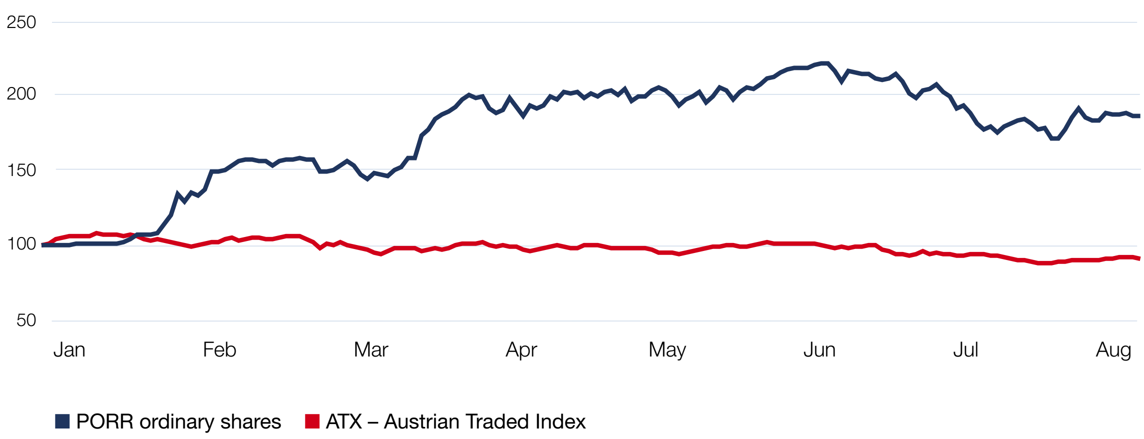
Successful conclusion of capital increase

At the beginning of May 2014 PORR AG successfully concluded its capital increase. Investors subscribed to a total of 2,645,000 new shares in two tranches. The preplacement of 2,164,138 shares on April 9th and 10th 2014 was four times covered, whereby the subscription and offer price was set at EUR 45.00 per share. After subscription rights were exercised, the second tranche of 480,862 new shares was 22 times covered. Total gross proceeds of EUR 119m were raised in this capital increase. The proceeds will primarily be used to strengthen the Group's equity and for the partial payback of the ABAP profit participation rights (a PORR subsidiary).

PORR acquires majority stake in UBM

After the end of the reporting period, PORR announced that, subject to approval of the antitrust authorities, it will acquire a 25% stake (plus 8 shares) from CA Immo International Beteiligungsverwaltung GmbH in UBM Realitätenentwicklung AG. The total purchase price is EUR 36m; thereby EUR 24.00 per share in UBM. Given the PORR Group's existing stake in UBM of 41.8% and the purchase of further stakes, the PORR Group will have a total of 69.1% of shares after closing and therefore hold a majority stake in UBM. For more details see "Events after the end of the reporting period" on page 37.

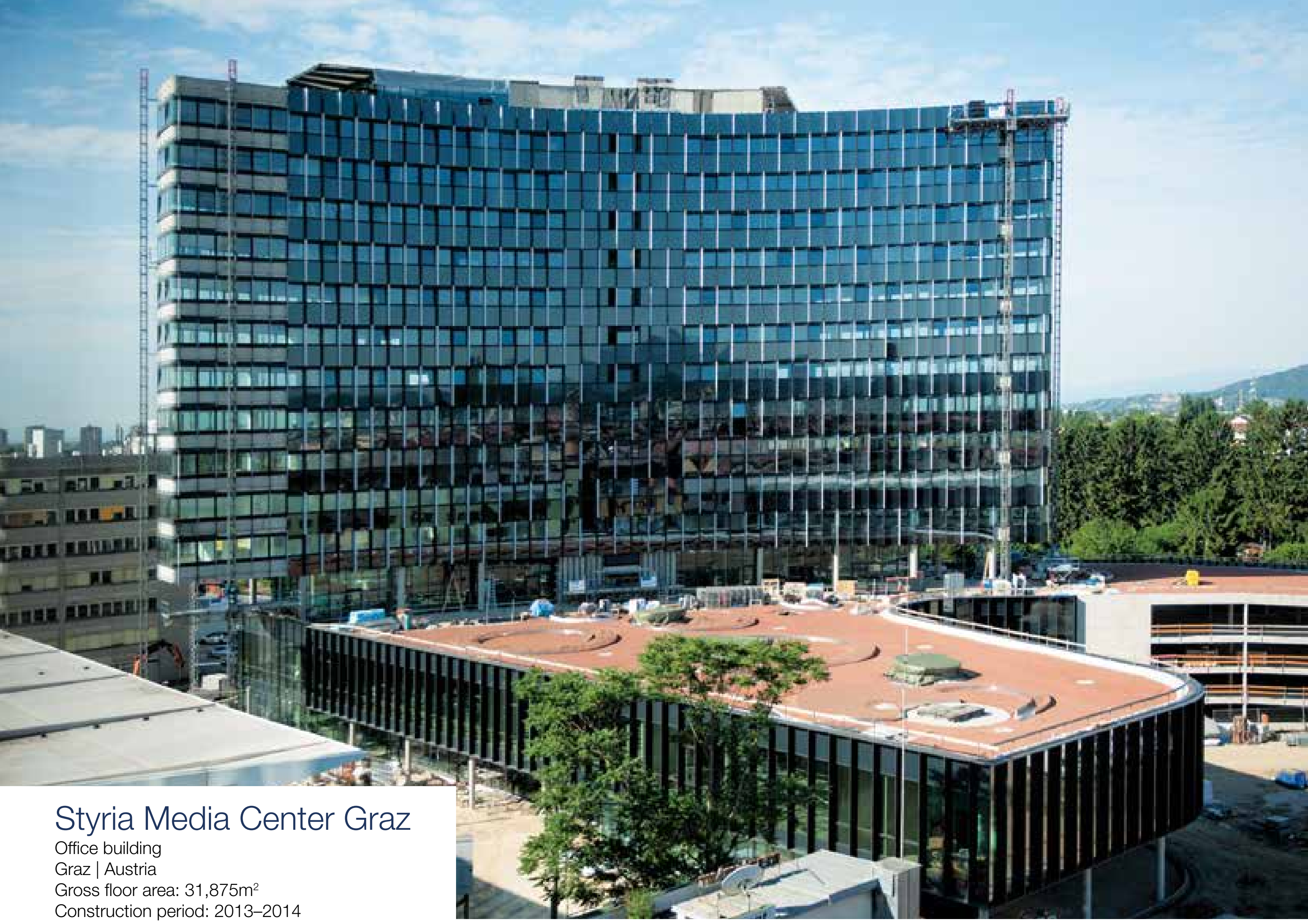
PORR share price, indexed since January 1st 2014



PORR in Pictures

Seestadt Aspern
Residential and commercial complex
Vienna | Austria
Eight lots, usable space: 88,500m^2
Construction period: 2013–2015

Steigenberger Hotel Am Kanzleramt
Berlin | Germany
Gross floor area: 26,000m^2
Construction period: 2012–2014



Styria Media Center Graz

Office building
Graz | Austria
Gross floor area: 31,875m²
Construction period: 2013–2014

Dock V1

Office and commercial complex
Prague | Czech Republic
Gross floor area: 13,539m²
Construction period: 2012–2013

BMW subsidiary Berlin

Berlin | Germany
Gross floor area: 46,000m²
Construction period: 2012–2014

PREMIUM PLAZA

Office building
Karlsbad | Czech Republic
Gross floor area: 9,378m²
Construction period: 2011–2013

Carl-Ulrich Bridge

Offenbach/Frankfurt am Main | Germany
Total length: 234m
Construction period: 2012–2014

S2 expressway

Warsaw | Poland
Length S2: 3.9km; S79: 5.7km
Construction period: 2009–2013

Metro Doha – Green Line

Underground rail construction
Doha | Qatar
Length of twin tunnel: 16.6km
Six underground rail stations
Construction period: 2013–2018

Filder Tunnel/Stuttgart 21

Railway cunstruction/tunneling
Stuttgart | Germany
Two tunnel tubes, length: 9.35km each
Construction period: 2011–2019

Götschka Tunnel /S 10

Two tunnel tubes
Upper Austria | Austria
Tunnel length: 4.4km each
Construction period: 2011–2015

Koralm Tunnel KAT 3

Railway construction/tunneling
Carinthia/Styria | Austria
Tunneling: 23km
Construction period: 2013–2020

Management Report

General Economic Environment

The upswing in the global economy which has been underway since 2013 continued at the start of 2014. Despite a slight slowdown in the first months, positive GDP growth has been forecast for the full year. While it is true that the easing of national budget consolidation efforts coupled with job market improvements will help to drive domestic demand in many industrial countries, the benefits will only take effect in the coming years. The USA is especially likely to profit from this, as its economic revival – around 2.2% in 2014 – has been driven by consumer spending in particular. The Japanese economy underwent extremely strong growth at the start of the year due to the announcement of a sales tax increase valid from April; however, analysts expect a counter-effect from this early consumer bump and a decrease in GDP for the full year. In China the structural shift in the economy – the increasing importance of the service sector – is expected to lead to a further decrease in GDP growth to 7.3% in 2014. China is thereby approaching the magical threshold of 7.0%, the rate which the People's Republic needs for stable economic growth.

Economic recovery in the eurozone continued in the first half year. The stifling effects of the structural reforms are gradually waning, while the restrictive fiscal policy is also increasingly easing off. However, high debt levels continue to hamper a strong rise in investment and therefore only slight growth of 1.0% is expected for 2014. High unemployment remains the main problem in the eurozone and is preventing reductions in both private and public debt.

The economic rebound in Austria's most important Eastern European trade partners and the thriving economy in Germany had a positive impact on Austrian exports. The economic recovery observed in the second half of 2013 proceeded at the start of 2014. However, tensions related to trade policy with Russia are increasingly affecting the economic climate in Austria and Germany. The reason for this is the growing uncertainty as regards trade sanctions. After growing by a total of 0.3% in 2013, WIFO (Austrian Institute of Economic Research) expects Austrian economic growth to accelerate to 1.4% in 2014 and 1.7% in 2015.

In 2013 construction output in Europe declined by 2.7%, a continuation of the negative trend since 2008. However, Euroconstruct believes that the trough has finally been reached, with construction output at a 20-year low. Increased investments by both the public and private sectors are expected in the coming years, whereby construction output should grow by an average of around 1.8% per year until 2016. New housing construction is set to undergo the fastest growth in 2014 at 3.2%, while building construction is likely to grow by a moderate 1.5%. The forecasts for civil engineering have been raised to 1.9%.

Growth in construction output varied among the Euroconstruct countries. Ireland and Poland experienced the sharpest growth in percentage terms of 9% and 6% respectively, followed by Great Britain, Denmark and Hungary. That being said, growth in countries such as Ireland and Hungary is starting out from extremely low levels. Germany continued to generate stable growth.

In line with general economic growth, the Austrian construction industry was significantly stronger in the reporting period, even though growth rates were more modest than in recent years. Euroconstruct experts have forecast growth of 1.2% for 2014 and 1.3% for 2015, driven by the housing construction sector – primarily in the Greater Vienna area. The economic recovery should also have a significant impact on boosting building construction, while public investment in the civil engineering sector is unlikely owing to high national debt.

Development of Output

Growth in the first half 2014 once again validated the strategy PORR is pursuing. By concentrating on the five home markets, Austria, Germany,

Source: WIFO monthly report 8/2014; EUROCONSTRUCT, June 2014

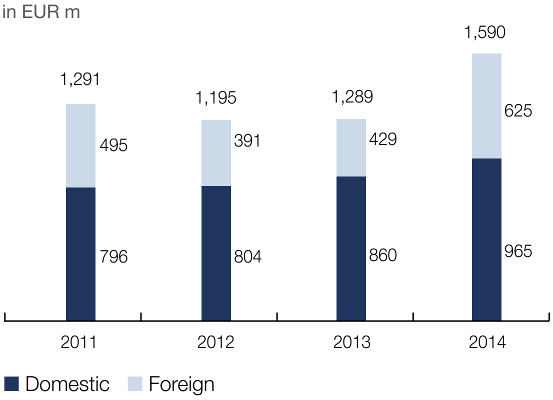
Switzerland, Poland and the Czech Republic, and on the core competency of construction, the company was able to seamlessly continue the good development of the preceding quarters. Austria has a special position among the home markets and here PORR managed to increase production output again in 2014. Thanks to its work in Qatar, PORR enjoys an outstanding reputation as a premium provider in tunnelling, railway construction and civil engineering and is in demand as a partner for technically demanding infrastructure projects. PORR has been reducing its presence on the non-home markets in Eastern and South Eastern Europe and is focusing on a project-driven, niche-product strategy.

In the first six months 2014 PORR generated production output of EUR 1,590m, an increase of EUR 301m or 23% against the comparable period. Every operating unit achieved an increase in output, while there were especially positive developments in infrastructure projects under construction (Green Line of the Doha Metro, Koralm Tunnel KAT 3, slab track rail system Germany) as well as the Vienna housing construction market (Seestadt Aspern, DC Living residential complex, Rudolfsheim care home). The five home markets were once again responsible for more than 93% of total output.

In terms of countries, Austria, Germany, Qatar and Poland achieved the sharpest growth in production output. The renewed rise in Vienna was particularly pleasing, while Carinthia, Styria and Lower Austria also managed to increase output significantly. Growth in Germany was generated by infrastructure measures such as the slab track rail system project Erfurt–Halle and the large-scale Stuttgart 21 project, as well as numerous building construction projects currently underway (Hotel & Office Campus at the O2 Arena in Berlin, Stresemannallee Berlin residential complex).

In Qatar work on the Green Line of the Doha Metro is progressing as planned. Every pre-agreed milestone has been completed on time and rewarded by payment from the client before the due date. In line with the Group's strategy, there has been a further reduction in activities in Serbia and Slovakia.

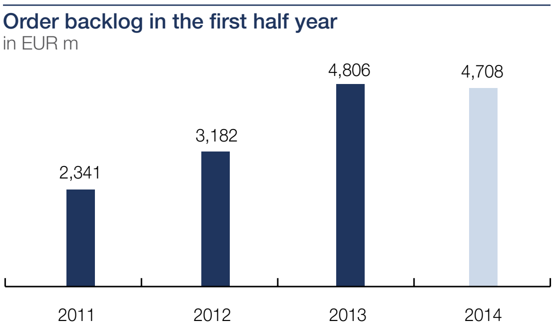
Production output in the first half year
in EUR m



Order Balance

The order situation was also highly satisfactory. At June 30th 2014 the order backlog stood at EUR 4,708m and was thereby similar to the high level of the same period the previous year (-2%). This slight decline was due in no small part to the rapid growth in production output (+23%); however PORR continues to have significantly more than one year's capacity utilisation on its order books. In the first half 2014 order bookings amounted to EUR 1,707m.This decrease is the result of the one-off effect of acquiring major tenders for the Green Line of the Doha Metro and Koralm Tunnel KAT 3 in the comparable period of the previous year. If these projects are excluded, the order bookings in the first half 2014 were well above those in the comparable period 2013.

The largest order bookings in the reporting period included the Smart Campus office complex in Vienna, the railway construction project LK272 Kluczbork–Ostrzeszów in Poland, the Obervermunt II power plant in Vorarlberg and the Sebes–Turda motorway in Romania. In Germany it was possible to acquire numerous building construction projects – including the shopping and residential project Prager Carrée in Dresden, the Berlin Living project,



the Oettingenstraße residential complex in Munich and the Arena Boulevard Berlin office complex. There were also key developments in Switzerland from the two new tenders for the Winzerhalde housing development in Zurich and the Zofingen New Apostolic Church. The company's leading position in Viennese housing construction was sustainably strengthened with the Messecarrée student halls of residence and the Ottakring residential park.

Outside the home markets PORR is pursuing an exceptionally selective acquisition policy appropriate to the market environment. New projects are only being taken on if secure co-financing is in place from the EU and preferably in the core competency of infrastructure.

Financial Performance

In typical years in the construction industry the first half of the year is characterised by lower revenue and therefore lower earnings than in the second half year. This seasonality arises from the lower construction output in the winter months. The favourable weather conditions in the first half 2014 meant that developments in the reporting period differed from a typical year.

Revenue in the first half 2014 totalled EUR 1,362.1m, a rise of 32.2% against the comparable period 2013. While there was a slight increase in the percentage of revenue used for expenses for materials and other related production services, (+1.2%), the amount accounted for by staff costs declined (-1.9%). This led to an improvement in EBITDA of EUR 11.0m to EUR 50.6m. The increase in depreciation, amortisation and impairment expense (EUR +6.3m to EUR 31.5m) resulted from the initial consolidation of equipment-intensive companies. At June 30th 2014 EBIT amounted to EUR 19.2m and was therefore EUR 4.6m (+31.7%) higher than the value from the previous year. While financing costs could be maintained at almost the same level despite the increase in revenue, finance income saw a minor decrease of EUR 1.7m. This led to EBT of EUR 2.9m. The profit/loss for the period, which lagged at EUR 0.01m for the same period in the previous year, was clearly positive for the first half 2014 at EUR 5.1m.

Financial Position and Cash Flows

At June 30th 2014 total assets amounted to EUR 2,500.3m, thereby representing a significant rise against the comparative reporting date, December 31st 2014. The increase in assets primarily resulted from the pleasing revenue growth accompanied by an aliquot rise in working capital.

In non-current assets there was a particular impact on investment property (EUR +27.7m) from establishing a new property project, while there was a rise in property plant and equipment (EUR +16m) due to the initial consolidation of an equipment-intensive track manufacturing firm. In current assets, significant revenue growth led to a strong rise in trade receivables (EUR +158.0m) – a disproportionately high increase. Inventories rose by EUR 37.7m to EUR 133.8m, mainly because of preparing materials for an international project. Other financial assets fell by EUR 19.4m to EUR 113.7m.

In the first half 2014 there was an increase in equity, mainly due to the capital increase of EUR 114.8m.

Equity improved by EUR 101.0m to EUR 448.6m. If interest rate hedges for Hungarian PPP projects are excluded, the equity ratio stood at 19.3%. At June 30th 2014 the equity ratio including the interest rate hedges thereby stood at 17.9% (previous year: 15.1%).

Under liabilities, there was a strong increase of EUR 27.0m in non-current financial liabilities because of financing a new property project and the inclusion of track manufacturing equipment from companies included in the consolidated group for the first time. In terms of current liabilities, trade payables (EUR +36.1m) and current provisions (EUR +32.5m) rose as a result of the revenue growth.

Despite the revenue rise and the inclusion of additional companies in the consolidated group, net debt (total from bonds and financial liabilities less cash and cash equivalents) fell by EUR 261.1m to EUR 402.6m.

Operating cash flow was up by EUR 3.1m to EUR 23.2m, mainly reflecting the improvement in the profit for the period against the comparable period of the previous year. Cash flow from operating activities amounted to EUR -83.8m, which was EUR 38.9m lower than the same period 2013 owing to the fact that working capital, particularly trade receivables, rose as a result of the increase in revenue. Cash flow from investing activities stood at the previous year's levels and mainly reflected the growth of two investment properties, owing to the progress of construction work and the necessary investments to replace construction equipment and property used by the Group. Proceeds from the sale of property, plant and equipment had a positive impact. Cash flow from financing activities reflected the incoming funds from the capital increase and the outflows from paying dividends and payments to non-controlling shareholders of subsidiaries in the first half 2014. Furthermore, loans and other financing were redeemed. Cash and cash equivalents saw a significant rise of EUR 266.8m to EUR 318.2m against the comparable period.

Investments

No significant investments were made in the first half of 2014 except the usual investments to replace machinery and construction site equipment. The strict cost controls, which are part of the **fit**for**future** programme throughout the Group, were thereby also upheld.

Staff

Average staffing levels increased in the first half 2014 owing to the rise in production output and amounted to 11,972 people as at June 30th 2014; this is 1,149 people more than the comparable period 2013. The growth was a result of the one-off impact of purchasing companies (Stump, Prajo and others), as well as the output progress in Qatar. However, with a rise of 11%, the increase in staff was significantly less pronounced than growth in production output (+23%), resulting in an increase in revenue per staff member.

In order to ensure that there is a large pool of exceptionally well-skilled staff in the future, PORR has long placed a focus on recruiting motivated youngsters who will be tomorrow's experts. In Austria PORR is the leading construction company in terms of cooperation with schools and universities. Networks are constantly extended and nurtured with the goal of positioning the company as the "best place to work", a goal which has already been confirmed by multiple studies. In addition, PORR is represented at numerous career orientation events and information fairs.

Opportunity and Risk Management

The main purpose of opportunity and risk management in the PORR Group is to implement processes in such a way that risks can be identified early on so that the requisite countermeasures can be taken swiftly. Risk management involves the areas of HR management, liquidity management, project management, lending and borrowing management, procurement, currency and interest exchange management, as well as risks related to markets and the general economy. As part of **fit**for**future**, opportunity and risk management has been strengthened and the early warning system developed still further. Particularly in the area of international expansion in markets such as Qatar, risk management is a top priority and is subject to targeted adjustments to meet the conditions prevailing in the region.

Forecast

The early start to the construction season thanks to the mild winter allowed PORR to increase output significantly in the first half 2014. This performance will be reflected in an increase in production output for the full year, even though the growth curve may well level out somewhat by the end of the year.

Furthermore, all of the large-scale projects acquired in the past months in railway construction and tunnelling are for clients with secure credit metrics. The approach to acquisitions facilitated by the principle "profit over output" applies to every area, but especially for those sectors in which PORR has a clear competitive advantage. In addition to the innovative slab track system for railways and the expertise in tunnelling, these areas include PORR's leading role in residential construction in the Greater Vienna area and its strong position in foundation engineering in the whole of Austria.

In view of the high order backlog, the strong position on the most important markets, the positive effects of **fit**for**future** and the consistent focus on working capital management and property sales, the Executive Board confirms its forecast of a renewed increase in output and earnings.

Sustainable Value at PORR

Sustainable value at PORR is based on the three pillars of economy, ecology and society. The term Adding Value encompasses all issues which reflect the Group's economic success. Every activity adheres to the principles of legality, openness and transparency on the basis of clear guidelines in the form of a Code of Ethics and a Staff Charter. The Group-wide compliance guidelines and commitment to corporate governance also apply here.

Recognising Value is based on the fundamental approach towards staff, taking into account their importance. Over 11,900 people work for PORR in 16 countries. This diversity creates an unbelievable wealth of expertise, knowledge and personalities, which should be nurtured to the best possible extent. Health programmes and measures related to occupational health and safety are a key feature.

Sustainability is a crucial part of PORR's operating business. Early planning, collaborative project work during construction and optimal operations not only cut costs, but allow the company to achieve targeted benefits in energy efficiency and climate protection. These issues are addressed under the term Preserving Value.

More details on sustainability at PORR are available in the 2014 Sustainable Value Report at: www.porr-group.com/csr

Segment Report

Segment Business Unit 1 – DACH

Key data

in EUR m	1-6/2014	1-6/2013	Change
Production output	874	773	+13%
Order backlog	1,084	971	+12%
Order bookings	1,835	1,691	+9%
Average staffing levels	6,691	6,264	+7%

Business Unit 1 – DACH (BU 1) is responsible for the home markets of Austria, Germany and Switzerland, as well as large-scale building construction projects with a special focus on general contractor and design-build services. The segment includes the activities of the TEERAG-ASDAG Group. There is a particular focus on residential construction, office construction, industrial construction and road construction. Numerous large-scale infrastructure projects are developed in cooperation with Business Unit 4 – Infrastructure.

BU 1 has complete coverage in every province in Austria and is also expanding its position in Germany beyond the established metropolitan areas of Berlin, Munich and Frankfurt. In Switzerland PORR is represented in civil engineering, as well as reviving its strong presence in building construction with a new team.

Business Operations

BU 1 achieved a renewed rise in business activities in the first half 2014, whereby the mild winter had a positive impact on construction throughout broad swathes of Austria. Production output reached EUR 874m, an increase of EUR 102m or 13%. Growth drivers included German projects as well as those in the Vienna region. It was also possible to increase output in Carinthia, which experienced a hard winter unlike other parts of Austria. In contrast, large-scale building construction projects reported a decline, as projects were concluded and subsequent projects are not yet making a full contribution to output figures.

The order books for the three home markets Austria, Germany and Switzerland continue to be highly satisfactory. The order backlog was up once again and stood at EUR 1,835m as at June 30th 2014, a rise of EUR 144m or 9%. Order bookings recorded a renewed increase to EUR 1,084m, a rise of EUR 113m or 12%. The acquisition of the Smart Campus office complex in Vienna represents the largest new building construction tender in the first half of the year. In Germany the most important new projects were the shopping and residential project Prager Carrée in Dresden, the Berlin Living project, the Oettingenstraße residential complex in Munich and the Arena Boulevard Berlin office complex. In Austrian road construction a tender was acquired for overhauling the Bruck/Mur tunnels on the S6.

Outlook

BU 1 is optimistic about 2014. The strong credit metrics of both the public and private clients in Austria, Germany and Switzerland are the foundation for the Group's business growth. The German market in particular continues to offer opportunities for expansion and PORR has taken the first steps towards establishing stronger regional networks beyond the major cities.

Segment Business Unit 2 – CEE/SEE

Key data

in EUR m	1-6/2014	1-6/2013	Change
Production output	165	140	+18%
Order backlog	158	252	-33%
Order bookings	330	491	-37%
Average staffing levels	1,406	1,587	-11%

Business Unit 2 – CEE/SEE (BU 2) covers PORR's permanent business in the home markets of Poland and the Czech Republic, where PORR offers a full spectrum of services in building construction, residential construction and civil engineering, along with the specialist division for large-scale projects in earthworks, hydraulic engineering and pipeline construction. It also deals with all project- based activities in other CEE/SEE countries.

Poland continues to hold excellent growth potential for PORR, as the company has been represented here for years and has good regional networks. PORR has also traditionally had strong representation in the Czech Republic through a key subsidiary. The economic crisis has hit many of the region's countries very hard. PORR is keeping a very close eye on the market and is currently undertaking individual large-scale projects, primarily in the infrastructure sector; these are developed in cooperation with Business Unit 4 – Infrastructure.

Business Operations

BU 2 also succeeded in increasing production output in the first half 2014. It reached EUR 165m, a rise of EUR 25m or 18%. Here there was strong variation on the individual markets. While the home market Poland continued to see a rise in business activity, most of the region's other countries are still battling the effects of the financial crisis. The home market of the Czech Republic had achieved the level of the previous year by June 30th 2014; however, a significant improvement in investment activity is expected from 2015.

The rise in production output was reflected in the decrease in the order books. Furthermore, numerous projects were postponed and will only make an impact in the coming quarters. Against this backdrop, the order backlog was EUR 330m at the end of June 2014, a fall of EUR 161m or 37%. Order bookings also declined and were EUR 158m at the reporting date, a reduction of EUR 94m or 33%. The largest order bookings in civil engineering were the railway construction project LK272 Kluczbork–Ostrzeszów in Poland and the Sebes–Turda motorway in Romania. The most important building construction tenders involved the CCC Polkowice logistics centre with 36,000m² in Poland and add-on orders for the construction of the 14-storey office building project Alma Tower in Krakow.

Outlook

Tendering efforts in Poland and the Czech Republic gathered speed in the first six months of the year and PORR has been able to profit from its good regional networks and strong reputation on the markets. The order situation here is expected to remain stable. In most of the region's other countries PORR has adjusted capacity to the economic backdrop or completely withdrawn from the market, as it is hardly likely that the structural problems of the state budgets can be resolved even in the medium term. It is possible that opportunities will arise in Romania in the coming years. If the company gets involved in individual projects at present, then the risk management focus is on ascertaining the creditworthiness of the client and their financing capability.

Segment Business Unit 3 – International

PORR presents itself on the international markets of the Middle East as a premium provider and infrastructure specialist. The international expansion has a selective, profitable and professional focus. Qatar serves as a regional hub from which Saudi Arabia can be developed. On these markets PORR works together with key players, whereby PORR provides its comprehensive technical expertise in the infrastructure sector. This strategic cooperation ensures low market-entry costs and allows PORR exclusive market access.

Business Operations

The strong reputation resulting from the enabling works tender, combined with PORR's comprehensive technical expertise in tunnelling, led to the acquisition of the Green Line project for the Doha Metro in 2013. This underground rail tender represents the largest new order in PORR's history. The total tender is worth around EUR 1.89bn and was awarded to a consortium consisting of PORR and its local partners SBG and HBK. PORR is responsible for 50% of the whole project, hence a tender value of EUR 944m for the Group. The project is being executed by Business Unit 3 – International and Business Unit 4 – Infrastructure. It involves building a twin tunnel with a length of 16.6km and six underground stations. The entire Doha Metro project is part of a wide-ranging infrastructure initiative under Qatar's "National Development Plan for 2030".

Works on the metro are well underway and are being realised to the full satisfaction of the client, with whom the company continues to enjoy the best possible relations. In recent months PORR has managed to gain an exceptional reputation as a reliable partner of technical excellence, a reputation which has spread throughout the entire region.

Alongside Qatar, Saudi Arabia is on the brink of a peerless construction boom in the coming years. Numerous mega-projects in the infrastructure sector – such as the Jeddah metro, tunnelling under Mecca, and an array of technically demanding railway lines – are about to be put out to tender. PORR has the potential to succeed here with its tunnelling expertise. PORR's representative in Jeddah, which was established in 2013, is closely observing the market.

Outlook

The expansion of business activities to Qatar and Saudi Arabia promises future increases in output and earnings; nevertheless it is being pursued in a very cautious, risk-averse manner in light of the situation described. The goal is to use every market opportunity in the region which is conducive to long-term, profitable growth. Given the special economic and political situation on the international market, risk management plays a critical role.

Segment Business Unit 4 – Infrastructure

Key data

in EUR m	1-6/2014	1-6/2013	Change
Production output	354	219	+61%
Order backlog	291	1,053	-72%
Order bookings	1,954	2,038	-4%
Average staffing levels	1,827	1,234	+48%

PORR is a leader in infrastructure projects in its home markets of Austria, Germany, Switzerland, Poland and the Czech Republic, as well as individual countries in the CEE/SEE region. The segment Business Unit 4 – Infrastructure (BU 4) includes activities in tunnelling, rail construction and foundation engineering, as well as large-scale projects in road and bridge construction, power plant construction and civil engineering. PORR realises the entire range of traffic construction, from smaller construction tasks through to complex large-scale projects and traffic infrastructure initiatives.

BU 4 is one of the leading companies in Europe for every aspect of underground construction, from conventional tunnelling with shotcrete right through to high-tech mechanical boring. In railway construction PORR developed the slab track railway system in cooperation with ÖBB, the Austrian Federal Railways. More and more clients now rely on this system, which has led to multiple new tenders in recent years.

Business Operations

At June 30th 2014 BU 4 had achieved a significant increase in production output against the comparable period. It amounted to EUR 354m and was therefore EUR 135m or 61% more than in the first half 2013. The majority of output was generated by the Götschka Tunnel on the S10 in Upper Austria, the slab track railway system Coburg–Ilmenau in Germany, Koralm Tunnel KAT 3, projects related to Stuttgart 21 as well as the current works on the Green Line of the Doha Metro in Qatar.

In general BU 4's business activities are subject to severe fluctuation owing to the fact that the sector is driven by large-scale projects. In the reporting period this had a particular effect on order bookings. They amounted to EUR 291m, a yoy decrease of EUR 762m or 72%. This development was due to the acquisition of the Qatar metro project, which was included in the order bookings of the previous year. The order backlog slipped back only slightly to EUR 1,954m, a decline of EUR 85m or 4%. Therefore the high cushion of orders was broadly maintained in comparison to the sharp increase in production output. New projects in the first half year included construction of the Obervermunt II power plant in Vorarlberg and the Sebes–Turda motorway in Romania together with Business Unit 2 – CEE/SEE.

Outlook

PORR has extensive technical expertise in areas such as tunnelling or foundation engineering, which will be consistently expanded in the coming years. Most of the new orders acquired by BU 4 are thanks to this comprehensive knowhow, which also strengthens the Group's international positioning as a technology company. BU 4's capacity is very well utilised with current projects; it is therefore possible to take a very selective approach to acquiring additional projects with a view to the margins.

Segment Business Unit 5 – Environmental Engineering

Key data

in EUR m	1-6/2014	1-6/2013	Change
Production output	53	42	+26%
Order backlog	53	17	+212%
Order bookings	47	41	+14%
Average staffing levels	822	812	+1%

The segment Business Unit 5 – Environmental Engineering (BU 5) bundles the Group's expertise in environmental clean-up, waste management, demolition and renewable energy. PORR Umwelttechnik develops, builds and operates landfills, waste treatment and sorting facilities in Austria, Germany and Serbia. The activities have a clear focus on Austria, although an important step was taken in Germany in 2012. The company was founded in 1990 as a PORR AG subsidiary in order to bundle existing expertise and satisfy the growing trend towards "Green Solutions".

Business Operations

Despite the difficult backdrop at the start of the year, BU 5 managed to consolidate its business activities. The takeover of Vienna-based demolition specialist Prajo last year has made a particularly positive contribution to the growth of BU 5. Production output reached EUR 53m and was therefore EUR 11m or 26% more than in the same period 2013. In addition to the large-scale order for the demolition of Voitsberg power plant in Styria, BU 5 processed numerous special tenders, particularly in the Greater Vienna area. The new product "A-GB-A", offering demolition (Abbruch), excavation (Aushub) and foundation engineering (Grundbau) from a single source has been very well received by clients.

The order books are also significantly better than at the comparable point last year, even despite the sharp fall in tendering activities at the beginning of the year. At June 30th 2014 the order backlog stood at EUR 47m and was therefore EUR 6m or 14% more than the same period the previous year. It was possible to increase order bookings to EUR 53m, a rise of EUR 36m. The most important new tenders involved follow-up orders on the Voitsberg power plant, rehabilitating the coking plant in Linz, lot 1, and demolition of the Grünhübl Bridge in Judenburg, Styria. BU 5 also managed to acquire earthworks on Krankenhaus Nord hospital in Vienna and demolition works for Mödling regional hospital.

Outlook

Thanks to the increase in the order backlog and BU 5's strong expertise in niche areas, the outlook for 2014 is optimistic. For the two home markets Austria and Germany PORR expects the market backdrop to remain challenging but stable, with opportunities in environmental clean-up, demolition and recycling looking particularly promising. Here PORR is benefiting in particular from the expertise of the Prajo Group. PORR's internal value creation and continuing to promote special solutions such as the "A-GB-A" model will be the future success factors of PORR Umwelttechnik.

Segment Business Unit 6 – Real Estate

Key data

in EUR m	1-6/2014	1-6/2013	Change
Production output	123	114	+8%
Order backlog	124	55	+127%
Order bookings	213	158	+35%
Average staffing levels	388	358	+8%

The segment Business Unit 6 – Real Estate (BU 6) encompasses a broad range in project development and property development. The focus here is on the promising core competencies of the office, commercial, tourism, hospital and hotel sectors. The main focus is on the Austrian and German markets.

BU 6 is composed of STRAUSS & PARTNER Development GmbH, PORREAL Immobilien Management GmbH, Alba BauProjektManagement GmbH, Konzernimmobilien and UBM Realitätenentwicklung AG. Here STRAUSS & PARTNER is the PORR Group's project development specialist with core competencies in developing projects in building construction as well as infrastructure, healthcare and tourism. It is also known for its exceptional achievements in developing office and residential construction projects. PORREAL is positioned as a complete service provider for property management services on the relevant domestic and foreign markets. UBM, in which PORR holds a significant stake, is a leader in the development, letting and sale of real estate throughout the whole of Europe.

Business Operations

PORR's targeted real estate strategy facilitated a significant increase in business in the first half of 2014. The company is pursuing a portfolio strategy – non-operational property is being sold in the course of the divestment programme in order to reduce total assets and free up capital; on average the properties have been sold above their carrying amounts. BU 6 production output rose to EUR 123m, an increase of EUR 9m or 8%. While STRAUSS & PARTNER saw a decline in output this year owing to the turnover of certain projects in the first half of the previous year, PORREAL and UBM achieved renewed increases.

The order books also improved significantly. The order backlog stood EUR 213m, a rise of EUR 55m or 35%. A large share of this growth came from new projects at STRAUSS & PARTNER, while the UBM order backlog also grew. The order backlog at PORREAL declined in relation to the increase in production output. BU 6 order bookings amounted to EUR 124m, a rise of EUR 70m or 127%. This significant increase was divided among all of the segment's operating units.

Outlook

In line with the "cherry picking strategy", there is an increased focus in 2014 on Austria and the major German cities Berlin, Munich, Hamburg and Frankfurt am Main, particularly in the promising areas of office and hotel construction, apartment rental projects and healthcare. After the end of the reporting period, PORR announced that, subject to approval of the antitrust authorities, it will acquire a 25% stake (plus 8 shares) from CA Immo International Beteiligungsverwaltung GmbH in UBM Realitätenentwicklung AG. For more details see "Events after the end of the reporting period" on page 37.

Interim Consolidated Financial Statements as of June 30th 2014

Consolidated Income Statement

in EUR thousand	1–6/2014	1–6/2013
Revenue	1,362,107	1,030,316
Own work capitalised in non-current assets	545	247
Share of profit/loss of associates	16,759	10,405
Other operating income	51,340	59,258
Cost of materials and other related production services	-887,327	-658,672
Staff expense	-361,822	-293,353
Other operating expenses	-130,977	-108,539
EBITDA	50,625	39,662
Depreciation, amortisation and impairment expense	-31,463	-25,116
EBIT	19,162	14,546
Income from financial investments and other current financial assets	3,619	5,290
Finance costs	-19,911	-19,765
EBT	2,870	71
Income tax expense	2,220	-50
Profit/loss for the period	5,090	21
of which attributable to non-controlling interests	-22	-205
Profit/loss for the period attributable to shareholders of the parent and holders of profit-participation rights	5,112	226
of which attributable to holders of profit-participation rights	2,600	4,073
Profit/loss for the period attributable to shareholders of the parent	2,512	-3,847
Basic/diluted earnings per share (in EUR)	0.19	-0.32

Statement of Comprehensive Income

in EUR thousand	1–6/2014	1–6/2013
Profit/loss for the period	5,090	21
Other comprehensive income		
Exchange differences	-65	-2,016
Gains (losses) from fair value measurement of securities	86	-14
Gains (losses) from cash flow hedges		
gains (losses) recognised in profit or loss	-	427
Gains (losses) from cash flow hedges of associates	-2,983	4,456
Income tax expense (income) on other comprehensive income	-21	-103
Other comprehensive income which can subsequently be reclassified to profit or loss (recyclable)	-2,983	2,750
Other comprehensive income	-2,983	2,750
Total comprehensive income	2,107	2,771
of which attributable to non-controlling interests	-22	-313
Share attributable to shareholders of the parent and holders of profit-participation rights	2,129	3,084
of which attributable to holders of profit-participation rights	2,600	4,073
Share of profit/loss for the period attributable to shareholders of the parent	-471	-989

Consolidated Statement of Financial Position

in EUR thousand	30.6.2014	31.12.2013
Assets		
Non-current assets		
Intangible assets	64,472	65,829
Property, plant and equipment	465,179	449,202
Investment property	262,127	234,386
Shareholdings in associates	238,222	234,108
Loans	25,834	27,583
Other financial assets	16,560	19,019
Other non-current financial assets	28,927	31,431
Deferred tax assets	8,283	7,101
	1,109,604	1,068,659
Current assets		
Inventories	133,827	96,105
Trade receivables	808,976	650,987
Other financial assets	113,677	133,097
Other receivables and current assets	15,287	11,187
Cash and cash equivalents	318,160	332,907
Assets held for sale	733	3,528
	1,390,660	1,227,811
Total assets	**2,500,264**	**2,296,470**

Equity and liabilities		
Equity		
Share capital	29,493	24,203
Capital reserves	249,112	139,632
Other reserves	126,603	134,898
Equity attributable to shareholders of parent	405,208	298,733
Equity from profit-participation rights	42,560	46,120
Non-controlling interests	845	2,809
	448,613	347,662
Non-current liabilities		
Bonds	224,102	223,659
Provisions	123,427	123,124
Non-current financial liabilities	300,810	273,776
Other non-current financial liabilities	15,691	21,137
Deferred tax liabilities	23,567	26,996
	687,597	668,692
Current liabilities		
Bonds	99,076	99,134
Provisions	125,601	93,147
Current financial liabilities	96,783	93,796
Trade payables	649,464	613,414
Other current financial liabilities	126,016	119,802
Other current liabilities	257,603	251,097
Tax payables	9,511	9,726
	1,364,054	1,280,116
Total equity and liabilities	**2,500,264**	**2,296,470**

Segment Report[1]

1–6/2014 in EUR thousand	BU 1 – DACH	BU 2 – CEE/SEE	BU 4 – Infrastructure	BU 5 – Environmental Engineering	BU 6 – Real Estate	Other incl. holding	Group
Production output (Group)	874,429	165,272	354,223	52,735	122,517	20,659	1,589,835
Segment revenue (revenue, own work capitalised and other operating income)	829,518	183,956	297,604	35,566	31,941	35,407	1,413,992
Intersegment revenue	37,368	1,834	3,265	3,507	6,381	100,517	
EBT (Earnings before tax = segment earnings)	9,924	-4,981	3,449	665	-5,105	-1,082	2,870

[1] Part of the Notes.

Statement of Changes in Group Equity

in EUR thousand	Share capital	Capital reserves	Revaluation reserve	Remeasurement from benefit obligations
Balance at Jan 1st 2013	19,896	121,353	13,897	-8,845
Total profit/loss for the period	-	-	-	-
Dividend payout	-	-	-	-
Income tax on interest for holders of profit-participation rights	-	-	-	-
Capital increase	2,091	18,283	-	-
Acquisition of non-controlling interests	-	-	-	-
Balance at June 30th 2013	21,987	139,636	13,897	-8,845
Balance at Jan 1st 2014	24,203	139,632	24,203	-13,926
Total profit/loss for the period	-	-	-	-
Dividend payout	-	-	-	-
Income tax on interest for holders of profit-participation rights	-	-	-	-
Treasury shares/capital share certificates	-	-	-	-
Capital increase	5,290	109,480	-	-
Changes to consolidated group/acquisition of non-controlling interests	-	-	-	-
Balance at June 30th 2014	29,493	249,112	24,203	-13,926

1–6/2013 in EUR thousand	BU 1 – DACH	BU 2 – CEE/SEE	BU 4 – Infrastructure	BU 5 – Environmental Engineering	BU 6 – Real Estate	Other incl. holding	Group
Production output (Group)	772,598	139,893	219,590	41,921	113,814	1,551	1,289,367
Segment revenue (revenue, own work capitalised and other operating income)	703,987	150,746	177,410	20,617	41,252	7,324	1,101,336
Intersegment revenue	60,649	20,573	5,890	3,396	4,709	80,958	
EBT (Earnings before tax = segment earnings)	8,441	-5,201	2,438	-289	4,336	-9,654	71

Foreign currency translation reserves	Total debt securities available for sale – fair value reserve	Reserve for cash flow hedges	Retained earnings	Equity attributable to equity holders of the parent	Profit-participation rights	Non-controlling interests	Total
4,497	52	-35,279	110,981	226,552	92,119	3,882	322,553
-1,908	-10	4,776	-3,847	-989	4,073	-313	2,771
-	-	-	-3,775	-3,775	-11,200	-	-14,975
-	-	-	1,018	1,018	-	-	1,018
-	-	-	-	20,374	-11,273	-	9,101
-	-	-	-175	-175	-	-654	-829
2,589	42	-30,503	104,202	243,005	73,719	2,915	319,639
2,646	169	-31,571	153,377	298,733	46,120	2,809	347,662
-68	65	-2,983	2,515	-471	2,600	-22	2,107
-	-	-	-12,090	-12,090	-6,160	-539	-18,789
-	-	-	650	650	-	-	650
-	-	-	2,480	2,480	-	-	2,480
-	-	-	-	114,770	-	-	114,770
-	-	-	1,136	1,136	-	-1,403	-267
2,578	234	-34,554	148,068	405,208	42,560	845	448,613

Consolidated Cash Flow Statement

in EUR thousand	1–6/2014	1–6/2013
Profit/loss for the period	5,090	21
Depreciation, impairment and reversals of impairment on fixed assets	31,582	26,236
Income from associates	-4,387	-2,503
Profits from the disposal of fixed assets	-3,682	-3,111
Increase in long-term provisions	303	61
Deferred income tax	-5,700	-566
Operating cash flow	23,206	20,138
Increase/decrease in short-term provisions	35,347	-15,213
Increase in inventories	-34,067	5,255
Increase in receivables	-135,404	-9,947
Increase/decrease in payables (excluding banks)	28,153	-31,765
Other non-cash transactions	1,777	-1,596
Cash flow from operating activities	-80,988	-33,128
Proceeds from sale of property, plant and equipment and investment property	19,163	9,323
Proceeds from sale of financial assets	4,179	7,914
Investments in intangible assets	-1,085	-1,385
Investments in property, plant and equipment and investment property	-43,043	-40,245
Investments in financial assets	-3,272	-8,504
Proceeds from the sale of consolidated companies	-	3,381
Payments for the acquisition of subsidiaries less cash	-	-3,000
Cash flow from investing activities	-24,058	-32,516
Dividends	-12,090	-3,775
Dividends paid out to non-controlling interests	-6,699	-11,200
Redeeming/obtaining loans and other financing	-8,747	13,833
Proceeds from the sale of treasury shares	2,480	-
Capital increase	113,352	9,101
Cash flow from financing activities	88,296	7,959
Cash flow from operating activities	-80,988	-33,128
Cash flow from investing activities	-24,058	-32,516
Cash flow from financing activities	88,296	7,959
Change in cash and cash equivalents	-16,750	-57,685
Cash and cash equivalents at Jan 1st	332,907	110,411
Currency differences	5	-1,484
Changes to cash and cash equivalents resulting from changes to the consolidated group	1,998	152
Cash and cash equivalents at June 30th	318,160	51,394
Interest paid	17,787	17,765
Interest received	3,026	4,265
Tax paid	-4,346	-2,823

Notes to the Interim Consolidated Financial Statements as of June 30th 2014

1. General Information

The PORR Group consists of PORR AG and its subsidiaries. PORR AG is a public limited company according to Austrian law and has its registered head office at Absberggasse 47, 1100 Vienna. The company is registered with the commercial court of Vienna under reference number FN 34853f. The Group deals mainly with the planning and execution of all kinds of building and construction work, as well as the management and operations of buildings constructed for the Group's own account.

These interim consolidated financial statements were published according to IAS 34 Interim Financial Reporting, using the standards of the International Accounting Standards Board (IASB), the International Financial Reporting Standards (IFRS) adopted by the European Union, as well as the interpretations of the International Financial Reporting Interpretations Committee (IFRIC).

In accordance with IAS 34, the interim consolidated financial statements do not contain every comprehensive entry which is obligatory in the annual financial statements and therefore this interim report should be read in conjunction with the annual report of the PORR Group as at December 31st 2013. As per IAS 34, the consolidated results of the interim consolidated financial statements are not necessarily indicative of the annual results.

The reporting currency is the euro, which is also the functional currency of PORR AG and of the majority of the subsidiaries included in these interim consolidated financial statements.

2. Consolidated Group and Acquisitions

The following seven companies were consolidated for the first time in these interim financial statements:

Because of new foundations and materiality	Date of initial consolidation
IAT Deutschland GmbH	1.1.2014
IAT Impermeabilizzazioni Srl.	1.1.2014
IAT UK Waterproofing Systems limited	21.1.2014
Porr Norge AS	12.2.2014
TEERAG-ASDAG Deutschland GmbH	13.2.2014
Because of acquisitions and increases in shares held	
SONUS City GmbH & Co. KG	2.1.2014
PORR AUSTRIARAIL GmbH	16.1.2014

Five companies were eliminated from the consolidated group, whereby two were eliminated through intergroup transfers in the form of mergers, two were sold and one company was liquidated. The assets and liabilities over which control was lost were not significant.

A total of TEUR 150 was used to purchase a further 50% in PORR AUSTRIARAIL GmbH. The purchase price was provisionally allocated in line with IFRS 3.45 to the Group's liabilities and assets as follows:

in EUR thousand	6/2014
Non-current assets	
Property, plant and equipment	15,990
Deferred tax assets	688
Current assets	
Inventories	519
Trade receivables	2,421
Other current financial assets	327
Other current receivables and assets	336
Cash and cash equivalents	790
Non-current liabilities	
Provisions	-13
Non-current financial liabilities	-14,751
Current liabilities	
Financial liabilities	-2,017
Trade payables	-1,198
Other current financial liabilities	-2,493
Other current liabilities	-119
Tax payables	-180
Fair value of equity already held	-150
Purchase price	150

The purchase price allocated should be seen as provisional, particularly with regard to property, plant and equipment. The company included in the consolidated group for the first time contributed TEUR 673 to EBT and TEUR 3,542 to revenue in the reporting period.

3. Accounting and Valuation Methods

The accounting and valuation methods applied in the consolidated financial statements of December 31st 2013, which are presented in the notes to the consolidated annual financial statements, were used, unmodified, in the interim report, with the exception of the following standards and interpretations which have been adopted for the first time:

New standards

IFRS 10 – Consolidated Financial Statements

In IFRS 10 control is defined as the only basis for consolidation, regardless of the type and background of the investee. As a consequence, the risk and rewards approach of SIC 12 is eliminated. This standard is applicable to fiscal years beginning on or after January 1st 2013 and will be applied retrospectively; however, the EU endorsement to change the effective date to January 1st 2014 applies to the Group.

IFRS 11 – Joint Arrangements

The core principle of IFRS 11 is that a party to a joint arrangement determines the type of joint arrangement in which it is involved by assessing its rights and obligations and accounts for those rights and obligations in accordance with that type of joint arrangement. The option of applying proportionate consolidation to joint ventures will be eliminated in the future. This standard is applicable to fiscal years beginning on or after January 1st 2013; however, the EU endorsement to change the effective date to January 1st 2014 applies to the Group.

The first-time application has had an impact on the classification of German and Austrian consortiums. In accordance with a statement by the German IDW, based on the German model contract, the typical construction consortium fulfils the requirements for classification as a joint venture. The Group thereby also classifies the Austrian construction consortiums as joint ventures. The first-time application has therefore led to changes in the income statement. The respective results continue to contribute to EBIT, however, they are no longer recognised in revenue and other operating expenses, but rather under share of profit/loss of associates. The previous year's figures have been adjusted. TEUR 8,238 was reclassified out of other operating expenses and TEUR 11,515 out of revenue and recognised under share of profit/loss of associates

IFRS 12 – Disclosure of Interests in Other Entities

IFRS 12 brings together the disclosures for interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities into one comprehensive standard. Many of these disclosures have been taken from IAS 27, IAS 31 or IAS 28, while other disclosures have been newly incorporated. This standard is applicable to fiscal years beginning on or after January 1st 2013; however, the EU endorsement to change the effective date to January 1st 2014 applies to the Group.

Amendments to standards and interpretations

Amendments to IFRS 10, IFRS 12, IAS 27- Investment Entities

The amendments provide for an exception with regard to the consolidation of subsidiaries if the parent qualifies for classification as an investment entity. Certain subsidiaries would then be measured at fair value through profit or loss as per IFRS 9 and IAS 39. The amendments are applicable to fiscal years beginning on or after January 1st 2014 and must be applied retrospectively.

IFRS 10–12 Transition Guidance (IASB publication: June 28th 2012; EU-Endorsement: not yet confirmed, but first adoption can be postponed in line with the underlying standard): The amendments clarify the transition guidance in IFRS 10 as well as additional simplification of all three standards. This applies in particular to the fact that for first-time adopters of IFRS the disclosure of adjusted comparative figures has been limited to the period immediately preceding.

Amendment to IAS 27 Separate Financial Statements

As a result of the publication of IFRS 10, IAS 27 now only contains regulations on separate financial statements. These amendments are applicable to fiscal years beginning on or after January 1st 2013; however, the EU endorsement to change the effective date to January 1st 2014 applies to the Group.

Amendment to IAS 28 Investments in Associates and Joint Ventures

IAS 28 has been amended as a result of the publication of IFRS 10 and IFRS 11. These amendment is applicable to fiscal years beginning on or after January 1st 2013; however, the EU endorsement to change the effective date to January 1st 2014 applies to the Group.

Amendment to IAS 36 Impairment of Assets

The amendment addresses the disclosure of information about the recoverable amount of impaired assets if that amount is based on fair value less costs of disposal. The amendment applies to fiscal years beginning on or after January 1st 2014.

Amendment to IAS 39 Financial Instruments: Recognition and Measurement

The amendment allows derivatives to continue to be designated as hedges despite a novation. The precondition for this is that the derivative is novated to effect clearing with a central counterparty as a result of laws or regulation. The amendment applies to fiscal years beginning on or after January 1st 2014.

New interpretations

IFRIC 21 – Levies
The interpretation provides guidance on when to recognise a liability for a levy imposed by a government. The interpretations apply to fiscal years beginning on or after January 1st 2014.

With the exception of IFRS 11, the first-time application of the standards and interpretations has not had an impact on the interim consolidated financial statements.

The following standards and interpretations have been published since the consolidated financial statements at December 31st 2013 and the interim consolidated financial statements and do not yet need to be applied compulsorily or have not been adopted into EU law:

	Effective date acc. to IASB
IFRS 14	1.1.2016
IFRS 15	1.1.2017
Amendment to IAS 16 and IAS 38	1.1.2016
Amendment to IAS 16 and IAS 41	1.1.2016

The interim consolidated financial statements of June 30th 2014 use the same consolidation methods and basis for currency exchange as were used in the annual financial statements of December 31st 2013.

4. Estimates and Assumptions

Producing interim consolidated financial statements in accordance with IFRS requires management to make estimates and assumptions which affect the amount and disclosure of assets and liabilities in the statement of financial position, income and expense, as well as entries regarding contingent liabilities in the interim report. Actual results may deviate from these estimates.

5. Seasonal Influence

In comparison to other industry sectors, the construction industry experiences seasonal variations with regard to revenue and profit due to seasonal factors. Revenue and profit are, as a rule, lower in the winter months than in the summer months. As a result of the fixed costs which exist, earnings are lower in the first two quarters than in the final two quarters. These seasonal fluctuations are less pronounced in building construction than in civil engineering and road construction.

6. Dividends

In the reporting period shareholders of PORR AG were paid dividends of EUR 1.00 per share and bearers of capital share certificates were paid a profit share of EUR 4.00 per capital share certificate, thereby totalling EUR 12,101,220.00 for the 2013 fiscal year (previous year: EUR 3,774,976.75).

7. Earnings per Share

in EUR thousand	1–6/2014	1–6/2013
Proportion of interim surplus relating to shareholders of parent	2,512	-3,847
Weighted average number of issued shares and capital share certificates	13,119,308	11,952,300
Earnings per share in EUR (basic EPS = diluted EPS)	0.19	-0.32

8. Share Capital

Share capital	No. 2014	EUR 2014	No. 2013	EUR 2013
Ordinary bearer shares	14,547,500	29,095,000	11,902,500	23,805,000
Total share capital	14,547,500	29,095,000	11,902,500	23,805,000
Capital share certificates (profit-participation rights pursuant to Art. 174 Stock Corporation Act)	49,800	398,400	49,800	398,400
Total share capital and capital from profit-participation rights	14,597,300	29,493,400	11,952,300	24,203,400

At the reporting date the number of treasury shares had decreased by 74,887 shares to 11,274 shares.

With resolutions by the Executive Board and Supervisory Board dated April 7th 2014, April 9th 2014 and April 29th 2014, partial use was made of the authorisation of the extraordinary meeting to increase the share capital of the company from EUR 23,805,000 by EUR 5,290,000 to EUR 29,095,000 by issuing a total of 2,645,000 new no-par value shares with voting rights with a pro rata share in the share capital of EUR 2.00 each and with profit-sharing rights as of the 2014 business year in the course of a capital increase.

The authorisation of the Executive Board on the basis of the resolution from the extraordinary meeting on July 11th 2013 was thereby reduced and is now as follows:

Within five years of entry into the Commercial Register of the authorisation given at the extraordinary meeting on July 11th 2013, the Executive Board is authorised to increase the share capital of the company with the approval of the Supervisory Board, in multiple tranches if so wished, to up to EUR 6,612,500.00 by issuing up to 3,306,250 no-par value shares in exchange for cash or contribution in kind (authorised capital), whereby the issue price, the conditions of issue, the subscription ratio, and other details are to be determined by the Executive Board with the approval of the Supervisory Board. The pre-emptive rights of shareholders to these new shares issued from the authorised capital are excluded when and if this authorisation (authorised capital) is exercised by issuing new shares in exchange for cash, up to a total of 10% of share capital, with overallotment options in the course of issuing new shares in the company. Furthermore, the Executive Board is authorised, with the approval of the Supervisory Board, to exclude shareholders' pre-emptive rights, when and if this authorisation (authorised capital) is exercised:

i) through issuing shares in exchange for contribution in kind, or
ii) through issuing shares to staff members, leading employees and members of the Executive Board of the Group or an associate up to a total level of 10% of share capital.

The Supervisory Board is authorised to rule on changes to the statutes which result from the Executive Board exercising this entitlement.

9. Financial Instruments

The carrying amount of the financial instruments as per IAS 39 is a reasonable approximation of the fair value, with the exception of bonds subject to fixed interest rates (fair value hierarchy level 1), deposits from banks subject to fixed interest rates (fair value hierarchy level 3), and other financial liabilities subject to fixed interest rates (fair value hierarchy level 3).

in EUR thousand	Measurement in acc. with IAS 39						
	Measurement category in accordance with IAS 39	Carrying amount at June 30th 2014	(continuing) Acquisition costs	Fair Value other comprehensive income	Fair Value affecting net income	Fair value hierarchy (IFRS 7.27A)	Fair value at June 30th 2014
Assets							
Loans	LaR	25,921	25,921				
Other financial assets[1]	AfS (at cost)	4,474	4,474				
Other financial assets	AfS	11,520		11,520		Level 1	
Trade receivables	LaR	808,976	808,976				
Other financial assets	LaR	141,079	141,079				
Derivates (without hedges)	FAHfT	1,439			1,439	Level 2	
Cash and cash equivalents		318,160	318,160				
Liabilities							
Bonds							
at fixed interest rates	FLAC	323,178	323,178				339,123
Deposits from banks							
at fixed interest rates	FLAC	8,975	8,975				8,779
at variable interest rates	FLAC	232,585	232,585				
Lease obligations[2]		94,033	94,033				
Other financial liabilities							
at fixed interest rates	FLAC	61,378	61,378				60,387
at variable interest rates	FLAC						
Trad payables	FLAC	649,464	649,464				
Other financial liabilities	FLAC	141,707	141,707				
Derivates (without hedges)	FLHfT	662			662	Level 2	
by category:							
Loans and receivables	LaR	975,976	975,976				
Cash and cash equivalents		318,160	318,160				
Available-for-sale financial Assets[1]	AfS (at cost)	4,474	4,474				
Available-for-sale financial Assets	AfS	11,520		11,520		Level 1	
Financial assets held for trading	FAHfT	1,439			1,439	Level 2	
Financial liabilities held for trading	FLHfT	622			622	Level 2	
Financial liabilities measured at amortised cost	FLAC	1.417.287	1.417.287				

in EUR thousand	Measurement in acc. with IAS 39						
	Measurement category in accordance with IAS 39	Carrying amount at June 30th 2013	(continuing) Acquisition costs	Fair Value other comprehensive income	Fair Value affecting net income	Fair value hierarchy (IFRS 7.27A)	Fair value at June 30th 2013
Assets							
Loans	LaR	27,683	27,683				
Other financial assets[1]	AfS (at cost)	5,405	5,405				
Other financial assets	AfS	11,496		11,496		Level 1	
Trade receivables	LaR	650,987	650,987				
Other financial assets	LaR	162,828	162,828				
Derivates (without hedges)	FAHfT	1,601			1,601	Level 2	
Cash and cash equivalents		332,907	332,907				
Liabilities							
Bonds							
at fixed interest rates	FLAC	322,793	322,793				330,119
Deposits from banks							
at fixed interest rates	FLAC	9,450	9,450				9,183
at variable interest rates	FLAC	217,811	217,811				
Lease obligations[2]		80,090	80,090				
Other financial liabilities							
at fixed interest rates	FLAC	59,427	59,427				59,460
at variable interest rates	FLAC						
Trad payables	FLAC	613,414	613,414				
Other financial liabilities	FLAC	140,939	140,939				
Derivates (without hedges)	FLHfT	794			794	Level 2	
by category:							
Loans and receivables	LaR	841,498	841,498				
Cash and cash equivalents		332,907	332,907				
Available-for-sale financial Assets[1]	AfS (at cost)	5,405	5,405				
Available-for-sale financial Assets	AfS	11,496		11,496		Level 1	
Financial assets held for trading	FAHfT	1,601			1,601	Level 2	
Financial liabilities held for trading	FLHfT	794			794	Level 2	
Financial liabilities measured at amortised cost	FLAC	1,363,834	1,363,834				

[1] These are related to Group shareholdings, predominantly shares in GmbHs, whose fair value cannot be reliably measured and for which there is no active market so that they are measured at acquisition cost less possible impairment. There are currently no concrete plans to sell.

[2] Lease obligations fall under the application of IAS 17 and IFRS 7.

10. Related Party Disclosures

There have been no significant changes in relationships between related companies, or any resultant obligations or guarantees since December 31st 2013.

In addition to subsidiaries and associates, related parties include the companies of the Ortner Group as they or their controlling entity has a significant influence over PORR AG through the shares which they hold, as well as the Strauss Group, as a member of the Executive Board of PORR AG has significant influence over it, as well as the Kapsch Group, as a member of the Executive Board of PORR AG holds a key position at the same time as having significant influence over PORR AG. In addition to people who have a significant influence over PORR AG, related parties also include the members of the Executive and Supervisory Boards of PORR AG as well as their close family members.

11. Audit Disclosure

These interim financial statements of the PORR Group have neither been audited nor subjected to an audit opinion.

12. Events after the End of the Reporting Period

In addition to its existing stake, in July 2014 PORR AG acquired a further 114,000 shares in UBM Realitätenentwicklung Aktiengesellschaft (ISIN AT0000815402) ("UBM shares"), respectively 1.90% of the share capital and voting rights in UBM Realitätenentwicklung Aktiengesellschaft ("UBM") for a total price of EUR 2,394,000.00 (EUR 21.00 per UBM share). Furthermore, on 11 July 2014 PORR AG concluded the following contracts

- with CA Immo International Beteiligungsverwaltungs GmbH for the purchase of the 1,500,008 existing UBM shares, equivalent to 25.000133% of the share capital and voting rights in UBM for a price of EUR 36,000,000.00 (around EUR 24.00 per UBM share), whereby realising this transaction is dependent on multiple conditions precedent including the approval/non-prohibition by all responsible antitrust and competition authorities

- a call option, which authorises PORR AG to purchase a total of 23,276 UBM shares, this represents 0.39% of the share capital and voting rights in UBM, at a price which conforms to the actual share price at that time (but minimum EUR 20.00 and maximum EUR 24.00 per UBM share) during the period July 11th 2014 to January 31st 2015.

Once these contracts come into effect (expected at start of October 2014) PORR AG will directly and indirectly hold a total of 69.09% in UBM. As a result, PORR AG will be obliged to present a mandatory takeover offer to all other UBM shareholders in accordance with the Austrian Takeover Act.

In July 2014 PORR AG issued a public buyback offer for its 49,800 capital share certificates in circulation at a price of EUR 207.80. The offer was valid from July 24th to August 5th 2014. During the acceptance period the offer was accepted for 47,889 capital share certificates, this represents 96.16% of all capital share certificates.

August 31st 2014, Vienna

The Executive Board

Karl-Heinz Strauss
Christian B. Maier
J. Johannes Wenkenbach

Responsibility Statement

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

August 31st 2014, Vienna

		
Karl Heinz Strauss Chief Executive Officer	Christian B. Maier Executive Board Member	J. Johannes Wenkenbach Executive Board Member

Acknowledgements

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The 2014 half yearly report can be obtained free of charge from the company at 1100 Vienna, Absberggasse 47, and may be downloaded from the website, www.porr-group.com/group-reports.

Disclaimer
This half yearly report also contains statements relating to the future which are based on estimates and assumptions which are made by managerial staff to the best of their current knowledge. Future-related statements may be identified as such by expressions such as “expected”, “target” or similar constructions.

Changes expressed in percentages relate to non-rounded values. Absolute figures have been rounded off using the compensated summation method.

Forecasts related to the future development of the Group take the form of estimates based on information available at the time of the half yearly report going to press. Actual results may differ from the forecast if they are shown to be based on inaccurate assumptions or are subject to unforeseen risks.

All dates expressed in digits conform to European conventions of dd.mm.yyyy.

Every care has been taken to ensure that all information contained in every part of this half yearly report is accurate and complete. We regret that we cannot rule out possible round-off, typesetting and printing errors. This report is a translation into English of the half yearly report issued in the German language and is provided solely for the convenience of English-speaking users. In the event of a discrepancy or translation error, the German-language version prevails.

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