ANNUAL REPORT 2014

DURA VERMEER

Waarmaken van ambities

ANNUAL REPORT 2014

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KEY FIGURES

In millions of euros	2014	2013	2012	2011	2010
Operating income and construction work in progress					
Operating income	1,004	1,033	1,024	1,164	1,101
Construction work in progress *	1,358	1,433	1,579	1,593	1,844
Earnings and net assets					
Operating profit including profit from equity interests before depreciation and amortisation and non-recurring income and expenses (EBITDA)	10.4	13.7	23.5	32.5	12.1
Profit before interest, taxes and non-recurring income and expenses (EBIT)	0.8	3.8	11.4	22.4	2.4
Profit (loss) on ordinary activities after taxes	1.1	3.1	11.1	17.4	2.2
Non-recurring income and expenses after taxes	-8.6	-8.6	-7.8	-4.1	-
Profit (loss) after taxes	-7.5	-5.5	3.3	13.3	2.2
Depreciation of property, plant and equipment	8.6	9.1	10.0	10.1	9.7
Amortisation of intangible fixed assets	2.8	0.8	2.1	-	-
Cash flow	3.9	4.4	15.4	23.4	11.9
Net investments	6,0	9.7	7.6	6.9	10.1
Equity	101.7	126.7	134.4	135.1	125.9
Total equity	429.3	442.5	483.8	530.6	508.6
Ratios					
Profit on ordinary activities after taxes as a ratio of operating income	0.11%	0.30%	0.79%	1.49%	0.20%
Profit on ordinary activities after taxes as a ratio of average equity	-6.5%	-4.2%	2.5%	10.2%	1.7%
Current ratio	1.05	1.23	1.24	1.23	1.19
Solvency on the basis of equity	23.7%	28.6%	27.7%	25.5%	24.8%
Employees					
Average number of employees	2,393	2,478	2,646	2,763	2,816

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

MORE THAN 160 YEARS IN BUSINESS

WHO WE ARE

An independent, family-run business and top 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, industrial construction and infrastructure.
We operate exclusively in the Netherlands. Our company covers the entire country with a network of independent regional business units. In 2015 we will have been in business for 160 years.

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

DURA VERMEER DIVISIE BOUW EN VASTGOED BV

(Non) Residential construction

Dura Vermeer Bouw Hengelo BV

Dura Vermeer Bouw Midden West BV

Dura Vermeer Bouw Rosmalen BV

Dura Vermeer Bouw Zuid West BV

Dura Vermeer Vastgoed BV

Maintenance and renovation

Dura Vermeer Bouw Heyma BV

Dura Vermeer Onderhoud en Renovatie Hengelo BV

Dura Vermeer Onderhoud en Renovatie Rosmalen BV

Dura Vermeer Van Ieperen BV

Greenstep BV

DURA VERMEER DIVISIE INFRA BV

Business Unit Grote Projecten
Business Unit Concessies
Dura Vermeer Gebiedsontwikkeling Infra BV
CentralNed BV

Dura Vermeer Beton- en Waterbouw BV
Regio Noord West
Regio Oost
Regio Zuid West

Dura Vermeer Infrastructuur BV
Regio Noord West
Regio Midden West
Regio Zuid West
Regio Oost
Deelnemingen BV
Reststoffen BV

Dura Vermeer Milieu BV

Dura Vermeer Ondergrondse Infra BV

Dura Vermeer Railinfra BV
Saferail BV
ASSET Rail BV

DURA VERMEER ADVIES EN DIENSTEN BV

Advin BV

Archicom BV

DURA VERMEER FACILITAIRE BEDRIJVEN BV

Dura Vermeer Autobeheer BV

Dura Vermeer Materieelservice BV

Dura Vermeer MaterieelDienst Infra BV

Dura Vermeer Onroerend Goed BV

As at 1 April 2015

MANAGEMENT OF DURA VERMEER GROEP NV

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

Board of directors
drs. J. Dura MRE, Chairman
ir. R.P.C. Dielwart
ir. K.W. Talsma

Group support management
J.T. Aalbers, Director of ICT
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. J. Dijkstra RA
ing. A. Vermeer
ir. S. van der Werf

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

Archicom management
ing. R.H.M.M. Henderix

Support Companies
ir. E.J. Peters

Situation as at 1 April 2015

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 2014. 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 46 of this report.

General business trend

It is with mixed feelings that we look back on the year under review. The forecast recovery of building production gained momentum, albeit careful and cautious and certainly not for all markets where Dura Vermeer operates. The latter largely concerned the road construction market, which deteriorated in the second half of 2014. In contrast, business in the residential construction picked up considerably after bottoming out in 2013, most of which could be witnessed in the four big cities and especially in homes in the low and mid-range segments. The trend in non-residential construction remained stable.

The main problems for the current market generally remain overcapacity coupled with fierce competition and relatively low prices. This is standing in the way of strong recovery. At Dura Vermeer, we took efforts in the year under review to adapt to the new reality in the building trade. Where necessary, we reduced capacity in some parts of the company to keep pace with the market trend.

The constant necessity to be critical of our costs and the effectiveness of our organisational structure and to stay technically and financially in control encouraged us in the past year to make further investments in e.g. BIM, LEAN and visual management techniques for projects, tighter project management, risk management procedures and innovation. Our customers saw this in projects completed earlier and within budget, in lasting solutions to their needs or in projects requiring us to think outside the box, such as the Momentum initiative.

The past year was marked by a focus on safety and the acquisition of interesting projects. In our Construction and Property division, this concerned one of Amsterdam's highest residential buildings (Pontsteiger Building), the Noordgebouw office and hotel complex in Utrecht, a new training centre for Carnival Cruises in Almere and accommodation for the EAT Command in Eindhoven, not to mention the early completion of the head office for Fluor engineering firm in Hoofddorp.

The Infra division celebrated the completion of a number of long-term projects, such as the opening of the renovated first Coen Tunnel, the widening of the A10/A1-Diemen, the first test with a train through the underground railway tunnel in Delft and the test with a temporary water-retaining structure. This division also acquired a number of interesting projects, such as the renovation of the Velser Tunnel, the southern Oudenbosch diversion, the widening of the N279 Den Bosch-Veghel, the SAAL Almere and Zevenaar railway project, two underground parking garages in Leiden and the Spui-East dike reinforcement project.

Safety, integrity and sustainability are our main guiding principles. In 2014, Dura Vermeer signed the Safety Governance Code and launched a group-wide campaign to boost safety awareness. The IF rate for 2014 was 7.4, which meets the target. At the end of 2014 we began preparations for a compliance event on integrity, which will take shape in 2015. In the area of sustainability, Dura Vermeer in 2014 signed the Green Deal Buildings Circular, an initiative aimed at a minimal use of building materials.

Dura Vermeer has committed itself to promote the recycling of raw materials and to reduce the percentage of refuse at all construction and project sites. The reasons are the rising cost and scarcity of raw materials and the often negative impact of their extraction on the environment. We saw a 22% increase in the amount of refuse removed from site and a 24% decrease in unsorted refuse. We also run an intensive programme to reduce our carbon footprint. Our total reduction of percentages tonnes of CO2/per FTE compared with 2009 amounted to 18.8%.

For further information on our initiatives in this area as well as social responsibility and corporate governance, please see our separate Activities Report.

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. Promoting growth and personal development and guaranteeing good and safe working conditions are the cornerstones of our human resources policy. The objective to reduce the sick leave rate to less than 4.5% was more than achieved with an ultimate percentage of 4.1.

We had an average of 2,393 employees (FTEs) in 2014 in comparison with 2,478 in 2013. There was a decrease in the number of employees as a result of organisational measures to keep pace with the changed market circumstances.

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 specific 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.

By arrangement with Mr. B. Post, the board of directors and supervisory board agreed that the latter would stand down from the board of directors. Mr. Post was part of our board for more than four years, during which time he did much for our company. We are grateful to Mr. Post and thank him for his service. Mr. Post left the company on 1 March 2015.

The supervisory board determines the remuneration of the board of directors within the limits of the remuneration policy adopted by the 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 AGM.

Financial results

- Net loss of € 7.5 million resulting from non-recurring costs amounting to € 8.6 million for restructuring measures and downward adjustments to the value of land and goodwill;
- Operating income has remained virtually the same at € 1,004 million;
- Slight decrease in construction work in progress to € 1,358 million;
- Decrease in solvency from 28.6% to 23.7%, owing e.g. to the repurchase of own shares;
- Unchanged good funding position at a positive € 41.3 million.

Operating income

With € 1,004 million in turnover, activities in 2014 remained at practically the same level as in the two previous years. Construction and Property saw more than a 10% increase in turnover, which compensated for the decrease recorded by Infra. Turnover on residential construction in particular was up again.

The operating income can be presented by activity as follows:

Operating income

In millions of euros	2014	2013
Residential construction	369	287
Non-residential construction	187	215
Infrastructure	425	507
Advice and Services and Other	23	24
	1,004	**1,033**

The operating income was generated almost entirely in the Netherlands.

Overall, construction work in progress saw a slight decrease, with an increase at Infra.

EBIT before non-recurring income and expenses

The profit on ordinary activities before non-recurring expenses was under pressure owing to the poor price level in the market, several projects running at a loss and the operating loss on direct employees. As a result, the margin shrank from € 3.8 million in 2013 to € 0.8 million in 2014. By contrast, the Advice and Services cluster recorded an improvement following the successful reorganisation initiated at the end of 2013.

The EBIT margin can be presented by activity as follows:

EBIT margin

In millions of euros	2014	2013
Construction and Property	5.0	5.5
Infra	2.5	10.9
Advice and Services	0.6	-3.1
Other	-7.3	-9.5
	0.8	**3.8**

Non-recurring income and expenses

Owing to the downward trend in the infra market, which also meant lower asphalt production for Dura Vermeer, we had no choice but to reduce capacity in our road construction activities in line with the market. This led to the recognition of a provision for restructuring expenses amounting to € 6.4 million. In addition, the value of the land inventories and capitalised goodwill was reviewed and further written down. Total non-recurring expenses amounted to € 11.0 million, which is virtually the same as in 2013.

Profit (loss) after taxes

A € 7.5 million loss after taxes was recorded in 2014 in comparison with a € 5.5 million loss in 2013. The item can be specified a follows:

Profit (loss) after taxes

In millions of euros	2014	2013
EBITDA	10.4	13.7
Depreciation and amortisation	-9.6	-9.9
EBIT	0.8	3.8
Net interest income	-0.3	-0.1
Non-recurring expenses	-11.0	-11.3
Income taxes	3.0	2.1
Profit (loss) after taxes	**-7.5**	**-5.5**

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%. Most of the loss of the tax group for 2014 can only be set off against future profits.

Balance sheet, investments, net cash flow and assets

Total assets decreased from € 442.5 million at year-end 2013 to € 429.3 million at year-end 2014. This decrease in attributable in full to the balance of cash at bank and in hand at building consortiums that is not at the full disposal of the group. Fixed assets increased because of the reclassification of three let locations as property, plant and equipment. This led to a decrease in land inventories as well as the current ratio.

Investments remained limited to office and other equipment replacements and IT applications. The net cash outflow from financing activities results from the remaining repurchase of 53,063 shares, the dividend paid for 2013 and the regular amortisation of the long-term loan for public-private partnership contract N-31, for which there was the unredeemed long-term portion of the loan raised in 2014.

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; no use is expected to be made of the current account facility.

By accounting for the loss for 2014 in equity, this came to € 101.7 million or 23.7% solvency on the total assets of € 429.3 million compared with 28.6% at year-end 2013. Because of the loss for the year, it was proposed not to pay a dividend.

At year-end 2014, we were in breach of the ICR covenant agreed with the banks. We were given a waiver by the banks to this extent.

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 market value of the relevant instruments.
- The value of the group's bitumen hedges as at the balance sheet date is a negative € 0.4 million. These hedges were placed on the cost of planned production. The hedges have a term until the third quarter of 2016 and a volume of 8,535 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 long and short 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

The past year was another challenging period for us. Yet we managed to stand proud, to continue our solid financial basis and to acquire and carry out fine and interesting projects, with a strong emphasis on quality and results above growth in turnover.

Three months have already gone by in 2015, the year in which we celebrate our 160th anniversary. We are moderately positive about 2015 and expect recovery to continue. Unfortunately, not all parts of our company will benefit directly from the improved prospects; careful manoeuvring remains the name of the game in many areas. This attitude, supported by our expertise, good financial management, further application of innovative techniques such as BIM and our good reputation in the market will help to see us through these difficult times. The number of employees is expected to remain virtually the same in this respect. The investments in property, plant and equipment remain limited to replacements.

Rotterdam, 9th April 2015

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

FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEET

(before profit appropriation / x € 1,000)	Note		31-12-2014		31-12-2013
Fixed assets					
Intangible fixed assets	[1]	-		2,815	
Property, plant and equipment	[2]	88,054		52,451	
Financial fixed assets	[3]	24,543		23,132	
			112,597		**78,398**
Current assets					
Inventories	[4]	60,009		91,841	
Construction work in progress	[5]	-		-	
Accounts receivable, prepayments and accrued income	[6]	179,591		175,189	
Cash at bank and in hand	[7]	77,123		97,108	
		316,723		364,138	
Current liabilities	[8]	302,031		295,907	
Balance of current assets less current liabilities			**14,692**		**68,231**
Balance of assets less current liabilities			**127,289**		**146,629**
Long-term debts	[9]		**10,228**		**4,216**
Provisions	[10]		**15,320**		**15,729**
Group equity	[11]		**101,741**		**126,684**
			127,289		**146,629**

CONSOLIDATED PROFIT AND LOSS ACCOUNT

(X € 1,000)	Note		2014		2013
Net turnover		1,337,935		865,520	
Change in inventory of finished projects and construction work in progress		-334,008		167,780	
Total operating income	[12]		**1,003,927**		**1,033,300**
Operating expenses					
Cost of contracted work and other external costs		831,715		845,471	
Wages and salaries		137,686		151,188	
Social security contributions and pension charges	[13]	37,251		36,815	
Amortisation of intangible fixed assets		835		835	
Other amortisation of intangible fixed assets		1,980		-	
Depreciation of property, plant and equipment		8,617		9,074	
Other operating expenses		658		218	
			1,018,742		**1,043,601**
Operating profit (loss)			**-14,815**		**-10,301**
Net finance cost					
Interest receivable and similar income		1,435		1,464	
Interest payable and similar expenses		-1,767		-1,587	
Profit from equity interests		4,669		2,821	
			4,337		**2,698**
Profit (loss) before taxes			**-10,478**		**-7,603**
Income taxes	[14]		2,985		2,109
Profit (loss) after taxes			**-7,493**		**-5,494**
Further specification	[15]				
Profit (loss) on ordinary activities after taxes			1,140		3,135
Non-recurring income (expenses) after taxes			-8,633		-8,629
			-7,493		**-5,494**

CONSOLIDATED CASH FLOW STATEMENT

(indirect method / X € 1,000)		2014		2013*
Operating profit (loss)		**-14,815**		**-10,301**
Adjustment for:				
Depreciation, amortisation and other impairment losses	13,312		12,690	
Proceeds from (loss on) sale of property, plant and equipment	-933		-667	
Change in provisions	15,034		18,345	
Change in working capital				
- Utilisation of provisions	-3,595		-4,192	
- Change in receivables	-5,125		38,037	
- Change in inventories	-8,220		-2,538	
- Change in construction work in progress	8,019		-37,609	
- Change in current liabilities	-11,246		-6,651	
		7,246		17,415
Cash flow from (used in) operating activities		**-7,569**		**7,114**
Interest received		1,551		3,018
Interest paid		-1,863		-1,704
Dividend received		2,538		1,744
Income tax paid/received		-45		589
Cash flow from (used in) operating activities		**-5,388**		**10,761**
Repayments of other financial fixed assets	3,369		7,959	
Investments in property, plant and equipment	-9,710		-13,166	
Proceeds from sale of property, plant and equipment	4,595		4,112	
Disposal of non-consolidated equity interests	350		1,001	
Investments in other financial fixed assets	-518		-4,597	
Cash flow from (used in) investing activities		**-1,914**		**-4,691**
Change in project financing	-3,945		-3,232	
Amounts received in respect of long-term debts	13,500		-	
Repayment of long-term debts	-4,788		-729	
Dividends paid	-200		-1,000	
Repurchase of own shares	-17,250		-1,250	
Cash flow from (used in) financing activities		**-12,683**		**-6,211**
Net cash flow		**-19,985**		**-141**

* Adjusted for comparative purposes

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(X € 1,000)		2014		2013
Consolidated profit (loss) after taxes attributable to the entity		**-7,493**		**-5,494**
Total direct change in the equity of the entity				
Revaluation recognised in equity	-		-	
		-		-
Comprehensive income of the entity		**-7,493**		**-5,494**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

(X € 1,000)

General

Dura Vermeer Groep NV is a nationally operating construction and infra group active in the construction, infrastructure, engineering and services sectors. The company has its head office in Rotterdam.

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

The figures for 2013 have, where necessary, been reclassified to permit comparison with 2014. This concerns the reclassification of the cash flow statement.

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.

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 on property, plant and equipment and intangible assets

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 2013, the land inventories were analysed in 2014 on the basis of current expectations for their development potential, development periods and price level.

Construction work in progress

Construction 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. Construction work in progress is measured at cost plus profit recognised to date. 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. 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.

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 recognised as specific items in the financial fixed assets. The deferred tax assets recognised as the provision for deferred tax in the company balance sheet also contains the deferred tax assets and 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 114.5%. 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.

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 provision 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.

Most of the provision is short term in nature; it is presented under current liabilities accordingly.

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.

Net turnover
Net turnover 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

(X € 1,000)

(1) Intangible fixed assets

As at 1 January 2014	Goodwill
At cost	5,715
Cumulative amortisation	-2,900
Carrying amount	**2,815**
Movements:	
Additions	-
Disposals	-
Amortisation	-835
Impairment losses	-1,980
Total change	**-2,815**
As at 31 December 2014	
At cost	5,715
Cumulative amortisation	-5,715
Carrying amount	**-**

Because of the disappointing results and outlook, the remainder of the goodwill at year-end 2014 was taken directly to the result and recognised under the other changes in the value of intangible fixed assets.

(X € 1,000)

(2) Property, plant and equipment	Company buildings and land	Plant and equipment	Other operating assets	Not used in the production process	Total
As at 1 January 2014					
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**
Movements:					
Additions	287	3,785	5,638	-	9,710
Reclassification	-	-	-	38,172	38,172
Disposals	-608	-463	-2,591	-	-3,662
Depreciation	-732	-3,282	-4,603	-	-8,617
Total change	**-1,053**	**40**	**-1,556**	**38,172**	**35,603**
As at 31 December 2014					
At cost	35,431	59,460	42,766	38,172	175,829
Cumulative depreciation	-13,919	-46,730	-27,126	-	-87,775
Carrying amount	**21,512**	**12,730**	**15,640**	**38,172**	**88,054**

At year-end 2014, in connection with the decision to let the land on a long-term basis, three parcels of land with the structures on them have been reclassified as property, plant and equipment. This reclassification was made at their carrying amount at year-end 2014. This carrying amount includes € 2.8 million in impairment losses and € 1.4 million in regular depreciation.

(3) Financial fixed assets	31-12-2014	31-12-2013
Non-consolidated equity interests	11,353	8,986
Deferred tax assets	4,959	2,356
Public-private partnership receivables	6,632	7,173
Other receivables	1,599	4,617
	24,543	**23,132**

Movements in financial fixed assets can be presented as follows:

	Equity interests	Deferred tax asset	Public-private partnership receivable	Other receivables	Total
As at 1 January	8,986	2,356	7,173	4,617	23,132
Share in profits	4,669	-	-	-	4,669
Dividend received	-2,538	-	-	-	-2,538
Additions	432	-	-	-	432
Disposals	-350	-	-	-	-350
Redemptions	-	-	-519	-2,850	-3,369
New loans	-	-	-	86	86
Other movements	154	2,603	-22	-254	2,481
As at 31 December	**11,353**	**4,959**	**6,632**	**1,599**	**24,543**

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.

Deferred tax assets comprise all available tax-loss carry-forwards and temporary differences.

(4) Inventories	31-12-2014	31-12-2013
Land	51,442	86,047
Raw materials and consumables	3,356	3,179
Finished projects	5,211	2,615
	60,009	**91,841**

The accumulated impairment loss on the land at year-end 2014 amounts to € 11.0 million (2013: € 11.8 million).

At year-end 2014 is, in connection with the decision to let the land on a long-term basis, three parcels of land with the structures on them have been reclassified as property, plant and equipment. This reclassification was made at their carrying amount at year-end 2014. This carrying amount includes € 2.8 million in impairment losses.

		31-12-2014	31-12-2013
(5) Construction work in progress			
Direct cost plus an appropriate share of production overheads and profit recognised to date less recognised losses		852,239	1,189,020
Less: progress billings		-886,029	1,204,291
		-33,790	**-15,271**
Recognised under current liabilities	[8]	33,790	15,271
Balance		**-**	**-**

	31-12-2014	31-12-2013
The balance of costs less progress billings can be presented as follows:		
- Projects for third parties including public-private partnership contracts	-43,044	-40,382
- Projects under own development	9,254	25,111
	-33,790	**-15,271**

The balance of construction work in progress at year-end 2014 breaks down into € 108.0 million (2013: € 178.9 million) in projects with a positive balance and € 141.8 million (2013: € 194.2 million) in projects with a negative balance.

Construction work in progress amounts as at 31 December 2014 to € 1,358 million (2013: € Ð1,433 million).

(6) Accounts receivable, prepayments and accrued income	31-12-2014	31-12-2013
Trade receivables	108,977	99,225
Amounts owed by non-consolidated entities	1,433	2,244
Tax and social security contributions	692	1,304
Contract amounts yet to be invoiced	32,093	32,098
Amounts owed by building consortiums	13,061	21,555
Other accounts receivable, prepayments and accrued income	23,335	18,763
	179,591	**175,189**

All accounts receivable and prepayments fall due within one year.
The provision for potential bad debts at year-end 2014 amounts € 2.4 million (2013: € 2.3 million).

(7) Cash at bank and in hand

Cash at bank and in hand includes € 57.9 million (2013: € 48.2 million) in deposits which are at the full disposal of the company. The deposits which are not at the full disposal of the company concern consortium work amounting to € 19.2 million (2013: € 48.9 million) and guarantee accounts amounting to € 5.0 million (2013: € 4.2 million).

(8) Current liabilities	31-12-2014	31-12-2013
Current portion of long-term debt	3,329	747
Banks	22,247	26,074
Construction work in progress	33,790	15,271
Suppliers and trade payables	140,971	122,360
Accounts payable to non-consolidated equity interests	1,228	588
Tax and social security contributions	12,844	25,702
Contract invoices yet to be received	49,985	54,575
Other debts, accruals and deferred income	37,637	50,590
	302,031	**295,907**

As at the balance sheet date, Dura Vermeer Groep NV has a syndicated bank facility from three banks. This comprises a committed current account facility for a total of € 50 million and a guarantee facility for € 150 million (€ 112.7 million of which was drawn down at year-end 2014). In addition, a medium-term loan of € 13.5 million has been raised, as reported under the long-term debts. As collateral, the banking syndicate has been furnished with a first mortgage on buildings and land for € 30 million and guarantees have been provided largely in the form of trade receivables.

No use was made of the above current account facility during 2014.
The bank facilities are conditional to solvency, leverage and interest coverage ratios.
Because of the loss for the year 2014, Dura Vermeer Groep NV does not meet all ratios. The banks have issued a waiver for this breach of covenant, and additional arrangements have been made. No extra guarantees were provided.

In addition, two guarantee companies have furnished a total of € 50.7 million in guarantee facilities (2013: € 120 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	31-12-2014	31-12-2013
Loans	10,228	4,216

The long-term debts concern two loans.

In 2014, Dura Vermeer Groep NV took out a medium-term loan for € 13.5 million, € 9.0 of which was not yet repaid at year-end 2014. The loan has a remaining life of 3.5 years maximum. The annual principal payment is € 2.7 million, which has been recognised under current liabilities. Interest is based on the 3-month EURIBOR with a 2.95% margin.

The other loan concerns the share of Dura Vermeer Groep NV in the external financing of Wâldwei.com BV for the construction of the N31. The loan has a remaining term of seven 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	1-1-2014	Addition	Utilisation	Release	31-12-2014
Deferred tax liabilities	3,426	-	-690	-	2,736
Warranties	6,957	4,592	-3,521	-860	7,168
Employee benefits	5,346	323	-74	-179	5,416
	15,729	**4,915**	**-4,285**	**-1,039**	**15,320**

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 (2013: 2.0%). The discount rate is 1.8% (1 January 2014: 2.8%).

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(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 Group 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 hedges had a negative fair value of € 0.4 million. They were placed to hedge part of the cost of planned production during the term of the hedge. The hedges have a term until the third quarter of 2016 and a volume of 8,535 megatons as at the balance sheet date.

Off-balance sheet assets and liabilities

As at year-end 2014, the group furnished customers with guarantees up to € 163.4 million via banks and guarantee companies (year-end 2013: € 189.5 million).

The group is jointly and severally liable for all liabilities of the partnership firms (project consortiums) in which it takes part. At year-end 2014, these liabilities total, exclusive of bank guarantees, € 279 million (2013: € 331 million). The group's share of these amounts to € 108 million (2013: € 121 million), which has been accounted for in the consolidated balance sheet.

The group rents land and buildings. The annual rent amounts to about € 6.2 million, € 1.4 million of which has a term of more than ten years and € 2.7 million a term of between five and ten years. The operating lease payments due in 2015 total about € 10.0 million (2014: about € 9.1 million). The leases have an average remaining term of 2.5 years.

As at year-end 2013, the group had no commitments to purchase land (2013: € 8.2 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

	2014	2013
(12) Operating income		

The operating income is generated entirely in the Netherlands. It can be presented by activity as follows (x € 1 million):

	2014	2013
Residential construction	369	287
Non-residential construction	187	215
Infrastructure	425	507
Advice	20	21
Other	3	3
	1,004	**1,033**

(13) Social security contributions and pension charges

The item can be specified a follows:

	2014	2013
Social security contributions	23,842	22,553
Pension cost	13,409	14,262
	37,251	**36,815**

The average number of employees in 2014 amounted to 2,393 (2013: 2.478), all employed in the Netherlands, which can be presented as follows

	2014	2013
- Construction site workers	729	796
- Supervisors, technical and administrative staff	1,664	1,682
	2,393	**2,478**

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%

Main components of the tax income

(14) Income taxes	2014	2013
Current tax income, tax group	3,449	2,558
Current tax expense, non-tax group	-464	-449
	2,985	**2,109**

The expected result of the tax group for 2014 was negative on balance. Most of the tax income (€ 2.6 million) relates to the recognition of a deferred tax asset (see note (3) to the financial fixed assets) in so far as it is probable that this income can be realised in future years.

The tax income can be presented as follows:	2014	2013
Profit (loss) before taxes	**-10,478**	**-7,603**
Tax income based on applicable tax rate	2,620	1,901
Other tax effect:		
Tax income related to investment Income	1,167	706
Tax expense on non-deductible expenses	-802	-498
	2,985	**2,109**

(15) Further specification

The operating expenses include restructuring expenses and impairment losses on assets as separate costs. These are the main non-recurring expenses for 2014. In 2014, these expenses amount to € 6.4 million (2013: € 7.9 million) and € 3.7 million, respectively (2013: € 2.8 million) before taxes.

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. These transactions take place at arm's length.

Auditor's fees
The following fees of KPMG Accountants NV, relating to the audit of the financial statements for the financial year for which the financial statements have been prepared, have been charged to the company, its subsidiaries and other consolidated companies in accordance with Section 2:382a(1) and (2) of the Netherlands Civil Code.

(x € 1,000)	31-12-2014	31-12-2013
Audit of the financial statements	615	582
Other audits	64	75
Tax advice	81	28
	760	**685**

COMPANY BALANCE SHEET

(before result appropriation / x € 1,000)	Note	31-12-2014		31-12-2013	
Fixed assets					
Intangible fixed assets	[16]	-		1,080	
Property, plant and equipment	[17]	7,267		8,291	
Financial fixed assets	[18]	100,905		112,161	
			108,172		**121,532**
Current assets					
Accounts receivable, prepayments and accrued income	[19]	81,341		87,395	
Cash at bank and in hand		92		4	
		81,433		87,399	
Current liabilities	[20]	78,677		78,631	
Balance of current assets less current liabilities			**2,756**		**8,768**
Assets less current liabilities			**110,928**		**130,300**
Long-term debts	[21]		**6,300**		**-**
Provisions	[22]		**2,887**		**3,616**
Equity	[23]				
Subscribed share capital		1,923		1,923	
Share premium		32,178		32,178	
Statutory reserve		11,202		11,202	
Other reserves		63,931		86,875	
Retained earnings		-7,493		-5,494	
			101,741		**126,684**
			110,928		**130,300**

COMPANY PROFIT AND LOSS ACCOUNT

(x € 1,000)	2014	2013
Company profit (loss) for the year under review excluding the profit from equity interests	-2,721	-1,346
Profit from equity interests	-4,772	-4,148
Profit (loss) after taxes	**-7,493**	**-5,494**

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

(X € 1,000)

(16) Intangible fixed assets

As at 1 January 2014	Goodwill
At cost	1,562
Cumulative amortisation	-482
Carrying amount	**1,080**
Movements:	
Additions	-
Disposals	-
Amortisation	-320
Impairment losses	-760
Total change	**-1,080**
As at 31 December 2014	
At cost	1,562
Cumulative amortisation	-1,562
Carrying amount	**-**

(X € 1,000)

(17) Property, plant and equipment	Other fixed assets	Total
As at 1 January 2014		
At cost	15,405	15,405
Cumulative depreciation	-7,114	-7,114
Carrying amount	**8,291**	**8,291**
Movements:		
Additions	1,181	1,181
Depreciation	-2,205	-2,205
Total change	**-1,024**	**-1,024**
As at 31 December 2014		
At cost	16,955	16,955
Cumulative depreciation	-9,688	-9,688
Carrying amount	**7,267**	**7,267**

(18) Financial fixed assets	Equity interests	Deferred tax asset	Total
As at 1 January 2014	**109,805**	**2,356**	**112,161**
Additions	651	-	651
Capital increases	726	-	726
Liquidation	-874	-	-874
Share in profits	-4,772	-	-4,772
Dividend received	-9,590	-	-9,590
Other movements	-	2,603	2,603
As at 31 December 2014	**95,946**	**4,959**	**100,905**

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	31-12-2014	31-12-2013
Amounts owed by group companies	74,636	79,189
Other accounts receivable, prepayments and accrued income	6,705	8,206
	81,341	**87,395**

All accounts receivable and prepayments fall due within one year.

	31-12-2014	31-12-2013

(20) Current liabilities

Current portion of long-term debt	2,700	-
Banks	10,877	27,634
Suppliers and trade payables	1,320	1,510
Taxes and social security contributions	3,211	5,670
Accounts payable to group companies	54,630	34,308
Other debts, accruals and deferred income	5,939	9,509
	78,677	**78,631**

All current liabilities fall due within one year.

(21) Long-term debts

Loans	**6,300**	**-**

In 2014, Dura Vermeer Groep NV took out a medium-term loan for € 13.5 million, € 9.0 of which was not yet repaid at year-end 2014. The loan has a remaining life of 3.5 years maximum.

The annual principal payment is € 2.7 million, which has been recognised under current liabilities. Interest is based on the 3-month EURIBOR with a 2.95% margin.

(22) Provisions

Deferred taxes	2,715	3,429
Employee benefits	172	187
	2,887	**3,616**

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.

(23) Equity

The authorised capital of the company amounts to € 9 million, which is divided into 1,800,000 ordinary shares of € 5 par each, As at 31 December 2014, 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	11,202	-	1,778	12,980
Other reserves	86,875	-5,494	-19,228	62,153
Retained	-5,494	5,494	-7,493	-7,493
Total for 2014	**126,684**	**-**	**-24,943**	**101,741**
Total for 2013	**134,428**	**-1,000**	**-6,744**	**126,684**

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

At the request of the shareholders, the company repurchased 53,063 shares for € 17.3 million in the year under review. The amount for the repurchase was charged to the other reserves. As at year-end 2014, a total of 64,599 shares had been repurchased (2013: 11,536 shares).

The € 0.2 million in dividend paid in previous years has been charged to the other reserves

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 € 1.8 million, which was charged to the other reserves.

The accumulated loss of € 5.5 million for the year 2013 has been taken to the other reserves.

The loss for 2014 has been recognised under retained earnings/accumulated losses.

Remuneration of the board of directors and supervisory directors
The wages, salaries and social security contributions of the directors include € 2,698,492 in remuneration of the board of directors and former directors (2013: € 1,838,783).

Remuneration of the supervisory board amounted to € 140,000 in the year under review (2013: € 124,500).

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, 9th April 2015

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

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

OTHER INFORMATION

Independent auditor's report

To: the general meeting of shareholders, supervisory board and board of directors of Dura Vermeer Groep NV.

Report on the consolidated financial statements
We have audited the financial statements for 2014 of Dura Vermeer Groep NV, Rotterdam, as presented on pages 12 to 46 of this report These financial statements comprise the consolidated balance sheet as at 31 December 2014, the consolidated and company profit and loss account for the year then ended, the consolidated cash flow statement for 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 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the 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 financial statements in order to design audit procedures that are appropriate in the circumstances. Such risk assessments do not aim to express an opinion on the effectiveness of the company's internal control system

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 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 financial statements give a true and fair view of the financial position of Dura Vermeer Groep NV as at 31 December 2014 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 financial statements as required by Section 2:391 sub 4 of the Netherlands Civil Code.

Rotterdam, 9 April 2015
KPMG Accountants N.V.
L.H. Barg 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 loss for 2014 has been recognised under retained earnings/accumulated losses.

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.

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