ANNUAL REPORT 2013

> DURAVERMEER.NL

DURA VERMEER

Waarmaken van ambities

ANNUAL REPORT 2013
DURA VERMEER GROEP NV

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KEY FIGURES

(in millions of euros)	2013	2012**	2011	2010	2009
Operating income and construction work in progress					
Operating income	1,033	1,024	1,164	1,101	1,178
Order book *	1,433	1,579	1,593	1,844	1,958
Earnings and net assets					
Operating profit including profit from equity interests before depreciation and amortisation and non-recurring income and expenses (EBITDA)	13.7	23.5	32.5	12.1	41.5
Profit before interest, taxes and non-recurring income and expenses (EBIT)	3.8	11.4	22.4	2.4	30.9
Profit (loss) on ordinary activities after taxes	3.1	11.1	17.4	2.2	23.1
Non-recurring income and expenses after taxes	-8.6	-7.8	-4.1	-	-8.1
Profit (loss) after taxes	-5.5	3.3	13.3	2.2	15.0
Depreciation of property, plant and equipment	9.1	10.0	10.1	9.7	10.6
Amortisation of intangible fixed assets	0.8	2.1	-	-	-
Cash flow	4.4	15.4	23.4	11.9	25.6
Net investments	9.7	7.6	6.9	10.1	18.9
Equity	126.7	134.4	135.1	125.9	128.7
Total assets	442.5	483.8	530.6	508.6	478.3
Ratios					
Profit on ordinary activities after taxes as a ratio of operating income	0.30%	0.79%	1.49%	0.20%	1.96%
Profit on ordinary activities after taxes as a ratio of average equity	-4.2%	2.5%	10.2%	1.7%	11.5%
Current ratio	1.23	1.24	1.23	1.19	1.27
Solvency on the basis of equity	28.6%	27.7%	25.5%	24.8%	26.9%
Employees					
Average number of employees	2,478	2,646	2,763	2,816	2,988

* order book represents the unbilled amount expected to be collected for contract work performed to date plus contract work which is highly likely to be performed.

** adjusted for comparative purposes

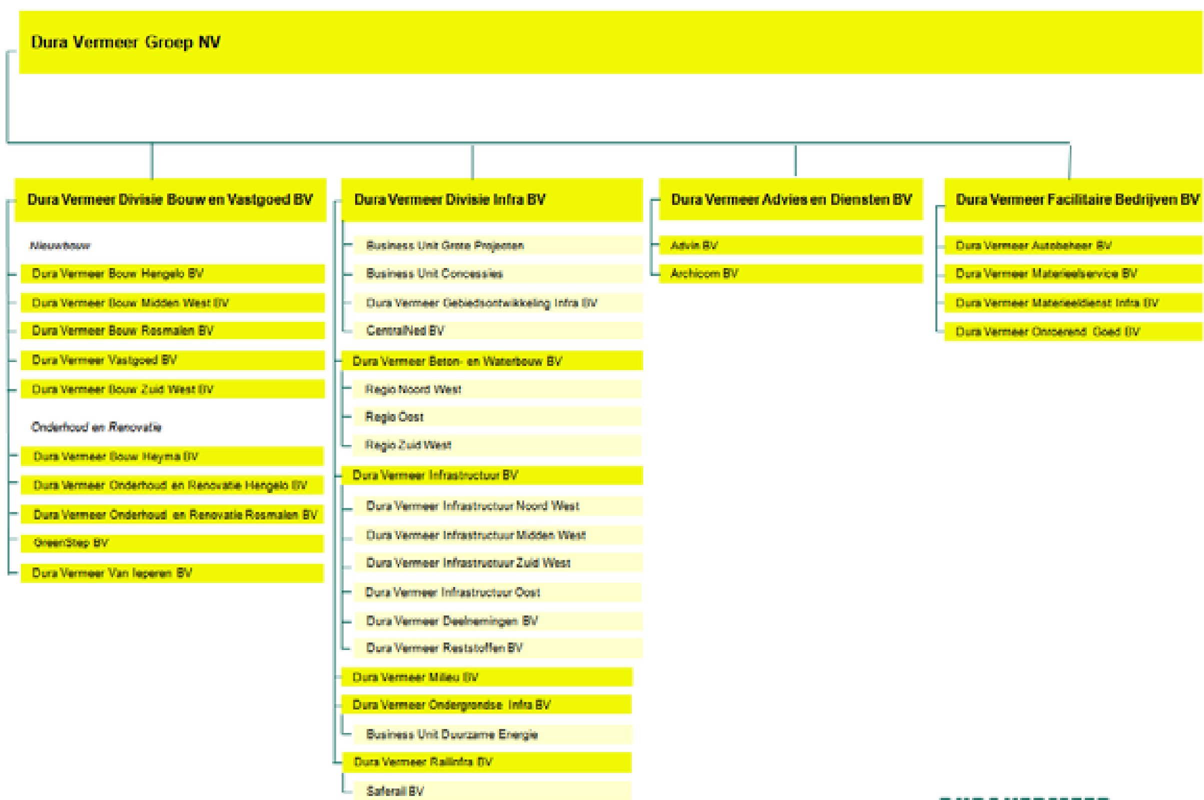
WHO WE ARE

A top-ten player in the Dutch construction industry, Dura Vermeer is engaged in the development, engineering, construction, maintenance and renovation of projects in the markets for residential and non-residential construction and infrastructure. We operate exclusively in the Netherlands and have nearly 160 years of experience and expertise. Dura Vermeer covers the entire country with a network of independent regional business units.

Our customers increasingly require high quality and sustainable solutions and facilities for liveability, housing, working, recreation, mobility and safety. We work together with customers, contractors and others involved in the construction process to build on the best possible solutions based on our brand values: customer-oriented, reliable, team player and inventive.

Dura Vermeer Groep NV's organisational structure can be outlined as follows:

Dura Vermeer Groep NV



DURA VERMEER
Waarmaken van ambities

MANAGEMENT OF DURA VERMEER GROEP NV

Supervisory board
drs. P.C. Klaver, Chairman
M.W. van Sluis RA, Vice-Chairman
J.M.A. van der Lof MBA
ing. D. van Well

Board of directors
drs. J. Dura MRE, Chairman
ir. R.P.C. Dielwart
B. Post MBA/MBI
ir. K.W. Talsma

Group support management
J.T. Aalbers, Director of IT
drs. A.A. Boot, Director of Human Resources
drs. A. Heins RA, Director of Finance

Construction and Property divisional management
ir. R.P.C. Dielwart, Chairman
M.A. ter Hark RA
drs. P.C.M. Krop MRE

Infra divisional management
ir. K.W. Talsma, Chairman
drs. H.A. Hendriks
ing. A. Vermeer
ir. S. van der Werf

Advin management
ing. R.H.M.M. Henderix

Archicom management
ing. G.F.A. Kuijs

Support Companies management
ir. E.J. Peters

(situation as at 1 April 2014)

DIRECTORS' REPORT

We are pleased to present the annual report including the financial statements of Dura Vermeer Groep NV for the year ended 31 December 2013. The financial statements have been audited by KPMG Accountants NV, who have issued an unqualified independent auditor's report, which can be found on page 44 of this report.

General business trend

The economy is growing at a guarded pace and confidence amongst consumers and producers is on the rise. This is a welcome trend after years of being put to the test. The year 2013 was no different. It took a lot of creativity, a strong focus on customers and the market, a valuable network and the hard work and commitment of our employees, but we managed to maintain the level of our operating income in the year under review.

Various trends were seen in the markets in which we do business. Residential construction was marked by smaller volumes and lower selling prices. There was sufficient work in maintenance and renovation. Non-residential construction was characterised by a lower volume in new developments and an increase in transformation projects. In the infrastructure segment, we still had sufficient work in the small and medium-sized projects in spite of fierce price competition. In general, a market shift is under way in our core activities from new developments to renovations.

We have adapted ourselves organisationally to the new reality, which hit the construction industry in 2013, leading to reorganisations in our company as well. The goal was to raise our level of expertise. This translated into investments, such as contract forms for Best Value Procurement and design & construct projects as well as construction process innovation and cutting costs via BIM, lean construction and chain partnership. Yet we have also scaled up considerably in areas such as safety, sustainability and integrity. We are therefore ready for the future.

Our strategy to achieve these goals remains unchanged and still rests on three pillars:

- Optimal customer and market contact and the launch of new products,
- Optimal organisation and business processes,
- Focus.

In this respect, our qualitative and quantitative objectives are to achieve a healthy return, ensure long-term business continuity based on a solid liquidity position and solvency of at least 25%, maintaining and strengthening our contact with customers and the market and accepting projects which fit in with the nature and size of our company.

Sustainability, safety and integrity are our main guiding principles. We have committed ourselves to reduce the percentage of refuse remaining after the separation of recyclable elements at all construction and project sites and to promote the recycling of raw materials. This is reflected in our projects as well such as the runway at Groningen's Eelde Airport with its no-tar anti-skid surface and office developments which receive the BREEAM certificate for the design process.

Under the motto of 'Safe work or no work', safety is a top priority for us. This shows by our participation in initiatives such as the Safety Ladder, Safety Governance Code and the Safe Builder Certificate. Our aim to achieve an incident frequency (IF) rate of less than 8 was realised in 2013 as well with an IF rate of 7.4.
For further information on our initiatives in this area, please see our separate Activities Report.

It is important for us to develop and embrace Corporate Social Responsibility (CSR) initiatives as a key part of our sustainability and CSR policy. This ranges from organising symposiums, supporting social initiatives and sponsoring to literally rolling up our sleeves and lending a helping hand. Examples are the Social Return round-table conference during the official opening of our office location at Rotterdam The Hague Airport, board positions such as in the Dutch Green Building Council, the Innovation Consultation of the Ministry of Infrastructure and the Environment and the Advisor Council on Environmentally Friendly Contracting & Business and sponsoring all manner of social initiatives.

Dura Vermeer subscribes to the viewpoint that proper and responsible business is a condition for building trust and thus for the future of the company. Although not required by law, we adhere to the Dutch Corporate Governance Code. We do everything in our power to ensure that our employees conduct themselves with integrity and in a socially responsible manner. To this end, we have adopted an integrity policy and code of conduct.

We had an average of 2,478 employees (FTEs) in 2013 in comparison with 2,646 in 2012. There was a decrease in the number of employees as a result of organisational measures to keep pace with the changed market circumstances. In mid-2013, 40 employees were transferred from a specialised firm to bolster our rail activities. The board of directors and supervisory board advocate diversity. There are no women in the management or supervisory board at present. Dura Vermeer has no policy on a minimum male/female ratio for the board of directors and supervisory board.
In the future appointment of members of the board of directors and supervisory board, Dura Vermeer will consider the added value of each person in comparison to the others, with diversity being one of the considerations.

The supervisory board determines the remuneration of the board of directors within the limits of the remuneration policy adopted by the Annual General Meeting (AGM). The remuneration of the board of directors comprises a fixed annual salary plus variable remuneration which is dependent on the company's overall performance and the achievement of individual targets. The remuneration of the supervisory board is fixed and independent of the company's performance; it is also adopted by the Annual General Meeting (AGM).

Financial results

- Net loss of €5.5 resulting from non-recurring costs amounting to €8.6 million for restructuring measures and downward adjustments to the value of land;
- Slight increase in operating income to €1,033 million;
- Decrease in construction work in progress to €1,433 million;
- Increase in solvency from 27.7% to 28.6%;
- Unchanged good funding position at a positive €66.1 million.

Operating income

In spite of continuing stagnation in the construction industry, the company turned over slightly more in 2013 than in 2012. Construction and Property saw a €47 million decline in turnover, particularly in the residential construction segment, while turnover on Underground infra and Rail was up in the Infra division.
The operating income can be presented by activity as follows:

In millions of euros	2013	2012
Residential construction	287	336
Non-residential construction	215	213
Infrastructure	507	452
Advice and Services and Other	24	23
	1,033	**1,024**

The operating income was generated almost entirely in the Netherlands.

There was a further decrease in the order book as a number of large infrastructure projects were completed without any contracts of a similar magnitude to replace them. On the other hand, there was an increase in work in progress in Construction and Property.

The management believes that the estimates and assumptions for the valuation of construction work in progress and land inventories have the most significant effect on the presentation of the company's financial position.

EBIT before non-recurring income and expenses

The profit on ordinary activities before non-recurring expenses was under pressure and decreased from €11.4 million in 2012 to €3.8 million in 2013. The main causes were the continuing pressure on prices in the Infra division and at Advin consulting and engineers and several projects running at a loss.

The EBIT margin can be presented by activity as follows:

In millions of euros	2013	2012
Construction and Property	5.5	4.8
Infra	10.9	15.5
Advice and Services	-3.1	-0.6
Other	-9.5	-8.3
	3.8	**11.4**

Non-recurring income and expenses

The declining order book and poor price level necessitated further cuts in staff in areas where that was possible without putting the primary processes at risk. This led to the recognition of a €8 million provision for restructuring expenses. In addition, the value of the land inventories was reviewed and further written down. Total non-recurring expenses amounted to €11.3 million before taxes, which is virtually the same as in 2012.

Profit (loss) after taxes

A €5.5 million loss was recorded in 2013 in comparison with a €3.3 million profit in 2012.
The item can be specified as follows:

In millions of euros	2013	2012
EBITDA	13.7	23.5
Depreciation and amortisation	-9.9	-12.1
EBIT	3.8	11.4
Net interest income	-0.1	3.3
Non-recurring expenses	-11.3	-11.8
Income taxes	2.1	0.4
Profit (loss) after taxes	**-5.5**	**3.3**

Tax expenses are calculated on recognised profits while taking account of movements in the provision for deferred tax liabilities, untaxable or non-deductible amounts and other tax facilities. The applicable tax rate is 25%. The tax group recorded a loss for 2013. A small part of that can be set off against the taxable profit for 2012 but most of the loss can only be set off against future profits. As the expected reversal of the deferred tax liability in the coming years should be sufficient to cover the rest of the tax loss, a receivable has been recognised in the financial fixed assets for this expected tax income.

Balance sheet, investments, net cash flow and assets

Total assets decreased from €483.8 million at year-end 2012 to €442.5 million at year-end 2013. This decrease is attributable in full to the accounts receivable, prepayments and accrued income. The fixed assets, land inventories and cash at bank and in hand remained virtually unchanged. As a result, there was a net cash inflow from operating activities in spite of the loss for the year.
Investments remained limited to equipment replacements and the cost of fitting out the new office building in Rotterdam.
The net cash outflow from financing activities results from the regular amortisation of the long-term loan for public-private partnership contract N-31, the dividend paid for 2012 and the repurchase of 3,845 shares for €1.3 million.

By accounting for the loss for 2013 in equity, this came to €126.7 million or 28.6% solvency on the total assets compared with 27.7% at year-end 2012.
Because of the loss for the year, it was proposed to pay out a total of €0.2 million to the shareholders from the general reserves rather than paying a dividend.

Refinancing agreement

A refinancing agreement was concluded with the banks on 13 March 2014 for a period of three years with two one year extensions. The agreement includes the following elements:

- a committed current account facility of €50 million;
- a guarantee facility of €150 million;
- a medium-term loan of €13.5 million.

A first right of mortgage on the buildings and land and an assignment of debtors have been furnished as surety to the banking syndicate. The company will use the medium-term loan for a share buyback. The loan will be repaid in ten equal six-monthly instalments with the option of additional repayments. As long as the medium-term loan has not been repaid, the annually distributable dividends will be capped to €0.5 million. In addition, the bank facilities are subject to ratios for solvency, leverage and interest coverage.

Financial instruments

From top to bottom in the company, general and specific control procedures are implemented to focus vigilantly on identifying, monitoring and controlling risks which could have a negative impact on the company's objectives, earnings and reputation.
In controlling financial risks, an assessment is made of the extent to which financial instruments can be used to further reduce these risks.

This assessment has led to the following conclusions:

- The company holds no forward exchange contracts or currency options, does not buy or sell these financial derivatives and has procedures and guidelines to minimise the credit risk in relation to each counterparty and market. Should a counterparty default on payments due to the company, any consequent losses are limited to the fair market value of the relevant instruments.

- The value of the group's bitumen hedge as at the balance sheet date is a negative €0.1 million. The hedge was placed on the cost of planned production. The hedge has a term until the third quarter of 2015 and a volume of 6,000 megatons as at the balance sheet date.
- The trade debtors show no significant concentration of receivables in any particular market sector(s). In addition, part of the trade receivables are concentrated in the public sector (national, regional and local government).
- The company is exposed to risk associated with future cash flows in relation to amounts receivable and payable with floating interest rates and to fair value risk in relation to loans with fixed interest rates. The company has not taken out any derivative interest rate instruments to limit the variability of the loans with a floating interest rate. This is because of the residual low risk on balance.
- The company monitors its liquidity position with short and long term cash flow forecasts. The management ensures that the company at all times has sufficient liquidity to meet its payment obligations with sufficient funding under the available facilities to remain in compliance with the existing financing covenant.

Outlook

While there are positive signs of recovery in the market, we still see 2014 as a transitional year. Partly because no drastic reorganisations are necessary given the present outlook, expectations are that we will record a lower level of operating income yet a higher overall profit. We do expect a slight drop in the number of employees, however.
The investments in property, plant and equipment are limited to replacements.
The net cash flow will largely depend on the degree to which temporary use is made of the available funds to develop and sell a number of property projects.

Rotterdam, 26 March 2014

Board of directors
J. Dura, Chairman
R.P.C. Dielwart
B. A. Post
K.W. Talsma

FINANCIAL STATEMENTS 2013

CONSOLIDATED BALANCE SHEET

(before result appropriation) (EUR x 1,000)	(note)	31/12/2013		31/12/2012*	
Fixed assets					
Intangible fixed assets	(1)	2,815		3,650	
Property, plant and equipment	(2)	52,451		51,804	
Financial fixed assets	(3)	23,132		23,816	
			78,398		**79,270**
Current assets					
Inventories	(4)	91,841		91,597	
Work in progress	(5)	-		-	
Accounts receivable, prepayments and accrued income	(6)	175,189		215,733	
Cash at bank and in hand	(7)	97,108		97,249	
		364,138		404,579	
Current liabilities	(8)	295,907		327,262	
Balance of current assets less current liabilities			**68,231**		**77,317**
Balance of assets less current liabilities			**146,629**		**156,587**
Long-term debts	(9)		**4,216**		**4,945**
Provisions	(10)		**15,729**		**17,214**
Group equity	(11)		**126,684**		**134,428**
			146,629		**156,587**

* adjusted for comparative purposes

CONSOLIDATED PROFIT AND LOSS ACCOUNT

(EUR x 1,000)	(note)	2013		2013	
Operating income	(12)		**1,033,300**		**1,023,973**
Operating expenses					
Cost of contracted work and other external costs		845,471		819,793	
Wages and salaries		151,188		154,618	
Social security and pension charges	(13)	36,815		39,040	
Amortisation of intangible fixed assets		835		2,065	
Depreciation of property, plant and equipment		9,074		9,993	
Other operating expenses		218		693	
			1,043,601		**1,026,202**
Operating profit (loss)			**-10,301**		**-2,229**
Net finance income and expense					
Interest receivable and similar income		1,464		5,232	
Interest payable and similar expenses		-1,587		-1,946	
Profit from equity interests		2,821		1,855	
			2,698		**5,141**
Profit (loss) before taxes			**-7,603**		**2,912**
Income taxes	(14)		2,109		420
Profit (loss) after tax			**-5,494**		**3,332**
Further specification	(15)				
Profit (loss) on ordinary activities after taxes			3,135		11,113
Net non-recurring income (expenses) after taxes			-8,629		-7,781
			-5,494		**3,332**

The consolidated statement of comprehensive income is not published as there are no differences between it and the above consolidated profit and loss account.

CONSOLIDATED CASH FLOW STATEMENT

(EUR x 1,000)		2013		2012*
Cash flow from (used in) operating activities				
Profit (loss) after tax		-5,494		3,332
Depreciation and amortisation		9,909		12,058
Change in provisions		-1,485		599
Change in working capital				
- Change in inventories	-244		-4,207	
- Change in work in progress	-21,409		-25,688	
- Change in receivables	40,544		5,928	
- Change in current liabilities	-6,714		-32,949	
		12,177		-56,916
Cash flow from (used in) operating activities		**15,107**		**-40,927**
Cash flow from (used in) investing activities				
Change in financial fixed assets	684		-6,127	
Payments for acquisitions	-		-5,715	
Investments in property, plant and equipment	-13,166		-10,457	
Proceeds from sale of property, plant and equipment	3,445		2,867	
Cash flow from (used in) investing activities		**-9,037**		**-19,432**
Cash flow from (used in) financing activities				
Change in long-term debts (including current portion)	-615		-615	
Dividends paid	-1,000		-4,000	
Repurchase of own shares	-1,250		-	
Cash flows from (used in) financing activities		**-2,865**		**-4,615**
Net cash flow in 2013 and 2012		**3,205**		**-64,974**

The cash flow statement is prepared using the indirect method. The net cash flow in this statement comprises the movements in cash at bank and in hand less current liabilities to banks. The item can be specified as follows:

Change in cash at bank and in hand	-141	-51,106
Change in current liabilities to banks	3,346	-13,868
	3,205	**-64,974**

* adjusted for comparative purposes

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(EUR x 1,000)

General

Financial reporting period

These financial statements have been prepared for a reporting period of one calendar year.

Basis of preparation

The financial statements have been prepared in accordance with the provisions of Part 9, Book 2 of the Netherlands Civil Code on a going concern basis.
The principles applied in respect of the valuation of assets and liabilities and determination of the profit (loss) are based on historical cost.

Application of Section 402, Book 2, of the Netherlands Civil Code

The company's financial information is included in the consolidated financial statements. Consequently, in accordance with Section 402, Book 2, of the Netherlands Civil Code, the company profit and loss account exclusively states the share in the profit (loss) after taxation of companies in which equity interests are held and the other profit/loss after taxation.

Consolidation

The consolidated financial statements include the financial information of the company and its group companies and other legal entities over which that company can exercise control or which are under its centralised management. Group companies are entities in which the company holds a majority interest or exercises substantial influence over the financial and operating policy in some other way. In assessing significant influence, the company takes into consideration financial instruments with potential voting rights that currently are exercisable.
Entities in which the company holds a 50% interest and other joint ventures are accounted for using proportionate consolidation. Intercompany transactions are eliminated in preparing the consolidated financial statements.

Investments in entities over which the company exercises substantial influence are consolidated from the date significant influence commences until the date that significant influence ceases.
The financial information of companies in which Dura Vermeer Groep NV holds a direct or indirect interest, provided they do not qualify as group companies, joint ventures or other entities over which substantial influence or central management can be exercised, is accounted for as an equity interest.
Mutual debts, accounts receivable and transactions, as well as profits made within the group have been eliminated in the consolidated financial statements. The group companies are integrally consolidated, while the minority interests of third parties are stated separately.

Significant accounting policies

General

Unless indicated otherwise, assets and liabilities are stated at nominal value.
Assets are recognised when it is probable that the future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. Liabilities are recognised when it is probable that the settlement of the liability will result in an outflow of economic benefit from the company and the amount of the item can be measured reliably.

Gains are recognised in profit or loss upon an increase in economic potential in conjunction with an increase in an asset or a decrease in a liability which can be measured reliably. Losses are recognised in profit or loss upon a decrease in economic potential in conjunction with a decrease in an asset or an increase in a liability which can be measured reliably.
An asset or liability is derecognised when a transaction results in the transfer of all or substantially all future economic benefits and all or substantially all risks relating to an assets or a liability to a third party. An asset or liability is also derecognised when the economic benefits are no longer probable or its value is no longer reliably measurable.

Revenue and expenses are recognised as earned and incurred. Revenue is recognised when all significant risks and rewards of ownership have been transferred to the buyer.

The financial statements are presented in euros, the company’s functional currency. All financial information in euros is rounded to the nearest thousand.

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

The management believes the following accounting policies have the most significant effect on the presentation of the company's financial position and required estimates and assumptions:

- Valuation of construction work in progress
- Valuation of land inventories

Financial instruments

Financial instruments comprise investments in shares and bonds, trade and other receivables, cash, loans and other financial obligations, derivative financial instruments (derivatives) and trade and other payables. The following categories of financial instruments are included in the financial statements: loans and other receivables, other financial liabilities and derivatives.
Financial instruments also include embedded derivative financial instruments (derivatives). Embedded derivatives are separated from the host contract and accounted for separately if the economic characteristics and risks of the host contract and the embedded derivative are not closely related, a

separate instrument with the same terms as the embedded derivative would meet the definition of a derivative, and the combined instrument is not measured at fair value through profit or loss.
Derivatives are recognised initially at fair value including the premium or discount and any attributable transaction costs. If financial instruments are subsequently measured at fair value with changes in fair value recognised through profit or loss, then any directly attributable transaction costs are recognised immediately in profit or loss.
Embedded financial instruments which are not separated from the host contract are recognised in accordance with the host contract.
Subsequent to initial recognition, financial instruments are measured in the manner described below.

Loans and other receivables
Loans and other receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Financial liabilities
Financial liabilities are measured at amortised cost using the effective interest method.

Derivative financial instruments
Derivatives are recognised initially at fair value.
Subsequent to initial recognition, derivatives are measured at the lower of cost and fair value unless hedge accounting is applied under a cost price hedge accounting model.

Hedge accounting for derivative instruments measured at cost
If cost price hedge accounting is applied, the value of the instrument is not remeasured as long as the derivative instrument relates to hedged transactions that have not yet occurred. The gain or loss associated with the derivative instrument is recognised in profit or loss as soon as the expected transaction affects profit or loss. When the hedged item is a non-financial asset or liability, the cost of this asset is adjusted by the cumulative results of the hedge.
If forward exchange contracts are used to hedge monetary assets and liabilities denominated in foreign currencies, cost price hedge accounting is applied to ensure that the gains or losses arising from the translation of the monetary items recognised in profit or loss are offset by the changes in the value of forward exchange contracts arising from the difference between the spot rate at inception and spot rates as at the reporting date. The difference between the spot rate agreed at the inception of the forward exchange contract and the forward rate is amortised over the term of the contract through profit or loss.
If a derivative instrument expires or is sold, the cumulative gain or loss that has not yet been recognised through profit or loss is recognised as a deferred item in the balance sheet until the forecast transaction affects profit or loss. If the transactions are no longer expected to occur, the cumulative gain or loss is transferred to profit or loss. If the derivative instrument no longer meets the criteria for hedge accounting, but the financial instrument is not sold, then hedge accounting is also discontinued. The financial instrument is subsequently measured at the lower of cost and fair value.

Conditions for hedge accounting
The company documents the hedging relationships and periodically tests their effectiveness by assessing whether the hedges are effective and that there is no overhedging. The effectiveness test involves

comparing the critical characteristics of the hedging instrument to those of the hedged item. If the item is overhedged, the lower of the overhedge's cost and fair value is recognised immediately in profit or loss.

Impairment of financial assets

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably. Objective evidence that financial assets are impaired can include default or delinquency by a debtor, restructuring of an amount due to the company on terms that the company would not consider otherwise and indications that a debtor will enter insolvency.

The company considers evidence of impairment for receivables measured at amortised cost at both a specific asset and collective level. All individually significant receivables are assessed for specific impairment. All individually significant receivables and investments found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Receivables that are not individually significant are collectively assessed for impairment by grouping together receivables with similar risk characteristics.

In assessing collective impairment the company uses historical trends of the probability of default, timing of recoveries and the amount of loss incurred, adjusted for management's judgement as to whether current economic and credit conditions are such that the actual losses are likely to be greater or less than suggested by historical trends.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate.

Losses are recognised in profit or loss. Interest on the impaired asset continues to be recognised through the unwinding of the discount.

When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Accounting policies for the consolidated balance sheet

Intangible fixed assets

Goodwill is the positive difference between the actual cost of the equity interest and the group's interest in the net fair value of the identifiable assets acquired and the 'contingent' liabilities assumed from the acquiree, less accumulated amortisation and impairment losses. Capitalised goodwill is written down on a straight-line basis over the estimated useful life of the asset, which is set to five years.

Property, plant and equipment

Items of property, plant and equipment are measured at cost less accumulated depreciation, based on the estimated useful life of the asset, or at their lower value in use. Annual depreciation on part of the plant and equipment is taken as a percentage of the asset's carrying amount, where the estimated useful life of the asset is set to an average of eight years. The other assets are written down on the basis of a fixed percentage of their cost based on an estimated useful life of 33 years maximum for buildings and 3 to 10 years for other fixed operating assets. The cost of major repairs is recognised immediately in the financial year in which the repairs take place unless the useful life of the asset is obviously extended in the process. In that case, the costs are recognised and written down in proportion to the asset's remaining useful life.

Financial fixed assets

The investments below are measured in proportion to their net asset value according to the latest known financial statements. Net asset value is calculated according to the company’s accounting policies. If the entity's equity is negative, the investment is stated at nil and the share of its negative equity deducted from the amounts receivable from the entity or a provision is formed (if necessary).
Entities where no significant influence is exercised are measured at the lower of cost permanently lower value in use.
The accounting policies for other financial fixed assets are included under the heading ‘Financial instruments’.
Dividends are accounted for in the period in which they are payable. Interest income is recognised as it accrues, using the effective interest method. Any gain or loss is recognised under financial income or expenses.

Impairment losses

Items of property, plant and equipment and intangible assets are assessed at each reporting date to determine whether there is objective evidence of impairment. If any such indication exists, the asset's recoverable amount is estimated. The recoverable amount is the greater of its value in use and its fair value less costs to sell. If the recoverable amount of an individual asset cannot be estimated, the recoverable amount is determined based on the cash-generating unit (CGU) to which the asset belongs.
An impairment loss is recognised if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses recognised in respect of a CGU are allocated first to reduce the carrying amount of any goodwill allocated to the unit, and then to reduce the carrying amounts of the other assets in the unit on a pro rata basis.
Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. If any such indication exists, then the asset's or CGU's recoverable amount is estimated.
An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset’s (or CGU's) carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.
An impairment loss in respect of goodwill is not reversed in a subsequent period unless the impairment was caused by a specific external event of an extraordinary nature which is not expected to re-occur and successive external events have occurred that reverse the difference.

Disposal of fixed assets

Assets available for sale are measured at the lower of their carrying amount and net realisable value.

Inventories

Inventories of land not yet in production and inventories of raw materials and consumables are measured at the lower of cost and fair value as at the reporting date. Inventories of finished projects are measured at the lower of direct costs incurred, including an appropriate share of production overheads, and fair value. No interest is included in inventories. Land is acquired for development as construction sites in the near future. Under the present market conditions, there is a risk that the estimated net realisable value of the land is lower than its carrying amount. This risk is partly reduced in that the company does not account for interest in the value of the inventories. Just as in 2012, the land inventories were analysed in 2013 on the basis of current expectations for their development potential, development periods and price level.

Work in progress

Work in progress for customers is measured at the direct cost incurred including an appropriate share of production overheads. Production overheads are taken to mean costs which are not directly allocable such as for indirect personnel, accommodation and other general expenses. Work in progress is measured at cost plus profit recognised to date. If a project is expected to be completed at a loss, a provision is recognised for the total expected loss and deducted from the cost. The progress billings relating to the construction work in progress are also deducted from this balance. If progress billings exceed costs incurred plus recognised profits, then the difference is presented under current liabilities.
Projects under own development are measured at cost including a proportionate part of the expected profit if the projects have been sold to third parties, less recognised losses and development risks. Interest expenses are not included in construction work in progress.

Receivables

The accounting policies for receivables are described under the heading ‘Financial instruments’.

Current liabilities and long-term debts

The accounting policies for current liabilities and long-term debts are described under the heading ‘Financial instruments’.

Provisions

Provisions are measured at the nominal value of the expenses expected to be incurred in settling the liabilities and losses.
If it is probably that any of the expenses expected to be incurred to settle the provision will be reimbursed by a third party, the reimbursement is presented as a separate asset.
A provision is recognised if:

- as a result of a past event, the company has a present legal or constructive obligation;
- that can be estimated reliably;
- and it is probable that an outflow of economic benefits will be required to settle the obligation.

Deferred tax liabilities

A provision for deferred tax liabilities is recognised in respect of negative temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.
The provision for deferred tax liabilities is measured at the corporation tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Any deferred tax assets recognised for unused tax losses are deducted from the provision. The provision for deferred tax in the company balance sheet also contains the deferred tax liabilities of the consolidated entities included in Dura Vermeer Groep NV's tax group.

Warranties

A provision for warranties is recognised when the underlying projects are sold. Additions are made to the provision in relation to the turnover on the projects completed in the financial year. Cost related to warranties are charged against the provision. The level of the provision is regularly reviewed on the basis of the estimated risks.

Pensions

The majority of employees have a pension scheme through the industry-wide pension fund for the construction sector. This is a defined benefit scheme based on average wages during an employee's working career.
In the event that the above industry-wide pension fund has a deficit, the company has no obligation to make additional payments other than future contribution increases. As at the balance sheet date, the pension fund had a funding level (fair value of plan assets expressed as a ratio of the defined benefit obligation according to the accounting policies of the Dutch central bank) of 111.6%. In principle, the pension cost for the reporting period should be the same as the pension contributions payable to the pension fund for the same period. A liability is recorded if these contributions have not yet been paid by the end of the reporting period. If the contributions paid by the end of the reporting period exceed contributions due, prepaid expenses are recognised if the fund is required to repay this amount or offset this amount against contributions payable in the future.

Early retirement

The industry has an early retirement scheme (retirement at the age of 62) for the category of employees who were older than 55 on 1 January 2005 where pension accrual continues until reaching the age of 65 and where the costs are divided among the participating companies. A provision has been recognised in the financial statements for the remaining employer's share of the pension contribution for the category of employees qualifying for this scheme and who actually retire between the age of 62 and 65.

Restructuring provision

A provision for restructuring is recognised when the company has approved a detailed and formal restructuring plan and, at least by the date of the financial statements, has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.
A restructuring provisions includes the direct expenditures arising from the restructuring, which are those

that are both necessarily entailed by the restructuring not associated with the ongoing activities of the entity.

Other deferred remuneration

The provision for jubilee benefits reflects the present value of payments to employees for jubilees and other related costs. In computing the provision, account is taken of future increases in salaries and the probability that the employee may not complete the necessary period of service.

Equity

Financial instruments designated as equity instruments on the basis of their substance are presented under equity. Payments to holders of these instruments are deducted from equity after having first deducted any related income tax gain.
Financial instruments designated as financial liabilities on the basis of their substance are presented as liabilities. Interest, dividends, gains and losses associated with these financial instruments are recognised in profit or loss as expenses or revenue.

Principles for the determination of profit or loss

General

Revenue and expenses are recognised as earned and incurred.

Operating income

Operating income consists of the proceeds from production. This is the balance of income from projects completed and delivered to third parties (contract revenue) during the financial year net of the change in inventories of finished projects and work in progress.
Contract revenue is measured at the fair value of the consideration received or receivable. Contract revenue is recognised in profit or loss when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs can be estimated reliably and there is no continuing management involvement.

Revenue recognition

When the outcome of a construction contract can be estimated reliably, contract revenue and contract costs associated with the construction contract are recognised as revenue and expenses respectively (as part of the change in construction work in progress) by reference to the stage of completion of the contract. An expected loss on the construction contract is recognised by creating a provision for the total expected loss.

Cost of contracted work and other external costs

This is the total cost of goods and services that can be allocated to the operating income.

Leasing

The company may enter into finance and operating leases. A lease is classified as a finance lease if it transfers all or substantially all the risks and rewards incidental to ownership to the lessee. All other leases are classified as operating leases. Whether a lease is a finance lease or an operating lease depends on the substance of the transaction rather than the form of the contract.

Finance leases

If the company qualifies as a lessee in a financial lease, upon initial recognition the leased asset (and related obligation) is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Both values are determined at the inception of the lease. The discount rate to be used in calculating the present value of the minimum lease payments is the interest rate implicit in the lease. If this is not practicable to determine, the lessee's incremental borrowing rate is used. Any initial direct costs of the lessee are added to the amount initially recognised as an asset.
Subsequent to initial recognition, the asset is accounted for as described under the heading 'Property, plant and equipment'. If there is no reasonable certainty that the company will obtain ownership by the end of the lease term, the asset is fully depreciated over the shorter of the lease term and its useful life.
The minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability in relation to the finance lease. Contingent rents are charged as expenses in the periods in which they are incurred.

Operating leases

If the company is the lessee in an operating lease, the leased asset is not recognised. Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease.

Profit from equity interests

The share in the profit of equity interest comprises the share of the group in the profits of these entities. Unrealised gains and losses resulting from transactions in assets and liabilities with and between non-consolidated equity interests are eliminated. The profit from equity interests acquired or sold during the financial year are stated in group profit or loss from the date of acquisition or until the date of sale, respectively.

Income taxes

Income tax expense comprises current tax payable and receivable and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity. Corporation tax is calculated on the commercial profit, making use of any tax facilities and non-deductible expenses.
Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.
Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.
A deferred tax asset is recognised for temporary differences only to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed

at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Determination of fair value

The fair value is the amount for which an asset could be traded or a liability settled between knowledgeable and willing parties in an arm's-length transaction.

- The fair value of listed financial Instruments is measured based on the bid price.
- The fair value of non-listed financial instruments is measured based on their expected future cash flows, calculated using a discount rate that reflects the risk-free market interest rate applicable to the residual term of the instrument plus credit and liquidity risk premiums.
- The fair value of derivatives where collateral is exchanged is determined by discounting the cash flows using the swap curve (Eonia) because the credit and liquidity risk is mitigated by the exchange of collateral.
- The fair value of derivatives where no collateral is exchanged is determined by discounting the cash flows using the relevant swap curve plus credit and liquidity risk premiums.

NOTES TO THE CONSOLIDATED BALANCE SHEET

(EUR x 1.000)

(1) Intangible fixed assets

	Goodwill
As at 1 January 2013	
At cost	5,715
Cumulative amortisation	-2,065
Carrying amount	**3,650**
Movements:	
Additions	–
Disposals	–
Amortisation	-835
Total change	**-835**
As at 31 December 2013	
At cost	5,715
Cumulative amortisation	-2,900
Carrying amount	**2,815**

(2) Property, plant and equipment

	Company buildings and land	Plant and equipment	Other fixed assets	Total
As at 1 January 2013				
At cost	37,257	65,023	37,551	139,831
Cumulative depreciation	-13,970	-49,685	-24,372	-88,027
Carrying amount	**23,287**	**15,338**	**13,179**	**51,804**
Movements:				
Additions	36	3,041	10,089	13,166
Disposals	-	-2,330	-1,115	-3,445
Depreciation	-758	-3,359	-4,957	-9,074
Total change	**-722**	**-2,648**	**4,017**	**647**
As at 31 December 2013				
At cost	37,234	58,499	39,723	135,456
Cumulative depreciation	-14,669	-45,809	-22,527	-83,005
Carrying amount	**22,565**	**12,690**	**17,196**	**52,451**

(3) Financial fixed assets

	31/12/2013	31/12/2012*
Non-consolidated equity interests	8,986	8,799
Deferred tax assets	2,356	-
Public-private partnership receivables	7,173	5,734
Other receivables	4,617	9,283
	23,132	**23,816**

Movements in financial fixed assets can be presented as follows:

	Equity interests	Deferred tax asset	Public-private partnership receivables	Other receivables	Total
As at 1 January *	8,799	-	5,734	9,283	23,816
Share in profits	2,821	-	-	-	2,821
Dividend received	-1,744	-	-	-	-1,744
Additions	1	-	-	-	1
Deconsolidations	147	-	-	630	777
Disposals	-1,001	-	-	-	-1,001
Redemptions	-	-	-479	-7,480	-7,959
New loans	-	-	2,211	2,386	4,597
Tax asset	-	2,356	-	-	2,356
Other movements	-37	-	-293	-202	-532
As at 31 December	**8,986**	**2,356**	**7,173**	**4,617**	**23,132**

* adjusted for comparative purposes

In accordance with the relevant statutory provisions, a list of consolidated and non-consolidated equity interests along with the main building consortiums and other business combinations is filed with the Haaglanden Commercial Register for inspection.

(4) Inventories

	31/12/2013	31/12/2012
Land	86,047	86,112
Raw materials and consumables	3,179	3,589
Finished projects	2,615	1,896
	91,841	**91,597**

A provision for a total of €11.8 million was recognised for the land as at year-end 2013 (2012: €9.0 million).

(5) Work in progress

		31/12/2013	31/12/2012
Direct cost plus an appropriate share of production overheads and profit recognised to date less recognised losses		1,189,020	1,021,959
Less: Progress billings		1,204,291	1,058,639
		-15,271	**-36,680**
Recognised under current liabilities	(8)	15,271	36,680
Balance		-	-

	31/12/2013	31/12/2012
The balance of costs less progress billings can be presented as follows:		
- Projects for third parties including public-private partnership contracts	-40,382	-49,808
- Projects under own development	25,111	13,128
	-15,271	**-36,680**

The balance of work in progress at year-end 2013 breaks down into €178.9 million (2012: €86.0 million) in projects with a positive balance and €194.2 million (2012: €122.7 million) in projects with a negative balance.

Work in progress amounts as at 31 December 2013 to €1,433 million (2012: €1,579 million).

(6) Accounts receivable, prepayments and accrued income

	31/12/2013	31/12/2012
Trade receivables	99,225	117,132
Amounts owed by non-consolidated entities	2,244	1,487
Tax and social security contributions	1,304	5,645
Contract amounts yet to be invoiced	32,098	32,248
Amounts owed by building consortiums	21,555	35,832
Other accounts receivable, prepayments and accrued income	18,763	23,389
	175,189	**215,733**

All accounts receivable and prepayments fall due within one year.

(7) Cash at bank and in hand

Cash at bank and in hand includes deposits which are not at the full disposal of the company. These concern consortium work amounting to €48.9 million (2012: €61.3 million) and guarantee accounts amounting to € 4.2 million (2012: €2.4 million).

(8) Current liabilities

	31/12/2013	31/12/2012
Current portion of long-term debt	747	633
Banks	26,074	29,420
Construction work in progress	15,271	36,680
Suppliers and trade payables	122,360	131,163
Accounts payable to non-consolidated equity interests	588	508
Tax and social security contributions	25,702	26,197
Contract invoices yet to be received	54,575	48,665
Other debts, accruals and deferred income	50,590	53,996
	295,907	**327,262**

As at the balance sheet date, Dura Vermeer Groep NV has a syndicated bank facility from two banks. This comprises a current account facility for a total of €35 million and a guarantee facility for €150 million. As collateral, the banking syndicate has been furnished with a first mortgage on buildings and land for €32 million. No use had been made of the above current account facility as at year-end 2013. Dura Vermeer Groep NV increased this facility as at 13 March 2014. The current account facility is committed and will be increased to €50 million. A committed term loan for €13.5 million will be raised as well. The existing collateral will be continued and additional collateral will be furnished by pledging largely trade receivables. The new banking syndicate is made up of three banks.
The bank facilities are conditional to solvency, leverage and interest coverage ratios.
In connection with renewing the bank facility, the company has received a waiver for the mandatory testing of the ratios as at the balance sheet date.

In addition, there are also two guarantee facilities as at year-end 2013 from two guarantee companies for a total of €120 million (2012: €145 million).

The liabilities to banks concern project financing for specific projects, largely as part of joint ventures where the financing matures on the date when the project is sold. The interest rate is based on the 1-month Euribor plus a margin of between 1.0% and 2.5%.

All current liabilities fall due within one year.

(9) Long-term debts

	31/12/2013	31/12/2012
Loans	**4,216**	**4,945**

The loans concern the share of Dura Vermeer Groep NV in the external financing of Wâldwei.com BV for the construction of the N31. The loans have a remaining term of eight years. The annual principal payment is €0.7 million. Interest is based on the 3-month EURIBOR with a 0.85% margin for the remaining term.

(10) Provisions

	01/01/2013	Addition	Utilisation	Release	31/12/2013
Deferred tax liabilities	2,646	780	-	-	3,426
Warranties	9,097	2,820	-3,776	-1,184	6,957
Employee benefits	5,471	305	-416	-14	5,346
	17,214	**3,905**	**-4,192**	**-1,198**	**15,729**

The provisions can largely be considered as long-term in nature.

Provision for deferred tax liability

The provision for deferred tax liabilities relates to temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes to the extent that these differences will be taken into account in future taxation.

Warranty provision

A provision for warranties is recognised when the underlying projects are sold.

Employee benefits

This provision is designated for jubilee benefits and for the employer's contributions to the early retirement scheme.
In computing the provision for jubilee benefits, account is taken of a 2.0% increase in future salaries (2012: 2.0%). The discount rate is 2.8% (1 January 2013: 2.9%).

(11) Group equity

For information on this item, please refer to the notes to the company balance sheet.

Financial instruments

General

As part of its ordinary activities, Dura Vermeer Groep NV makes use of a range of financial instruments that expose the company to various market and credit risks. These financial instruments are recognised in the balance sheet. The company holds no forward exchange contracts or currency options, does not buy or sell these financial derivatives and has procedures and guidelines to minimise the credit risk in relation to each counterparty and market. Should a counterparty default on payments due to the company, any consequent losses are limited to the market value of the relevant instruments.

Credit risk

The company is exposed to credit risks on loans and other receivables recognised under financial fixed assets, trade and other receivables and cash at bank and in hand.
The company's exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the company's customer base, including the default risk of the industry in which customers operate, as this factor may have an influence on credit risk, particularly in the currently deteriorating economic circumstances.
The management has established a credit policy under which each new customer is analysed individually for creditworthiness before the group's standard payment and delivery terms and conditions are offered. The group's review includes external ratings, when available, and in some cases bank references.

The trade debtors show no significant concentration of receivables in any particular market sector(s). In addition, part of the trade receivables are concentrated in the public sector (national, regional and local government).

Interest rate risk and cash flow risk

The company is exposed to interest rate risk on interest-bearing receivables and debts. The company is exposed to risk associated with future cash flows in relation to amounts receivable and payable with floating interest rates and to fair value risk in relation to loans with fixed interest rates. The company has not taken out any derivative interest rate instruments to limit the variability of the loans with a floating interest rate.

Liquidity risk

The company monitors its liquidity position with successive cash flow forecasts. The management ensures that the company at all times has sufficient liquidity to meet its payment obligations with sufficient funding under the available facilities to remain in compliance with the existing financing covenant.

Fair value

The fair value of most of the financial instruments shown in the balance sheet, including receivables, cash at bank and in hand and debts, approximates their carrying amount.
As at the balance sheet date, the group's bitumen hedge had a negative fair value of €0.1 million. It was placed to hedge part of the cost of planned production during the term of the hedge. The hedge has a term until the third quarter of 2015 and a volume of 6,000 megatons as at the balance sheet date.

Off-balance sheet assets and liabilities

As at year-end 2013, the group furnished customers with guarantees up to €189.5 million via banks and guarantee companies (year-end 2012: €184.8 million). The group is jointly and severally liable for all debts of the partnership firms (project consortiums) in which it takes part. Such liabilities are accounted for in the financial statements only if the financial position of the consortium or of one or more partnership firms so dictates.

The group rents land and buildings. The annual rent amounts to about €6.1 million, €2.2 million of which has a term of more than ten years and €3.2 million a term of between five and ten years. The operating lease payments due in 2014 total about €9.1 million (2013: about €9.7 million). The leases have an average remaining term of 2.5 years.

As at year-end 2013, the group had commitments to purchase land up to an amount of €8.2 million (2012: €18.3 million).

Most of the consolidated equity interests are part of Dura Vermeer Groep NV 's tax group for the purposes of corporation tax and VAT and are therefore jointly and severally liable for any tax payable by the companies in the tax group.

NOTES TO THE CONSOLIDATED PROFIT AND LOSS ACCOUNT

(12) Operating income

	2013	2012
Contract revenue	865,520	1,198,548
Change in inventory of finished projects and construction work in progress	167,780	-174,575
	1,033,300	**1,023,973**

The operating income is generated entirely in the Netherlands. It can be presented by activity as follows:

(x € 1 million)

	2013	2012
Residential construction	287	336
Non-residential construction	215	213
Infrastructure	507	452
Advice	21	21
Other	3	2
	1,033	**1,024**

(13) Social security contributions and pension charges

The item can be specified a follows:

	2013	2012
Social security contributions	22,553	23,821
Pension cost	14,262	15,219
	36,815	**39,040**

The average number of employees in 2013 amounted to 2,478 (2012: 2,646), which can be presented as follows:

	2013	2012
- Construction site workers	796	932
- Supervisors, technical and administrative staff	1,682	1,714
	2,478	**2,646**

(14) Income taxes

Taxes are calculated on recognised profits while taking account of movements in the provision for deferred tax liabilities, untaxable or non-deductible amounts and other tax facilities. The applicable rate is 25% The expected result of the tax group for 2013 was negative on balance. Most of the tax income (€2.4 million) relates to the recognition of a deferred tax asset in so far as it is probable that this income can be realised in future years. The untaxed profits of the equity interests and non-deductible expenses were taken into account in determining this income.

The deferred tax asset has been recognised under the financial fixed assets (see note 3).

Main components of the tax expense:

	2013	2012
Current tax (income), tax group	2,558	697
Current tax expense, non-tax group	-449	-277
	2,109	**420**

(15) Further specification

The operating expenses include restructuring expenses and impairment losses on land as separate costs. These are the main non-recurring expenses for 2013. In 2013, these expenses amount to €7.9 million (2012: €12.0 million) and €2.8 million, respectively (2012: €4.0 million) before taxes. In 2012, the refund of a fine for €4.2 million net was also recognised.

Related party transactions

Transactions with related parties apply when there is a relationship between the company, its equity interests and their managers and key management personnel.

In the normal course of business, the company buys and sells goods and services to various related parties in which the company holds an interest of 50% or less. These transactions take place at arm's length.

COMPANY BALANCE SHEET

(prior to result appropriation)

(EUR x 1,000)	(note)	31/12/2013		31/12/2012	
Fixed assets					
Intangible fixed assets	(16)	1,080		1,400	
Property, plant and equipment	(17)	8,291		2,120	
Financial fixed assets	(18)	112,161		81,651	
			121,532		**85,171**
Current assets					
Accounts receivable, prepayments and accrued income	(19)	87,395		105,826	
Cash at bank and in hand		4		10	
		87,399		105,836	
Current liabilities	(20)	78,631		53,377	
Balance of current assets less current liabilities			**8,768**		**52,459**
Assets less current liabilities			**130,300**		**137,630**
Provisions	(21)		**3,616**		**3,202**
Equity	(22)				
Subscribed share capital		1,923		1,923	
Share premium		32,178		32,178	
Statutory reserve		11,202		10,216	
Other reserves		86,875		86,779	
Retained earnings		-5,494		3,332	
			126,684		**134,428**
			130,300		**137,630**

COMPANY PROFIT AND LOSS ACCOUNT

(EUR x 1,000)	2013	2012
Company profit (loss) for the year under review excluding the profit from equity interests	-1,346	921
Profit (loss) from equity interests	-4,148	2,411
Profit (loss) after taxes	**-5,494**	**3,332**

Significant accounting policies for the company financial statements

The significant accounting policies are identical to those for the consolidated balance sheet and profit and loss account, with the following exceptions:

Financial instruments

Financial instruments are presented in the company financial statements on the basis of their legal form.

Profit from equity interests

The share in the profit of equity interests comprises the share of the company in the profits of these entities. Unrealised gains and losses resulting from transactions in assets and liabilities with and between equity interests are eliminated.

Financial fixed assets

The following equity interests in group companies are measured at net asset value.

NOTES TO THE COMPANY BALANCE SHEET AND PROFIT AND LOSS ACCOUNT

(EUR x 1,000)

(16) Intangible fixed assets

	Goodwill
As at 1 January 2013	
At cost	1,562
Cumulative amortisation	-162
Carrying amount	**1,400**
Movements:	
Additions	-
Disposals	-
Amortisation	-320
Total change	**-320**
As at 31 December 2013	
At cost	1,562
Cumulative amortisation	-482
Carrying amount	**1,080**

(17) Property, plant and equipment

	Company buildings and land	Other fixed assets	Total
As at 1 January 2013			
At cost	-	7,354	7,354
Cumulative depreciation	-	-5,234	-5,234
Carrying amount	**-**	**2,120**	**2,120**
Movements:			
Additions	-	8,051	8,051
Depreciation	-	-1,880	-1,880
Total change	**-**	**6,171**	**6,171**
As at 31 December 2013			
At cost	-	15,405	15,405
Cumulative depreciation	-	-7,114	-7,114
Carrying amount	**-**	**8,291**	**8,291**

(18) Financial fixed assets

Movements in financial fixed assets:

	Equity interests	Receivables	Deferred tax asset	Total
As at 1 January 2013	74,185	7,466	-	81,651
Adjustment to group structure	10,000	-	-	10,000
Capital increases	36,200	-	-	36,200
Liquidation	-132	-	-	-132
Share in profits	-4,148	-	-	-4,148
Dividend received	-6,300	-	-	-6,300
Tax assets	-	-	2,356	2,356
Change in loans	-	-7,466	-	-7,466
As at 31 December 2013	**109,805**	**-**	**2,356**	**112,161**

Movements in loans concerns the full redemption of a loan granted in 2012 for a project under construction for a third party. The term of this loan was linked to the sale of the project to others or the termination of the underlying tenancy agreement.

For information on the deferred tax assets, please refer to the notes to the consolidated balance sheet.

In accordance with the relevant statutory provisions, a list of consolidated and non-consolidated equity interests along with the main building consortiums and other business combinations is filed with the Haaglanden Commercial Register for inspection. This list also shows for which companies a statement of joint and several liability has been issued in accordance with 2 : 403 of the Netherlands Civil Code.

(19) Accounts receivable, prepayments and accrued income

	31/12/2013	31/12/2012
Amounts owed by group companies	79,189	91,775
Other accounts receivable, prepayments and accrued income	8,206	14,051
	87,395	**105,826**

All accounts receivable and prepayments fall due within one year.

(20) Current liabilities

	31/12/2013	31/12/2012
Banks	27,634	30,104
Suppliers and trade payables	1,510	2,630
Taxes and social security contributions	5,670	589
Accounts payable to group companies	34,308	16,667
Other debts, accruals and deferred income	9,509	3,387
	78,631	**53,377**

All current liabilities fall due within one year.

(21) Provisions

	31/12/2013	31/12/2012
Deferred taxes	3,429	3,015
Employee benefits	187	187
	3,616	**3,202**

The provisions can largely be considered as long-term in nature. For information on these provisions, please refer to the notes to the consolidated balance sheet.

(22) Equity

The authorised capital of the company amounts to €9 million, which is divided into 18,000,000 ordinary shares of €5 par each, As at 31 December 2013, 384,517 ordinary shares were issued.

	As at 1 January	Profit share	Changes	As at 31 December
Subscribed share capital	1,923	-	-	1,923
Share premium	32,178	-	-	32,178
Statutory reserve	10,216	-	986	11,202
Other reserves	86,779	2,332	-2,236	86,875
Retained earnings	3,332	-3,332	-5,494	-5,494
Movements in 2013	**134,428**	**-1,000**	**-6,744**	**126,684**
Movements in 2012	**135,096**	**-4,000**	**3,332**	**134,428**

The full balance of the share premium reserve has been recognised for tax purposes as paid-up capital.

At the request of one of the shareholders, the company repurchased 3,845 shares for €1.3 million in the year under review. The amount for the repurchase was charged to the other reserves. As at year-end 2013, a total of 11,536 shares had been repurchased (2012: 7,691 shares).

The company plans to purchase 53,063 shares in the second quarter of 2014 for €17.2 million. This purchase will be made at the request of the shareholders..

The statutory reserve concerns the retained profits from equity interests which are not at the disposal of the company without the cooperation of third parties. The change in the year under review amounted to €1.0 million, which was charged to the other reserves.

Of the retained earnings of €3.3 million for 2012, €1.0 million was paid out as dividend. The remainder of €2.3 million has been added to the other reserves.

The profit for 2013 has been taken to the other reserves.

It is proposed to pay out €0.2 million as dividend from prior years.

Remuneration of the board of directors and supervisory directors

The wages, salaries and social security contributions include €1,839,000 in remuneration of the board of directors (2012: €1,740,000). The crisis levy in the social security contributions amounts to €0.2 million (2012: €0.2 million), which is not included in the remuneration of the board of directors.

Remuneration of the supervisory board amounted to €124,500 in the year under review (2012: €124,500).

Auditor's fees

The following fees of KPMG Accountants have been charged to the company, its subsidiaries and other consolidated companies in accordance with Section 2:382a of the Netherlands Civil Code.

(EUR x 1,000)	31/12/2013	31/12/2012
Audit of the financial statements	582	605
Other audits	75	13
Tax advice	28	111
	685	**729**

Off-balance sheet assets and liabilities

Besides the off-balance sheet liabilities, which are explained in the consolidated balance sheet, the company is jointly and severally liable for all debts arising from the legally binding transactions of the majority of its subsidiaries. Please refer to the list filed with the Haaglanden Commercial Register.

Rotterdam, 26 March 2014

Supervisory board

P.C. Klaver, Chairman
M.W. van Sluis, Vice-Chairman
J.M.A. van der Lof
D. van Well

Board of directors

J. Dura, Chairman
R.P.C. Dielwart
B. A. Post
K.W. Talsma

OTHER INFORMATION

Independent auditor's report

To: the General Meeting of Shareholders of Dura Vermeer Groep NV

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements 2013 which are part of the financial statements of Dura Vermeer Groep NV, Rotterdam, and comprise the consolidated balance sheet as at 31 December 2013, the consolidated profit and loss account for the year then ended and the notes, comprising a summary of the accounting policies and other explanatory information.

The Board of Directors' responsibility

The Board of Directors is responsible for the preparation and fair presentation of these consolidated financial statements and for the preparation of the directors' report, both in accordance with Part 9 of Book 2 of the Netherlands Civil Code. Furthermore, the Board of Directors is responsible for such internal control as it determine is necessary to enable the preparation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of Dura Vermeer Groep NV as at 31 December 2013 and of its result for the year then ended in accordance with Part 9 of Book 2 of the Netherlands Civil Code.

Report on other legal and regulatory requirements

Pursuant to the legal requirements under Section 2:393 sub 5 at e and f of the Netherlands Civil Code, we have no deficiencies to report as a result of our examination whether the directors' report, to the extent we can assess, has been prepared in accordance with Part 9 of Book 2 of this Code, and whether the information as required under Section 2:392 sub 1 at b - h has been annexed. Further, we report that the directors' report, to the extent we can assess, is consistent with the consolidated financial statements as required by Section 2:391 sub 4 of the Netherlands Civil Code.

Rotterdam, 26 March 2014
KPMG Accountants N.V.

P.B. Maris RA

Profit appropriation

Provisions in the Articles of Association

Under Article 42(1) of the Articles of Association, the profit is at the disposal of AGM.

Proposed profit appropriation

The profit is to be taken to the other reserves.

Subsequent events

There were no events after the balance sheet date which give further information on the actual situation as at the balance sheet date.

DURA VERMEER GROEP NV

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