Heijmans
Annual Report

2013

heijmans

A sea of light connecting the different buildings

Ministry of Defence, The Hague

heijmansjaaroverzicht.nl

The annual report of Heijmans N.V. for 2013 is available in electronic form at heijmans.nl. View the online annual review at heijmansjaaroverzicht.nl.

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Contents

6 Chairman's foreword
8 Executive Board
11 Supervisory Board
12 Heijmans profile
15 The past 10 years at Heijmans, in figures
18 The Heijmans share
23 Strategic agenda in 2013
26 Operating performance
33 Financial situation
42 Human Resource Management
47 Corporate social responsibility
51 Improve
55 Renew
59 Vision of corporate governance
63 Corporate Governance
67 Conduct, integrity and dilemmas
70 Risk management
80 Report of the Supervisory Board
86 Remuneration report
89 Statement by the Executive Board
91 Financial statements
177 Result appropriation
178 Independent auditor's report
180 Appendices
187 Abbreviations

CHAIRMAN'S FOREWORD

Improvement today and renewal tomorrow

Bert van der Els
CEO Heijmans N.V.

Ambidextrousness

The construction industry has changed so much since 2009 that one cannot really still describe it as a crisis. Actually we face a new reality. In this new context, we have to manage many different things at once, with widely diverse dimensions. Leonardo da Vinci famously was able to write either right-handed or left-handed. The future ultimately belongs to organisations that can focus on improvement today and also on renewal tomorrow.

This is, however, not possible without a struggle, since 2013 was another difficult year. The market is tough, and consumer confidence failed to recover in 2013. Winning new projects and sales of existing products continue to be extremely challenging, and the pressure on prices is as intense as ever. The picture is the same in all the market sectors in which Heijmans operates. In the 'connection' segment the government is centralising, and contractors are increasingly moving towards design and construct and management and maintenance. The same development can be seen in the 'work' segment, in which the Government Buildings Agency is an important customer. There was a slight improvement in the 'residential' segment last year, although the upward move in the market in 2013 has not yet really continued. The housing agreement has provided the clarity needed for politicians and consumers, however the actual recovery still has to materialise. We sold more homes to private customers in 2013, although the figures are still low in historical terms. In this context Heijmans was able to maintain a decent result, despite much lower sales. Ultimately, this result reflects our strategy of prioritising margin over volume. A policy in which quality is more important than size, so that we can continue to offer added value for our customers and use opportunities to improve our margins.

Improvement

As an extension of our revised strategy in 2012, we devoted much time and attention to 'improving the core', in other words, improving our core activities and processes. There are four programmes and actions that fall into this category.

Firstly, we have greatly streamlined our tender management by means of central direction and a programme approach. The aim of the programme is to tender more efficiently, improve our information on current tenders, reduce risks and increase hit rates. Significant progress was made with this programme in 2013, and it has been implemented in the Dutch business unit.

We are also working on centralising and improving our procurement, which will generate better information on cooperation and our chain partners. Targets have been set for each product group that should ensure exploitation of scale and also improve quality standards. Procurement processes for the majority of our product groups were repositioned in the market in 2013, and agreements were made with suppliers. Project management is another strategic area of attention. As a project-driven business, it is crucial to standardise the quality of management and thus put measures in place to further reduce failure costs. An important step in this improvement programme is the harmonisation of processes and the inclusion of more explicit 'go/no go' moments. Fourthly, we have focused on improving the commercial effectiveness of our company. A proposal for a uniform market segmentation was put forward in 2013, and different market teams were formed. Based on these four themes, the company was further centralised in 2013 in order to achieve improvement quickly and decisively. In addition to these improvement programmes, improvement specialists have been involved in all business flows for a number of years. We use the LEAN6Sigma improvement methodology to work on continuous improvement.

Renewal

As the creator of double-layer ZOAB and Tailorhousing, renewal is our second nature. The opportunities presented by technology are endless and can represent a fantastic development for the construction industry. We also launched prize-winning and cutting-edge innovations in 2013. The Dutch Design Award for commissioning practice for the National Military Museum to the creative sector, the interactive Van Gogh bicycle track that we developed with Studio Roosegaarde and the Hydrea Thermpipe which generates heat from the sewerage system are just a few examples. Knowledge is increasingly becoming the added value of these innovations that can be included in licences and patents. This provides a good reason to further professionalise innovation in 2014 and focus even more on the sale of distinguishing technological expertise, both in the Netherlands and abroad.

Thanks to the confidence of our shareholders, we held a successful 'sub 10' issue last year. This capital contributed to the funding of our restructuring expenses and the acquisition of Brinck Group. This strengthened our market position in the supply, installation, service and maintenance of smart gas, electricity, water and heat meters.

Organisation

Our workforce was reduced further in 2013, partly due to the reorganisation at Residential Building, despite the acquisition of Brinck Group. The business has been further centralised by setting up central management teams for all operating companies and initiating direct reporting on strategic programmes to group management. Furthermore, all programmes are designed to implement expertise along the line, so that knowledge and know-how can be quickly embedded.

Outlook

2014 will be another challenging year. Cuts in government spending are still on the agenda, with projects being scrapped or postponed. Heijmans will continue to pay close attention to costs and efficiency. We expect to see a better economic outlook after 2014, meaning that in addition to this continuous improvement we will need to set our course towards a point on the horizon. Ultimately, this means that construction will increasingly focus on knowledge and the added value of this knowledge. This makes new techniques and ideas essential for the future, ranging from power-generating baffle boards to smart water meters. This is how we will demonstrate the business sense that will be required.

Bert van der Els
Chairman of the Executive Board of Heijmans NV
27 February 2014

Executive Board

Ir. L.J.T. (Bert) van der Els (1954), Chairman
Dutch nationality; appointed Chairman of the Executive Board of Heijmans N.V. with effect from 18 April 2012 and as Vice-Chairman and Member of the Executive Board on 28 April 2010. He was previously Member of the Executive Committee for Non-Residential Building and Technical Services at Heijmans.
Prior to joining Heijmans, he was employed by Burgers Ergon, Yokogawa and ABB.
He was managing director of Burgers Ergon starting in 1999.
Additional functions: member of the Supervisory Board of TCPM Ingenieurs & Adviseurs, member of the Supervisory Board of Spirit IT, chairman of Bossche Energie Convenant, member of the Executive Board of De Groene Zaak, and chairman of the Muziekgebouw Eindhoven Fonds.

Mr M.C. (Mark) van den Biggelaar MiF (1968), CFO
Dutch nationality; appointed as CFO and member of the Executive Board of Heijmans N.V. on 1 September 2009.
Prior to joining Heijmans, he was employed by Samas N.V., ABN AMRO Bank N.V., Koninklijke Nedlloyd N.V. and Randstad Holding N.V.
At Samas N.V. he was CFO and member of the principal board from 2007 to 2009.

Ing. A.G.J. (Ton) Hillen (1961), member

Dutch nationality; appointed as member of the Executive Board of Heijmans N.V. on 18 April 2012. He has held various positions at Heijmans since 1992, and has been a member of the Executive Committee for Property Development and Residential Building at Heijmans since 2008.
Prior to joining Heijmans, he was employed by BAM and Anton Obdeijn Projectontwikkeling.
Additional functions: member of the Supervisory Council of Stichting Waarborgfonds Koopwoningen (SWK) and member of the board of the Dutch Association of Property Developers and Investors (NEPROM).

Executive Board
From left to right:

Mark van den Biggelaar
CFO and executive director
Bert van der Els
Chairman of the Executive Board
Ton Hillen
Executive director

Supervisory Board

A.A. (André) Olijslager (1944), Chairman

Dutch nationality; former Chairman of the Group Executive Board of Royal Friesland Foods N.V.
Appointed Member of the Supervisory Board of Heijmans NV in April 2007.
Reappointed in 2011. Steps down in 2014.
Principal ancillary positions: Chairman of the Supervisory Board of Detailresult Group, Chairman of the Supervisory Board of Ondernemend Oranje Kapitaal (in formation), member of the Supervisory Board and Chairman of Stichting Maatschappij en Onderneming (SMO), member of the Supervisory Board of Innovatie- en Investeringsfonds Gelderland NV, member of the Board of Stichting Administratiekantoor Unilever NV, Chairman of the Advisory Board of LSP Health Economics Fund, Chairman of the Advisory Board of Lifelines (UMCG) and Non-executive Director of Pierre & Vacances SA, Paris.

Ms P.G. (Pamela) Boumeester (1958)

Dutch nationality; formerly Managing Director of NS Poort.
Appointed Member of the Supervisory Board of Heijmans NV in April 2010.
Steps down in 2014.
Principal ancillary positions: Member of the Supervisory Board of Ordina NV, Member of the Supervisory Board of Ziggo, Member of the Supervisory Board of Persgroep Nederland B.V., Member of the Supervisory Board of Jaarbeurs Utrecht, Chairman of the Supervisory Council of TSM (Twente School of Management), Chairman of Stichting Royal Haskoning, Chairman of the Advisory Board of H&S Groep, Member of the Advisory Board of the Faculty of Economics and Business at the University of Groningen and Member of the Board of the Ondernemingskamer.

Supervisory Board
From left to right:

Pamela Boumeester;
Ron Icke;
André Olijslager,
(Chairman)
Sjoerd van Keulen,
(Vice-Chairman)
Rob van Gelder.

Ing. R. (Rob) van Gelder (1945)

Dutch nationality; formerly Chairman of the Executive Board of Heijmans NV. Mr Van Gelder was previously Chairman of the Executive Board of Koninklijke Boskalis Westminster NV.
Appointed Member of the Supervisory Board of Heijmans NV on 1 July 2010. Steps down in 2014.
Principal ancillary positions: Chairman of the Supervisory Board of Atlas Services Group, member of the Advisory Board of Value Enhancement Partners and Chairman of the Dutch Association of Securities Issuing Companies (VEUO).

R. (Ron) Icke RA (1957), Chairman of the Audit Committee

Dutch nationality; formerly Chairman of the Executive Board of USG People NV.
Appointed Member of the Supervisory Board of Heijmans NV in April 2008.
Reappointed in 2012. Steps down in 2016.
Principal ancillary positions: Chairman of the Supervisory Board of DPA Group NV, Chairman of the Supervisory Board of ORMIT BV, Chairman of the Supervisory Board of Orizon GmbH,
Member of the Supervisory Board of Kas Bank NV,
Member of the Supervisory Board of VvAA Groep BV,
Member of the Supervisory
Board of Kinderopvang Nederland BV, Chairman of the Investment Committee of Project Holland Fonds.
Member of the Supervisory Board of the Dutch Land Registry and Member of the Board of Stichting Administratiekantoor V.O.Zee, Board Advisor to Orizon Holding GmbH, Board Advisor to Star Group BV, Board Advisor to Domus Magnus Holding BV.

Drs. S. (Sjoerd) van Keulen (1946), Vice-Chairman; Chairman of the Remuneration Committee and the Selection and Appointments Committee

Dutch nationality; formerly Chairman of the Executive Board of SNS REAAL NV.
Appointed Member of the Supervisory Board of Heijmans NV in April 2007.
Reappointed in 2011. Steps down in 2015.
Principal ancillary positions: Member of the Supervisory Council of Stichting Het Wereld Natuur Fonds, Member of the Supervisory Council of Stichting Natuur en Milieu, Member of the Supervisory Council of PharmAccess International.

HEIJMANS PROFILE

Not more and bigger, but smart and more efficient

Asset management Schiphol

Vision

Building will still be a profession in 2020: something that requires knowledge and expertise. However, more than ever in 2020, our profession will no longer be about 'making' something, it will be about 'invention'. And the customers who purchase these products and services will no longer be driven only by ownership, but increasingly by the sharing of ownership, whether we are talking about homes, employment or connectivity. Heijmans is building the spatial contours of tomorrow. These contours are increasingly being determined by the scarcity of space, raw materials and other resources. This situation requires change, creativity and integration of systems. Tomorrow's spatial solutions will not be about more and larger, they will be about smarter and more efficient.

Mission

Our mission is to play a leading role in making building smarter and more efficient by applying the principle of sustainability in the alliances we make, the processes that we operate and the products that we generate. In this endeavour, we take responsibility for achieving change and innovation, entering into partnerships, and providing customers with the best information. In order to achieve and continue its strategic focus on margin, Heijmans aspires over time to realise an EBIT margin in the building sectors of between 3% and 4%. In the development sectors, particularly Property Development, the target margin is around 8%.

Strategy and ambition 2012-2016

Our aim is to be the best and thereby the most innovative company in our industry. We will achieve this by continually aiming to improve our core activities through bundling our purchasing power, consistency in our sales and tender management, and excellent project management. In addition we will continue to increase our share in existing markets by adding quality and winning positions in new markets through innovation, in order to realise this ambition.

Added value

Heijmans distinguishes itself by searching for solutions together with its partners at an early stage in the design process and realising and maintaining these solutions through the integration of knowledge and know-how. Our work starts at the drawing board, and increasingly has extended to include management and maintenance. We combine high-tech knowledge and creativity to create innovative products and concepts that we apply on a broad scale. The manifestation is always different to reflect local circumstances, but everything is created from the same expertise. Heijmans positions itself as a distinct innovative player in the market.

History

Heijmans' history goes back to 1923, when Jan Heijmans started his paving company in Rosmalen. Heijmans was already an innovator in those days, as it was one of the first companies to use bituminous road surfacing. He had ample opportunities for growth in the post-war reconstruction period, with the restoration and laying of roads and airports. The first business acquisition occurred in this period and marked the beginning of a period of huge growth and versatility. Heijmans obtained a listing on the Amsterdam Exchanges in 1993. This gave the company a new source of capital, which enabled further growth and acquisitions. The company changed course radically in mid-2008, and now focuses strongly on adding value based on the integration of its business units. By improving processes and efficiency on a daily basis, by improving its funding relationships and by implementing divestments, Heijmans is creating the space to launch innovative ideas and to make a clear statement in the market regarding its vision. The Smart Highway is a good example of this.

Market areas and themes

Heijmans focuses on three market areas: residential, employment and connections. In these areas, we operate in various market segments such as national and regional infrastructure, water, health care, and so on. Heijmans is organised in five business flows, which are: Property Development and Residential Building (housing), Non-Residential Building (employment), and Roads and Civil (connections). All business flows are centrally managed in order to optimise cooperation, synergy, scale and the use of knowledge and expertise. In addition, the company as a whole offers an integrated proposition to customers, from idea to realisation, maintenance and service.

Activities

Property Development

In the Netherlands, Property Development focuses on area development of both large and smaller-scale projects in urban and out-of-town areas, and acts as an initiator, developer and seller of mainly residential properties. This is carried out by the property development business, which consists of three locations with one central management. High-level knowledge of area development is bundled in one area development organisation in which accounts of large customers are incorporated, meaning that we can benefit from both new-build contracts and (inner-city) transformation assignments.

Residential Building

The core activity of Residential Building is to build homes of different types. Activities primarily consist of new-build, although they also involve the restoration, redevelopment and renovation of existing housing stock. Maintenance and service are increasingly becoming part of this activity. Residential Building operates from three regional offices with central direction. There are also construction activities in Belgium.

Non-Residential

Non-Residential designs, realises and maintains high-quality electro-technical and mechanical installations, and realises large-scale and complex construction contracts in the customer and market segments of health care, government and semi-government organisations, commercial property, the high-tech clean industry (such as laboratories) and datacentres. Our unique quality is the integrated approach to construction and installation technology, and increasingly our contracts include long-term management, maintenance and service.

Roads

Roads focuses on the laying, maintenance and improvement of infrastructure relating to mobility for road users and the road networks in the Netherlands, Belgium and Germany, but also on the design of public space. This may involve roads and underground infrastructure, but also may include all installations and technical services (such as lighting, camera and reference systems) in and around roads and the related public space. Roads includes a number of disciplines and supporting specialist areas. These include engineering services, focusing on engineering and design & construct, asset management, and specialist areas. Infrastructure

Belgium focuses mainly on road building, maintenance contracts and integrated projects. Our German operating company Oevermann specialises in road building, mainly for the German autobahn network. Road building features the optimal use of cross-border exchange of technological expertise, application of specialist material and use of purchasing power.

Civil

Civil focuses on location-linked infrastructure above and below ground, such as viaducts, tunnels, cables, pipelines, energy supplies, sluices, water purification, and so on. The focus is on the design, realisation and management and maintenance of the properties as well as their installations. The development of smart grids in the Netherlands is seen by Heijmans as an opportunity to further differentiate itself as a 'smart builder'. Franki, the German company, strengthens the integrated quality of Civil through cooperation in specialist foundation techniques and projects. Van den Berg, which is mainly active in the Belgian market, specialises in service and new-build infrastructure contracts in relation to energy, water and electricity.

We strive to continuously improve our core activities by bundling our procurement strength, consistency in sales and tender management and, most of all, excellent project management

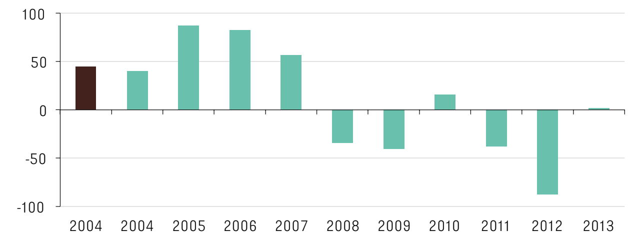
HEIJMANS' 10-YEAR RECORD IN KEY FIGURES

From 2004 to 2013 under review

Station Lunetten, Utrecht

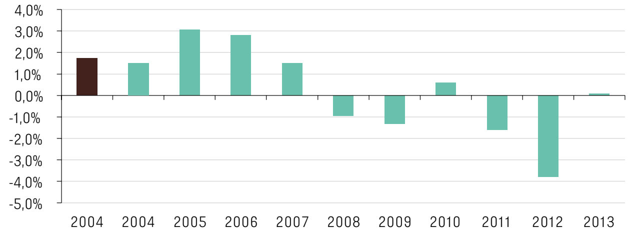
Revenue (in € x million)

Result after tax (in € x million)



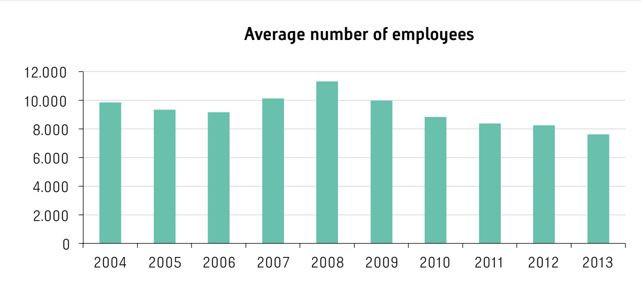
Order book (in € x million)

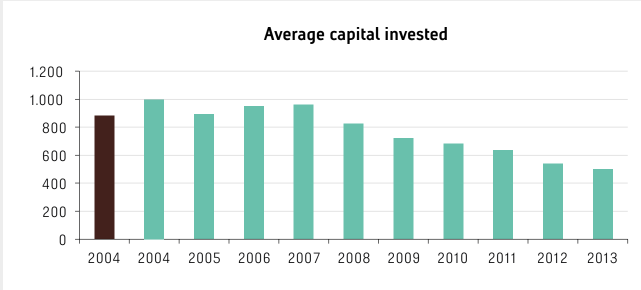
Net margin (in %)

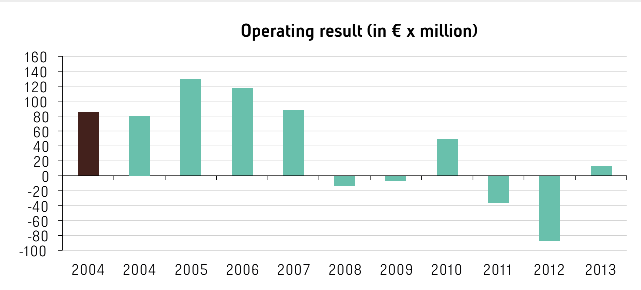


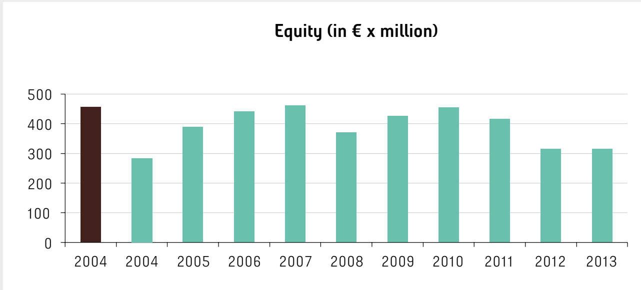
Key figures [1]	2013 IFRS	2012 [3] IFRS	2011 IFRS	2010 IFRS	2009 IFRS	2008 IFRS	2007 IFRS	2006 IFRS	2005 IFRS	2004 IFRS	2004 NL GAAP
Result x € million											
Revenue	2.054	2.318	2.361	2.680	3.079	3.631	3.732	2.942	2.835	2.672	2.594
Operating result[1]	12,7	-87,2	-35,7	48,4	-6,5	-13,6	88,2	117,2	128,8	80,6	85,4
Result after tax	1,9	-87,7	-37,6	15,7	-40,4	-34,1	56,4	82,5	87,1	40,1	44,9
Capital (€ x million)											
Assets	1.324	1.366	1.554	1.600	1.853	2.220	2.205	2.130	1.906	2.011	1.585
Average capital invested	502	541	636	683	722	824	960	952	892	995	883
Equity	315	315	416	455	426	371	462	442	389	284	457
Net debt	141	149	103	178	223	331	366	497	403	515	197
Cash flow (€ x million)											
Operating	-12	-45	-6	74	-5	80	259	-30	109	245	219
Investment	-4	-26	42	-34	30	0	-88	-39	-13	-15	-38
Financing	11	8	-19	-131	-183	63	-126	77	-85	-167	-75
Cash flow	**-5**	**-63**	**17**	**-91**	**-158**	**143**	**45**	**8**	**11**	**63**	**106**
Ratios in %											
Return on average capital invested	2,5	-16,1	-5,6	7,1	-0,9	-1,7	9,2	12,3	14,5	11,1	13,1
Result after tax:											
- as % of equity	0,6	-27,8	-9,0	3,5	-9,5	-9,2	12,2	18,7	22,4	14,0	10,0
- as % of revenue	0,1	-3,8	-1,6	0,6	-1,3	-0,9	1,5	2,8	3,1	1,5	1,7
Solvency on the basis of capital base	28,8%	27,9%	31,0%	32,6%	26,6%	19,7%	23,9%	23,8%	23,9%	19,6%	35,8%
No. of shares x 1,000											
At year-end	19.349	17.328	16.956	16.851	16.851	24.073	24.073	24.073	24.073	22.438	22.438
Average	18.111	17.191	16.917	16.851	12.504	8.156	24.073	24.073	23.696	22.438	22.438
Data per share[2] x €1											
Equity	17,39	18,32	24,53	27,00	25,28	15,41	19,21	18,35	16,42	12,66	20,37
Operating result	0,70	-5,07	-2,11	2,87	-0,39	-0,56	3,66	4,87	5,43	3,59	3,81
Result after tax	0,10	-5,10	-2,22	0,93	-3,23	-4,18	2,34	3,43	3,67	1,79	1,70
Dividend	0,15	0,25	0,35	0,35	0,00	0,00	1,45	1,45	1,45	1,22	1,22
Share price information x €1											
At year-end	10,51	7,05	8,19	15,05	12,21	3,40	25,83	41,66	36,49	24,10	24,10
High price	10,78	9,68	23,90	15,25	21,18	27,52	47,19	43,75	40,80	24,34	24,34
Low price	6,85	5,25	6,58	10,70	9,49	3,36	22,97	35,49	24,44	17,64	17,64
Other data											
Order book (€ x million)	1.659	2.026	2.192	2.188	2.597	3.004	3.248	3.196	2.559	2.362	2.350
Employees (average number)	7.617	8.242	8.384	8.839	9.980	11.311	10.119	9.162	9.336	9.839	9.839

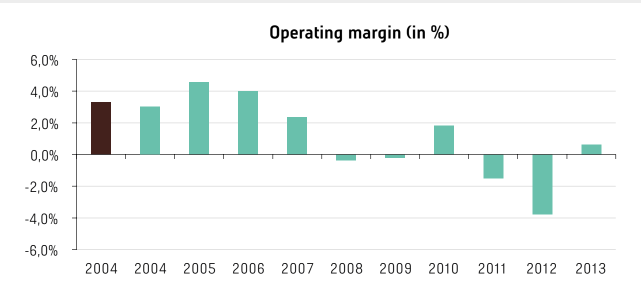
1. For the valuation and reporting differences between IFRS and NL GAAP, please refer to the 2005 annual report and financial statements.
2. The data per share are expressed in terms of the weighted average number of ordinary shares. Dividend per share is based on the number of ordinary shares at year-end. The weighted average number of shares for 2009 has been adjusted due to the issue and the reverse stock split; the number for 2008 has been recalculated accordingly, as has the earnings per share.
3. After revision due to a system change for defined benefit pension schemes (see the financial statements).

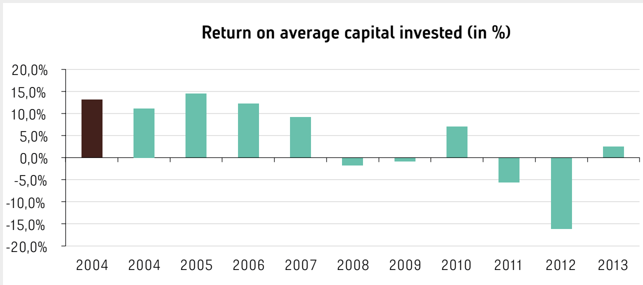

Average number of employees
12.000
10.000
8.000
6.000
4.000
2.000
0
2004 2005 2006 2007 2008 2009 2010 2011 2012 2013

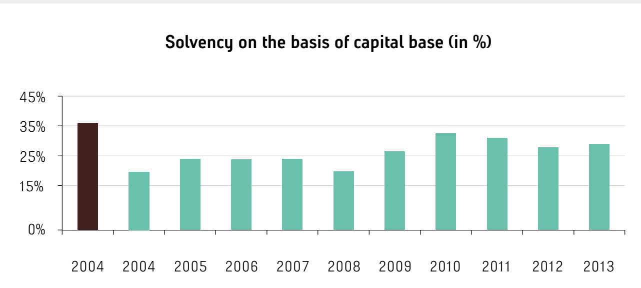

Average capital invested
1.200
1.000
800
600
400
200
0
2004 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013


Operating result (in € x million)
160 140 120 100 80 60 40 20 0 -20 -40 -60 -80 -100
2004 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013


Equity (in € x million)
500 400 300 200 100 0
2004 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013


Operating margin (in %)
6,0% 4,0% 2,0% 0,0% -2,0% -4,0% -6,0%
2004 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013


Return on average capital invested (in %)
20,0% 15,0% 10,0% 5,0% 0,0% -5,0% -10,0% -15,0% -20,0%
2004 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013


Solvency on the basis of capital base (in %)
45% 35% 25% 15% 0%
2004 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013

THE HEIJMANS SHARE

From numbers of shares to price development

Meander Medical Centre, Amersfoort

Share capital

The composition of the share capital of Heijmans N.V. as at 31 December 2013 is as follows:

	Authorised share capital		Issued capital	
Shares (x 1,000)	**2013**	**2012**	**2013**	**2012**
Ordinary shares	35.100	35.100	19.349	17.328
Cumulative financing preference shares	7.000	7.000	6.610	6.610
Protective preference shares	8.000	8.000	-	-
	50.100	**50.100**	**25.959**	**23.938**

Ordinary shares

The shares are held by the Heijmans Share Administration Trust ('SA Trust'). The nominal value per ordinary share is €0.30. The SA Trust has issued 19,348,711 depositary receipts for shares, which are quoted on the Stock Exchange of NYSE Euronext in Amsterdam. The voting rights on ordinary shares are vested in the SA Trust. Each ordinary share entitles the holder to 30 votes. Holders of depositary receipts for shares wishing to vote at a shareholders' meeting are granted an unconditional proxy by the SA Trust.

The movements in the number of ordinary shares and depositary receipts for shares and a summary of the key figures per ordinary share/depositary receipt are presented in the table below: The number of shares and depositary receipts for shares in issue increased in 2013, due to the stock dividend and the share issue in August 2013.

Shares (x 1,000)	2013	2012	2011	2010	2009
In issue on 1 January	17.328	16.956	16.851	16.851	24.073
Issue of share capital	1.759	0	0	0	144.435
Stock dividend	261	372	105		
Sub-total	**19.349**	**17.328**	**16.956**	**16.851**	**168.508**
Decrease due to reverse stock split				0	-151.657
In issue on 31 December	**19.349**	**17.328**	**16.956**	**16.851**	**16.851**
Average in issue for the year	18.105	17.191	16.917	16.851	12.504
Earnings per share* (x €1)	0,10	-5,19	-2,22	0,93	-3,23
Dividend per share (x €1)	0,15	0,25	0,35	0,35	0,00
Pay-out ratio %	143%	-	-	38%	-

* Per average share in issue

Heijmans is listed on Euronext Amsterdam. The relevant data regarding the market listing are presented in the table below:

Heijmans market listing	2013	2012	2011	2010	2009
Closing price (in €)	10,51	7,05	8,19	15,05	12,21
High price (in €)	10,78	9,68	23,90	15,25	21,18
Low price (in €)	6,85	5,25	6,58	10,70	9,49
Dividend yield at closing price (in %)	1,4%	3,5%	4,3%	2,3%	0,0%
Market capitalisation at year-end (in € x million)	203	122	139	254	206
Average daily turnover (in no. of shares)	**90.358**	**76.045**	**106.867**	**82.107**	**232.732**

Cumulative financing preference shares B

On 28 June 2002, 6,610,000 cumulative financing B preference shares were issued at a price of €10 per share. The nominal value per share is €0.21. These shares are not quoted on a stock exchange, and no depositary receipts are issued for them. With effect from 1 January 2009, the yield is 7.25%. The dividend will be revised as at 1 January 2014 and every five years thereafter. The Company is entitled to repurchase or cancel these preference shares at any time.

Issued share capital and equity holdings

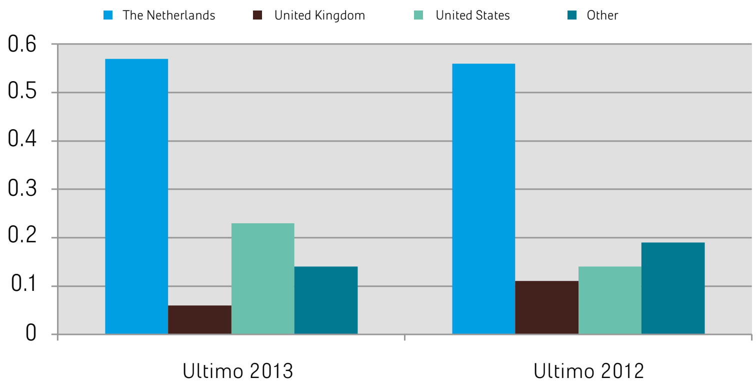
The issued capital and the associated voting rights increased in 2013 as a result of the distribution of a stock dividend (in May 2013) and a share issue (in August 2013). One cumulative financing B preference share entitles the holder to 1.278 votes. The voting right associated with ordinary shares is 30 votes per share. The composition of the issued capital and associated voting rights as at 31 December 2013 was as follows:

	Issued capital		(Potential) Voting right	
	Number	%	Number	%
Ordinary shares	19.348.711	80,7%	580.461.330	98,6%
For which depositary receipts issued	19.348.704	80,7%	580.461.120	98,6%
Depositary receipts cancelled	**7**	**0.0%**	**210**	**0.0%**
Depositary receipts	19.348.704	80,7%	580.461.120	98,6%
Cumulative preference shares	6.610.000	19,3%	8.447.580	1,4%
Total year-end	**25,958,711**	**100.0%**	**588,908,910**	**100.0%**

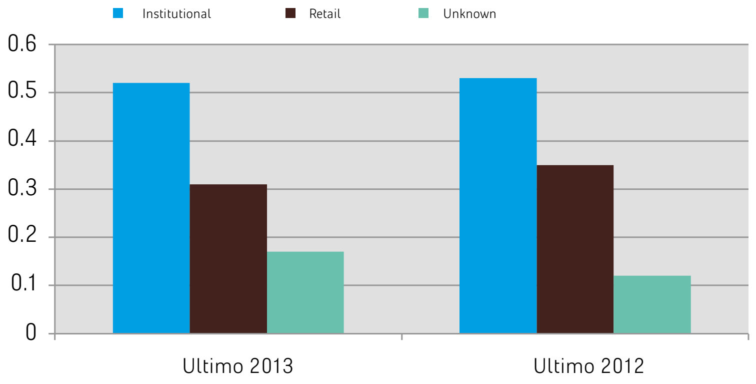
To the extent the Company is aware, and also on the basis of the WMZ (Major Holdings in Listed Companies Disclosure Act) register maintained by the Netherlands Authority for the Financial Markets (AFM), the following investors had a 3% or greater interest in Heijmans as at 31 December 2013:

	31 December 2013		31 December 2012	
Holdings in Heijmans	Capital (%)	Potential voting right (%)	Capital (%)	Potential voting right (%)
Delta Lloyd Levensverzekering N.V.	14,4%	7,1%	15,1%	7,2%
FMR LLC	8,3%	10,1%	9,0%	11,2%
Delta Lloyd Deelnemingen Fonds N.V.	6,9%	8,4%	6,6%	8,2%
Kempen Capital Management N.V.	6,6%	1,3%	6,4%	0,5%
ASR Nederland N.V.	5,3%	6,4%	5,3%	6,7%
Van Lanschot Participaties B.V.	5,0%	1,0%	5,0%	0,7%
Campus B.V.	3,0%	3,7%	0,0%	0,0%
	49,5%	**38,0%**	**47,4%**	**34,5%**
Other holdings	50,5%	62,0%	52,6%	65,5%
Total	**100,00%**	**100,00%**	**100,00%**	**100,00%**

Based on the information provided by banks and custodians, the distribution of share ownership can be illustrated as follows:



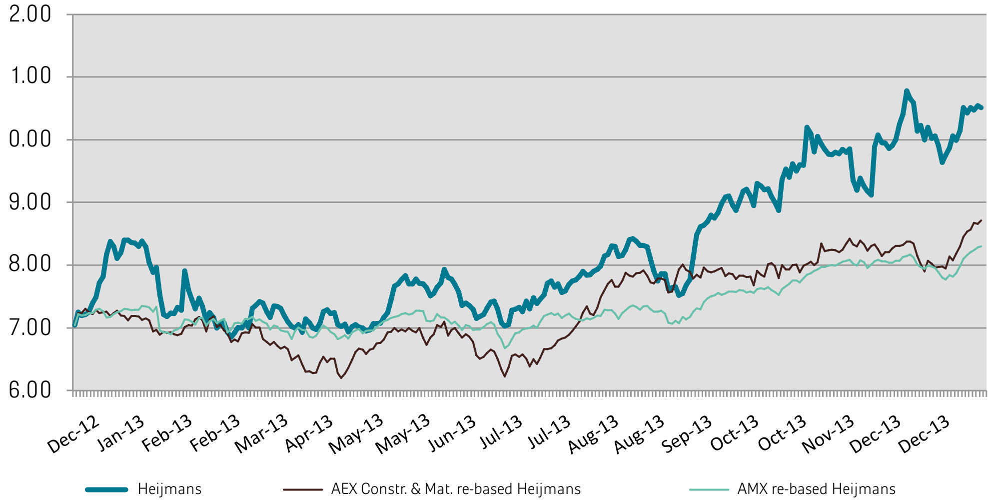
The (estimated) shareholdings of institutional investors remained stable during the 2013 financial year. The geographical distribution of shares and depositary receipts held by institutional investors is as follows:



57% of the depositary receipts for ordinary shares held by institutional investors are held in the Netherlands. This is virtually unchanged compared to year-end 2012 (56% in the Netherlands). It is estimated that 95% of the depositary receipts for ordinary shares held by private investors are held in the Netherlands.

Share price movement

The closing price for the ordinary share at the end of 2013 was €10.51. This is an increase of more than 49% compared to the price at the beginning of 2013. The increase in the share price over the year is greater than that of the AMX Index, in which the Heijmans share is included. The figure shows the price movement of Heijmans shares in 2013 compared to both the AMX Index and some of the Company's peers in the Netherlands in the 'AEX Constr. & Mat. Composition'.



Financial calendar

The following publication dates have been set for 2014-2015:

Date	Event	Date/time
16 April 2014	General Meeting of Shareholders	14:00 hours
8 May 2014	Trading update	before market opening
20 August 2014	Publication of half-year figures for 2014	before market opening
5 November 2014	Trading update	before market opening
15 April 2015	General Meeting of Shareholders	14:00 hours

STRATEGIC AGENDA 2013

Strategy: the best construction company in the Netherlands

Edith Stein College, The Hague

Strategy for 2012-2016: to be the best builder in the Netherlands

The company changed course radically in mid-2008. Based on this review, the strategy is focused on the integration of disciplines, knowledge and expertise, and the focus on adding value has been reconfirmed. A further refinement of the core activities, the improvement of the market share, and a selective expansion into new markets were additional priorities that were identified as a result of this analysis.

Improvement and renewal

In addition to improvement, in these times of low production volumes, Heijmans explicitly continues to focus on the future. Both facets, improvement and renewal, are part of our strategic direction. A brief description of our strategy is given in the following sections Improvement and Renewal, which also describe the substantive developments in these respects in the previous year.

Improvement: strategic focus items

Tender management

In the decisions regarding tenders and selections, the 'margin before volume' policy has been a major consideration. In addition to the substantive choice for margin, the tender management programme also provides for consistent development of processes to achieve the desired focus on sales and acquisition endeavours, as well as the designation of 'Go/No Go' moments. The programme was implemented for the operations in the Netherlands in 2013.

Project management

Project management is a continuous item of attention in the realisation of the strategy. The project management programme is designed to achieve consistent processes with a recognisable Heijmans signature: 'everything right the first time'. This requires good engineering, preparation and tight control of processes. The approach involves cultural change, and the representation of this to our customers. The research phase was started in the autumn of 2012. The first results were introduced at the end of 2013 and will be followed up in 2014.

Procurement

Last year, Heijmans' procurement for running its business and realising its projects amounted to approximately 1 billion Euros. The further streamlining of this process, and the efforts to make our products and services sustainable by means of bundling purchasing power through central coordination and knowledge, holding suppliers to quality criteria and making agreements for the future, will ensure a more effective use of our purchasing power and scale advantages. The programme was started in the autumn of 2012. In its approach, a distinction is made between generic and strategic (procurement) product groups.

Sales

The provision of added value is the foundation for the company's right of existence. In order to realise this added value, it is necessary to know our customers' needs, both potential and actual, to develop products, to form relationships, and to achieve margin targets. The sales programme focuses primarily on this transition and the associated refining of roles, organisation and competences. The programme was started in the autumn of 2012.

Improvement methodology

The improvement methodology is embedded in the organisation in an integrated Improvement working group that applies the LEAN6Sigma methodology, among other means, in order to encourage, organise, analyse and subsequently implement improvements across the entire company.

Renewal

The future offers many opportunities as a result of technological developments. Alternative materials, energy and mobility will bring significant changes to the construction business. This will make it possible for built-up areas to add fossil fuels or energy to the environment rather than withdrawing them. Through the use of sustainable energy or residual heat, buildings can provide their own energy and even contribute energy to the environment. As a concept, the Smart Highway is a good example of technology in combination with design, perception and interaction, which, with its glowing lines and induction lane, is not only based on sustainability but also has a large impact on safe mobility and road use. Our techniques of 3D-printing, IRWES and Hydrea Thermpipe also demonstrate this, with the two latter concepts generating energy from very sustainable sources (wind energy and biomass). The same principle, however, applies to materials as well. The circular economy makes re-use possible, so that extraction no longer occurs. This principle is the basis for our renewal agenda.

In practical terms, Heijmans is targeting the following ambitions with respect to renewal and thus sustainability:

- In 2020 our products will generate energy, instead of using energy;
- In 2020 our buildings, engineering structures and roads will be recyclable to the maximum extent;
- In 2020 our properties and solutions will contribute to improved spatial quality.

We will achieve this by making our expertise internally even more accessible, selling our practical knowledge through licensing and concepts, concluding cooperative agreements with knowledge partners and measuring our customer satisfaction on an annual basis.

Financial strategy

Based on its strategic focus on the realisation of added value, Heijmans strives to achieve EBIT margins of at least 3%-4% for its building and infrastructure operations. Given the capital investment required and the different risk profile, the EBIT margin target for the development businesses (Property Development and PPP) is, over time, around 8%. In view of the current market

situation, it is not likely that these targets for development can be met in the short term. In order to bear the project risks that Heijmans undertakes in the normal course of its business, the company strives to maintain sound capital ratios, as expressed by measures such as solvency or net debt compared to operating cash flow. With this background, the aim is to maintain non-project-related net debt as part of normal business operation at around nil at each year end. There may be significant fluctuations during the year, however. In order to optimise its use of capital, the company actively manages its operating capital and pursues a targeted investment policy. Last year, the difficult property market did not lead to a significant reduction in the capital requirement for the land bank. This continues to be an item of attention in the financial policy.

Outlook

Although the initial signs from the housing market are hopeful and private sales rose again in 2013, this market is not expected to return to growth until late 2014 or early 2015. 2014 will be a transitional year on the road to recovery, firstly due to the long lead time for projects, and secondly because confidence is still fragile.

The outlook for Non-Residential remains stable, and our challenge here is to further improve profitability. The market for infrastructure works is expected to remain challenging in 2014, due to intense competition and a somewhat lower level of investment by customers. Heijmans will thus continue to actively search for potential to improve efficiency, processes and effectiveness, in order to control risks and costs, and use its knowledge and scale benefits. 'Improve the core' continues to be relevant. We will moreover build on our financial soundness, our integrated approach and our ability to innovate. We are developing new concepts, products, services and types of cooperation: for existing customers, but also for new customer groups. This combination of Improvement and Renewal distinguishes Heijmans in the market and gives us a good starting point for the future.

The future offers many opportunities as a result of technological developments.
Alternative materials, energy and mobility will bring significant changes to the construction business.
It is thus possible to achieve no withdrawal of fossil fuels or energy by the built-up environment, but, on the contrary to ensure that energy can be added.

OPERATING PERFORMANCE

Modest result in a tough year

Eindhoven Airport

© Eindhoven Airport

Residential: Property Development and Residential Building

The housing market continued to be tough in 2013. Consumer confidence failed to recover, although the market does show clear signs of 'bottoming out'. National sales figures for existing housing confirm this picture, and in the fourth quarter sales increased for the first time since the start of the crisis. An increasing demand for rental housing is visible, which may partly come at the expense of the mid-price segment in the owner-occupied sector. However this is limited to urban locations, and will not become a dominant trend nation-wide. The Housing Agreement is a step in the right direction to provide clarity to buyers and owners and thus bring calm to the market. Partly as a result of the crisis, consumers will increasingly consider a potential purchase or relocation on the basis of their housing costs. This makes the transition to total cost of ownership important for housing associations and investors, in order to determine whether new-build or renovation of the portfolio is the most desirable option, in financial terms.

Property Development (in € x million)	2013	2012	Difference
Revenue	163	257	-37%
Underlying operating result	1	1	
Underlying operating margin	0,6%	0,4%	
Order book	190	139	37%

The market is showing some movement, resulting in higher sales figures in the last quarter and relatively higher sales numbers in the private segment. Nonetheless, sales declined 37% in 2013 to €163 million (2012: €257 million) and the order book rose to €190 million at year-end 2013 (year-end 2012: €139 million). The underlying operating result came to €1 million, and is thus the same as in 2012 (2012: €1 million). Contrary to previous years, sales to private customers increased.

With 1,082 homes sold over the whole of 2013, 542 of which were sold in the fourth quarter, home sales in 2013 were at more or less the same level as in 2012 (1,081 homes). 437 of these homes were sold to private customers, compared to 357 in 2012. The business-to-business market, primarily consisting of investors and housing associations, was difficult last year. Although the market for rental housing in the liberalised sector improved strongly, many housing associations, and to a lesser extent investors, postponed their investments again last year. Because of the fact that the market is bottoming out, decision-making was lengthy and competition was intense. This put pressure on both sales and the result. Nevertheless, Property Development succeeded in winning the necessary prestige projects, including the redevelopment and new-build of the Wijnhavenkwartier in The Hague and the area development of Kanaleneiland in Utrecht. Wijnhaven is one of the largest office transformations in the Netherlands, and thereby sets the tone for the market. Other projects that were started include the Talentencampus development in Oss, the sale of homes in the 'Meyster's Buiten' district of Utrecht, and Noorderhaven in Zutphen. The initiation of projects like this (which form part of a larger area development) demonstrate the company's entrepreneurial spirit. Some concepts from Residential (Property Development and Residential Building together) led to successes last year. The 'House Brand', the solution for standardisation and cost leadership, was sold and built at various locations. In Landsmeer and elsewhere, this concerns 52 rental homes for the investor Achmea. In Almere Poort a number of very energy-efficient homes have been realised within the House Brand concept. In addition, Property Development strives to provide differentiation for the private sector via 'Tailorhousing', in order to meet the demand for freedom of choice and variation.

Residential Building (in € x million)	2013	2012	Difference
Revenue	223	360	-38%
Underlying operating result	-3	1	
Underlying operating margin	-1,3%	0,3%	
Order book	173	182	-5%

The market for residential building is returning in a different form as a result of the crisis. Contracts will be of smaller scale, due to a desire for flexibility. This is expressed in houses with adaptable interiors, different construction planning and shorter build times. The organisation is preparing for this, with its innovation, concepts and renewed sales structure. In 2013 sales declined 38% to €223 million (2012: €360 million). The order book at year-end 2013 fell to €173 million, also due to applying the strategy of prioritisation of 'margin over volume' even further with respect to tendering and acquisitions. The underlying operating result came to €3 million negative (2012: €1 million). The organisation returned to limited profitability in the second half of the year, partly due to the reorganisation.

The further continuation of the separation of housing and care, in combination with social-demographic developments, will lead to increasing demand for domotics and different housing facilities. The Kloppend Hart Huis Veenendaal project is an example of this, in which Residential Building has realised different apartments for a variety of care needs. Within the complexity of the market, a number of trend-setting projects were started in 2013, including the Duynhille holiday park in Ouddorp. Residential Building realised 205 holiday homes here within one year.

Due to the decline in demand for new-build, demand for transformation, renovation, management and maintenance is increasing. Various projects, such as the contract for the Voerendaal housing association to radically improve the energy efficiency of the housing stock, or the far-reaching renovation of the Eikenflats in Leeuwarden, are examples of high quality renovation. The Zero Ready concept also reflects this development. The switch to renovation, however, has other consequences. Both housing associations and investors will increasingly concentrate on their core business, and thus will outsource services to builders. This represents an opportunity to be taken. In addition, there will be increasing space for new technology in industrial construction. Together with Mopac, Residential Building is engaged in developing a prestigious energy-neutral or even energy-generating home off-site. This approach can reduce failure costs and considerably shorten completion times. This fits in with the 'zero open items' improvement programme. Innovations such as 3D-printing, energy-generating housing and standardisation present opportunities, also in the form of significantly shorter time-to-market. Residential Building is acquiring experience of 3D printing through its collaboration with DUS Architects and Henkel, and through the cooperation with these partners in building the first printed house in the Netherlands.

Works: Non-Residential

Market demand for non-residential works was subject to some pressure last year, as was the case in previous years. As a result of the financial crisis and the crisis in the sector, demand for projects such as new office and retail property has fallen away, leading to intense price pressure for providers. Non-Residential prefers to position itself as a niche player, focusing on complex buildings that bring together technology, design and construction. These market segments focus on the care sector (hospitals), education, high tech clean, data centres, and government and semi-public premises. Demand in these market segments is reasonably stable.

Non-Residential (in € x million)	2013	2012	Difference
Revenue	466	470	-1%
Underlying operating result	2	-13	
Underlying operating margin	0,4%	-2,8%	
Order book	511	606	-16%

Sales by Non-Residential in 2013 were at the same level as in 2012 (2013: €466 million, 2012: €470 million). The order book of €511 million is also reasonably stable compared to 2012 (2012: €606 million). The underlying operating result improved strongly last year to €2 million positive, compared to €13 million negative in 2012. Non-Residential focused last year on putting its organisation and associated processes in order, so that the challenging demand from the market could be adequately met. First of all, the process improvement of four 'blocks' or project phases was implemented, so that the completion of project phases could be clearly defined. This also generated information on project risks, and more time was devoted to the completion of preparatory work. Besides this internal process improvement, more projects were acquired last year on the basis of MEAT criteria, whereby added value can be realised. Examples of this are the Laurentius hospital in Roermond, the Technology Campus of DSM in Delft and the security zone at Schiphol airport. Non-Residential also won the Dutch Design Award for best principal in the National Military Museum project in Soesterberg.

Apart from the still increasing importance of MEAT selections, there is another notable development in the market. An increasing number of customers, such as the RGD, are centralising, thus creating new opportunities for service provision under the 'total cost of ownership'. At the same time, the market is affected by delays in decision-making regarding the cutting down and/or postponing of service requirements in order to cut costs. In this context, Non-Residential is also choosing to prioritise margin over volume. Furthermore, the integration of disciplines, unique in the market, resulted this year in the delivery of projects such as Meander Medical Centre in Amersfoort and the Muziekpaleis Vredenburg in Utrecht. In the future, Non-Residential will focus more on integrated projects involving design, building, maintenance and operation, and more professional service, maintenance and asset management. Further progress was made last year in completing the integration of building and technical services, among other things by clearly defining project phases and categorising project risks, and by basing our management on these principles. One of the consequences of this has been that some projects require a longer preparatory phase before beginning the implementation.

Connections: Roads and Civil

Roads & Civil (in € x million)	2013	2012	Difference
Revenue	751	812	-8%
Underlying operating result	16	35	
Underlying operating margin	2,1%	4,3%	
Order book	576	771	-25%

Pressure on market prices and difficulties with the progress of some civil engineering projects led to a sharp fall in the underlying operating result. The underlying operating result last year fell to €16 million (2012: €35 million). Sales fell to €751 million, compared to €812 million in 2012. The order book declined to €576 million (2012: €771 million). The underlying operating margin of 2.1% in 2013 (2012: 4.3%) shows that the proportion of large projects with attractive margins declined significantly last year. The order book at year-end 2013 contained fewer large, integrated projects.

In addition, there are a number of visible trends in the market. The development from mono-disciplinary works to multi-disciplinary works is continuing. Ultimately, this development of increasingly extensive combination of functions, techniques and technology will lead to increasingly complex and smarter integrated systems. Users and transporters can communicate with the environment and construction works can benefit from this. Examples of this are the opening of a traffic lane in times of heavy traffic, proposing an alternative route to road users, or optimising energy use through the application of smart energy meters. More and more projects will be offered on the basis of MEAT criteria. Besides price, other criteria – such as communication with residents and users, and construction with less interference – will be important to customers. This entails adding value for the customer, users or those living near to an infrastructure project.

As a result of these developments, builders will increasingly be assessed on the quality and functionality of projects and services. This creates potential and demand for the further development of competences in disciplines such as design, engineering, management and maintenance.

Lastly, while there has been much investment in recent years in increasing the capacity of the road network ('asphalt heavy'), projects are currently shifting towards solving object-related hubs ('concrete heavy'). This suggests more road and waterway object-related projects than mono-disciplinary road construction or re-construction itself.

Roads

For Heijmans, the roads sector is divided into a number of segments, including national infrastructure, regional infrastructure, public space, transport and logistics, and water. Within these segments, Roads distinguishes between large projects and smaller regional projects and services. The customers are mainly in the government-related segments. The share in the private market also increased in 2013. In the national infrastructure segment, the Directorate General for Public Works and Water Management (RWS) is the largest customer. This customer is centralising further and increasingly concentrating on its core task, meaning that road maintenance and management is increasingly being carried out by market parties. The role of the customer thus relates more to preparation and primary management responsibility.   Besides this centralisation, which is particularly the case at RWS, further efforts to cut costs can be seen at virtually all public principals. For the large national infrastructure projects, it is not so much the case that they are no longer taking place, it is more the phasing that is affected. Large projects are being postponed, which reduced the market volume last year. In 2013, Heijmans nevertheless succeeded in winning contracts for a number of large works, such as the Drachtsterweg in Friesland, the design and realisation of the N207/N454 intersection in Gouda, and projects like the A2 Den Bosch-Eindhoven and road sections on motorways for variable maintenance in West Brabant and Utrecht were delivered. There were also cuts in the regional market in 2013. The volume of the market declined, which increased competition. Many providers adjusted their activities and/or working areas in order to win contracts, meaning that the number of applicants was still high.

Added value was offered through the use of new concepts and innovations, which were in many cases applied for regional customers for the first time. Roads accordingly carried out several test sections for the low temperature asphalt Greenway LE and the elastocoast technology was applied for 16 jetties along the coast of Noord-Holland. The idea of generating electricity with sound screens won the Gouden Decibel prize for innovation. The Smart Highway concept introduced in 2012 also won the Accenture Award for best innovation. This concept, that combines sustainable technology, innovation and perception, is now attracting international interest. In 2013 the intention was expressed, in meetings with the province of Noord-Brabant, to make the 'Van Gogh bicycle route', which passes several cultural and historical places of interest in the life of the painter Van Gogh, interactive and to furnish it with glow-in-the-dark lines. The liberalisation of innovations, however, continues to be very challenging as a result of the market structure.

Civil

As is the case for Roads, large integrated projects with customers such as RWS and Prorail account for an important proportion of sales. Under pressure from the crisis, the number of competitors in this segment is continually increasing, partly because SMEs are more frequently taking on associated works and are thus striving to increase their opportunities for obtaining work. On the other hand, an increasing number of large and international companies are entering the Dutch market. This means that price pressure remains heavy. This is the reason for the further reorganisation of Civil in early 2014, with the aim of increasing efficiency. The large projects organisation and the regional organisations have therefore been combined. There were a number of key developments at Civil last year. Firstly, the combination of disciplines within Civil has led to more integration of quality and knowledge. This results in smart solutions and timely execution, with the aim of zero open items. A project such as Sporen Den Bosch, whereby a bridge was replaced in record time, railway flyovers were realised and meanwhile the nuisance for residents, shipping and rail passengers remained limited, is an example of this. Our knowledge of

Eindhoven Airport

installation technology was greatly strengthened last year, and was applied for instance to the design and realisation of the two-kilometre land tunnel at the A4 Delft-Schiedam project. In this context, the problem-free opening of the Waterwolftunnel in the N201 is also worthy of mention. Our closer cooperation with our Belgian and German civil engineering partners, Van den Berg and Franki Grundbau, in projects including the Utrecht-Lunetten rail link and the installations for the Liefkenshoektunnel in Antwerp, is an example of the improvement in quality and knowledge development at Civil. In addition to the improvement in our technical knowledge, the quality of environmental management has increased as well. Complex urban works like the Vonk&Vlam parking garage in the centre of 's-Hertogenbosch and the rail projects at Utrecht Central Station and in Bilthoven and Eindhoven show that environmental management has gained increased support from the surrounding area and the building process is realised with less disturbance. Last year, Civil saw a higher proportion of its sales represented by service contracts. These are contracts for the survey, laying and maintenance of service facilities, from energy and water networks up to the service connections in homes and (smart) meters. The customers include Evides, Alliander, Nuon and Brabant Water. With the acquisition of Brinck Group at the end of 2013, Civil has made significant progress in its strategy to further increase its market share in this area and also to realise projects relating to sustainable energy and smart grids. The service activities were expanded in the mobility market as well as in the energy market, with the winning of the contract for management and maintenance of the waterways in the Westerschelde district for the next five years. A contract was also won for the provision of the electricity charging infrastructure in the metropolitan region of Amsterdam, a joint venture between 35 municipalities in the provinces of Noord-Holland and Flevoland.

Civil moreover made great progress in the water market by winning contracts for a number of sluice projects. The Wilhelminasluis Zaandam, the sluice complexes in the Maas at Belfeld and Sambeek and the sluice in the Wilhelminakanaal at Tilburg are examples of this. In this

last project, Civil will also use the light-weight material composite in the sluice doors. This is a further development of the innovative composite bridge over the A27. As with Roads, innovation is an important instrument to enable the creation of value and thus to continue to serve customers. With the composite bridge over the A27, Heijmans won the Half Time Award. The Hydrea Thermpipe is a technique that uses minimal investments to draw energy from sewage water and return heat to homes, for example. This is a valuable and sustainable technique that is part of Heijmans' vision of an energy-neutral city. This idea won the Innovation Estafette 2013. Apart from these successes in innovation, the challenge of realising an attractive margin remains.

Other countries

Belgium (Heijmans Bouw Bilzen, De Coene Construct, Heijmans Infra België and Van den Berg)

Belgium (in € x million)	2013	2012	Difference
Revenue	251	252	0%
Underlying operating result	13	13	
Underlying operating margin	5,2%	5,2%	
Order book	203	224	-9%

Both sales and the underlying operating result in Belgium remained more or less stable last year (sales in 2013: €251 million, 2012: €252 million and underlying operating result in 2013: €13 million, 2012: €13 million). The order book, at €203 million at year-end 2013, was also approximately the same as in 2012 (year-end 2012: €224 million).

Last year, Heijmans Infra België won the contract for the technical installations in the tunnel for the Liefkenshoek-rail link in Antwerp. The Liefkenshoek rail link is a new, direct goods connection between the left and right sides of the harbour in Antwerp. The rail link features the longest rail tunnels in Belgium. A number of other prestigious infrastructure contracts were also won in 2013. These concerned the laying of over one and a half kilometres of tram tracks with an underground sewage system and the relaying of the Brusselsesteenweg in Gent and sewage works for 'Aquafin'.

In the sector Construction, a number of large construction contracts were won in 2013. Heijmans Bouw Belgium won the contract for the construction of the apartment complex l'Ensemble Immobilier Villa Urbana in Evere, the new-build of a residential and care centre in Lommel, the construction of a further 35 service apartments in Aarschot, and the realisation of shops and apartments in Bilzen for a complex known as Biesenpoort. Lastly, Bouw will start the new-build of the Rega Institute in Leuven, a scientific research institute for medicine and pharmacology. Starting in January 2014, Bouw in Belgium will be directed from a centralised management from two locations, and the operational activities of both Belgian construction companies will be integrated within Heijmans Bouw. The name De Coene Construct will disappear.

Germany (Oevermann and Franki)

Germany (in € x million)	2013	2012	Difference
Revenue	344	356	-3%
Underlying operating result	6	6	
Underlying operating margin	1,7%	1,7%	
Order book	165	182	-9%

The results of the German subsidiaries Oevermann and Franki were virtually unchanged in 2013 at €6 million (2012: €6 million), as was the order book (2013: €165 million versus 2012: €182 million) and sales (2013: €344 million versus 2012: €356 million).
Oevermann succeeded in winning several large infrastructure contracts last year, including the widening of the A1 (Bocklemünd-Keulen Noord) to six lanes and the renovation of the A4 motorway (Düren-Kerpen). The customer in both cases was the 'province' or federal state. In addition to these infrastructure works, Oevermann started the construction of a new-build apartment complex in Heidelberg and the new-build of a shopping centre in Ratingen in 2013.

Franki focuses on a very specific civil engineering market, and started a number of projects in 2013 at complex and urban locations. In Hamburg, a diaphragm wall was installed with a surface area of 7,250 square metres and a sheetpile wall and foundation piles were placed in the new Hafen City, also in Hamburg. In Heilbronn, Franki realised the foundations for the new Audi centre with a land area of 2,000 square metres. For its customer Enercon, Franki also realised the foundations for a large number of wind energy turbines onshore in Germany, Poland, Austria and Belgium.

Oevermann succeeded in winning a number of large infrastructure works in 2013, including the widening of the A1 to six lanes and the renovation of the A4 motorway

FINANCIAL SITUATION

Despite lower revenue, the result was up to standard

Enercom wind turbines

Key points in 2013

Sales declined by €264 million, or just over 11% in 2013 compared to the previous year. The fall in sales was most visible in the Residential segment. Despite the continuing difficult market conditions in 2013, Heijmans' underlying operating result of €23 million remained at a reasonable level. As expected, it was mainly the results of Property Development and Residential Building that were affected by the stagnation in the Dutch housing market. The results of the Dutch infrastructure operations were positive, albeit slightly lower than in the preceding extremely good years. The operations in Belgium and Germany remained stable at good levels.

The operating result of Non-Residential recovered somewhat in 2013. The measures previously introduced to improve management, organisation, implementation and risk management led to an initial and cautiously positive result of €2 million.

Heijmans had to recognise some further reorganisation expenses in 2013. There was also an income item as a result of the harmonisation of the IBC pension scheme. The financial performance in 2013 was on balance mixed, but the year closed with a net profit of €2 million (2012: €88 million loss).

Heijmans was able to win new projects, even in the present difficult market conditions. These increasingly pertained to integrated projects that were won on the basis of MEAT criteria. The order book at year-end 2013, however, had decreased, partly due to the poor state of the housing market in the Netherlands, at €1.7 billion (year-end 2012 €2.0 billion). There were, however, a number of projects added at the beginning of 2014 with a value of approximately €150 million.

Summary income statement (in € x million)	2013	2012	Difference
Revenue	**2.054**	**2.318**	**-11%**
Underlying operating result	**23**	**27**	**-15%**
Write-down on real estate and land holdings	-7	-35	
Impairment of goodwill		-60	
Restructuring costs	-7	-29	
Release of pensions	4	15	
Result from divested entities		-5	
Operating result	**13**	**-87**	
Financial income and expense	-6	-7	
Result from associates	1	1	
Result before tax	**8**	**-93**	
Income tax	-6	5	
Result after tax	**2**	**-88**	

The regular financial income and expenses declined slightly because the average interest due in 2013 was lower than in 2012. The tax on profit was relatively high, mainly because the interest costs of the cumulative preference shares are not tax-deductible.

The capital invested declined slightly, partly due to a lower level of investment and management of the operating capital. Net debt fell to €141 million (2012: €149 million), also as a result of the proceeds of the sub10 issue of depositary receipts for shares that were issued in August. This issue raised over €13 million. The solvency ratio came to 29% (year-end 2012: 28%).

Revenue

Revenue declined by €264 million to almost €2.1 billion. The decline of 11% was mostly due to the sharp reduction in the operations of Property Development and Residential Building. The analysis of the revenue by sector is as follows:

Revenue (in € x million)	2013	2012	Difference
Property Development	163	257	-37%
Residential Building	223	360	-38%
Non-Residential	466	470	-1%
Roads & Civil	751	812	-8%
Other/elimination	-144	-189	-24%
The Netherlands	**1.459**	**1.710**	**-15%**
Belgium	251	252	0%
Germany	344	356	-3%
Total revenue	**2.054**	**2.318**	**-11%**

Revenue in the Netherlands

Revenue in the Netherlands declined by €251 million, or approximately 15%. The majority of this trend-related decline occurred in the Residential segment (Property Development and Residential Building), where revenue fell by €231 million. The fall in the number of homes sold appears to have come to an end. After a moderate first six months, Heijmans sold a total of 1,082 homes in 2013, compared to 1,081 in 2012.

Compared to previous years, the revenue at Non-Residential was stable, partly due to the niche positioning of construction and technical services. Infra also saw a fall in revenue in the Netherlands of approximately €61 million. The item 'other/elimination' concerns internal revenue items, mainly from the 'construction' units with respect to intake in development projects for Property Development.

Revenue in other countries

Revenue in Belgium was more or less unchanged. Revenue in Germany was slightly lower than in 2012. The share of foreign operations in the Group's total revenue increased in 2013 to 29% (2012: 26%).

Underlying operating results

The underlying operating result consists of the operating result excluding adjustments of the impairment of property and land holdings, impairment of goodwill, restructuring costs and other extraordinary items. In 2013, the underlying operating result was a profit of €23 million (2012: operating profit €27 million). The analysis by sectors is as follows:

Underlying operating result (in € x million)	2013	2012	Difference
The Netherlands			
Property Development	1	1	
Residential Building	-3	1	
Non-Residential	2	-13	
Roads & Civil	16	35	
	16	**24**	**-8**
Other countries			
Belgium	13	13	
Germany	6	6	
	19	**19**	**0**
Group/other	**-12**	**-16**	**4**
Underlying operating result	**23**	**27**	**-4**

Underlying operating result in the Netherlands

With the continuing poor conditions in the Dutch housing market, the result of Property Development was €1 million, the same as in 2012. The result in 2013 was the direct consequence of low income due to the poor state of the market. Based on the developments during last year and the increase in the share of private sales, volumes appear to be picking up again.

The result of Residential Building was also heavily affected by the sharp fall in revenue (nearly 40% compared to 2012). Whereas a small positive result could be achieved in 2012, in 2013 the result was a negative amount of €3 million. The reorganisation of Residential Building, which was started at the end of 2012, is on schedule. Further efforts are being made to improve efficiency of execution, streamline business processes, reduce costs and strengthen procurement in order to be able to generate positive margins in today's difficult market and also to be well-positioned in case the market improves.

At Non-Residential, the measures taken previously have now led to an improvement in the result, and 2013 closed with a positive operating result of €2 million (2012: €13 million negative). The organisational changes at Non-Residential are now in the completion phase, although efforts to improve the organisation and its processes will continue in the coming years. The measures taken should contribute to a further improvement in the result in the coming years.

Roads and Civil once again delivered a positive result in 2013 of €16 million, compared to €35 million in 2012. Compared to the extraordinarily good results in previous years, the result from the infrastructure activities in the Netherlands was much lower in 2013 than in 2012. Whereas Roads and Civil generated a great deal of production from various large projects such as the speed packages in previous years, there is less potential for margin in the current order book, as it consists of a larger proportion of medium-sized and municipal contracts, and is also affected in terms of quality by the intense competition in the market. Furthermore, several civil engineering projects are proceeding with more difficulty than previously thought.

Citadel Rolderstraat, Assen

Underlying operating result in other countries

The good result in Belgium (€13 million) was mainly due to the infrastructure operations of Heijmans Infra Belgium and Van den Berg. As in 2012, large integrated projects made a significant contribution to the result, while Van den Berg is gradually making the transition from sales generated from framework contracts to more projects, as a result of changes in the market.

The result in Germany was stable at €6 million in 2013 (2012: €6 million). Franki achieved a small improvement in its result, while Oevermann showed a small decline. The cooperation between Franki and the civil engineering activities in the Netherlands was strengthened further last year, involving projects such as the A4 motorway.

The result from Group/Other improved by €4 million compared to 2012.

Operating result

The operating result in 2013 came to €13 million positive (2012: operating loss of €87 million). The analysis is as follows:

Operating result (in € x million)	2013	2012
Underlying operating result	23	27
Write-down on real estate and land holdings	-7	-35
Impairment of goodwill	0	-60
Restructuring costs	-7	-29
Release of pensions	4	15
Result from divested entities	0	-5
Operating result	**13**	**-87**

Impairment

A limited impairment of €7 million was recognised in 2013 due to certain land and property holdings. In 2012, the impairment recognised amounted to €35 million due to the deteriorating condition of the housing market. An impairment of goodwill amounting to €60 million was recognised in 2012.

Restructuring costs

As a result of the reorganisation that was implemented in 2012 at Residential Building and to a lesser extent at Non-Residential, Infra and Group Services, some further restructuring costs have been recognised in the result for 2013 in an amount of €7 million (2012: €29 million).

Release of pension liability

The partial release of pension liabilities as a result of the harmonisation of the IBC pension scheme led to a non-recurring income item of €4 million in 2013. There was also an income item in 2012, due to the amendment of the excess pension scheme in combination with an announced curtailment of the pension entitlements (2012: income of €15 million).

Financial income and expense

The analysis of the financial income and expense is as follows:

Financial income and expense (in € x million)	2013	2012	Difference
Interest income	4	4	0
Interest expense	-14	-16	2
Balance	-10	-12	2
Capitalised interest	4	5	-1
Financial income and expense	**-6**	**-7**	**1**

Interest income consists mainly of balances outstanding in joint ventures, mainly in relation to property development projects. Interest expense includes an amount of €4.8 million in dividend on the cumulative financing preference shares.
Interest expense was lower in 2013 than 2012 due to the lower average level of interest rates. The item 'capitalised interest' mainly concerns interest capitalised on land and development positions being prepared for construction. As in 2012, less interest was capitalised in 2013 than in the preceding years.

Income tax

The tax burden in 2013 was affected by a number of non-deductible items. For instance, the interest expense on the cumulative preference financing shares is not deductible. The tax losses on a number of associates in Belgium and Germany have not been measured.

Capital and financing

The condensed balance sheet at 31 December on the basis of capital invested is as follows:

Summary balance sheet in € x million	31-12-13	31-12-12	Difference
Non-current assets	329	349	-20
Working capital	168	158	10
Invested capital	**497**	**507**	**-10**
Equity	315	315	0
Provisions	41	43	-2
Net interest-bearing debt	141	149	-8
Financing	**497**	**507**	**-10**

Capital invested was down by €10 million compared to year-end 2012. The lower level of investment and the focus on managing the operating capital were important contributing factors.
Due to the payment behaviour of customers and large fluctuations in the state of project financing, the use of working capital was significantly higher during the year than the level at 31 December.

Capital invested: non-current assets

The analysis of the non-current assets is broadly as follows:

Non-current assets in € x million	31-12-13	31-12-12	difference
Property, plant and equipment	110	124	-14
Intangible assets	115	114	1
Other non-current assets	104	111	-7
Carrying amount of non-current assets	**329**	**349**	**-20**

The item 'Property, plant and equipment' primarily includes company buildings and lands, machinery, installations, large equipment and other non-current assets. Investments in the reporting year amounted to €15 million (2012: €22 million). The investments relate chiefly to replacement of obsolete and written-off machinery, premises and also the renewal of ICT systems. The carrying amount of the intangible assets consists of goodwill and identified intangible assets. There was a small increase in intangible assets due to the acquisition of Brinck Groep BV. The majority of the other non-current assets consist of long-term receivables from joint ventures in which Heijmans participates, including the PPS National Military Museum.

Capital invested: working capital

The working capital was slightly higher at year-end 2013 compared to 31 December 2012. The analysis of the working capital is broadly as follows:

Working capital in € x million	31-12-13	31-12-12	difference
Strategic land portfolio	313	305	8
Residential properties in preparation and under construction	87	99	-12
Other inventory	30	37	-7
Work in progress	-33	-81	48
Receivables	372	378	-6
Payables	-601	-580	-21
Working capital	**168**	**158**	**10**

As a result of the decline in the number of homes in preparation and under construction (2013: 68 and 2012: 225 homes), the value also declined to €87 million (year-end 2012: €99 million). The other inventory includes the number of completed and unsold residential properties from property development projects. In the Netherlands, this figure was only 36 at year-end 2013 (year-end 2012: 58). Receivables amounted to €371 million at year-end 2013, a slight decline compared to year-end 2012. Trade receivables fell along with the decline in revenue in the Netherlands.

The size of the strategic land holdings rose slightly in 2013, and now amounts to €313 million (2012: €305 million). A large proportion of the holdings, with a value of €218 million, is actively under development, mostly in cooperation with other parties. The other positions, with a collective value of €95 million at year-end 2013, are strategic in nature. These are not expected to be significantly developed in the near future.

The unconditional commitments relating to future property purchases were more or less unchanged in 2013 at €90 million (2012: €85 million). The conditional commitments that may lead to property purchases at a later date declined to €211 million (2012: €224 million). The majority of the conditional commitments (€164 million at year-end 2013) will have only a limited cash impact on materialisation. This relates mainly to commitments to acquire land when the building permit is obtained and/or a sales percentage is achieved.

Financing: equity

Equity remained unchanged in the reporting year (2013: €315 million and 2012: €315 million). The analysis of the changes in equity in general terms is shown below:

Change in equity (in € x million)	2013	2012	difference
Result after tax	2	-88	90
Dividend	-3	-4	1
Share issue	13	0	13
Changes in pension valuation	-17	-8	-9
Tax effect of results recognised in equity	4	2	2
Result of cash flow hedges	1	0	1
Change in equity	**0**	**-98**	**98**

The solvency ratio on the basis of the guarantee capital, which is equity plus the cumulative financing preference capital, strengthened further during 2013 and developed as follows:

in € x million	31-12-13	31-12-12	difference
Equity	315	315	0
Cumulative preference shares	66	66	0
Capital base	**381**	**381**	**0**
Total assets	**1.324**	**1.366**	**-42**
Solvency	**29%**	**28%**	

A number of joint ventures will be consolidated differently with the implementation of IFRS 11 with effect from 1 January 2014. This is expected to have a slight positive effect on solvency. Further information is given in the financial statements under Accounting Policies. Partly on the basis of the sound capital position and in accordance with the policy of distributing approximately 40% of the net profit from ordinary business operation, it is proposed that a dividend of €0.15 per share should be distributed, to be taken in either cash or stock.

Financing: net interest-bearing debt

The net interest-bearing debt (interest-bearing debt less cash) declined in 2013 to €141 million.

Interest-bearing debt (in € x million)	31-12-13	31-12-12	difference
Non-current	155	147	8
Current	59	80	-21
Gross debt	214	227	-13
Cash and cash equivalents	-73	-78	5
Net debt	**141**	**149**	**-8**

Important elements leading to the reduction of the net debt included the proceeds of the issue of depositary receipts for shares in August 2013, the focus on managing the working capital via the 'Fit for Cash' programme and a cautious investment policy.
The analysis of the gross debt is broadly as follows:

Gross debt (in € x million)	31-12-13	31-12-12	difference
Cumulative preference shares	66	66	0
Syndicated bank finance	0	0	0
Project finance	105	107	-2
Other financing facilities	43	54	-11
Gross debt	**214**	**227**	**-13**

Under IFRS, the cumulative preference shares are recognised as debt and not as equity. The holders of the preference shares are not able to call in the debt. The company is entitled to repurchase or cancel these preference shares before or at maturity. According to the contractual provisions, a dialogue was initiated with the holders of the preference shares in the latter months of 2013 in order to determine the new coupon on these preference shares.

The syndicated bank funding concerns a total committed facility of €250 million. This facility was unused at year-end 2013. The term to maturity of the facility was extended by one year in 2013, and contractually terminates at the end of March 2016. The facility will be adjusted to €231 million for the last year of the contract (from April 2015 to the end of March 2016). Commercial collateral has been provided for this syndicated bank financing commitment. As at balance sheet date, the ratios agreed with the financiers were met.

Project financing is concluded in the context of specific projects, which are usually carried out in collaboration with third parties. This usually concerns either property development or PPP (public-private partnership) projects. Repayment of this type of funding is related to the term of the project concerned. Security is generally in the form of the project value, including the associated future positive cash flow. Heijmans has provided an additional guarantee for approximately €47 million (2012: €51 million) of a total project financing of €105 million. The remaining property development financing is therefore 'non recourse' for Heijmans N.V.

The other financing facilities primarily consist of the Heijmans share of the non-current debts of joint ventures and the overdraft facilities maintained with credit institutions.

Cash flow

The condensed cash flow statement is based on the indirect method and is as follows:

Cash flow (in € x million)	2013	2012	Difference
EBITDA - underlying	47	55	
Restructuring expenses	-22	-7	
Interest paid/received	-10	-9	
Income tax paid	-4	-4	
Movement in working capital and other	-23	-80	
Cash flow from operations	**-12**	**-45**	**33**
Purchase of associates	-3	0	
Investments in property, plant and equipment and real estate	-16	-27	
Sale of property, plant and equipment	8	5	
Other	7	-4	
Investment cash flow	**-4**	**-26**	**22**
Share issue	13	0	
Deconsolidation of the Waalsprong joint venture	-	22	
Dividend paid	-3	-3	
Effect Heijmans Capital	13	-	
Expense for extension of finance	-1	-	
Other	2	0	
Movement in net debt	**8**	**-52**	**60**

The positive cash flow for 2013 was mainly due to a focus on improving the working capital, a lower level of investment and the issue of depositary receipts and shares. This generated sufficient cash flow to fund the significant restructuring costs and the acquisition of Brinck Group, for instance. The cash flow arising from the purchase and sale of land holdings is shown under 'change in working capital'.

Order book

The order book of €1.7 billion at year-end 2013 was lower than at year-end 2012.

The composition of the order book at year-end 2013 and the comparative figures for 30 June 2013 and 31 December 2012 were as follows:

Order book in € x million	31-12-2013	30-06-2013	31-12-2012
Property Development	190	115	139
Residential Building	173	165	182
Non-Residential	511	511	606
Roads & Civil	576	763	771
Other/elimination	-159	-106	-78
The Netherlands	**1.291**	**1.448**	**1.620**
Belgium	203	218	224
Germany	165	200	182
Total	**1.659**	**1.866**	**2.026**

The decline in the order book compared to the level on 30 June 2013 was mainly driven by the order intake for Roads & Civil. This effect was largely offset by the order intake in the first weeks of 2014.

HUMAN RESOURCE MANAGEMENT

Using talent and flexibility

Sewage system works at Schiphol

Vision and policy

Heijmans pursues a sustainable HR policy, which is focused on using the quality available and the creation of flexibility. The essence of the policy is the sustainable deployability of employees. The link between deployability and vitality is therefore crucial. Sustainable deployability achieves two aims. The first is that talent is better used, leading to lower absenteeism and higher quality. This requires active translation of talent and competences into practical possibilities. This can be achieved through job rotation, management development, personal development and (re)training. In addition, sustainable deployability achieves flexibility of the workforce and enables us to anticipate changes in customer demand for flexible deployment of labour. This also enables us to reflect changes in the labour market. In order to achieve sustainable deployability, the HR policy has four main priorities:

1. Learning organisation

Heijmans wants to enable its employees to develop their talents. Learning and talent development can take various forms. On the basis of the fact that learning is a responsibility of the individual employee, Heijmans facilitates the learning process. The best way for this to happen is close by the employee's work. This can include training on the job, job rotation and trainee programmes in which the employee is asked to take actual responsibility for doing a real job rather than simply having to attend. It is more effective to help each other to learn than automatically enrolling people in a training course. We prefer to organise our training 'in company', so that the training will reflect the Heijmans practice as closely as possible, with recognisable examples and Heijmans case studies. The same applies to our in-house training in the context of management development. Examples are the Heijmans Management Programme, the Heijmans All-Round Professional Programme and the Heijmans Higher Management Training. We strive to do this by working with Heijmans colleagues as co-trainers, experts or guests in order to ensure there is a direct link to work in practice. By having the members of higher management act as guest trainers, the importance is emphasised and connections are created. This is turn creates a common vision.

Heijmans made various investments in knowledge development in 2013. Firstly, through various graduate trainee positions and internships. We also have various agreements with educational institutions to promote the development of knowledge. These include the Business University of Nyenrode, the Avans University of Applied Sciences, the Technical University of Eindhoven and the Technical University of Delft. Heijmans organised the seventh edition of the master class in 2013 specifically for leading academic talent. We also started a cooperation with the University of Applied Sciences Utrecht in 2013 for a training programme focusing on asset management. With our asset management, we strive to achieve a better cooperation and exchange of knowledge between the customer and all the business flows at Heijmans. This has created a new requirement to support employees involved in maintenance contracts and to challenge them to help to realise a partnership. In cooperation with the University of Applied Sciences Utrecht, the new training programme will contribute to meeting this requirement.

Training

In the Netherlands, Heijmans invests €2.8 million in training and €3.7 million in contributions to training and development funds each year. These sums represent 2.3% (2012: 2.9%) of gross salary and an average of €1,187 per employee (2012: €1,437). Of the average number of 5432 employees in the Netherlands, approximately 3,042 employees (56%) completed some form of education or training in 2013, and 2013 students took their apprenticeship training at Heijmans (2012: 244). Of the Heijmans employees in the Netherlands, 214 qualified as 'master' (2012: 195). In the Netherlands, 346 work experience and graduate trainee positions were filled in 2013 (2012: 323). The aim is to improve the potential of internal training in the coming years, so that a large part of the training requirement can be met by colleagues themselves.

2. Management Development

Management development concerns the development, training, retention and attraction of talent in the organisation. Heijmans' intention here is firstly to obtain a clearer picture of the desired profiles and competences of new employees, and secondly to promote upward mobility and the development of knowledge and expertise. Management development thus meets the need for leadership that is required in order to realise our strategy. A number of instruments are used to achieve this objective. These include education and training (programmes such as HAPP, HMP, HLHM and MT trainees), management reviews, coaching, mentoring and knowledge exchange at talent lunches.

Last year, reviews were compiled for each department and by the management, so that the potential within the company could be identified. Based on these reviews, interviews were conducted with employees and the potential for further growth was evaluated. Conscious attention was devoted to competences, team diversity and leadership profiles, so that business and team challenges were also part of management development. The review analysis is continually compared to the positions expected to become available, thus enabling quick connections to be made. This approach leads to increased upward mobility for employees, also to senior management positions. A number of employees were promoted to senior management positions last year.

The length of the management trainee programme was shortened to one year in 2013, and supplemented with a challenge whereby an assignment that was relevant to the organisation was addressed by the trainees. The results may be applied directly to the business. In addition, the trainee programme focuses more than previously on the personal development of the participants. Intervision and mentoring is used for this.

3. Diversity

Within this broad theme of diversity, Heijmans takes a phased approach, striving initially to achieve an organisation in which women are better represented in all elements of the organisation. In order to achieve this, action is necessary to raise awareness and bring about change. Ultimately, diversity policy means a wider deployment for a wider variety of employees. Diversity was promoted in various ways in 2013, including PR, training and specific appointments:
At least half of the participants in the master class were women;

- Participation by all business units in Girlsday;
- At least half of the new management trainees are women;
- Inclusion of 'diversity' in management development;
- Participation of role models at meetings of Stichting Talent naar de Top and Femmetech via interviews and presentations;

- Application of a diversity tool (focused on diversity of competences) as a pilot for project start-ups of tender and execution teams;
- Female Leadership courses for talented female employees;
- Appointment of women to several senior management roles, including roles within roads and procurement;
- Heijmans was chosen by Stichting Talent naar de Top as a 'notable example' in 2013.

The proportion of women in senior management has increased to 9.4% (2012: 8.0%). Across the company, the proportion of women declined slightly from 10.4% in 2012 to 10.0% in 2013. The number of women in middle management also declined, from 9.2% in 2012 to 8.7% in 2013. The main reason for the decline is the reorganisation at Residential Building, where a relatively large proportion of the support functions have disappeared. A more than proportionate number of these positions were occupied by women.

	2012	2013	Target 2014	Target 2015
Total % number of women	10,4%	10,0%	13,0%	13,5%
% of women in middle management (scales H, I & J)	9,2%	8,7%	14,0%	20,0%
% of women in senior management (scale ≥ K)	8,0%	9,4%	14,0%	20,0%

4. Flexibility, and health and safety in the working environment

Flexible working

The trend towards flexible working is here to stay, and Heijmans already adjusted its working environment to reflect this in 2011 and 2012. A large proportion of its office space was converted to flexible work stations. However in our case, flexibility goes much further than this. Customers ask for the execution of road works during off-peak times. The demolition or renovation of a terminal, hospital or other facility also increasingly occurs outside office hours. The umbrella collective labour agreement for the construction industry will increasingly have to take account of flexible working, since customers require the flexible deployment of labour and more flexible legislation and regulation.

The changes to the night and weekend arrangement last year is an example of how Heijmans has taken measures to provide this flexibility. In the negotiations for a new construction CAO, Heijmans also sees that increased costs of personnel at a time of difficult conditions for the construction business mean that we also have to look for ways to reduce costs. For Heijmans, exchanging free days for increased pay would be an option.

Reorganisation of Residential Building

The reorganisation of Residential Building was completed last year, thus completing the reorganisation started in 2012.

Health

Policy and approach

The Heijmans proprietary Health and Safety Centre advises, guides and supports managers in the maintenance of the deployability and availability of employees, and therefore their productivity. Shorter communication lines and adequate service at individual level means that a solution to absenteeism can be found quickly. This means that the employee can return to work faster. The Health & Safety Centre also strives to prevent absenteeism and contributes to the optimisation of working conditions. This maintains and encourages the deployability of employees and their availability for work. The starting point is the employee and how he can be employed despite his disability. Heijmans refers employees with health problems directly to the network of specialists it has itself created. This means people get help faster, and both employee and employer become aware of the diagnosis and treatment sooner. This also positively affects absenteeism due to sickness.

Prevention

All Heijmans employees can make use of a regular working conditions check by the Health & Safety Service (Arbodienst). Follow-up interventions as a result of the regular medical check such as workplace visits, ergonomic studies and vitality interviews are supported by Heijmans. A work pressure prevention procedure is available to the UTA (executive, technical and administrative) personnel at Heijmans. This concerns guidance in the form of coaching, resulting in advice and support as to how to deal with stress and recreation, in other words finding or rediscovering the right balance between the two. A survey was conducted at Roads last year in order to measure awareness of all the preventive measures among employees. This showed that lack of awareness was still prevalent, and subsequent measures will thus be taken in 2014 to increase awareness.

The absenteeism rate of 4.51% in 2013 is lower than in 2012 (4.66%).

Absenteeism since 2003	Indirect employees	Direct employees	Total
2003	3,04%	7,24%	5,36%
2004	3,14%	6,45%	4,97%
2005	2,97%	7,07%	5,21%
2006	2,42%	6,36%	4,50%
2007	2,29%	5,78%	4,27%
2008	2,39%	5,67%	4,20%
2009	2,24%	6,23%	4,45%
2010	2,20%	6,09%	4,36%
2011	2,36%	6,45%	4,66%
2012	2,50%	6,37%	4,66%
2013	2,41%	6,25%	4,51%

Employee participation

The European Works Council (EOR) met twice in 2013, on both occasions with the Chairman of the Executive Board.

The Central Works Council (COR) met on 11 occasions in 2013, on six of these occasions with the Chairman of the Executive Board. At two of these meetings, a member of the Supervisory Board was also present. The items discussed included the elections to the Works Council, various requests for advice and approval and the integration of employee representation. In 2013 the COR was transformed into an integrated body in which available knowledge and expertise within the company can be more easily applied. The advantage of this structure is also better mutual connection.

The items approved by the COR in 2013 included the IBC pension scheme, the excess pension scheme, the IT code of conduct, the introduction of regular medical checks ('PAGO') for all employees and the changes to the night and weekend working arrangements.
The items for which the COR provided advice to the management in 2013 included the following:

- Outsourcing of certain elements of the material service and catering
- The reappointment of executive director and CFO Mark van den Biggelaar
- Organisational changes at Roads
- Request for advice on organisational changes at Roads and HIP
- The acquisition of Brinck Group

Workforce figures

At the end of 2013, the company employed 7,445 people (2012: 8,142) with the following geographical distribution:

Country	2013	% of total	2012	% of total
The Netherlands	5.297	71%	5.862	72%
Belgium	1.057	14%	1.116	14%
Germany	1.091	15%	1.164	14%
Total	**7.445**	**100%**	**8.142**	**100%**

Almost all employees in the Netherlands are covered by a collective labour agreement (CAO).

Employees in the Netherlands covered by a CAO	
CAO for the Construction Industry	67%
CAO for the Metal & Technology Industry	30%
CAO for the Horticulturalist Industry	2%
Other	1%
Total	**100%**

90% of the employees in the Netherlands are men, and 10% are women (2012: 90% men and 10% women). In the Netherlands, 91% of the employees are full-time and 9% are part-time (2012: 90% full-time and 10% part-time). 49% of employees in the Netherlands work in direct functions (production on site). 51% work in indirect positions (administrative, staff or management positions) (2012: 50% and 50% respectively). Approximately 94% of the employees in the Netherlands have an employment contract for an indefinite time period and 6% are employed on a temporary contract basis (2012: 93% and 7% respectively). The ratios of full-time/part-time workers and women/men at Heijmans are monitored to establish whether this adequately reflects the labour market outside of Heijmans.

The age distribution of the employees in the Netherlands is as follows:

	2013	2012
% of employees aged 24 years or less	3%	4%
% of employees aged between 25 and 39 years	36%	36%
% of employees aged between 40 and 54 years	43%	42%
% of employees aged 55 years and over	18%	18%
Total	**100%**	**100%**

The aim is to maintain the current age distribution in the construction industry, despite the increasing age of the population as a whole.

Inflow by age group (in the Netherlands):

	2013	2012
% of employees aged 24 years or less	16%	26%
% of employees aged between 25 and 39 years	48%	53%
% of employees aged between 40 and 54 years	34%	19%
% of employees aged 55 years and over	2%	2%
Total	**100%**	**100%**

Outflow

In 2013, 1060 employees (14%) left the company (11% in 2012). 260 of these employees worked outside the Netherlands. In the Netherlands, the employer terminated the employment in 612 cases and 188 employees left of their own accord. The inflow consisted of 425 employees or 6% (9% in 2012), 196 of whom are employed outside the Netherlands.

The trend towards flexible working is here to stay. Customers ask for the execution of road works during off-peak times. The demolition or renovation of a terminal, hospital or other facility also increasingly occurs outside office hours.

CORPORATE SOCIAL RESPONSIBILITY

The contours of tomorrow

GZG PROJECT 'S-HERTOGENBOSCH

Vision

Society is changing rapidly. Customers are demanding solutions that reflect this. Raw materials and fossil fuels are running out, and the use of space is under pressure. Aspects for which a builder can make the difference. It is not enough to make our own processes and suppliers greener, we simply have to set the bar higher. Only parties that actually contribute to solving spatial issues and add something rather than take it away will be able to offer users real satisfaction. This can be achieved by making buildings generate energy, creating space for nature in area development, and recycling materials to the fullest extent. The addition of trend-setting technology can also enhance the quality of the environment, simplify usage and reduce energy consumption. A builder obviously has a great effect on spatial development, and bears responsibility for the social impact.

Sustainability mission

Heijmans is the difference for the environment.

Ambition and strategic focus

As a large company, Heijmans has a serious effect on the sustainability of the building environment, due to its size, but also because of the nature of its activities. This applies not only to all sectors independently, but also to integral projects in which the expertise and know-how of the whole organisation come together.

Definition and strategy

Sustainability means the continuous provision of products, solutions and services that deliver quality, not just today but in the future as well.
The way in which Heijmans achieves this is through corporate social responsibility. This means operating the business so that the three principles of People (social aspects), Planet (the environment) and Profit (economic performance) are respected. This should lead to better results for both the company and society as a whole. In fact, sustainability means continuously finding a balance between people, the environment and the economy. Nobody will be worse off as a result; in fact we will all benefit.

Why sustainability?

1. Sustainability increases quality.
2. Sustainability encourages innovation by combining the potential of technology with customer demand;
3. Customers require this, not simply through contracts and sector-wide initiatives, but also in projects as well, where the main requirement is efficient use of space, comfort and low energy costs, sustainable demand and low maintenance costs;
4. Sustainability has a great effect on culture. It inspires people to renew and to change.

Sustainability thus contributes to the differentiating qualities of our company and the technological lead we wish to take over our competitors.

Objectives

A number of targets can be formulated from the vision and ambition we have described with respect to sustainability that are an explicit part of our policy. These targets, and the reasons for their importance, are stated in the table below. Their relevance for the built-up environment are also shown.

Objective	Motivation
Contributing to combating climate change by reducing our own CO_2 footprint *Looking forward to 2020: buildings can make use of water, wind or solar energy and generate energy rather than consuming it.*	The building industry uses approximately 40% of the energy in the Netherlands. Our business activities also need energy, and we need energy to make our products and transport them to building sites.
More effective raw material chains by reducing the volume of waste *Looking forward to 2020: Materials can thus be used and re-used in a circular pattern.* *Demolition, renovation and new-build can be done with re-used materials.*	40% of all waste is building waste. Some of this originates from new builds, and some from renovation. Recycling can reduce the exhaustion of raw materials and save energy.
Avoid exhausting raw materials and loss of biodiversity though sustainable sourcing *Looking forward to 2020: Full re-use of materials and linking of functions so that the average use of space can be drastically reduced.*	Building can lead to exhaustion of certain raw materials and loss of biodiversity. The use of a number of raw materials such as wood, stone, steel and concrete is particularly important in the sector.
Giving sustainability a role in the chain *Looking forward to 2020: is a permanent feature of our business, but no longer a separate objective.*	60%-70% of the company's revenue is procured in the form of products or services. Introducing sustainability will have an effect throughout the chain.
Providing a healthy and safe working environment *Looking forward to 2020: health and safety are basic pre-conditions. Knowledge development ultimately gives us a competitive advantage and increases our attractiveness as an employer.*	The construction industry is a relatively unsafe sector as regards accidents and occupational disability. As an employer, Heijmans strives to introduce improvements in this area.
Increasing the social return *Looking forward to 2020: all our targets should ultimately produce both a social and a financial return.*	As a large employer in the industry, we want to invest in corporate social responsibility by tackling issues such as employee diversity and by involving social objectives in our projects (customer satisfaction, employee satisfaction, SROI projects and diversity).

The adjustment to our targets in 2014 will create a large reach or impact on the environment in which we live. In practical terms, this is translated into the following targets for 2014:

- In 2020 our products will generate energy, instead of using energy;
- In 2020 our buildings, engineering structures and roads will be 100% recyclable;
- In 2020 our properties and solutions will contribute to improved spatial quality.

We will achieve this by further applying our expertise internally, setting ourselves the aim of selling our knowledge through licensing and concepts, entering into joint ventures with knowledge partners and measuring our customer satisfaction on an annual basis.

This means that further chain integration will be required, and that issues such as use of space and biodiversity will form part of our new targets. We are moreover convinced that collectively, these targets can and should produce both a social and a financial return, with customer satisfaction being an important element. This point of view was only reflected in the targets for 2013 to a limited extent, so that these issues were to some degree out of scope, although they were studied and formed part of our commitment.

Trends

Transparency

For all Heijmans' activities, social media and the resulting speed and impact of information have enormous implications for transparency. Complaints, accidents or suspicions are shared and picked up immediately. Heijmans sees social media as a crucial platform for improving its interaction with stakeholders. We do this through Twitter, Facebook, LinkedIn, Yammer, Pinterest, Youtube and our own blog '_overruimte'. We also use social channels for webcasts so that direct questions can be asked.

Small scale

The old principle of 'think global, act local' is gaining momentum. Decentralised energy generation is technically possible. Heijmans started several local initiatives in 2013, such as the SEC pilot garden in Goes and Gorinchem designed for energy generation by private citizens. The IRWES and Bright House concepts and the Hydrea Thermpipe also offer the potential for alternative energy generation in a local context.

'Mission Zero'

The effects of climate change became clearer than ever before this year. We will have to reduce our CO_2 emissions drastically. Business is taking the lead here, and is moving towards 'Mission Zero'. This development is the basic principle for us in reviewing and refining our sustainability programme. Instead of a 'zero' policy, in 2014 Heijmans will move to creating value, with no drawdown of resources and the creation of sustainable resources, so that a social and a financial return go hand in hand. This relates to raw materials, fossil fuels and use of space. In 2013, this led to a workshop and a feasibility study being carried out to test this assumption. Concepts like the energy-producing Bright House, IRWES and the electricity generating sound screen, as well as concrete recycling, show that the possibilities are there.

A circular economy

There is a developing social trend away from ownership and disposal towards sharing and re-use. Higher prices for raw materials are helping to encourage this. This makes the circular economy increasingly attractive to businesses. This trend is particularly visible in the construction industry. Besides decentralised energy, which not only encourages local initiative but also stimulates the storage and sharing of overcapacity, resource sharing goes even further. This will initially affect mobility, for example the sharing of transport. This trend also affects the way housing is used. Although owner-occupation will continue to be attractive, rental accommodation also has a definite attraction in the current time of crisis. Temporary housing, both in residential areas and for vacant buildings, is also an answer to this development. Accordingly, Heijmans is using the temporariness of buildings for projects such as the Timmerhuis in Rotterdam, the GZG land in 's-Hertogenbosch and the Wijnhavengebied in The Hague. Waste is also taking on a different significance. The Hydrea Thermpipe concept enables us to generate heat from sewage. Left-over materials are also increasingly becoming a more viable alternative to 'new' materials, with progress being made especially with regard to concrete and asphalt in this area.

Health

The transition to a future-proof health care system is only possible if we focus more on prevention and health rather than sickness and cure. The theme of health will become increasingly important for companies. Heijmans started initiatives focusing on sustainable deployability in 2011. The essence of this is our HR policy, which focuses on using the quality available and the creation of flexibility. The link between deployability and vitality is therefore crucial. Sustainable deployability achieves two aims. The first is that talent is better used, leading to lower absenteeism and higher quality. This requires active translation of talent and competences into practical possibilities. This can achieved through job rotation, management development, personal development and (re)training. In addition, sustainable deployability means that the workforce is flexible, which allows us to anticipate changes in the labour market.

Highlights 2013

Hydrea Thermpipe

The Hydrea Thermpipe is a sewage system with a heat-exchanger that draws energy from sewage water and returns heat to homes (for example) with minimal investment. This energy drill pipe can draw energy from sewage water of approximately 18°C (waste heat), which normally is warmer than the surface water or the ground itself. This is made possible by constructing the Hydrea Thermpipe from a plastic pipe with a plastic cable around it: together, these act as a heat-exchanger. The Hydrea Thermpipe was Heijmans' pitch for TEDxBinnenhof last autumn, which led to us being selected for the final.

Air-purifying paint in Koningstunnel, The Hague

Heijmans is a partner in a joint venture of companies that tested an air-purifying paint intended to reduce air pollution in the Koningstunnel in The Hague. Heijmans was involved in installing the lighting system in the tunnel, which plays an important role in the decomposition of air pollution. For this trial, a special paint with ultra-fine titanium dioxide (TiO_2) was applied in the tunnel. The special lighting system generates UV light that causes the paint to break down pollutants such as nitrous oxides (NO_x).

Interactive bicycle track

The first innovative bicycle track in the Netherlands will be laid in the Eindhoven region. The 600-metre long track will run where Vincent van Gogh lived from 1883 to 1885 and will have a unique design consisting of thousands of glittering stones, created by artist Daan Roosegaarde. The bicycle track will be developed by Studio Roosegaarde and Heijmans, and forms part of a joint venture between the municipality of Eindhoven, Van Gogh Brabant, Vrijetijdshuis Brabant, Eindhoven 365 and Routebureau Brabant. The stones will be laid to form patterns on the track that will be charged during the day and emit light at night.

Sponsoring

Our sponsorship policy is designed to find a match between the application of our own expertise and the demands and needs of society. The guiding principle in the policy is 'Giving space': contributing to the design, quality and sustainability of the public space in the Netherlands. Under this policy, Heijmans sponsored various causes including the Krajicek Foundation, Jheronimus Bosch 500 and the Veerstichting in 2013.

Outlook for 2013

Our CSR strategy was revised in 2013, which will also have consequences for our aims and targets from 2014 onwards. The essence of the revision concerns increasing the effect and role of Heijmans by taking more of an initiative in the market as well as looking at our own business and chain. Ultimately, ideas and solutions can become more meaningful and thus generate value for customers, and at the same time closely reflect social developments. The bringing together of these aims: social relevance and increased value, is the basis for our new foundation. Many of our products and services can add value, instead of using or reducing raw materials, energy or space. This is the basis.

IMPROVEMENT

Company-wide and continuous improvement

Drilling project Kardinaal de Jongweg, Utrecht

Vision

Improvement is one of Heijmans' strategic priorities for achieving quality, efficiency, expertise and good results. Heijmans works on improvement in various ways, which break down into process-related and financial measures. In combination, these measures relate to the quest for operational excellence.

Process-related improvements mainly concern the consistent use of process within all workflows, and the associated mutual responsibilities and allocation of roles. This involves core processes such as project management, tender management, procurement and commercial processes, but also the uniformity of the function structure, whereby uniformity of job descriptions, expertise levels and competences is achieved. These measures also relate to safety, delivery quality and customer satisfaction.

Regarding financial improvement, the management of cash flow is an important starting point. Working capital management is crucial for project organisations in order to balance funding and cash flow. Financial improvement also involves the reduction of failure costs, the optimisation of efficiency through the use of scale, and the standardisation of working methods.

Methods

Programme approach
Heijmans' drive to improve is reflected in various ways. Via the quality programme LEAN6sigma, the collection of information on complaints and data analysis, and the monitoring, achievement and improvement of the quality standards for our industry. All the various improvement tasks are managed using a programme approach. This creates a list of the issues and the potential for improvement quickly and across the company, and improvement is developed in consultation with the line management, thus creating support. Furthermore, all the programme managers report to the group management, thus accelerating the decision-making process.

LEAN6sigma

Heijmans began implementing the LEAN6sigma improvement programme in mid-2010. The aim of the programme is to achieve continual improvement of the business processes. LEAN6sigma is based on quantitative information ('measurement') and awareness of improvement in the organisation ('awareness'). The basis for improvement is continuous learning and improving in order to achieve goals.

148 projects were started, 61 were completed and 36 were terminated in 2013. A total of 806 employees participated in 'yellow belt' training. Several improvements have been formulated for 2014 that focus on the better depiction of the connection between measures and improvement projects. The programme needs to become more embedded in operations and the line. Other methods besides LEAN6Sigma will have to be used, and the collective sharing and celebration of successes is important.

Standards and benchmarks

ISO: Heijmans NV obtained ISO 14001 certification as of 1 January 2013. This realised our ambition of obtaining the most important certifications of quality (ISO 9001), safety (VCA**) and the environment (ISO 14001) for the holding company.

Prorail CO_2 performance scale: Heijmans has held the highest certification in the Prorail CO_2 performance scale since 2010, and thus has a higher chance of success in tender procedures.

Prorail safety scale: Heijmans is certified at level 3 of the Prorail safety scale since mid-2013. Improving our performance on safety will also be a high priority in the coming years.

Progress in 2013

Tender management

This programme started in 2012, and was implemented in the process system for the whole of Heijmans last year. All new tenders follow the new principles. These principles concern the consistent use of processes and delineation of roles, the company-wide use of consistent risk categories for projects, measures designed to objectivise participation in tenders (risk analysis, margin over volume, chance of success), an increase in the win rate, the arrangement of meetings for pricing, the customer information and the tender process itself, knowledge exchange between the business flows and the initiation of an evaluation moment.

Project management

The project management programme has three priorities: control, operational excellence and consistency. This involves ideas such as 'the use of uniform risk categories', 'uniform project reporting with a fixed frequency', 'integrated and uniform business processes' and 'formalised Go/No go moments'. There are eight principles in total that are implemented by means of best practices. The following actions were taken in 2013: uniform company-wide project sheets were formulated, the highest risk categories were prioritised, the standardisation of the planning and preparatory process was introduced and the project management functions were standardised at the end of 2013. This will be tested in early 2014 by means of pilots, with implementation taking placed in the second half of the year.

Procurement

The following practical measures were taken last year with respect to procurement. Firstly, the procurement organisation has been centralised further, a distinction is now made between generic and strategic product groups, management information is distributed on a quarterly basis, the management targets are linked to the product groups, and the organisation's professionalism has been further increased. A number of items of attention were formulated for 2014, including the involvement of Heijmans' foreign subsidiaries, the institution of a procurement board and further quality improvement and further efforts to ensure the sustainability of the products and services to be procured.

Sales

This programme was started later, at the end of 2012, and in 2013 it led to an analysis of the company-wide formulation of market segments, targets and customer groups at Heijmans. A weekly order intake list divided into segments is prepared and circulated among the group management. A corporate film clip, an app and a presentation were also launched in order to enable presentation of a uniform corporate image to customers. Significant progress was also made with respect to Heijmans' brand strategy in 2013, and the mono-brand strategy is almost complete, apart from a few brand names. Heijmans has succeeded in increasing recognition among customers, especially with regard to innovation and technology, through various awards and nominations.

Safety

Heijmans signed a statement of intent with respect to the formulation of a governance code in the field of safety in 2013. This code was finalised and signed in early 2014. The signatories to the code, consisting of both principals and contractors, express the ambition to collectively strive to minimise safety risks encountered in the realisation and use of infrastructural works, installations and buildings, and thus to prevent accidents and unsafe situations.

As a follow-up, Heijmans initiated the GO! programme in 2013, ('Géén Ongevallen', or No Accidents) which is designed to improve safety and awareness of safety issues among personnel. The safety programme has three basic principles: The first principle is a change of attitude and behaviour with respect to safety. The second is a consistent and uniform level and impression of safety at Heijmans. The third principle is cooperation on safety in the build chain. The programme team, set up with the focus on execution and reflecting the four work flows at Heijmans, designed the GO! programme.

The GO! programme has six rules relating to conduct and attitude:

1. I am responsible for my safety, and the safety of others;
2. I take immediate action in an unsafe situation;
3. I call upon my colleagues to work safely;
4. I appreciate my colleagues calling me to account in case of unsafe working;
5. I report unsafe situations so that colleagues can learn from this;
6. I discuss safety dilemmas with my immediate supervisor.

GO! workshops were organised in 2013 to test the safety programme at Heijmans and at the same time create support within the organisation. During these workshops, dominant patterns of thought and action in relation to safety at Heijmans were shared. One of the results is that line managers should set an example, not only in words but especially in their actions, and that they should be visibly present on site. Managers should take the lead in case of safety dilemmas, and support the employees in making the right choices.

A number of actions were carried out as part of the programme: Firstly, everyone at Heijmans is informed of serious accidents by means of a news flash. This describes the accident, the circumstances and the potential improvements. It was also decided to post current safety figures at the entrances to several office locations in order to raise awareness. The safety measures around the head office were also tightened by means of controlled access and standardisation of processes for visitors. Furthermore, all site workers were made aware of the safety programme during training days in the first quarter of 2014. They will be trained to recognise unsafe situations and to call each other to account. Finally, an app was launched in 2014 so that unsafe situations can be notified using mobile devices.

The trend accident figures for Heijmans Nederland are shown in the table below.
The figures are based on the number of accidents involving sick leave among our own personnel (including temporary personnel) in relation to the number of hours worked.

Accident index figures	2013	2012	2011	2010	2009
IF	6,0	8,0	9,9	9,7	12,3
ID	236	184	184	205	151
IP	0,15	0,15	0,18	0,21	0,18

IF: *Number of incidents with absenteeism of at least one day per million hours worked.*
ID: *Average duration of absenteeism per incident in lost hours worked*
IP: *Number of hours worked lost due to incidents with absenteeism of at least one day, as a percentage of the total number of hours worked. Calculations in accordance with the VGM Contractors' Checklist.*

67 accidents with absence from work were registered among Heijmans' own and temporary employees in 2013 (2012: 98 accidents). The number of accidents affecting Heijmans' own and temporary employees declined significantly in both absolute and relative terms. We regret to report that there was one fatal accident in 2013.

Delivery quality Residential

The zero open items project at Residential Building revealed that 58% of homes were delivered to the customer with zero open items in 2011. This figure rose to 66% at year-end 2013. A follow-up project will be carried out to establish which works or repairs are to be carried out in the last weeks prior to delivery in order to avoid this in future, with the aim of raising awareness and executing the works correctly the first time.

Customer valuation

Heijmans has been affiliated to the Stichting Klantgericht Bouwen for a number of years, which has the objective of making the performance of construction companies transparent and thereby increasing the quality of service delivered to purchasers. Surveys of the purchasers are carried out after delivery of their homes. The items measured include the sale (clarity of the sales brochure and the estate agent), the construction phase (additional work or contract reductions), the delivery phase and the communication with the buyer.

Improvement measures are introduced on the basis of the results. Targeted improvements last year included:

- National uniformity of the lists of additional work and contract reductions.
- Design of a structural causal analysis of complaints.
- Increased availability of customer service with a 24/7 call centre.
- Composition of a simpler technical description of homes for buyers.

Customers give Heijmans a positive assessment on points such as: taking account of extra wishes, providing information on the status of complaints and the project websites. In 2014 attention will focus primarily on further improving the guidance and information provided to buyers during the sale and construction phases.

'Fit for cash'/cash management

The purpose of the 'Fit for cash' programme is to reduce the net debt balance and the credit risk with respect to customers, as well as to achieve greater process efficiency. Improvement measures have been formulated to realise this aim through dialogue with various stakeholders in the organisation. The improvements relate to tendering, contracting, execution, procurement and debtor management, in short, all the functions affecting project cash flow. The measures include establishing and improving payment times (relating to both sales and procurement), faster invoicing by linking this more closely to the execution of works, improving underlying systems, faster investigation of payment issues, justifying additional work and notifying this at an early stage, and lastly, investigating projects for which the financing situation is unsatisfactory. Some actions already led to improvements in 2013, work will continue on other aspects in 2014.

Through the LEAN6sigma quality programme, the collection of information on complaints and data analysis, and monitoring, achieving and improving the quality standards for our industry.

RENEWAL

The balance between Orwell and Da Vinci

Elastocoast

Vision

No progress without renewal. Innovation is essential for improvement, knowledge development, creativity and growth. It is the combination of activities that leads to 'movement' in a company. Movement in growth, new ideas and culture. It is thus not only the big ideas, cutting-edge technology and leading expertise that matter, it is about partnership, entrepreneurial spirit, the ability to surprise and to change. Creating combinations of markets, products and ideas.

Heijmans' innovation is focused on several areas:

- Firstly, smart materials: alternative materials for the realisation of buildings and infrastructure. These are materials that make less or no use of fossil fuels and/or raw materials; materials that can be sustainably maintained and applied more easily, efficiently or manageably.
- Secondly, smart energy: energy solutions based on mainly decentralised and green energy generation and distribution.
- Thirdly, smart mobility: ideas that do not place an additional burden on the infrastructure and networks, but increase capacity through more intelligent usage.
- Lastly, smart space: ideas in which functionalities are combined in various ways so as to achieve multiple usage of space and space saving.

Renewal progresses along various lines, either with partners or independently, in the form of new products, or new ways of working or collaborating.

Cooperation

Heijmans is linked with high tech partners (such as DSM and BASF) through various joint ventures, start-up businesses (such as DUS Architects), suppliers (such as Wavin), the creative sector (Studio Roosegaarde) and education (including TU Eindhoven and Avans Hogeschool).

Trends and impact

Singularity is a collective term for all sorts of technological changes, such as biotechnology, nanotechnology, artificial intelligence, robotics, new types of energy, space travel and 3D printing. The combination of technologies brings about renewal and leads to a radical change of behaviour. This in turn creates new challenges. These involve such issues as: how can you combine this technology in a great design? How can we make technology both beautiful and usable? The challenge for an organisation is precisely to apply the combination of technologies in such a way that an attractive design and ease of use are created.

Social impact

Technology and innovation have far-reaching consequences for the way in which we use space, raw materials and energy. Innovation and sustainability are therefore inextricably linked. Customers are demanding solutions that reflect this. Raw materials and fossil fuels are running out, and the use of space and health care are under pressure. These are challenges that can only be solved by renewal.

Innovation nominations and awards in 2013

In addition, last year Daan Roosegaarde won the INDEX award and the World Technology Award for projects including the Smart Highway, the concept he developed with Heijmans.

Smart materials

Trends:

- Lighter, more sustainable and more efficient
- Noise limiting, absorbent and more comfortable
- Free forms
- Design and print yourself

Research into new types of concrete

Heijmans and TU Delft have entered into an agreement to research the application of new types of concrete. The agreement consists of a multi-year promotion process of Albert Reitsema, in which both TU Delft and Heijmans will participate. The focus of the research will be on the

Date	Nomination/ Winner	Who/What	Award/Prize	Category
9-1	Nomination	Mieke van Zon	Maintenance Manager of the year	People/culture
15-1	Winner	Composite bridge, A27	Half Time Award (Infratech)	Mobility, sustainability, innovation
15-1	Winner	Willow safety rail	Statement of commendation 'out-of-the-box idea' InfraTech	Sustainability, innovation
6-2	Winner	Kristel van Haaren	Bouwpluim 2013	People/culture
6-2	Winner	Nimmerdor	PassiefBouwen Award 2013	Sustainability
22-2	Winner	Diversity policy	Direction Diversiteit Aanmoedigingsprijs (Direction Diversity Encouragement Prize)	People/culture
10-4	Nomination	Katendrecht Rotterdam	NEPROM prize 2013	Area development
9-9	Nomination	Haarlemmerplein	Amsterdam New-Build Prize 2013	Area development, Property Development
30-9	Winner	Heijmans Roads	Gouden Bakkie Award (WeCycle)	Sustainability
2-10	Nomination	Railways Den Bosch	Concrete prize 2013 cat. Execution	Mobility
2-10	Nomination	Renovation, Ministry of Defence	Concrete prize 2013 cat. Non-Residential Building	Non-Residential
4-10	Nomination	Meyster's External	Sustainability Prize Utrecht2040	Sustainability/Property Development
4-10	Nomination	Smart Highway	Accenture Innovation Award cat. Public Service	Innovation
7-10	Nomination	Heijmans Infra (BE)	Aquafin 'Minder Hinder Award'	Culture
19-10	Winner	NMM	Dutch Design Award (best principal)	Culture
22-10	Winner	GZG	LEEG award (PropertyNL)	Area development
23-10	Nomination	Petra Rutten	DWIRE Vastgoedvrouw 2013	People/culture
29-11	Nomination	Railways Den Bosch & renovation of Ministry of Defence	Concrete prize 2013	Technology/execution
6-11	Winner	Energy-generating sound screen	Golden Decibel Award 2013	Innovation
8-11	Winner	Smart Highway	Accenture Innovation Award 2013	Innovation
9-11	Winner	Hydrea Thermpipe	TEDxBinnenhof	Innovation

application rather than the development of new types of concrete. The most frequently mentioned new performance-oriented types of concrete include: ECC (Engineered Cementisious Composites), UHPFRC (Ultra High Performance Fibre Reinforced Concrete) and NANO concrete. In addition to these specific types of concrete, "Green" concrete is a hot item in the widest sense of the word. The intention, with respect to the use of green concrete, is to use materials sustainably, through the optimal application of raw materials and closing the chain. This will be achieved through the complete or partial replacement of one or more types of concrete. There are also now concrete mixtures that do not include Portland cement. Smart construction of the concrete matrix has also proved its worth.

3D printing
Construction of the first 3D printed 'canal house' is imminent. The building will be created in Amsterdam North. The parts of the canal house will first be printed using a 3D printer, and they will then be assembled. The 3D print technology allows each element to be designed uniquely, with much decoration and special details. The interior and exterior will also be printed together, meaning that both the facade and the interior decoration will be completed in one operation. The plan can be followed and viewed on site. Heijmans is a partner of the creator DUS Architects. The cooperation should lead to application of this technology in the Heijmans portfolio.

Smart energy

Trends:
- From energy using to energy generating
- Decentralised energy supply
- Integrated technology
- Information provision increasingly to become more consumer-oriented

Energy reduction for homes in Voerendaal
Heijmans is to renovate around 380 homes owned by the Woningstichting Voerendaal with an energy label of less than C and bring them to at least the level of energy label C. Voerendaal has 700 houses in the immediate area with an energy label of less than C. The work is part of the 'More with Less' programme, to which Woningstichting Voerendaal has committed itself as a member of the Aedes cooperative association. The programme provides an improvement in the energy performance of the existing housing stock of housing associations. All housing association stock must have an energy label of at least C by 2015.

Hydrea Thermpipe
The Hydrea Thermpipe is a patented energy drill pipe. This pipe can extract energy from sewage water of approximately 18° Celsius. This pipe makes it possible to draw energy from sewage water and return heat to homes (for example) with minimal investment.

Smart mobility

Trends:
- Interaction between roads and road users
- Multiple functions
- Robotics

Interactive bicycle track
The first innovative bicycle track in the Netherlands will be laid in the Eindhoven region. The 600-metre long track will run where Vincent van Gogh lived from 1883 to 1885 and will have a unique design consisting of thousands of glittering stones, created by artist Daan Roosegaarde. The bicycle track will be developed by Studio Roosegaarde and Heijmans, and forms part of a joint venture between the municipality of Eindhoven, Van Gogh Brabant, Vrijetijdshuis Brabant, Eindhoven 365 and Routebureau Brabant.

Energy-generating sound screen
Reducing noise and generating electricity at the same time, in any wind direction and under all imaginable conditions (in the shade, when dirty, on a cloudy day and on a sub-optimal gradient). This is the power of the pioneering energy-generating sound screen from Heijmans in a nutshell. A (semi-)transparent, modular sound screen for multiple use, also for aesthetic purposes. A small-scale prototype is currently available. We are conducting all kinds of experiments with this test version, for example in the laboratory with a solar simulator. We are also conducting tests outdoors, in a variety of (sub-optimal) conditions. We are gradually progressing towards a working system of actual size.

Smart space

Trends:
- Multiple use of public space
- Increasing building performance (comfort, smart applications, energy reduction)
- Use based on sharing rather than ownership

Tivoli/Vredenburg Utrecht
The new music building in Utrecht consists of five concert halls, including a large hall for symphony orchestras with 1,500 seats, previously the great hall of the Vredenburg Music Centre. There is also a hall for popular music for an audience of 2,000 people, a chamber music hall with 550 seats, a 'cross-over' hall for 500 people and a jazz hall with capacity for 250 people. The entire complex will be under one roof that will make TivoliVredenburg a recognisable landmark. There will be a central foyer directly above the pop music hall with a panoramic view of the city from a height of approximately 18 metres. The building will also feature meeting and congress facilities.

Villa Industria Hilversum
Heijmans is building Villa Industria on the former site of the REGEV in Hilversum, which has undergone a metamorphosis in recent years. A swimming pool, gymnasium and youth centre have already been realised. The area is now suitable for residential building. The plans have been changed, partly due to the current market conditions. The original high ambitions have been maintained, while affordability has at the same time been taken into account. 'De Fabriek', consisting of two apartment complexes with 113 rental units, will be the first element of the plan to be built. A city greenhouse has been built in the middle of the site which, in addition to the Villa Industria information centre, provides space for urban farming: the growing of vegetables and fruit in an urban environment where people living in the neighbourhood and future residents can cultivate biological products together.

Building performance by the square metre: smarter, more comfortable and more energy efficient

VISION OF CORPORATE GOVERNANCE

Permanent stakeholder dialogue

Bread factory, Zutphen

Generally speaking, corporate governance concerns five basic issues. The first element consists of the company's strategy and the realisation of its business objectives. The next element is the effective management of the relationships between directors, supervisors and other stakeholders such as the shareholders and the Works Council, but also customers and suppliers. The third element is the corporate culture, where the issue is ethical behaviour in the organisation. The fourth element concerns monitoring and evaluation, in which implementation and direction are important. The final element relates to reporting and transparency in internal and external communication.

Heijmans' ambition is to be the best company in its industry. We can achieve this by improving and renewing our core activities through procurement, sales, tender and project management, in order to increase our share of existing markets and to conquer new markets.

A culture of discipline and unity is needed to realise this ambition. Heijmans endorses the importance of good corporate governance and a code of conduct in order to achieve its business objectives and associated corporate culture, and accordingly strives to apply the highest standards. This means that Heijmans complies with and respects legislation, and observes and initiates guidelines that apply either to the company in particular or the industry as a whole. Moreover, it means that Heijmans strives to achieve the highest possible integrity and transparency in its actions and decision-making towards its stakeholders, conducts a permanent dialogue with its stakeholders and has a policy of simultaneous and accessible distribution of information.

For an account of the organisation of governance and supervision at Heijmans, see the Corporate Governance Statement (as referred to in Sections 2(a) and 3 to 3(b) of the Decree Adopting Further Provisions Regarding the Content of Annual Reports (Vaststellingsbesluit nadere voorschriften inhoud jaarverslag) and including the information required under the Decree implementing Article 10 of the Takeover Directive) which is available on the Heijmans website under the heading 'Corporate Governance'.

Corporate culture

Heijmans applies a code of conduct, known as 'the Heijmans Kr8'. This code states the eight integrity principles that Heijmans expects its employees to observe in their activities for Heijmans. The transformation from a multi-brand structure to a single brand structure, whereby all labels will trade under the name of 'Heijmans', was completed in 2013. This promotes cooperation and integration within the company, as one of Heijmans' most important core values. Moreover, at the sectors Roads and Civil a start was made on simplifying the core values on which management is based. The existing code of conduct forms the basis for this, however, the eight values have been reduced to three (namely, professionalism, inventiveness and cooperation) and the conduct that is expected in this context. A special edition of the personnel magazine was issued at the end of 2013 to introduce these three core values. These values will be implemented in the other sectors in 2014.

Corporate governance instruments

Within its corporate governance policy, Heijmans uses a number of instruments, sub-divided into rules, regulations, codes and supervision, on the one hand, and resources (such as training courses, meetings, education and social media) on the other hand. The application of these instruments depends on the objective in question and the stakeholder group.

Stakeholder analysis and application of instruments

Heijmans endorses the principle of the Corporate Governance Code that the company is a joint venture between the various parties involved with the company. The stakeholders are the groups and individuals that directly or indirectly affect – or are affected by – the company's realisation of its goals: principals/customers, employees, shareholders and other capital providers, suppliers and subcontractors, the industry, governments, knowledge and educational institutions, and social groups.

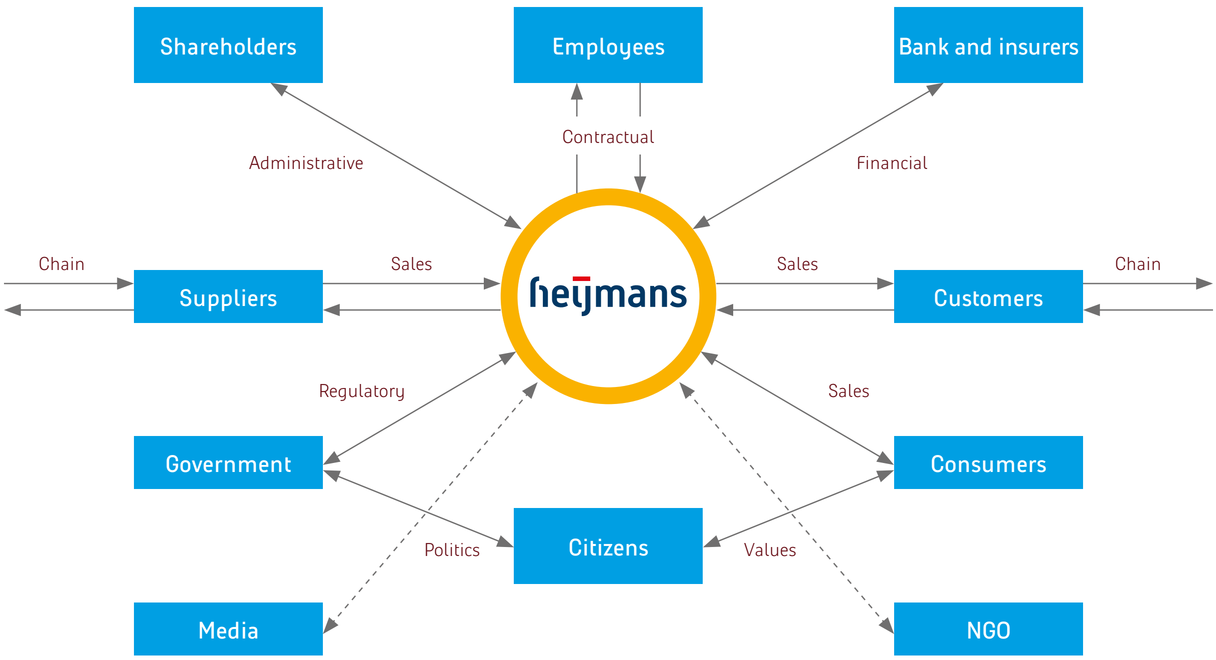
1. Principals/Customers

Heijmans' responsibility: An appropriate offering of products and services, and clarity regarding responsibilities, risks and other conditions in the execution of projects.

2. Employees

Heijmans' responsibility: Good and safe working conditions and competitive employee benefits: potential for personal development, use of each employee's capabilities and equal opportunities.

Stakeholders



3. Shareholders and other capital providers

Heijmans' responsibility: A sound financial basis and a good return, focused on the continuity of the business. This involves, among other things, a focus on the creation of shareholder value in the long term.

4. Chain partners (such as suppliers and sub-contractors)

Heijmans' responsibility: A professional collaboration and a fair manner of conducting business, based not only on price but also on quality, professionalism and sustainability.

5. Industry

Heijmans' responsibility: Co-responsibility for the development of the industry, focusing on progress and innovation, development of trade skills, and the goal of maintaining the attractiveness of the industry for young people.

6. Society (including governments, knowledge and education institutions and social groups)

Heijmans' responsibility: Solutions to social issues, and provision of products and services with added social value. Good citizenship (with the law as the minimum standard) and the acceptance of responsibility for the footprint of our organisation and our projects.

Accented instruments in 2013

Integrity and code of conduct

The Integrity Committee discusses issues, dilemmas and themes relating to integrity and all matters associated therewith twice a year, and makes recommendations on this basis for the policy to be pursued or the initiation of training, for example. Last year, the items discussed by the Integrity Committee included the operation of the 'Kr8 of Heijmans' code of conduct, anonymous reports to the confidential counsellors, and a review of how the reporting structure within Heijmans could be improved.

Stakeholder dialogue

Heijmans intensified its dialogue with stakeholders in various ways in 2013, including:

- *Stakeholder meetings:* Heijmans organises annual stakeholder meetings to discuss qualitative strategic priorities in policy (quality, sustainability and diversity) with customers, suppliers and/or shareholders. The primary aims are to explain policy, to discuss policy and to use the input to refine policy. Specifically, Heijmans organised three stakeholder meetings on sustainability and a Lean6Sigma annual event for employees, suppliers and customers in 2013.

- *Road shows and conferences:* Heijmans is in contact with its shareholders on various occasions for the purpose of dialogue. This occurs not only at the general meeting of shareholders and at the regular meetings with major shareholders, but also through conferences at which individual discussions and meetings take place with existing and new shareholders. Heijmans participated in several road shows and conferences in 2013.

- *Analysts meeting:* In early October, Heijmans invited all the sell-side analysts that follow the company's stock to a project visit and explanation of the Timmerhuis project in Rotterdam.

- *Project meetings for shareholders:* Last year, Heijmans organised an excursion for 40 shareholders to the National Military Museum under construction in Soesterberg.

Transparency and interaction

Technological and social developments are accelerating the distribution of information and communication and making this available to the public. Information is being placed, shared within groups and thus made public via social media such as Twitter and Facebook. Participation and connection with these social media is essential for companies to achieve transparency and interaction. Some of the instruments used by Heijmans in this respect are:

Webcasts: The analyst meetings and press conferences organised by Heijmans for the presentation of the semi-annual and annual figures can be followed by interested parties online and live, via audio and video streaming. People can also submit questions live that are put to the meeting.

Yammer: Heijmans employees can use this internal system to retrieve and offer information. Yammer is also a lively discussion platform for issues such as conduct and culture. More than 1,500 employees, including the Executive Board, are linked to this network.

Twitter: Heijmans is directly connected via this digital network with over 18,000 followers, consisting of the media, potential employees, interest groups, customers and other interested parties. Twitter enables Heijmans to reach its grass roots quickly, to anticipate rumours, and to manage its reputation.

Blog: Heijmans started a blog (known as 'overruimte') at the end of 2011, in order to provide greater detail on various themes within its area of operation and to enter into a dialogue with its stakeholders. The themes include issues such as sustainability, area development, product innovation, diversity and mobility. The blog was visited more than 40,000 times in 2013.

Instagram tours: In 2013 Heijmans was the first company in its industry and the first company in the Netherlands to start organising 'instagram tours' of projects. Online photographers are engaged who wish to visit a project and share their photographs on their network. The first meeting at the National Military Museum generated 4,908 likes, and thus contributed to the transparency of work at building sites.

Impact of social media

Heijmans has made a conscious choice to communicate through social media. The effect of this choice is increasing strongly, partly due to Heijmans' active policy and the number of followers. For instance, the news about the start of the 3D print canal house in Amsterdam generated the following impact online. A total of 686,000 people saw a tweet about Heijmans and/or the 3D Print Canal House on Twitter on 10 January (in a Dutch-language tweet). According to the Coosto Index, Heijmans is number 73 of the brands most mentioned in Dutch-language tweets (Google, 3fm, iPhone, Telegraaf and NOS head this list). Apart from the quantitative impact, the analysis performed by Coosto shows that the tweets generated a positive sentiment online. Through LinkedIn, where Heijmans has a group account, more than 56,000 people saw the newsletter, and 695 clicked on it to get more information. A total of 224 people 'liked' the newsletter and saw it as positive news. A Heijmans message on LinkedIn on average receives between 30 and 60 likes.

CORPORATE GOVERNANCE

Even balance between interests

Parking garage, Leeuwaarden

General

Heijmans places a high priority on an appropriate balance between the interests of its various stakeholders. Good business conduct, integrity, reliability, customer orientation, openness and transparent dealings by the management, as well as proper supervision thereof, are the basic principles of the Heijmans corporate governance structure. Heijmans endorses the principle of the corporate governance code that the company is a joint venture between the various parties involved with the company.

Governance structure

The main principle of the governance structure of Heijmans is determined by the issuance of depositary receipts for shares through the Heijmans SA Trust. The purpose of this is to prevent resolutions being adopted by a shareholders meeting by means of an unrepresentative majority.
The depositary receipts for shares are freely exchangeable for ordinary shares.

Compliance with and deviations from the code

The underlying principles of the corporate governance code are endorsed by Heijmans and are implemented as such in the corporate governance
structure. Two of the best practices in the code are not observed:

- **Best-practice provision II.2.4,** if options are granted, they shall, in any event, not be exercised in the first three years after the date of granting. The number of options to be granted shall be dependent on the achievement of challenging targets specified beforehand: an option package was granted to a former Chairman of the Executive Board in 2008 for which vesting was not dependent on the achievement of previously set targets but was related to the management of a turnaround process over a period of two years. In relation to the appointment term of two years, the first exercise date for the option rights was set at the end of this term.

- **Best-practice IV.2.3,** a person may be appointed as a trustee of the trust office for a maximum of three 4-year terms on the board of trustees: there is a temporary deviation in respect of one trustee nominated by the management of the trust office to safeguard the management's independence and expertise. The trustee to whom the deviation from this best practice provision applies is stepping down on 26 March 2014. As of this date, Heijmans will then comply with this provision.

Corporate Governance Statement

The Corporate Governance Statement, as referred to in Sections 2(a) and 3 to 3(b) of the Decree Adopting Further Provisions Regarding the Content of Annual Reports (Vaststellingsbesluit nadere voorschriften inhoud jaarverslag) and including the information required under the Decree implementing Article 10 of the Takeover Directive, is available on the Heijmans website under the heading 'Corporate Governance'. This statement may be considered to have been inserted and repeated here.

Special aspects

Dividend policy

The holders of ordinary shares or depositary receipts for ordinary shares are entitled to dividend. Heijmans N.V. maintains a dividend policy whereby, except in special circumstances, the pay-out ratio amounts to approximately 40% of the profit from ordinary business operation after tax. The remaining 60% is added to the reserves in accordance with Article 31 sub 5 of the Articles of Association of Heijmans N.V.

Heijmans Preference Share Trust

An option has been granted to the Heijmans Preference Share Trust for the issuance of protective preference shares. The purpose of the issuance of protective preference shares is to have the opportunity and the time to satisfy ourselves of the strategic fit with an acquiring party or the intentions of a party who, through the gradual purchase of shares/depositary receipts for shares on the stock exchange, wishes to exercise influence in the company. For further details, please refer to the report of the Heijmans Preference Share Trust on pages 186 and 187 of this annual report.

Powers of the shareholders' meeting and the rights of shareholders

According to principle IV.1 of the Code, good corporate governance assumes full participation by shareholders in the decision-making at the general meeting.
The Supervisory Board and the Executive Board consider it a matter of importance that as many shareholders as possible participate in the adoption of resolutions at shareholder meetings.

The convening notice, agenda and documentation to be dealt with at shareholder meetings will be published at least 42 days in advance of the meeting on the Company's website. The Company will, as far as possible, give shareholders the opportunity to vote by proxy and to communicate with all other shareholders.

Holders of shares or depositary receipts for shares who cannot attend the Meeting of Shareholders can issue an authorisation and voting instruction to SGG Netherlands N.V., which is appointed to vote in accordance with the voting instruction.

Under the Heijmans Articles of Association, resolutions by the Executive Board that concern a significant change to the identity or character of the Company or its business are subject to approval by a shareholder meeting.

The Shareholders' Meeting also has a number of other important powers, including the adoption of the financial statements, the appropriation of the result, the discharge of responsibility of the members of the Executive Board and the Supervisory Board, the establishment of the remuneration policy for the Executive Board and the remuneration of the members of the Supervisory Board, resolutions to amend the Articles of Association or to dissolve the Company and designation of the Executive Board as the body authorised to repurchase or issue shares.

Limitation on transfer of shares

There is no limitation, under contract or in the Articles of Association, on the transfer of shares or depositary receipts for shares issued with the cooperation of the Company, except for the statutory restriction of transfer and delivery of financing B preference shares.
Article 11 of the Company's Articles of Association states that the Executive Board of the Company must approve any transfer of financing B preference shares.

Substantial shareholdings in Heijmans

Holders of shares and depositary receipts for shares who, to the extent the Company is aware, held an interest of more than 3% in Heijmans as at 31 December 2013 (according to the Register of Substantial Shareholdings of the Authority for the Financial Markets, or 'AFM') are listed on page 20 in the section entitled 'The Heijmans Share'.

Protective measures (special controlling rights; limitation of voting rights)

There are no special controlling rights attached to the shares into which the Company's capital is divided. The Company does not have any employee participation plan or employee share option plan. There are no limitations on the exercise of the voting rights attached to ordinary shares or the depositary receipts for ordinary shares. The number of votes conferred by a financing B preference share with a nominal value of €0.21 is restricted under contract to 1.278 votes. The Company's Articles of Association contain the usual provisions concerning registration as a recognised party entitled to attend and to vote at a General Meeting of Shareholders. Article 6 of the Company's Articles of Association states that the Executive Board, with the Supervisory Board's approval, is designated by the General Meeting of Shareholders as a body authorised to issue shares or depositary receipts for shares. The scope and duration of this power is stipulated by the General Meeting of Shareholders.

Agreements with shareholders that could lead to limitation on the transfer of shares or depositary receipts for shares or to limitation of voting rights

The Company is not aware of any agreement involving a shareholder that may result in a limitation on the transfer of ordinary shares or depositary receipts for ordinary shares issued with the cooperation of the Company, or in a limitation on voting rights.

Amendment of the Articles of Association

A resolution to amend the Articles of Association can only be made by at least a two-thirds majority of votes cast at a General Meeting, this majority representing at least half the issued capital, unless the proposal for such a resolution comes from the Executive Board, acting with the approval of the Supervisory Board. If a proposal for a resolution stems from the Executive Board acting with the approval of the Supervisory Board, the resolution can then be made by absolute majority of the votes, regardless of the capital represented. The Company will discuss the content of a proposal to amend its Articles of Association with Euronext Amsterdam N.V. before submitting this proposal to the General Meeting of Shareholders.

Authority of the Executive Board with regard to the repurchase and issuance of shares

In accordance with the Articles of Association, on 17 April 2013 the General Meeting of Shareholders, with the approval of the Supervisory Board, designated the Executive Board for the duration of 18 months commencing on 17 April 2013 as the body authorised to:

- issue shares and/or grant rights to acquire shares. The power to issue ordinary shares and financing B preference shares is limited to 10% of the issued share capital on the date of issue, plus 10% if the issue takes place as part of a merger or takeover. The power to decide to issue preference shares covers all preference shares in the authorised capital, either now (the date of the meeting of 17 April 2013) or at some future time, without prejudice to the provisions of Article 6 of the Articles of Association; and
- to limit or exclude the pre-emptive right to ordinary and financing B preference shares in the event that these shares are issued making use of the right to acquire shares reported above. The Executive Board has, having obtained the approval of the Supervisory Board, made use of this power by increasing the share capital on 21 August 2013 by approximately 10%.

The General Meeting of Shareholders on 17 April 2013 also authorised the Executive Board, subject to the approval of the Supervisory Board and for the duration of 18 months commencing on 17 April 2013, as follows:

- to cause the Company to obtain ordinary and financing preference shares B in its own capital by purchasing them in the market or otherwise. This authorisation covers the maximum number of shares that, pursuant to the provisions in Book 2 Section 98 sub 2 of the Dutch Civil Code, can be acquired by the Company on the date of acquisition, 10% of issued share capital, at a price between nominal value and 110% of the average of the closing prices on the last five trading days before the date of purchasing the ordinary shares and between nominal value and 110% of the issue price for financing B preference shares. Reference to 'shares' includes depositary receipts for shares.

Consequences of a public bid for important contracts
In the agreement with the banking consortium, a change-of-control clause is included with respect to the facility of €250 million, which states that the consortium must be informed about any change of control, and must then have the option of demanding premature repayment. Change-of-control clauses may also appear in joint venture agreements to which subsidiaries are party.

Payments to members of the Executive Board on termination of employment in relation to a public bid
There are no agreements with directors or employees whereby payments are made on termination of employment in relation to a public bid.

Heijmans endorses the principle of the corporate governance code that the Company is a joint venture between the various stakeholders in the company

CONDUCT, INTEGRITY AND DILEMMAS

Openness as a pre-condition

Ruytenburch, Vlaardingen

Culture and structure

Heijmans attaches a high priority to ethical conduct by its employees. Openness is a basic requirement for this. A more open working attitude is encouraged by the example set by the management and directors, the discussion of large and complex works in the weekly Executive Committee meeting, and the review meetings with management and the Executive Committee. In addition to this culture, Heijmans has a structure in place in which reporting, investigation and action can be undertaken with respect to conduct and integrity issues.

Compliance Officer

Heijmans has appointed a Compliance Officer who acts as the central contact and reporting point for integrity issues. The anonymity of notifications is ensured and the compliance officer considers the action necessary in each case given the nature of the issue and the applicable rules. In many cases, issues are resolved on the shop floor, for instance in consultation between the employee and their supervisor; however this is not always the case.

Integrity Committee

The Integrity Committee discusses issues, dilemmas and themes relating to integrity and all related matters twice a year, and makes recommendations on this basis for policy or the initiation of training, for instance. The Committee is chaired by Bert van der Els. The other members are the Compliance Officer, the Director of Communication, the chairman of the Works Council and a representative of the business flow. As an external expert, Prof. Dr. E.J.J.M. Kimman is also a member of the Committee. Last year, the items discussed by the Integrity Committee included the operation of the 'Kr8 of Heijmans' code of conduct, anonymous reports to the confidential counsellors, and a review of how the reporting structure within Heijmans could be improved.

Conduct dilemmas

Heijmans is convinced that conduct has a significant effect on the quality of the company's work and its result. For instance, conduct affects safety. In the construction industry, this is a difference between day and night. In 2013, a programme known as 'GO!' (Géén

Ongevallen, or No Accidents) was started, with the aim of raising awareness of the importance of safety throughout the company and to bring about a change of behaviour.

Some frequently occurring dilemmas are:

- **Whether to mention a problem or not.**
  Obviously, it is not always clear whether certain behaviour is acceptable or not. Heijmans continually faces issues relating to integrity and behaviour. Calling each other to account in case of undesirable conduct in accordance with the standards we strive to maintain encourages increased openness and ultimately desirable behaviour. Examples include the wearing of safety clothing, the separation of waste at building sites or the intentional submission of incorrect receipts and the use of company property for personal purposes.

- **Acceptable versus unacceptable behaviour**The borderline between acceptable and unacceptable behaviour is sometimes difficult to define, but it is crucial for culture on the shop floor. This concerns, for example, inappropriate behaviour towards women or minorities.

- **Self-determined rules versus applicable rules**
  While the rules governing conduct and desirable behaviour are described in the code of conduct, in some cases unwritten and different rules are common practice. This can apply to the submission of invoices, payments or the use of company equipment. For new employees, it can be difficult in such an environment to go against the flow and to remind colleagues of the rules that actually apply.

Many of the issues reported relate to the above conduct and dilemmas.

Compliance

Six integrity issues were reported to the compliance officer and/or the counsellors in 2013. This led to four sanction measures, including summary dismissal and also written warnings. In each case, the first consideration is the seriousness of the case and then in virtually all cases there is an investigation of the facts. All reports are evaluated with those involved by the management and the Executive Board. The reports concern theft of company property, conduct with respect to expense claims, and failure to comply with the rules relating to the obtaining of information.

Integrity and conduct

Policy regarding integrity and conduct has been laid down in a number of rules and guidelines:

- ***Integrity-sensitive positions:*** A Procedure for Integrity-Sensitive Positions applies at Heijmans. Integrity-sensitive positions include members of the Executive Board, members of the Executive Committee, directors of operating companies, project directors, directors of staff services, property developers, company lawyers and procurement managers. The procedure for the screening of employees has also been laid down. On the basis of this procedure, employees in an integrity-sensitive position - and applicants applying for such a position - are asked to provide a Personal Statement of Judicial Records and are also asked to submit a Certificate of Good Conduct.
- ***Training:*** this focuses mainly on the sharing of dilemmas, openness, and the establishment of boundaries.
- ***Reviews:*** integrity issues are discussed by the Executive Board and management teams (on an anonymous basis). The Integrity Committee sees to it that notifications and issues are translated into appropriate policy.
- ***The 'Kr8 van Heijmans' conduct code:*** under the motto 'an issue of character', the desired conduct is established in the Heijmans Code of Conduct. The Code deals with matters such as safety, integrity and competition, and obliges Heijmans employees to act and behave in accordance with its provisions. A sanctions policy is linked to the Code of Conduct. Managers are required to set an example by their personal conduct.
- Integrity is a standard subject of discussion in employment interviews and introduction programmes, and is included as a standard competence in the development interview form.
- In order to encourage integrity in project development, Heijmans Property Development set up a ***Transaction Register*** in accordance with the Neprom Code of Conduct in 2009, as a supplement to its quality management system and the Heijmans Code of Conduct. The relevant details of every business-to-business property transaction are investigated in advance and recorded and documented in the Transaction Register, enabling subsequent checks to be made for correctness, integrity and lawfulness of such transactions.

Observance

A number of counsellors have been appointed for the business units and at the holding company level for the purpose of observance and implementation of the Code of Conduct. These counsellors can give advice regarding dilemmas encountered by employees in the course of their daily activities. For many years now, Heijmans has required its suppliers and sub-contractors to endorse the code of conduct of Heijmans, Bouwend Nederland or a code for their own specific industry.

Heijmans' subsidiaries, associates and joint ventures are included on the register of the Foundation for Evaluating the Integrity of the Building industry (SBIB). Every two years, any breaches of the Heijmans Code of Conduct, together with an account of how Heijmans dealt with these breaches, are reported to the SBIB.

Additional and separate regulations

In some cases, values from the Code of Conduct have been established in additional and separate regulations.

Dossier statement

The Heijmans Code of Conduct is also further elaborated in the so-called dossier statement. This statement is required with every bid issued. It consists of a statement by the responsible management that no anti-competitive practices have been involved in the preparation of the tender or quotation.

Regulations governing whistle-blowing

For those situations where it is difficult or impossible to find a solution within the scope of daily workplace activities, Heijmans has introduced a whistle-blower scheme, which states the steps to be taken when submitting a report of an abuse. It also describes how such reports are investigated, and defines the role of management in the event that a report is submitted. The whistle-blower scheme gives employees the possibility of reporting abuse orally or in writing to a central reporting point (the Compliance Officer) or a Counsellor, without endangering their own employment.

Insider Trading Regulations of Heijmans N.V.

These regulations have been introduced in order to comply with the Financial Supervision Act (Wft), and contain provisions that apply to the officers specified in the Act and other Heijmans employees.

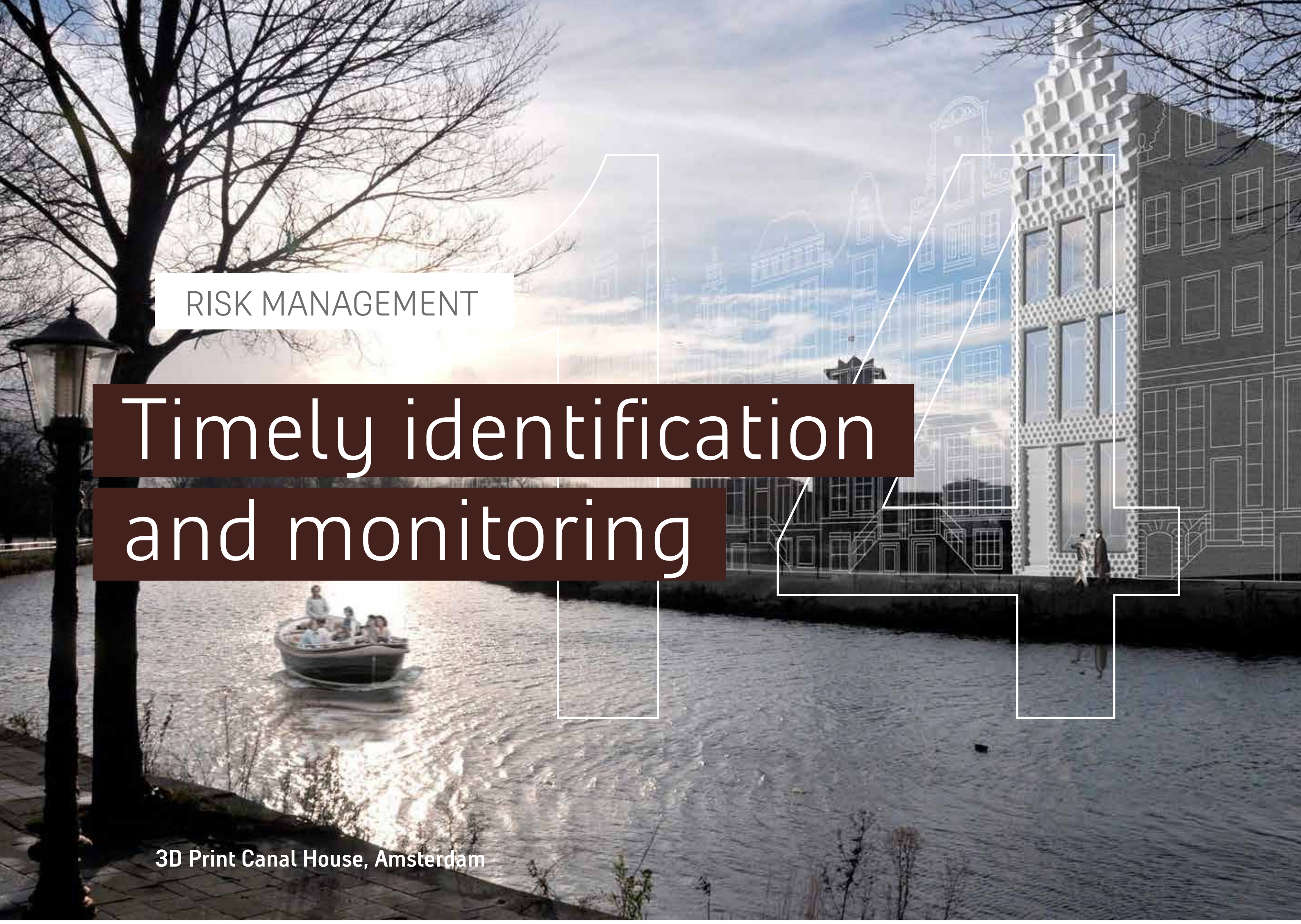
Regulations applying to personal investments

There are regulations applying to personal investments by members of the Executive Board and the Supervisory Board. The Chairman of the Executive Board is the compliance officer for transactions in shares, depositary receipts for and options on shares. The Chairman of the Supervisory Board acts as compliance officer for the Chairman of the Executive Board.

A number of counsellors have been appointed at holding company level in relation to the implementation and observance of the code of conduct

RISK MANAGEMENT

Timely identification and monitoring



3D Print Canal House, Amsterdam

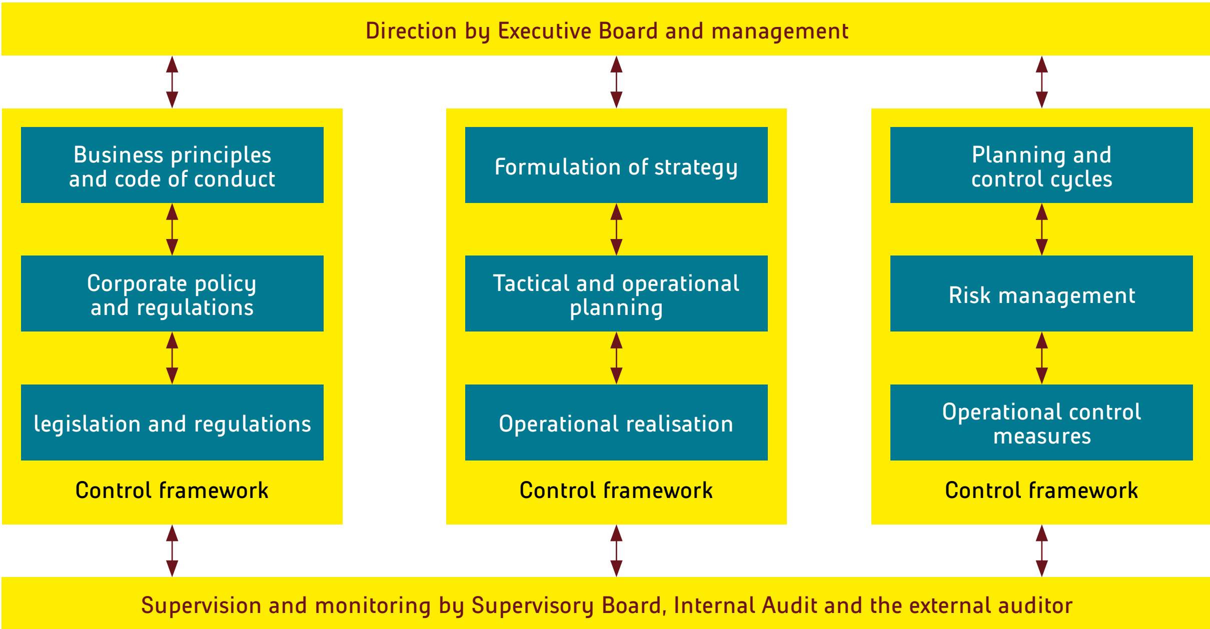
Operating a business in the building and property development sector involves risks. In principle, no competitive advantage can be gained, and therefore no return can be achieved, unless risks are taken. It is thus an essential duty of the management to make well-considered decisions with respect to the risks that the company wishes to incur, and the way in which these risks can be managed.

The markets in which Heijmans operates have contracted sharply in recent years, which has intensified competition and put further pressure on margins. The only way to maintain a sustainable position in this market is to add value. This means offering the highest quality. Heijmans aims to achieve this, on the basis of its knowledge, expertise and innovative strengths, by leading the way in the provision of integrated sustainable and socially relevant solutions to customers and users.

For this purpose, Heijmans has to devote continuing attention to improving its core activities and processes with respect to tender and project management, further reducing its failure costs, strengthening the effectiveness of its sales force, using its position of strength in procurement, and striving to increase efficiency. This strategy should lead to healthy margins and sufficient flexibility to be able to continue to invest in knowledge, expertise and innovative strength.

Adequate risk management is one of the aspects that is crucial for the company's development. Heijmans' basic approach to risk management is the structural, integrated and timely identification and monitoring of key risks. The objective is to effectively anticipate and mitigate uncertainties and minimise threats, but also to exploit opportunities.

Heijmans employs a management model that features centrally organised operating companies with short lines of communication to the Executive Board. Most support functions are centrally organised and fall directly under the group management. This applies for instance to IT Procurement, Materials Management and Premises. In order to be able to manage risks



adequately, it is important that awareness of risk is embedded in the organisation. Heijmans strives to achieve this through the creation of an open and transparent corporate culture. The monitoring and further improvement of this corporate culture requires the continuing attention of the management.

Risk management was a high-priority item on the management's agenda during the reporting year. This section describes the main activities and results in 2013 with respect to risk management and lists the main priorities for 2014. The risk section also describes the main items of attention in the management letter from the external auditor.

General control measures

The various elements in the internal risk management and control system at Heijmans are shown in diagram form in the figure above.
Important aspects in the control framework are:

- ***Management regulations and instructions*** for the management of the operating companies/business units. These regulations and instructions define the authorities and the framework within which management operates, and address such matters as contracting for projects, making investment commitments and reporting obligations and accountabilities;
- ***Code of conduct:*** the conduct desired of Heijmans employees is established in a code of conduct under the slogan "the power of Heijmans, a question of character" [de kr8 van Heijmans, een kwestie van karakter]. Important themes in the code of conduct are: Safety, integrity and competition;
- ***An accounting manual*** that prescribes the internal and external financial reporting principles to be applied and the procedures to be followed for this purpose; and
- ***Quality management systems*** that include a standard structure for the primary and secondary processes of building and property development activities, including risk management systems enabling project-related risks to be identified and managed;

The control mechanisms at Heijmans include the following:

- ***Company-wide risk management process audits*** designed firstly to establish whether control measures are adequately observed in the context of project-specific risks, and secondly to control other company-wide risks. Central organisation and coordination with feedback and follow-up primarily at business-flow level;
- ***A planning and control cycle***, including periodic reporting by operational management on the trends in relevant markets, the financial state of affairs relative to the budget, and the financial and operational status of projects;
- ***Regular project reviews***, also often referred to as 'work in progress meetings', in which the development of projects is discussed and evaluated on the basis of fixed formats; regular review meetings between the responsible operational management and the Executive Committee; and

- *The monitoring* of developments in the liquidity position of group elements and specific projects with various tools and frequencies.

See the section Risk Areas (Operational Risk) for a description of some of the other control measures in force.

Risk management in 2013

A number of items of attention in relation to risk management for the coming years were formulated in the 2012 annual report. The following measures and actions were taken in this context in 2013:

- At Non-Residential, the organisation has been further adjusted and the Heijmans Non-Residential Management System (HUMS) has been implemented. HUMS has the aim of integrating and standardising business processes on the basis of four blocks: Initiative (Acquisition & Advice), Feasibility (preparatory work/engineering), Realisation (Projects) and Services. The essence here is that the implementation of improvements in the first blocks will benefit the quality of project execution. Furthermore, a strict discipline for transfer between the blocks will contribute to the final results of the projects in this segment, most of which are complex in nature. The large projects started in 2013 have followed this system. Although the improvement process is not yet complete, the results of Non-Residential in 2013 were much better than in 2012. The measures taken should contribute to a further improvement in the result in future years.

- In 2013, much attention was devoted to improving the company's working capital and cash management by means of the "Fit for Cash" programme. In this context, the organisation focused closely on aspects such as adequate and timely invoicing (for example for services), strict debtor management and terms of payment in contracts.

- The reorganisation that was initiated at Residential Building at the end of 2012 was completed in 2013. The process of creating a single Residential Building organisation, in which sales efforts, tender and project management and procurement are optimised, is more or less complete. Partly due to the market conditions, Residential Building did not succeed in returning to profitability in 2013. We expect to see a recovery in the result in the coming years, now that the organisation has been renewed and has become more compact.

- An improved and uniform tender management procedure was implemented in 2013. The main improvements concern the classification of tenders into standard risk categories, the standardised documentation and choices in the decision-making process (Go/No Go moments), the involvement of a contract manager in the evaluation of a contract and the identification of risks, as well as working with a central tender list whereby awareness of current tenders has been significantly improved.

- In the second half of the year, a start was made with the implementation of a new ERP system at Roads. This has led to the new information system being taken into operation at all the divisions of Roads as of 1 January 2014 with no interruption to business. The implementation of the new system should ensure that the administrative processes are modernised, control of and efficiency of the processes will be further improved, administrations will be further centralised and operational support will be improved. With the implementation of the system, much attention will also be devoted to a number of specific aspects in the context of risk management, such as the establishment of obligations, the management of authorisations and the systematic application of automated controls. Heijmans proposes to introduce this ERP system to its other business flows in the coming years.

- The company-wide risk management audits continued in 2013, with specific attention to the management of project risks during the acquisition and preparatory phase. In addition, these audits now include attention to compliance with the law on foreign workers and the risks relating to chain and hiring liability as a permanent item.

- Many of the project administrators and project controllers took a course in 2013 dealing with both role-specific financial and substantive aspects and the required personal competences. This course will continue in 2014.

Other actions and measures in 2013 included the following:

- A new safety programme called GO! (Géén Ongevallen! [No Accidents!]) was introduced in the second half of 2013. Heijmans considers a safe working environment for all its employees, suppliers, sub-contractors, partners and hired personnel to be essential for realising a good final product. One of the aims of GO! is that there should be no more accidents involving death or lasting injury.

- Extensive attention was once again devoted to good information and management of the property and land holdings in 2013. In that context, a regular analysis is made of the development potential and/or value development of the strategic land holdings and the areas included in land exploitation, including the associated funding. Attention is also devoted to information on and the potential earnings from plan costs incurred that form part of the reported value of property holdings. Moreover, in view of the changed market, even more attention has been paid to 'go/no go' decision moments in the tender phase for property development projects. Both from the point of view of management of financial resources and as part of its strategy, the Executive Board strives to reduce the amount of capital invested in property. The amount of this demand on resources moreover implies a limitation on the development of the rest of the group. The reduction of the property holdings was also a difficult process in 2013, partly due to investment commitments. On balance, the capital invested in Property Development holdings remained more or less unchanged. The reduction of the property holdings in Belgium is proceeding gradually.

- Several specific initiatives were developed during the reporting year in order to strengthen the company's financial position:
  - In order to strengthen the balance sheet, but also for the further development and improvement of the company's position and innovative potential, the share capital was increased to just under 10%. As a result of this issue, the company's equity has risen by more than €13 million.
  - In consultation with the company's banking syndicate, the committed bank facility of €250 million which matures on 31 March 2015 has been extended for a sum of €231 million until 31 March 2016.
  - With 3i Infrastructure Funds (formerly: Barclays Infrastructure Funds Management) Heijmans has entered into a joint venture known as Heijmans Capital B.V. for the financing of DBFMO (design, build, finance, maintain, operate) projects. The joint venture is designed to share the risk-bearing capital and know-how that is needed for DBFMO projects, starting from the tender phase. The joint venture's first project is the National Military Museum in Soesterberg.
    3i Infrastructure Funds has a share of 80% and Heijmans has a share of 20% in Heijmans Capital B.V.
  - Certain divestments also contributed to improving the capital requirement, such as the outsourcing of all project accommodation at Heijmans and the sale of a location no longer in use.

- The direction of the non-Dutch business units has been further intensified and strengthened. These business units have also been closely involved in the "Fit for Cash" programme. In addition, an increasing number of sites now feature cooperation between the Dutch and the non-Dutch business units, and between the non-Dutch business units themselves. Some examples of this are:
  - The execution by Franki of a number of projects in the Netherlands through the cooperation with Heijmans Civil.
  - The anticipated integration of the Belgian construction companies Heijmans Bouw and De Coene Construct.

- A start was made on a central approach to making the sales organisation at Heijmans more professional, with a clear direction in relation to markets, customers and prospects.

- The design and implementation of a tax control framework in the context of the transition to horizontal supervision was energetically continued in 2013. The results achieved in 2013 were positively assessed by the Tax & Customs Administration. This provides an additional stimulus to further extend the tax control framework in 2014.

In general, with respect to 2013 one can conclude that the proposed measures were actually implemented. We are convinced that over time, this will also contribute to the company's result. The focus of risk management remains on the management of projects. Several larger projects progressed with difficulty in 2013. While a project-driven business such as Heijmans may have loss-making projects, the aim is to reduce their number and effect. Against this background, we will continue our efforts to improve the tender and project management and the procurement process ('improve the core') as

National Military Museum, Soesterberg

vigorously as ever. The continuing attention to and efforts in the context of the 'Fit for Cash' programme led to positive results in 2013, and will be continued with the same degree of vigour in 2014.

The efforts made at Non-Residential are beginning to bear fruit, however the real effects will only become visible over time. Last year, the foreign business units were involved in the management of working capital through the corporate 'Fit for Cash' programme, whereby further control was achieved.

Partly due to the market conditions, the reorganisation and improvement drives at Residential Building did not bring about a return to profitability over the whole of 2013. The outlook going forward in 2014 has however clearly improved.

Partly in view of the above, the Executive Board can declare that the risk management and control systems generally operated satisfactorily during the reporting year. In relation to the financial reporting risks, the internal risk management and control systems provide a reasonable degree of assurance that the financial reporting, as reflected in the 2013 financial statements (pages 91 to 178), does not contain any material misstatements. It is not possible to provide absolute assurance, however. Heijmans is unable to guarantee that material misstatements, fraud or violations of legal requirements cannot occur.

The optimisation and monitoring of the proper functioning of the internal risk management and control systems remains an important area of focus for the Executive Board. The Executive Board discussed the structure and the functioning of the internal risk management and control systems with the Audit Committee and the entire Supervisory Board frequently and intensively during the year. No issues relating to integrity that affect the risk profile occurred during the reporting year.

Focus of risk management in 2014

Many of the items of attention and actions in 2013 will be followed up in 2014, with the addition of certain other actions and/or measures. In practice, this means:

- Risk management with respect to complex projects in all segments will be further intensified, with adequate attention from the Executive Committee and corporate control;
- Continuation of the 'Fit for Cash' programme and the realisation of the divestment programme at Property Development;
- Continuation of the implementation of the 'improve the core' programme with respect to tender management, project management, procurement and sales;
- Continuation of the GO! safety programme;
- Improvement of the reporting structure with respect to cross-sector projects or projects involving parties outside the Group;
- Review of the risk framework with input from the 'improve the core' programme;
- Working out the practical details for rolling out the ERP system to other sectors (after Roads);
- Intensification of the central risk function;
- Certain refinements in the prevention of fraud and integrity issues;
- Continued strengthening of the role of project administrators and project controllers;
- Continued attention to the observance of control measures with respect to illegal labour/WKA with additional attention to observance by sub-contractors of statutory requirements regarding pay and working conditions for the workforce.

Risk areas

Market risk

Heijmans generates income through the performance of various types of activity, mainly in the Netherlands. The operations in Belgium and Germany mainly concern infrastructure. Economic conditions to a large extent determine the revenue levels of building and property development activities. This is less the case for infrastructure activities, although government spending is also under pressure due to the cuts announced in the

Netherlands in 2013. The total government budget for infrastructure (roads, railways, shipping and water safety) will decline, particularly in 2015 and 2016, with the cuts coming mainly on motorway works. The infrastructure investments by lower-tier government bodies and businesses will also decline further in the coming years. A modest recovery is expected in the medium to longer term.

With its activities in the areas of Property Development and Residential Building, Heijmans' results are to an important extent dependent on developments in the housing market. After a dramatic first quarter in 2013, the housing market is slowly improving. While volumes are still low in absolute terms, we see a limited upward trend developing. Prices also appear to be stabilising. This is partly due to the Housing Agreement, and the certainty that has now been given with respect to the funding possibilities and the tax treatment of mortgages. Nevertheless, funding remains an issue, especially for first-time buyers. Consumer confidence is a major sticking point, as it is still low as a result of the financial crisis. However the prospects are better here as well, and the general view is that there will be economic growth, albeit cautious, from 2014 onwards. Given the sizeable underlying demand for housing which is still as high as ever, and on the basis of the above, we expect to see demand for new-build housing increase again in the coming years, although this will only lead to higher build volumes after 2014 and there will be wide regional variations.

Regarding non-residential building, we also expect to see a moderate recovery in the coming years. However, competition in this market is intense and price pressure will continue to be a feature.

In recent years, measures have been taken to reflect the worsened market conditions. The size of the organisation has been adjusted where necessary. There has been a significant reorganisation, especially at Residential Building. On a more limited scale, adjustments have also been made at a number of other business units and in the staff departments.
The procurement market was relatively favourable in 2013. This may change rapidly if the economy recovers, and Heijmans could have to deal with higher prices.

With regard to rising raw materials prices, the Company's policy is to hedge this risk as quickly as possible once projects have been accepted. However this is not possible, or entirely possible, in all cases. It is also debatable whether once the procurement market turns, higher prices can be directly passed on in the form of higher contractual amounts.

The selection of sub-contractors requires specific attention. Despite the expectation of recovery, the construction sector will contract further in the short term, leading to numerous bankruptcies and aggressive pricing for outsourcing. Several partners, sub-contractors and suppliers filed for bankruptcy in 2013. The direct financial loss for Heijmans from this was very limited. It is still important to keep a keen eye on the quality and continuity of our sub-contractors.

For a further description of the market conditions, see pages 26 to 32 of this report.

Operational risk

Operational risk concerns project development activities and building activities in the context of residential building, non-residential building and infrastructure works. The most important and risk-determining components of the primary process are the tendering approach, the proposal process, the procurement process and project and contract management. There is a large variety of contracting forms, generally involving - to a certain degree - a fixed price. Errors in design and/or estimating therefore can have a negative impact on building costs and consequently result in project losses and negative cash flows. Furthermore, this can result in significant financial and other liabilities. The trend whereby principals are placing more responsibility and liability on their contractor, also for design, has been underway for some years, and this did not change in 2013.

The following measures have been implemented for the management of operational risk in addition to the general control measures stated above, in most cases relating to the management of project-related risks:

- Development projects will only be initiated once a substantial percentage of the homes put up for sale have been sold and the buyer has secured the finance;
- Construction of commercial property development projects will only be initiated once the property to be built has been sold (with limited rent guarantees) or has, for the most part, been leased;
- Long-term commitments and major investments in

property, plant and equipment, and land positions require the approval of the Executive Board;

- A central procurement policy to optimise Heijmans' procurement strength, ensure the required quality and mitigate price and delivery risks;
- Specific attention to the financial position of partners, sub-contractors and suppliers;
- Risks are insured. The most important insurance policies are the Construction All-Risk insurance for project execution risks, the Corporate Liability insurance for general liability risks and the Professional Liability insurance for liability risks arising from construction design and consultancy. There is a stratified approval procedure with regard to larger and/or complex projects whereby the largest and most complex projects require the specific approval of the Executive Board;
- Where useful for the purpose of mitigating risk, aligning interests or obtaining access to knowledge and expertise, projects are sometimes acquired and carried out in cooperation with partners;
- In the preparatory phase, risk evaluations of projects to be contracted are made (legal, technical, financial, safety, logistics, scheduling, environmental factors);
- For larger projects, we work with bandwidths with regard to the expected result per project, enabling developments to be followed more closely, including opportunities and risks that may arise;
- Intensive involvement of critical functional disciplines in the management of risks before and during execution. This mainly concerns the legal, purchasing and financial functions;
- Any extra work on assignments is only carried out after agreement has been reached with the principal, unless the contract or regulation stipulates otherwise; and
- Regular project reviews with a layered structure whereby larger and/or more complex projects are reviewed by the Executive Board and the Executive Committee.

Financial risks
Financial risk concerns financing risk, liquidity risk and credit, interest rate and currency risks, as well as risks associated with financial valuations. Financing risk is the risk that the continuity of the Group's activities can no longer be assured due to the possible lack of adequate finance at any given moment. The Company has committed bank facilities available, most of which were extended in 2013 to run until the end of March 2016. Important preconditions in this regard are the need to comply with a leverage ratio (ratio of net debt to EBITDA) and an interest coverage ratio (ratio of EBITDA to net interest charges). Heijmans met these conditions as at 31 December 2013.

Although there are a number of risk factors, including market risk (a real recovery in the housing market is not expected to materialise until after 2014), the development of the working capital and the general development of Heijmans's result, which mean that failure to meet the funding conditions cannot be ruled out, Heijmans expects, apart from unforeseen circumstances, to continue to meet the conditions in 2014. In addition to bank facilities that can be used to draw down funds, there are sufficient guarantee lines available.

The Executive Board expects the banks to continue to be reluctant to provide financing for the whole building chain.
We are, however, seeing increasing interest from institutional investors and also private and foreign investors in the housing market in the Netherlands. We also expect sufficient liquidity to be available to fund DBFMO contracts in the coming years.

Liquidity risk exists if the funding requirement at any time is greater than the financing available under the various facilities in place. The financing requirement does increase at certain times in the year, partly due to seasonal effects and partly due to normal fluctuations in working capital. The use of operational cash funds fluctuates widely due to the project-based character of the building and property development activities. To manage this risk, liquidity forecasts are prepared on a regular basis. These forecasts relate future needs to available financial resources, in order to facilitate timely intervention to resolve any difficulties that may arise. The development of the liquidity position is monitored closely by means of daily and weekly reporting.
A strict cash management and working capital policy is essential to significantly mitigate liquidity risk. In 2013 Heijmans increased its focus on working capital and cash by means of a programme specifically designed to improve its working capital management. This programme will be continued with equal vigour in 2014.

The Company has sufficient financial facilities available to meet its financing requirement. The other financial risks, credit, interest rate and currency risks, are described in section 6.26 of the financial statements.

In addition to risks relating to financing, Heijmans is also exposed to risks relating to financial valuations. This includes tax credits recognised in a situation in which not enough taxable profit will be realised in the

Netherlands in the coming years. There are also valuation risks associated with large balance sheet items such as goodwill and real estate holdings. Given the expected recovery in the Dutch housing market and a further recovery of the result at Non-Residential, these risks will be reduced.

Compliance risks

Compliance concerns both compliance with legislation and regulation and the enforcement of an appropriate framework of standards and values. Managing these risks has a high priority, since inadequate management could damage the Company's reputation and integrity. Various measures are in force to prevent such risks, including the code of conduct, provisions included explicitly in management regulations that make compliance with legislation and regulation mandatory, the procedure for integrity-sensitive positions, and a whistle-blower scheme.

The nature of the building and infrastructure sector is that we work extensively with personnel and sub-contractors whose involvement in a project is only temporary. With regard to the outsourcing of works and the hiring of temporary personnel, the main contractor has to take account of specific legislation and regulation and risks, for instance the Foreign Nationals (Employment) Act and risks relating to chain and recipients' liability. Observance of the control measures in effect in this respect is especially important given the sharp increase in the number of bankruptcies in the building industry and the fact that the government is increasingly taking a stricter stance with regard to contraventions of prevailing legislation and regulation. Attention is also required with regard to observance of statutory requirements by sub-contractors and employment agencies in relation to pay and working conditions for the workforce.

The centrally managed legal department plays an important part in the monitoring of compliance with relevant legislation and regulation.

Safety risks

Safety risks are inherent to the building industry. Heijmans attaches a great deal of importance to safe and healthy working conditions, so that safety risks can be managed and mitigated. One important measure in this respect is the new GO! safety programme (Géén ongevallen!, or No Accidents!) that is intended to bring awareness of safety at Heijmans to a higher level so that there are no further accidents involving death or lasting injury. The GO! safety programme has three main principles. The first principle is a change of attitude and behaviour with respect to safety. The second principle is a consistent and uniform level and impression of safety at Heijmans. The third principle is cooperation on safety in the build chain.

In addition, there are preventive measures to deal with emergencies. Emergency plans are prepared for large building projects so that there can be a rapid response if an emergency occurs. The safety policy also applies to the sub-contractors engaged by Heijmans. This policy focuses on working with VCA-certified subcontractors at the building site so that all VCA (Safety Checklist for Contractors) requirements can be met. This means that all workers on construction sites have completed the basic safety course, and all employees, including sub-contractor personnel, participate in information and training sessions organised by Heijmans, they have the necessary personal protective equipment, and they work with approved equipment and tools. Serious safety incidents must be reported immediately to the Executive Board. Those involved explain the circumstances of the incident to the Board and put forward suggestions for increasing safety at work in general. Furthermore, a system of yellow and red cards has been introduced to deal more effectively with unsafe behaviour at building sites. This provides guidelines to the contractor on how to deal with unsafe behaviour, whether intentional or not.

Social risks

The ability to access qualified and motivated personnel is a necessary condition for enabling the Company to carry out its core activities in a proper and professional way. In this context, Heijmans has taken various measures and initiatives designed to retain sufficiently qualified personnel, such as its policy designed for management development, to encourage upward mobility and job rotation. This moreover includes a wide range of internal and external training programmes at both project execution level and management and project management level. Furthermore, both the substance and tenor of the terms and conditions of employment are reviewed on a regular basis to determine whether they continue to be sufficiently competitive. There are also the annual master class and the management trainee programme, designed to attract and retain talented young students at an early stage.

The growth expected in the next few years will mean that the construction sector will have to address the issue of timely organisation of sufficiently qualified people. The inflow of young people nearly halved during the crisis. Unemployment among older people is also high, and there is a risk that this will become a permanent feature. It is therefore important to take measures in good time to be able to cope with growth when this happens.

Insurance

The insurance programme aims to manage not only the operational risks cited above, but also risks arising from changes to legislation, regulation and applicable case law. The insurance programme is characterised by a balance between insuring the financial effects of risks if Heijmans is not willing or able to bear these effects itself and not taking out insurance if these risks can be managed by, for instance, spreading these risks or contractually transferring them to other partners in the chain. The scope for insurance plays a crucial role in this. Insurance is taken out with reputable and reliable insurers.

During the annual meeting with insurers, the premiums are adjusted in line with developments on the insurance market, the loss statistics and the economic climate. Premiums rose significantly in 2013 due to the increase in the insurance tax.

The continuing attention to and the efforts in the context of the 'Fit for Cash' programme led to positive results in 2013, and will be pursued with equal vigour in 2014

REPORT OF THE SUPERVISORY BOARD

Supervision of policy

Schwarze Heide Airport, Dinslaken

The Supervisory Board has taken note of the report of the Executive Board for the 2013 financial year. The financial statements were audited by KPMG Accountants NV and an unqualified auditor's statement was attached thereto on 26 February 2014. This statement is attached to the Other Data section of the financial statements on page 180. We recommend that the General Meeting of Shareholders should adopt the 2013 financial statements and grant discharge of liability to the members of the Executive Board. We approve the proposal of the Executive Board to distribute a dividend for 2013 of €0.15 per ordinary share to be taken in either cash or stock at the option of the shareholder. This dividend is in line with the Company's policy of distributing approximately 40% of the net profit realised from ordinary business operations. The decision to make this dividend proposal expressly takes account of the Company's total capital position.

Role and powers of the Supervisory Board

The Supervisory Board supervises the policy of the Executive Board and the general state of affairs at the Company and its affiliated companies, and advises the Executive Board. In the exercise of its duties, the Supervisory Board focuses on the interests of the company and its affiliated companies, taking the interests of those involved in the company into consideration. The Supervisory Board is also involved in the social aspects of business operation relevant to the Company.

The Articles of Association of Heijmans N.V. and the Regulations for the Supervisory Board of Heijmans N.V. contain rules with respect to board meetings and resolutions. Both these documents are available on the Heijmans N.V. website under the heading 'Corporate Governance'.

Specific areas of supervision

The supervision exercised by the Supervisory Board over the Executive Board concerns matters including the performance of the Executive Board and the 'tone at the top', the strategy and achievement of objectives, the risks associated with business activities, the design and operation of the internal risk management and control systems, compliance with legislation and regulation, shareholder relations (for further details, see the paragraph 'Dialogue with stakeholders' in the section 'Corporate Governance Vision' in this annual report) and the social aspects of business conduct relevant to the Company.

Accents and activities in 2013

Performance

The Supervisory Board monitored performance closely last year, and was briefed in particular with regard to the measures taken at Non-Residential. This concerned the management and direction of the operating company, the organisation and its risk management. The crisis in the sector was also discussed in extension to this. The Supervisory Board discussed with the Executive Board how Heijmans could best deal with the situation in this market. This concerned both the package of improvement and operational excellence measures, and the strengthening of the balance sheet through improvement of the net debt position and the arrangements with the banks. This naturally included a discussion of the 'sub 10' share issue.

Improvement and linking of processes

As stated above, specific attention was paid last year to discussing the improvement programmes (in sales, tender management, procurement and project management). The Supervisory Board was informed by the portfolio owner and programme manager regarding the status of these programmes and the objectives. Working more efficiently and with lower failure costs was considered to be of the utmost importance. Straightforward processes, working processes and quality standards are crucial in order to reduce costs and increase efficiency. The knowledge and experience acquired can be used far more effectively, so that a routine is created and a generic approach can be taken to projects. This theme was a permanent agenda item for the meeting.

PPP

The agreement concluded with 3i Infrastructure Funds for PPP (public-private partnerships) in 2013 was discussed, with particular focus on the financial implications of the agreement. The Supervisory Board endorses the importance of working with a strong financial partner whose core business is risk-bearing investment in PPP projects, and which thus complements Heijmans in terms of both available capital and knowledge and experience.

Position strengthening and innovation

The acquisition of the Brinck Group was discussed extensively with the Supervisory Board. The discussion focused on the growth potential in the area of smart metering and sustainable energy, as well as the conditions of the agreement. The Supervisory Board also followed the developments in relation to the Smart Highway in 2013 with great interest and a critical eye. The Supervisory Board is of the opinion that renewal should have a visible effect on budgets, so that priorities can be established and investments can be clearly understood. Ultimately, renewal can improve Heijmans' character and the company can serve the market much more actively.

Activities

In June, the Supervisory Board, the Executive Board and the Executive Committee visited the National Military Museum under construction at Soesterberg. During the tour, the project leader updated the Supervisory Board on the progress of the project and the special features of this PPP. The Supervisory Board expressed its wish to combine at least two of its meetings with project and/or company visits in 2014.

Frequency of meetings and attendance

The Supervisory Board held six regular meetings with the Executive Board and the Executive Committee in attendance in 2013. One member of the Supervisory Board was unable to attend these regular meetings on three occasions. Five additional meetings were also held, with further consultation occurring by means of conference calls. Since all these additional meetings were arranged at short notice, the full Supervisory Board was not present in all cases. The Supervisory Board members who could not attend made use of the possibility to discuss the agenda items with the Chairman in advance, and were therefore able to express their views.

The Company's external auditor attended the meeting at which the financial statements for 2013 were discussed. The Supervisory Board is represented at the consultation meetings of the Central Works Council several times each year. There is regular consultation between the members of the Supervisory Board and the members of the Executive Board, depending on the specific portfolio of each member of the Supervisory Board. This applies in particular to the Chairman of the Supervisory Board and the Chairs of the various committees, namely the selection and appointments committee, the audit committee and the remuneration committee.

Resolutions

The important resolutions of the Supervisory Board in 2013 included the following:

- Approval of resolutions by the Executive Board to establish and amend the Company's operational and financial targets;
- Approval of the 2013 business plan and budget of Heijmans N.V., whereby the strategic policy principles are formulated;
- Approval of the 2012 financial statements for Heijmans N.V.;
- Approval of the proposed dividend distribution by Heijmans N.V.;
- Approval of the proposal by the Executive Board regarding the appropriation of the result of Heijmans N.V. in 2012;
- Approval of the implementation of the proposals for the short and long term variable remuneration of the Executive Board;
- Approval of the resolution of the Executive Board to expand the share capital by almost 10% by means of a share issue.

Executive Board and Executive Committee

The Heijmans Executive Board consists of three members. Under the Management and Supervision Act, larger companies are obliged to strive to achieve a composition of at least 30% female and 30% male members on the Executive Board, insofar as the seats on the board are divided between natural persons. At this time, none of the three members of the Heijmans Executive Board is female. The target percentage of 30% has thus not been achieved. In the event of vacancies (other than reappointments), the Executive Board proposes to strive to increase the diversity of its available expertise and the profile of the executive directors.

Two persons were moreover appointed to the Executive Committee (as of 1 January 2012), bringing its number of members to five. Contrary to the previous year, there were no changes to the composition of the Executive Board or the Executive Committee in 2013.

On 1 September 2013, Mr M.C. van den Biggelaar was reappointed as an executive director for a term of four years. This reappointment was notified by the Supervisory Board to the General Meeting of Shareholders on 17 April 2013.

The Supervisory Board takes the view that with the current composition of the Executive Board and the Executive Committee, the Company is well equipped to deal with the challenges it faces.

Division of responsibilities of the Executive Committee

The division of responsibilities for the Executive Committee is as follows:

- Bert van der Els: General Affairs, Management Development and Diversity, HR, Commerce, Communication, Innovation and Non-Residential
- Mark van den Biggelaar: Finance, Investor Relations, ICT, Legal Affairs, Procurement, Facility Management, Oevermann and Pensions
- Ton Hillen: Property Development, Residential Building and Property Development Belgium, Materials Management
- Roland de Waal: Roads including Roads Belgium, Advisory and Engineering Services and Sustainability
- Gert-Jan Vermeulen: Civil including civil engineering operations in Belgium and Germany, LEAN6sigma and Quality/Safety

Self-evaluation by the Supervisory Board

One of the principles of the Dutch Corporate Governance Code states that the Supervisory Board is collectively responsible for its own performance, and cites self-evaluation as a best practice. In response to this, the Supervisory Board has discussed the performance of the individual members of the Supervisory Board, the Supervisory Board as a whole and its sub-committees. The Chairman of the Supervisory Board also conducted individual interviews with the various members of the Supervisory Board. Furthermore, the Supervisory Board discussed the performance of the Executive Board and its members without them being present.

The self-evaluation process consists of various items, such as the commitment and participation of the individual Supervisory Board members, the process of resolutions within the board and the quality thereof, the relationship with the Executive Board and the performance of the Supervisory Board as a whole.

The self-evaluation revealed that an atmosphere of openness exists within the Supervisory Board, with the opportunity for intense discussion that also includes tolerance of different opinions. The attitude of the Supervisory Board to the Executive Board is critical and strict, but always with respect and tolerance of each other's views, which contributes to good-quality decision-making. Further specialist knowledge of the various business processes and elements is cited as an

Waterwolftunnel, Noord-Holland

area of improvement. In this context, the Supervisory Board will not only obtain information regarding the items mentioned, it will carry out more company and project visits.

Diversity

The composition of Heijmans' Supervisory Board features diversity in terms of gender, nationality, background and experience. Under the Management and Supervision Act, larger companies are obliged to strive to achieve a composition of at least 30% female and 30% male members on the Supervisory Board, insofar as the seats on the board are divided between natural persons. One of the five members of the Supervisory Board is female, and thus represents 20%. In the event of vacancies (other than reappointments) the Supervisory Board proposes to strive to increase the diversity of its available expertise and the profile of the Supervisory Board members. For further background information on all the members of the Supervisory Board, see page 11 of this annual report. The target profile for Supervisory Board members is stated on the website, under the heading 'Corporate Governance'.

Commissions

The Supervisory Board has appointed three committees: the Audit Committee, the Selection and Appointments Committee and the Remuneration Committee. Regulations have been formulated for each committee, establishing the role of the committee in question, its composition and how it carries out its duties. These regulations can be found on the Heijmans website under the heading 'Corporate Governance' and then under 'Supervisory Board'.

Audit Committee

The Audit Committee comprises three members of the Supervisory Board and has duties in a number of financial areas. The matters discussed by the Audit Committee are in preparation for the discussion of these items by the full Supervisory Board. These include the half-yearly report, the financial statements, the budget, the reporting of the external auditor, other financial reporting, the operation of internal risk and control systems, the relationship with and the evaluation of the external auditor, the pension plans, and the development of the Company's financing requirement and debt position.

The items discussed by the Audit Committee also included the measurement of land and property holdings, the share issue, the status of the supplementary company pension fund and IT at Heijmans, in particular the implementation of the ERP system SAP at Heijmans Roads. Other items discussed were the effects of IFRS 11, the audit plan for 2013 and the new legislation in relation to the mandatory rotation of the auditor, in particular how and when this will affect Heijmans.

The Audit Committee consists of Messrs R. Icke RA (Chairman), R. van Gelder and S. van Keulen. The Committee met with the Executive Board on four occasions in 2013. The external auditor also attended a number of meetings. The Committee consulted the auditor on one occasion without the Executive Board present.

When relevant, managers with responsibility for finance, auditing, risks and compliance attended the meetings of the Audit Committee, together with the CEO and the CFO. Relevant items for which approval by the full Supervisory Board was required were submitted to the full Supervisory Board accompanied by a recommendation from the Audit Committee.

Selection and Appointments Committee

The Selection and Appointments Committee establishes, among other things, the selection criteria and appointment procedure for Supervisory Board members and members of the Executive Board. The Committee also evaluates the performance of the members of the Executive Board at least once a year, and conducts individual performance assessment interviews with the members of the Executive Board at least once a year.

Last year, the Selection and Appointments Committee met on two occasions. One of the items it considered was the reappointment of Mr M.C. van den Biggelaar as a member of the Executive Board on 1 September 2013 (explained at the General Meeting of Shareholders on 17 April 2013) and the effects of the Management and Administration Act which took effect on 1 January 2013 for the members of the Supervisory Board and the members of the Executive Board of Heijmans.
This committee consists of Ms P.G. Boumeester and Messrs S. van Keulen (Chairman) and A.A. Olijslager.

Remuneration Committee

The Remuneration Committee, which has the same composition as the Selection and Appointments Committee, carries out preparatory work for the Supervisory Board with respect to the remuneration of members of the Executive Board. This work is carried out on the basis of the remuneration policy for members of the Executive Board and the Executive Committee that took effect on 1 January 2010 and that was adopted by the General Meeting of Shareholders on 28 April 2010.

The remuneration of the directors of Heijmans in 2013 was in line with this remuneration policy, details of which are given on page 86 of this annual report.

In 2013 the Remuneration Committee discussed the formulation and implementation of the financial and qualitative targets for the short term (2012) and long term (2010-2012) variable remuneration. The committee also discussed the financial and qualitative targets for 2013 and 2013-2015 for the short and long term variable remuneration respectively of the members of the Executive Board and Executive Committee. Proposals with respect to the basic salaries of the members of the Executive Board and Executive Committee as of 1 January 2014 were also discussed. The short-term variable remuneration (for 2013) and the long-term variable remuneration (over the period 2011-2013) for the members of the Executive Board were then established by the Supervisory Board on the basis of the proposal of the Remuneration Committee in early 2014. The Remuneration Committee also considered the remuneration report for 2012, the remuneration of the members of the Supervisory Board and the pension plan for the members of the Executive Board. The Remuneration Committee met on three occasions in 2013. These meetings were also attended by the Chairman of the Executive Board and the Director of HRM.

Composition of the Supervisory Board

No Supervisory Board members stepped down according to the retirement rota in 2013. According to the retirement rota, three members of the Supervisory Board will step down at the General Meeting of Shareholders on 16 April 2014, namely Ms Boumeester and Messrs R. van Gelder and A.A. Olijslager.

The current composition of the Supervisory Board, including the particulars of the members and their main and ancillary positions held, is given on page 11 of this Annual Report. Apart from Mr. Van Gelder (as a former Chairman of the Executive Board of Heijmans N.V. until 1 July 2010), all the other members of the Supervisory Board qualify as independent in the sense of Article III.2.2 of the Dutch Corporate Governance Code.

Conclusion

The year 2013 again featured difficult economic and market conditions. The housing market is yet to recover, and the government is continuing to cut its spending on infrastructure projects. Margins continued to be under severe pressure. Significant progress was made on improving processes and risk management, the company's equity has been strengthened via a share issue, and in addition, a modest acquisition was made last year. We conclude by thanking the management and the employees for their efforts during the past year.

's-Hertogenbosch, 26 February 2014

A.A. Olijslager, Chairman
Drs. S. van Keulen, Vice-Chairman
Ms P.G. Boumeester
Ing. R. van Gelder
R. Icke

REMUNERATION REPORT

Principles and substance of the remuneration

Heineken Experience, Amsterdam

Principles of the remuneration policy

The Supervisory Board of Heijmans N.V. pursues a remuneration policy for the Company's Executive Board and Executive Committee that is based on the following principles:

- Executive compensation must be such that it is possible to attract and retain top managers, not only from the building industry but from related sectors, such as property development and electrical and mechanical contracting;
- The remuneration policy must be consistent with the Company's corporate governance policy;
- Remuneration must be guided by the strategic and financial objectives, and must to a significant degree be performance-based, with an appropriate balance between short and long-term results and/or targets;
- Remuneration must not include any incentives that could result in individual behaviour that is in conflict with the Company's interests;
- The Executive Board of Heijmans N.V. operates as a team with ultimate responsibility clearly resting with the Chairman, although the other executive directors are, in addition to their specific areas of responsibility, also accountable for the overall end result.

Relationship with the Corporate Governance Code

Heijmans endorses the principles relating to the remuneration of executive directors stated in the Corporate Governance Code. Heijmans moreover endorses the recommendations relating to the remuneration-related responsibilities of the Supervisory Board and the role of the Remuneration Committee. Heijmans observes the principle of a maximum appointment term of four years for executive directors as well as the compensation stated in the Code in the event of involuntary dismissal.

Positioning of the remuneration packages

The policy is designed to position the remuneration packages at a median level compared to other remuneration packages paid to directors of comparable enterprises in the Netherlands. Moreover, the remuneration package must be competitive and contain the right incentives to generate good policy and above-average performance.

The Supervisory Board plans to update this policy on a regular basis by reviewing it against market developments and socially accepted standards.

General features of the remuneration policy for directors Heijmans N.V.

The system chosen comprises a basic salary and a variable bonus depending on short-term targets (variable bonus on an annual basis) and long-term objectives (annually recurring variable remuneration on a three-year basis). If both the short-term and long-term targets are achieved, the total variable remuneration amounts to 100% of the fixed salary. If performance significantly exceeds or falls below the agreed targets, the variable remuneration can amount to a maximum of 150% of the fixed salary, or be reduced to zero. 'At target' performance will result in 50% of the total variable payment consisting of the variable annual bonus, and 50% consisting of the annually recurring variable remuneration on a three-year basis. 50% of the variable annual bonus depends on annually established financial targets, and 50% is determined on the basis of individual qualitative performance as assessed by the Supervisory Board.

If the company closes any year with a net loss, the right to a variable annual bonus for that year only becomes vested if and when the company realises a net profit in the following year or the year thereafter, subject to a minimum level to be set by the Supervisory Board. Thereafter, a right to a variable annual bonus for the year in question lapses. 50% of the variable remuneration on a three-year basis depends on financial targets, and 50% on individual qualitative performance and other (non-financial) criteria, at the discretion of the Supervisory Board. The whole variable remuneration is subject to a claw-back clause, whereby a variable remuneration that has been allocated can be reclaimed if it was awarded on the basis of incorrect information. The Supervisory Board also has the discretionary power to adjust the variable remuneration granted conditionally in a previous financial year if, in the Supervisory Board's opinion, this remuneration results in an unfair or unreasonable situation because of very exceptional circumstances in the relevant assessment period (measure of last resort). The Supervisory Board has the right to final review and possible adjustment of any award of variable remuneration. The principles of the remuneration policy for executive directors of Heijmans N.V. were established by the GMS on 28 April 2010. The targets that apply to the determination of the variable remuneration of members of the Executive Board are established by the Supervisory Board. This concerns the financial targets and the qualitative performance targets used to determine the annual payment and the long-term payment for the preceding three-year period.

In 2013 the Remuneration Committee was also engaged in establishing the targets to be achieved in connection with the variable remuneration, the allocation of the variable remuneration and the Management and Supervision Act.

Allocation of variable remuneration

The Supervisory Board is of the opinion that Heijmans' strategic position was strengthened last year. The targets that were formulated contributed to this. Each member of the Executive Board has their own area of attention, however the results achieved are the consequence of the collective responsibility of the Executive Board.

It has been decided to award a short-term variable remuneration of 15% of the basic salary to the members of the Executive Board for 2013. The qualitative targets, including the investigation and formulation of strategic objectives, the further implementation of the 'improve the core' programmes, the goal of giving further expression to sustainability, and the achievement of synergy with the international subsidiaries, have been amply met. The achievement of the financial targets was varied. Since the operating result was lower than expected, on balance the financial criteria on which the overall assessment is based were not adequately met.

Regarding the long-term variable remuneration, it was decided to allocate a variable remuneration of 10% of basic salary for the period 2011-2013. The Supervisory Board has established that the financial targets in relation to EBIT margin and optimisation of invested capital were not met. There was, however, substantial progress in relation to the qualitative and strategic targets, including the positioning of the company as an infrastructure provider and a quality player.

The above awards are made on the basis of the remuneration policy in force since 1 January 2010.

Remuneration of members of the Executive Board

For detailed information and notes, see paragraph 6.30 of the financial statements.

In €	Gross fixed salary		Long-term variable remuneration		Short-term variable remuneration		Pension expense	
	2013	2012	2013	2012	2013	2012	2013	2012
L.J.T. van der Els *	493.764	463.607	43.460	83.286	74.065	-	102.160	96.755
M.C. van den Biggelaar **	395.661	389.814	38.788	77.093	59.349	-	80.940	83.133
A.G.J. Hillen ***	395.661	273.798	35.986	70.522	59.349	-	128.212	80.416
G.A. Witzel ****	-	364.850	-	-	-	-	-	138.800
Total	**1.285.086**	**1.492.069**	**118.234**	**230.901**	**192.763**	**-**	**311.312**	**399.104**

* Chairman of the Executive Board with effect from 18 April 2012 and member of the Executive Board with effect from 28 April 2010
** Member of the Executive Board with effect from 1 September 2009
*** Member of the Executive Board with effect from 18 April 2012
**** Chairman of the Executive Board with effect from 28 April 2010 to 18 April 2012 and member with effect from 1 October 2008 to 1 October 2012

Pension

The pension scheme is a conditionally indexed average salary scheme in which pension is accrued on the gross fixed salary and becomes payable at the age of 65 years. This concerns the accrual of retirement pension, surviving dependants' pension and orphan's pension. As a result of changes to legislation, this pension scheme will be changed with effect from 1 January 2014, in the sense that the retirement pension accrued from 1 January 2014 onwards will become payable at the age of 67 years. In deviation from the above, one member of the Executive Board receives a fixed payment for the accrual of an individual pension provision.

Bonus Investment Share Matching Plan

This plan is intended to secure the longer-term commitment of executive directors and reinforce their focus on the long term and value creation for Heijmans by encouraging them to buy ordinary shares/depositary receipts for ordinary shares of the Company and hold these for an extended period. Executive directors can opt to invest part of their short-term variable annual bonus (after tax) in shares in the Company's capital. If a director (hereinafter "participant") decides to invest, the contribution is limited to 50% of his or her gross short-term variable annual remuneration. The minimum contribution is 10% of the gross short-term variable annual remuneration.

The shares purchased by the participant are subject to a mandatory lock-up period of three years, during which the participant may not transfer the purchased shares. The participant is however entitled to dividend during the lock-up period. Immediately upon purchase, each purchased share grants the participant the right to one conditionally granted share ('matching share'), which only becomes vested after three years, provided the participant is still employed by Heijmans at that point. The matching shares are then subject to a mandatory lock-up period of two years. If the participant's employment terminates at any time during the three-year period, the right to the matching shares lapses (except in the case of retirement or death). If the employment ends during the two-year lock-up period, the matching shares remain blocked until the end of the lock-up period. The regulations for the Bonus Investment Share Matching Plan for the members of the Executive Board and the Executive Committee were established by the Supervisory Board on the basis of the proposal by the Remuneration Committee in 2011.

Remuneration Committee

The Remuneration Committee, consisting of Ms Drs. P.G. Boumeester and Messrs S. van Keulen (Chairman) and A.A. Olijslager, is concerned with the remuneration of members of the Executive Board and members of the Supervisory Board in preparation for consideration of this matter by the Supervisory Board.

's-Hertogenbosch, 27 February 2013

A.A. Olijslager, Chairman
Drs. S. van Keulen, Vice-Chairman
Ms P.G. Boumeester
Ing. R. van Gelder
R. Icke

Statement by the Executive Board

To fulfil their legal obligation pursuant to Section 2:101 (2) of the Netherlands Civil Code and Section 25c (2c) of the Dutch Financial Supervision Act (Wft), each member of the Executive Board states that to the best of his knowledge:

- The financial statements give a true and fair view of the assets, the liabilities, the financial position and the result of the Company and the companies included in the consolidation; and
- The Annual Report provides a true and fair view of the position as at 31 December 2013 and the business conducted during the 2013 financial year by the Company and its affiliated companies, whose data has been included in its financial statements, and that the annual report provides information on the principal risks faced by the issuing institution.

's-Hertogenbosch, 26 February 2014

Ir. L.J.T. van der Els
Mr M.C. van den Biggelaar MiF
Ing. A.G.J. Hillen

Financial Statements 2013

CONTENTS

1.	Consolidated statement of profit or loss	92
2a.	Statement of comprehensive income	93
2b.	Consolidated statement of changes in equity	94
3.	Consolidated statement of financial position	96
4.	Consolidated statement of cash flows - indirect method	98
5.	Accounting principles	99
6.	Notes to the consolidated financial statements	113
6.1	Segment reporting	113
6.2	Participating interests acquired and transferred to joint ventures	116
6.3	Other operating income	117
6.4	Employee expenses, depreciation and research and development expenses	117
6.5	Other operating expenses	118
6.6	Financial income and expense	119
6.7	Tax expense	120
6.8	Income tax receivables and payables	120
6.9	Property, plant and equipment	123
6.10	Intangible assets	125
6.11	PPP receivables	127
6.12	Investment property	129
6.13	Investments in associates	130
6.14	Other investments	130
6.15	Deferred tax assets and liabilities	131
6.16	Inventories	134
6.17	Work in progress	135
6.18	Trade and other receivables	136
6.19	Cash and cash equivalents	136
6.20	Equity	137
6.21	Earnings per share	138
6.22	Interest-bearing loans and other financing liabilities	139
6.23	Employee benefits	142
6.24	Provisions and non-interest-bearing debt	146
6.25	Trade and other payables	148
6.26	Financial risks and management	148
6.27	Rental and operating lease contracts	157
6.28	Investment commitments	158
6.29	Contingent liabilities	158
6.30	Related parties	159
6.31	Management estimates and judgements	165
7.	Subsidiaries and joint ventures	167
8.	Company financial statements	169

1. Consolidated statement of profit or loss

x € 1,000

		2013	2012*
6.1	Revenue	2.054.093	2.317.659
	Cost of sales	-1.846.886	-2.093.109
Gross profit		**207.207**	**224.550**
6.3	Other operating income	3.282	4.148
	Selling expenses	-31.572	-37.190
	Administrative expenses	-165.023	-216.785
6.5	Other operating expenses	-1.206	-61.874
Operating result		**12.688**	**-87.151**
6.6	Financial income	3.894	4.540
6.6	Financial expense	-9.496	-11.434
	Share in profit of associates	863	819
Result before tax		**7.949**	**-93.226**
6.7	Tax expense	-6.092	5.484
Result after tax		**1.857**	**-87.742**
	The entire result after tax is attributable to the shareholders.		
Earnings per share (in €)			
6.21	Result after tax per ordinary share	0,10	-5,10
6.21	Result after tax per ordinary share after dilution effects	0,10	-5,10
	Dividend distributed per ordinary share in the financial year	0,25	0,35

* After adjustment due to change in accounting policy for defined benefit plans (see 5. Accounting policies)

2a. Statement of comprehensive income

x € 1,000

	2013	2012*
1. Result after tax	**1.857**	**-87.742**
Other comprehensive income that after initial recognition is (possibly) reclassified to profit or loss:		
Effective portion of changes in the fair value of cash flow hedges, excluding associates	4.670	-
Changes in the fair value of cash-flow hedges transferred to profit and loss, excluding associates	-3.685	187
Tax effect of other comprehensive income that after initial recognition is (possibly) reclassified to profit or loss	-28	-40
Other comprehensive income that is never reclassified to profit or loss:		
Bonus Investment Share Matching Plan	70	70
Changes in actuarial results on defined benefit plans	-17.424	-8.705
Tax effect of other comprehensive income that is never reclassified to profit or loss	4.492	2.140
Other comprehensive income (after tax)	**-11.905**	**-6.348**
Comprehensive income	**-10.048**	**-94.090**

* After adjustment due to change in accounting policy for defined benefit plans (see 5. Accounting policies)

The entire total comprehensive income is attributable to the shareholders.

2b. Consolidated statement of changes in equity

x € 1,000

2013	Paid-up and called-up share capital	Share premium reserve	Reserve for actuarial results	Hedging reserve	Reserve for Bonus Investment Share Matching Plan	Retained earnings	Result for the year after tax	Total Equity
Balance at 31 December 2012	**5.199**	**209.562**	**-10.308**	**-207**	**122**	**197.968**	**-87.742**	**314.594**
Comprehensive income for the reporting period								
Result after tax	**-**	**-**	**-**	**-**	**-**	**-**	**1.857**	**1.857**
Other comprehensive income								
Bonus Investment Share Matching Plan;	-	-	-	-	70	-	-	70
Changes in actuarial results on defined benefit plans	-	-	-17.424	-	-	-	-	-17.424
Effective portion of changes in the fair value of cash flow hedges, excluding associates.	-	-	-	4.670	-	-	-	4.670
Changes in the fair value of cash-flow hedges transferred to profit and loss, excluding associates.	-	-	-	-3.685	-	-	-	-3.685
Tax effect of other comprehensive income recognised in equity	-	-	4.492	-28	-	-	-	4.464
Total other comprehensive income	**-**	**-**	**-12.932**	**957**	**70**	**-**	**-**	**-11.905**
Comprehensive income for the reporting period	**-**	**-**	***-12.932***	**957**	**70**	**-**	**1.857**	**-10.048**
Transactions with owners of the group:								
Share issue	**528**	**12.699**	**-**	**-**	**-**	**-**	**-**	**13.227**
Appropriation of result for 2012								
Dividend in shares	78	-78	-	-	-	-	-	0
Dividend in cash	-	-	-	-	-	-2.501	-	-2.501
Transferred to retained earnings	-	-	-	-	-	-87.742	87.742	0
Total transactions with owners	**606**	**12.621**	**-**	**-**	**-**	**-90.243**	**87.742**	**10.726**
Balance at 31 December 2013	**5.805**	**222.183**	**-23.240**	**750**	**192**	**107.725**	**1.857**	**315.272**

x € 1,000

2012*	Paid-up and called-up share capital	Share premium reserve	Reserve for actuarial results	Hedging reserve	Reserve for Bonus Investment Share Matching Plan	Retained earnings	Result for the year after tax	Total Equity
Before adjustment	5.087	209.674	-	-354	52	239.178	-37.620	416.017
Effect of change in accounting policies on defined benefit plans	-	-	-3.743	-	-	-	-	-3.743
Adjusted balance at 1 January 2012	**5.087**	**209.674**	**-3.743**	**-354**	**52**	**239.178**	**-37.620**	**412.274**
Comprehensive income for the reporting period								
Result after tax	**-**	**-**	**-**	**-**	**-**	**-**	**-87.742**	**-87.742**
Other comprehensive income								
Bonus Investment Share Matching Plan;	-	-		-	70	-	-	70
Changes in actuarial results on defined benefit plans	-	-	-8.705	-	-	-	-	-8.705
Changes in the fair value of cash-flow hedges transferred to profit and loss, excluding associates.	-	-	-	187	-	-	-	187
Tax effect of other comprehensive income recognised in equity	-	-	2.140	-40	-	-	-	2.100
Total other comprehensive income	**-**	**-**	**-6.565**	**147**	**70**	**-**	**-**	**-6.348**
Comprehensive income for the reporting period	**-**	**-**	**-6.565**	**147**	**70**	**-**	**-87.742**	**-94.090**
Transactions with owners of the Group:								
Appropriation of result for 2011								
Dividend in shares	112	-112	-	-	-	-	-	0
Dividend in cash	-	-	-	-	-	-3.590	-	-3.590
Transferred to retained earnings	-	-	-	-	-	-37.620	37.620	0
Total transactions with owners	**112**	**-112**	**-**	**-**	**-**	**-41.210**	**37.620**	**-3.590**
Balance at 31 December 2012	**5.199**	**209.562**	**-10.308**	**-207**	**122**	**197.968**	**-87.742**	**314.594**

* After adjustment due to change in accounting policy for defined benefit plans (see 5. Accounting policies)

3. Consolidated statement of financial position

x € 1,000

Assets		31 December 2013	31 December 2012*
Non-current assets			
6.9	Property, plant and equipment	110.377	124.445
6.10	Intangible assets	115.421	113.877
6.11	PPP receivables	10.805	14.434
6.12	Investment property	11.985	10.759
6.13	Investments in associates	3.624	3.569
6.14	Other investments	42.131	46.682
6.23	Employee benefits	25.494	29.459
6.15	Deferred tax assets	8.777	5.824
		328.614	**349.049**
Current assets			
6.16	Strategic land portfolio	312.883	304.566
6.16	Residential properties in preparation and under construction	86.670	99.006
6.16	Other inventories	30.139	37.439
6.17	Work in progress	119.578	120.306
6.8	Tax expense receivables	1.145	1.580
6.18	Trade and other receivables	371.230	376.482
6.19	Cash and cash equivalents	73.360	77.708
		995.005	**1.017.087**
Total assets		**1.323.619**	**1.366.136**

* After adjustment due to change in accounting policy for defined benefit plans (see 5. "Accounting principles").

x € 1,000

Equity and liabilities		31 December 2013	31 December 2012*
Equity			
2b	Issued capital	5.805	5.199
2b.	Share premium	222.183	209.562
2b	Reserves	-22.298	-10.393
2b.	Retained earnings from prior financial years	107.725	197.968
1	Result for the year after tax	1.857	-87.742
		315.272	**314.594**
Non-current liabilities			
6.22	Interest-bearing loans and other non-current financing liabilities	155.457	146.306
6.23	Employee benefits	23.554	19.040
6.24	Provisions and non-interest-bearing debt	9.066	16.073
6.15	Deferred tax liabilities	7.398	8.445
		195.475	**189.864**
Current liabilities			
6.22	Interest-bearing loans and other current financing liabilities	59.351	80.243
6.25	Trade and other payables	571.042	530.028
6.17	Work in progress	152.772	201.087
6.8	Tax expense payables	2.213	2.000
6.23	Employee-related liabilities	4.320	6.819
6.24	Provisions and non-interest-bearing debt	23.174	41.501
		812.872	**861.678**
Total equity and liabilities		**1.323.619**	**1.366.136**

* After adjustment due to change in accounting policy for defined benefit plans (see 5. "Accounting principles").

4. Consolidated statement of cash flows - indirect method

x € 1,000

		2013		2012*	
Operating result		**12.688**		**-87.151**	
Adjustments for:					
1./ 6.13	Adjustments for share in profit of associates	863		819	
6.3	Loss/gain on sale of participating interests	-		197	
6.4/ 6.9	Gain on sale of non-current assets and investment property	-2.008		-2.538	
6.4/ 6.12	Depreciation and impairment of property, plant and equipment	23.163		26.686	
6.4/ 6.10	Depreciation and impairment of investment property	338		725	
6.4/ 6.10	Amortisation of intangible assets	1.206		1.844	
6.26	Impairment of intangible assets	-		60.030	
6.1/ 6.16	Impairment of debtors	930		676	
6.17	Adjustment of valuation of investment property and strategic land portfolios	7.000		35.142	
6.11	Change in net work in progress	-47.587		-48.675	
	Change in PPP receivable	-24.622		-14.676	
6.23 and 6.24	Change in other working capital	29.420		-7.439	
	Change in non-current, non-interest-bearing liabilities and provisions	-2.494		3.278	
	Changes in the fair value of cash-flow hedges transferred to profit and loss	3.685		-187	
	Interest paid	-12.537		-12.728	
	Interest received	2.660		3.293	
	Tax expense paid	-4.456		-4.063	
Cash flow from operating activities:			**-11.751**		**-44.767**
6.2	Purchase of subsidiaries	-5.138		-	
6.2	Cash and cash equivalents in acquired subsidiaries	2.211		-	
6.2	Transfer of participating interest to joint venture	3.058		-	
6.2	Cash and cash equivalents transferred to participation in joint venture	-768		-	
6.9 and 6.12	Investments in property, plant, equipment and investment property	-16.332		-27.270	
	Sale of property, plant, equipment and investment property	8.445		5.157	
	Loans granted to joint ventures and associates	-1.706		-5.692	
	Loans repaid by joint ventures	6.257		2.361	
Cash flow from investment activities			**-3.973**		**-25.444**
	Share issue	13.456		-	
	Transaction costs of share issue	-229		-	
	Interest-bearing loans drawn down	26.945		34.453	
	Interest-bearing loans repaid	-24.968		-23.352	
	Refinancing expenses	-1.327		-	
	Dividend in cash	-2.501		-3.590	
Cash flow from financing activities			**11.376**		**7.511**
Net cash flow in the period			**-4.348**		**-62.700**
6.19	Cash and cash equivalents at 1 January		77.708		140.408
6.19	**Cash and cash equivalents at 31 December**		**73.360**		**77.708**

* After adjustment due to change in accounting policy for defined benefit plans (see 5. Accounting policies)

5. Accounting principles

Heijmans N.V. (referred to as the 'Company') has its registered office in the Netherlands. The Company's consolidated financial statements for the 2013 financial year include the Company and its subsidiaries (collectively referred to as 'the Group') and the Group's interest in associates and jointly controlled entities.

With reference to the separate statement of profit and loss of Heijmans N.V., use has been made of the exemption pursuant to Section 402, Book 2 of the Netherlands Civil Code.

The Executive Board prepared the financial statements on 26 February 2014. They will be submitted for approval to the General meeting of Shareholders on 16 April 2014.

(1) Statement of Compliance

The consolidated financial statements for 2013 were prepared in accordance with the International Financial Reporting Standards, as adopted by the European Union (EU-IFRS).

(2) Principles used in the preparation of the financial statements

The financial statements are presented in thousands of euros. The financial statements are based on historical costs, unless otherwise stated. Non-current assets classified as held for sale are carried at the lower of book value and fair value less costs of sale.

The preparation of the annual financial statements in accordance with the EU-IFRS requires management to make judgements, estimates and assumptions that affect the reported value of assets and liabilities and the reported value of revenue and expenses. The estimates and their underlying assumptions are based on experience and other factors that are considered reasonable. The estimates form the basis for calculating the book value of assets and liabilities that cannot easily be derived from other sources. Actual results could differ from these estimates.

The estimates and underlying assumptions are continually assessed. Revised estimates are recognised in the period in which the estimate was revised, provided that the revision only affects that period. Revisions are recognised in the reporting period and future periods if the revision also affects future periods.

The accounting principles described below have been consistently applied to all periods presented in these annual consolidated financial statements and to all entities belonging to the Group, apart from the changes explained in (3).

(3) Changes in accounting policies

The Group is studying the effects of the new standards IFRS 10, 11 and 12, and the amendments to IFRS 7 and IAS 27, 36 and 39. According to the Group's current understanding, if these new standards had been applied on a non-mandatory basis in 2013, the effect on the financial results would have been as follows:

- IFRS 11: application of this new standard would have meant using the equity method to recognise certain entities - joint ventures where Heijmans exercises control jointly with third parties - rather than consolidating them proportionally as at present. It became clear at the end of 2013 that when interpreting these rules the legal form of the relevant joined ventures is of great importance. It had previously been expected that other facts and circumstances would count just as much. According to the Board's current understanding, the effect on the financial results would have been as follows:
  - The effect on the result after tax would have been nil.
  - Revenue for 2013 would likely have been a few percentage points lower.
  - As an estimate, the balance sheet total at 31 December 2013 would have been a few percentage points lower, resulting in solvency increasing by a few percentage points.
- Changed accounting policies: no effect on the financial results.

The Group has applied the following new Directives and change in accounting policies, including possible consequential amendments to other Directives, with a first-time application date of 1 January 2013:

- IAS 19R Employee Benefits (see 3a, 'Change in accounting policies for defined benefit plans'
- Presentation of items classified under other comprehensive income (amendments to IAS 1) (see 3b, Presentation of items classified under other comprehensive income)
- IFRS 13 Fair Value Measurement value (see 3c, 'Fair value measurement')
- Amendment to IFRS 7 Financial Instruments Disclosures – offsetting financial assets and financial liabilities (see 3d).

The nature and size of the effects of these amendments are set out below.

(3a) Change in accounting policy for defined benefit plans

Regarding IAS 19R, the Group has changed its policy for determining the income and expenses relating to the defined benefit plans. Significant changes to this accounting policy for the Group are:

- Actuarial results are now recognised as a decrease or increase in equity. The corridor method was previously used, one of its consequences being that actuarial results within a certain range were not recognised in profit or loss.
- In conformity with IAS 19R, to determine the net interest income (or expense) relating to the net liability (or net asset) for the defined benefit plans, the Group now uses the discount rate used for measuring this net liability (or net asset) at the beginning of the reporting period. The Group previously determined interest income from fund assets based on their expected long-term yield, and the interest expense of the defined benefit liabilities based on their discount rate.

The amendments were applied retroactively. The tables below summarise the main effects of the change in accounting policy on the comparative figures in the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of financial position, and consolidated statement of cash flows.

Effects of change in accounting policy for defined benefit plans on the 2012 consolidated statement of profit or loss

x €1 million	2012		
	Before adjustment	**Defined benefit plans**	**After adjustment**
Revenue	2.318	-	2.318
Gross profit	225	-	225
Operating result	**-89**	**2**	**-87**
Financial income and expense	-7	-	-7
Share in profit of associates	1	-	1
Result before tax	**-95**	**2**	**-93**
Tax expense	6	-1	5
Result after tax	**-89**	**1**	**-88**
Earnings per share (in €)			
Result after tax per ordinary share	-5,19	0,09	-5,10
Result after tax per ordinary share after dilution effects	-5,19	0,09	-5,10

The effect on the operating result relates to the item 'Administrative Expenses' in the statement of profit and loss. In connection with the curtailment of the supplementary benefit plan, an increase of approximately €10 million was recognised in the operating result for 2012. As a result of the change in accounting policy, this was approximately €2 million higher than it would have been.

Effects of change in accounting policy for defined benefit plans on the 2012 consolidated statement of comprehensive income

x €1 million	2012		
	Before adjustment	Defined benefit plans	After adjustment
Result after tax	**-89**	**1**	**-88**
Other comprehensive income that is never reclassified to profit or loss:			
Changes in actuarial results on defined benefit plans	0	-8	-8
Tax effect of other comprehensive income that is never reclassified to profit or loss:	0	2	2
Other comprehensive income (after tax)	**0**	**-6**	**-6**
Comprehensive income	**-89**	**-5**	**-94**

Effects of change in accounting policy for defined benefit plans on the statement of financial positions at 31 December 2012 and 1 January 2012.

x €1 million	31 December 2012		
Assets	Before adjustment	Defined benefit plans	After adjustment
Non-current assets	369	-15	354
Current assets	1.017	-	1.017
Total assets	**1.386**	**-15**	**1.371**

x €1 million	31 December 2012		
Equity and liabilities	Before adjustment	Defined benefit plans	After adjustment
Equity	323	-8	315
Non-current liabilities	201	-6	195
Current liabilities	862	-1	861
Total equity and liabilities	**1.386**	**-15**	**1.371**

x €1 million	1 January 2012		
Assets	Before adjustment	Defined benefit plans	After adjustment
Non-current assets	409	-10	399
Current assets	1.144	-	1.144
Total assets	**1.553**	**-10**	**1.543**

x €1 million	1 January 2012		
Equity and liabilities	Before adjustment	Defined benefit plans	After adjustment
Equity	416	-4	412
Non-current liabilities	259	-6	253
Current liabilities	878	-	878
Total equity and liabilities	**1.553**	**-10**	**1.543**

The effects on non-current assets and liabilities relates to employee-related receivables and payables.

Next to the adjustments due to the change to the accounting policy for defined benefit schemes, there was also an adjustment to Other investments (Non-current assets item) and Interest-bearing loans and other non-current financial liabilities (non-current liabilities item). Both were reduced by some €5 million (not reflected in the above summaries). For further details, refer to 6.22.

Effects of change in accounting policy for defined benefit plans on the 2012 consolidated statement of cash flows

The (sub)totals in the statement of cash flows for 2012 have not changed because of the change in accounting policy. There was a limited movement in the "Cash flow from operating activities" between the "Operating result", "Change in other operating capital" and "Change in non-current, non-interest-bearing liabilities and provisions".

(3b) Presentation of items in other comprehensive income

In view of the amendments to IAS 1, the Group modified the presentation of items relating to other comprehensive income in the consolidated statement of comprehensive income. Items that might be reclassified to profit or loss are now presented separately from items that will never be reclassified. The comparative figures have been restated accordingly.

(3c) Fair-value measurement

IFRS 13 provides a single framework for determining fair values and for disclosures on measurement at fair value if such measurement is required or permitted by other IFRS standards. The framework provides a single definition of fair value as the price that would be received on the sale of an asset, or that would be paid to transfer a liability, in an orderly transaction between market participants on the date of measurement. The standard is meant to replace and expand the reporting requirements applying to measurement at fair value of other IFRS standards, including IFRS 7. In light of this, the Group has provided supplementary disclosure (see note 6.26, "Financial risks and management").
In accordance with the transitional arrangements of IFRS 13, the Group has prospectively applied the new guideline for determining fair value, and has not included any comparative figures in respect of new information. Despite this, the change would have had no significant effect on the measurement of the Group's assets and liabilities.

(3d) Amendment to IFRS 7 Disclosures - Offsetting financial assets and financial liabilities

Reagarding the amendments to IFRS 7, the Group has expanded its disclosure of information on the offsetting of financial assets and liabilities (see note 6.26, "Financial risks and management").

(4) Accounting principles used for consolidation

(4a) Subsidiaries (full consolidation)

Subsidiaries are entities controlled by the Company. Control exists when the Company has the power to directly or indirectly govern the financial and operating policy of an entity. Potential voting rights are taken into account in assessing whether control exists. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences to the date that control ceases.

Business combinations are recognised according to the acquisition method, using the date on which control passed to the Group. The transaction cost of the acquisition is recognised at fair value, as are the net identifiable assets acquired. Any resulting goodwill is tested every year for impairment. Any gain from a favourable purchase is recognised directly in profit or loss.
Transaction costs are recognised when they are incurred, unless they relate to the issue of debt or equity instruments. The transfer sum includes no amount for settling existing account balances. Such amounts are generally recognised in profit or loss. The fair value of a contingent payment is recognised on the date of acquisition. If this conditional payment is classified as equity, it is not subsequently remeasured, but the settlement figure is recognised in equity. In other cases, adjustments after initial recognition are recognised in profit or loss.

(4b) Associates (equity method)

Associates are entities in which the Group has significant influence, but not control, over their financial and operating policy. Significant influence is presumed to exist when the Group holds between 20% and 50% of the voting rights. Associates are reported in accordance with the equity method and are initially recognised at acquisition cost. The investments of the Group include the goodwill established during acquisition. The consolidated financial statements include the Group's proportionate share of the comprehensive income established in accordance with the Group's accounting principles. If the Group's share of the losses is greater than the value of the interest in an associate, the value of the associate is written off to nil. No further losses are then recognised except insofar as the Group has a made a commitment or intends to recognise the losses.

(4c) Joint ventures (proportional consolidation)

Joint ventures are entities over which the Group has joint control with third parties. This control is established by contractual agreement. The consolidated financial statements include the proportionate share of the Group in the assets, liabilities, revenues and costs of the entity, in accordance with the Group's accounting principles. This means that the relevant items are consolidated line by line with items of a similar nature, from the date joint control commences until the date this ceases.

(4d) Elimination of transactions on consolidation

Intragroup balances and any unrealised income and expenses arising from intragroup transactions are eliminated in preparing the consolidated financial statements. Unrealised income and expenses from transactions with participating interests and entities subject to joint control are eliminated in proportion to the Group's interest in that entity.

(5) Foreign currency

(5a) Transactions in foreign currency

Transactions in foreign currency are translated into euros at the exchange rate prevailing on the transaction date. Monetary assets and liabilities paid in foreign currencies, are translated at the corresponding exchange rates prevailing on the balance sheet date. Foreign currency differences resulting from translation are recognised in the statement of profit and loss.

(5b) Financial statements of foreign operations denominated in foreign currency.

The assets and liabilities of foreign operations are translated into euros at the exchange rate prevailing as at balance sheet date. The revenues and expenses of foreign operations are translated into euros at the exchange rate prevailing as at the transaction dates.

Foreign currency exchange rate differences arising from the translation of a net investment in foreign operations and the associated hedging transactions are recognised directly in equity. When an investment is disposed of, the amount transferred to equity is recognised in the statement of profit and loss.

Any foreign currency differences arising from foreign operations are presented as a separate equity component.

(6) Financial instruments

(6a) Derivative financial instruments

The Group may use interest rate swaps, cross-currency swaps and inflation hedges to hedge its interest-rate, currency and inflation risk exposure arising from corporate and project financing activities. Commodity hedges may also be used in specific cases. In accordance with its treasury policy, the Group does not hold derivatives for trading purposes. Interest-rate swaps, cross-currency swaps and inflation hedges are measured at fair value.

The fair value of interest-rate and inflation swaps is calculated as the present value of the estimated future cash flows. The fair value of forward currency contracts is determined using the forward foreign exchange rates as at balance sheet date. Banks are also requested to provide valuations for these swaps.

(6b) Non-derivative financial instruments

Non-derivative financial instruments consist of investments in shares and bonds, trade and other receivables, cash and cash equivalents, loans and other financing liabilities, trade payables and other payable items. These instruments are recognised initially at fair value, plus – for instruments that are not recognised at fair value when their value adjustments are recognised in the statement of profit and loss – all directly attributable transaction costs. Thereafter, the current non-derivative financial instruments are measured at amortised cost, using the effective interest method and less impairment losses. A financial instrument is recognised if the Group becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the contractual rights to the cash flows arising from those financial assets expire, or if the Group transfers the financial asset to another party without retaining control or without substantially retaining all the risks and rewards of the asset. The normal purchase and sale of financial assets are accounted for on the trade date, i.e. the date that the Group commits itself to purchase or sell the asset. Financial liabilities are derecognised if the Group's commitments specified in the contract expire or are discharged or cancelled.

(7) Hedges

In case of derivative instruments Hedge accounting is applied basically and the cash flow hedging guidelines apply. The Group may use derivatives to hedge its interest-rate, currency and inflation risks. Changes in the fair value of the derivatives that are classified as cash flow hedges are recognised directly in equity to the extent that the hedge can be shown to be effective. To the extent that the hedge is ineffective, changes in fair value are recognised in the statement of profit and loss. Results arising from movements in the fair value of derivative instruments are recognised in financial income and expense. When the hedging instrument is sold or expires, or when the transaction no longer meets the effectiveness criterion, the cumulative gains or losses previously recognised in equity remain there. This amount is amortised over the original term, unless there is no longer an expectation that the hedged future interest and currency payments will occur. In that case, the above-mentioned cumulative gains and losses will be immediately recognised in the statement of profit and loss.
Hedge accounting does not apply to non-derivative financial instruments. Changes in fair value are recognised in the statement of profit and loss.

(8) Revenue

(8a) Sales of goods

Revenues from the sale of goods are carried at the fair value of the payment received or due to be received. Revenues from the sale of goods are recognised in the statement of profit and loss if the significant risks and rewards of ownership have been transferred to the buyer, it is probable that the amount receivable will be collected, the associated costs can be reliably estimated, there is no continued management involvement with the goods, and the amount of the revenues can be reliably determined. The transfer of risks and rewards varies depending on the conditions in the associated sales contract. The sale of residential construction projects generally involves the transfer of risks and rewards when the purchase or contracting agreement is signed, and subsequently in proportion to progress in the construction. Revenues from these residential construction projects are recognised in the statement of profit and loss in proportion to the extent of project completion (see principle 16b). Expected losses are recognised immediately in the statement of profit and loss.

(8b) Work in progress

The revenue and costs agreed in relation to construction work in progress are recognised in the statement of profit and loss in proportion to the stage of completion of the project. The stage of completion is assessed by reference to the proportion of costs recorded in relation to the total expected costs. If the results from contract cannot be determined reliably, contract revenue is only recognised insofar as it is probable that incurred costs can be covered by the revenue. Expected project losses are recognised immediately in the statement of profit and loss.

Revenues from additional work are included in the overall contract revenues if the client has accepted the sum involved in any way. Claims and incentives are recognised under work in progress insofar as it is probable that they will generate revenue and can be reliably determined.

(8c) Rental income

Rental income from a investment property is recognised in the statement of profit and loss in proportion to the term of the lease.

(8d) PPP contracts

Revenues from Public-Private Partnership (PPP) contracts concern revenues from construction and operation. Revenues from construction are reported in the same way as revenues from work in progress (see principle 8b). Revenues from operations are recognised when the related services are delivered.

(8e) Services

Revenues from services are recognised on the statement of profit and loss in proportion to stage of completion of the transaction on the reporting date. The stage of completion is determined from assessments of the work already carried out.

(9) Other operating income

Grants

Grants that compensate the Group for expenses incurred are recognised in the statement of profit and loss on a systematic basis in the same periods in which the expenses are recognised.

(10) Expenses

(10a) Cost of sales

Cost of sales consist of the cost of sales that is not charged to projects.

(10b) Administrative expenses

The administrative expenses represent general expenses that are not sale expenses and are not charged to projects.

(10c) Lease payments under operating leases

Lease payments made under operating leases are recognised in the statement of profit and loss, evenly spread over the term of the lease.

(10d) Lease payments under financial leases

Lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the total lease term so as to produce a constant periodic rate of interest on the remaining term of the liability.

(10e) Financial income and expense

Net financing costs comprise interest payable on borrowings and finance lease commitments, dividends on cumulative preference shares, interest receivable on funds invested, dividend income, and foreign currency exchange gains and losses, as well as gains and losses on hedging instruments that are recognised in the statement of profit and loss (see principle 7).

Financing expenses that can be directly allocated to the acquisition, construction or production of an asset are capitalised as part of the costs of that asset during the period that the asset is under development.

The interest component of finance lease payments is recognised in the statement of profit and loss and is calculated using the effective interest method.

(11) Tax expense

Deferred tax liabilities are recognised for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes, and the values used for taxation purposes. A deferred tax liability is not recognised for: non-deductible goodwill, the initial recognition of assets or liabilities that do not affect accounting or taxable profit, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of the deferred tax expense liabilities is based on the manner in which the expected asset and liability carrying amounts will be realised or settled, based on the tax expense rates that have been enacted or substantively enacted on the balance sheet date.

Deferred tax assets and liabilities are set off against each other if there is a right enforceable by law to set them off, and if these tax assets and liabilities are associated with tax expense levied by the same tax authority on the same taxable entity, or on different taxable entities that intend to set them off or that will be realising the tax assets at the same time as the tax liabilities.

Tax expense recognised in the statement of profit and loss during the financial year comprises the tax expense owed or refundable over the reporting period, and the deferred tax expense. The tax expense is recognised in the statement of profit and loss, except to the extent that it relates to items recognised directly in equity. In that case, the tax expense is recognised in equity.

The tax expense owed or refundable over the financial year is the expected tax payable on the taxable income for the financial year, using tax rates enacted or substantively enacted on the balance sheet date, and any adjustments to tax payable in respect of previous years.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available which can be utilised towards realising the deferred asset. The amount of the deferred tax asset is reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Additional tax expenses that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend is recognised.

(12) Property, plant and equipment

(12a) Assets in ownership

Items of property, plant and equipment are measured at cost or assumed cost minus accumulated depreciation (see below) and impairments (see principle 20). Cost includes costs that can be directly allocated to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials, direct labour costs, financing costs and any other costs that can be directly allocated to making the asset ready for use, as well as any costs for dismantling and removing the asset and restoring the site where the asset is located. The costs of self-constructed assets and acquired assets include (i) the initial estimate at the time of installation of the costs of dismantling and removing the assets and restoring the site on which the assets are located and (ii) changes in the measurement of existing liabilities recognised in relation to the costs identified in (i) above.

Property under construction or in development for future use as a investment property is classified as an item of property, plant and equipment, and carried at cost until construction or development is complete, at which point it is transferred to investment property.

If elements of an item of property, plant or equipment have different useful lives, the component method is applied.

(12b) Leased assets

Leases for which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. The leased asset is stated at an amount equal to the lower of its fair value and the present value of the minimum lease payments at the inception of the lease, less accumulated depreciation (see below) and impairments (see accounting principle 21).

(12c) Expenses after initial recognition

The Group includes the cost of replacing part of an asset in the carrying amount of items of property, plant and equipment when the cost is incurred. This occurs if it is likely that the future economic benefits of the asset will accrue to the Group and the cost price of the asset can be reliably determined. All other expenses are taken to profit or loss when they are incurred.

(12d) Depreciation of property, plant and equipment

Depreciation is recognised in the statement of profit and loss using the straight-line method over the estimated useful life of each part of an item of property, plant or equipment. The residual values are reassessed on an annual basis. Depreciation is not applied to land. The estimated useful lives are as follows:

- Buildings: main building structures and roofs: 30 years
- Buildings: technical equipment: 15 years
- Buildings: interior walls: 10 years

- Office equipment: 3 - 10 years
- Machinery: 5 - 10 years
- Equipment: 5 - 10 years
- Large-scale equipment and other capital assets: 3 - 10 years

(13) Intangible assets

(13a) Goodwill

All business combinations are recognised using the acquisition method. Goodwill is the amount that arises from the acquisition of subsidiaries. Goodwill represents the excess of the cost of the acquisition over the net fair value of the identifiable assets and liabilities at the time of acquisition. An impairment test is carried out every year (see principle 21).

Negative goodwill arising from an acquisition is recognised directly in the statement of profit and loss.

(13b) Other intangible assets

The intangible assets acquired by the Group that have finite useful lives are measured at cost less accumulated depreciation and accumulated impairments.

(13c) Amortisation

Regarding goodwill, an impairment test is systematically performed every year at the balance sheet date to determine whether there are any impairments. The other intangible assets are amortised through the statement of profit and loss on a straight-line basis over the expected useful lives of the intangible assets, and are subjected to a periodic impairment test (see principle 21). The estimated useful lives of the intangible asset categories are as follows:

- Customer base: 5 - 20 years
- Order book: 4 years
- Sand quarry concession: 5 - 15 years
- Brand: 5 - 10 years

(13d) Expenses after initial recognition

Expenditure on intangible assets other than goodwill is only capitalised after initial recognition if it is expected to increase the future economic benefits that are inherent in the specific asset to which the expenditure relates. All other expenditure is recognised as a cost in the statement of profit and loss as it is incurred.

(14) PPP receivables

PPS receivables concern outstanding concession payments payable by the government in connection with PPP projects, based on the availability of the property in question. PPP receivables are recognised as financial assets. On initial recognition, they are included at fair value and thereafter at amortised cost, using the effective interest-rate method.

(15) Investments

(15a) Investment property

Investment property concerns properties that are held to earn rental income and/or for capital appreciation. Investment property is measured at cost, less accumulated depreciation and impairment losses. Cost includes costs that can be directly allocated to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials, direct labour costs, financing costs and any other costs that can be directly allocated to making the asset ready for use, as well as any costs for dismantling and removing the asset and restoring the site where the asset is located. Rental income from investment property is accounted for as described in principle 8.

If investment property is in use by the Group, it is reclassified as property, plant and equipment.

The fair value of investment property is based on the market value, being the estimated amount for which an investment could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction while acting knowledgeably, prudently and without compulsion. If there is no recent market price in an active market available, the valuation is made based – among other things – on the sum of the estimated net cash flows from letting the object, converted to a present value using a rate of return that takes into account the specific risks inherent to the cash flows.

(15b) Depreciation of investment property

Depreciation of investment property is recognised in the statement of profit and loss, using the straight-line depreciation method over the estimated useful life of each part of the investment property, and taking account of residual value. The useful life is the same as that for the categories of property, plant and equipment, as specified in principle 11.

(15c) Other investments

These are measured at amortised cost using the effective interest method, less impairments.

(16) Inventories

(16a) Strategic land portfolio

The strategic land portfolio represents the reported land holdings that are managed centrally in the Company's land bank. These holdings are acquired and held for future property development. The interest and development costs for land portfolios that are under development are capitalised. Land holdings are measured at cost or the net recoverable value, if lower.

(16b) Residential properties in preparation and under construction

Sold
Residential construction projects where the buyers only have limited influence on the main elements in the design of the assets are recognised under inventories. Contracts with purchasers concern purchase or contracting agreements formulated so that, initially, the land is sold to the purchaser, and the building is subsequently constructed. By accession, everything that is built on the land is the property of the purchaser. Moreover, the purchase price is fixed in advance, so that the economic risk of an increase or decrease in value is borne by the purchaser. The transfer of risks and benefits therefore occurs continually during the progress of the project. Turnover and results are thus accounted for in proportion to project progress - in accordance with IFRIC 15 – and valuation is made in the same way as for construction work in progress (see principle 17). Progress is measured according to billing progress, as this is linked to previously established phases.

Unsold
Unsold residential properties are measured at cost, or at the net recoverable value if lower. The net recoverable value is the estimated sale price in the context of normal business conduct, less the estimated costs of completion and the costs of sale.
Development and construction rights are also recognised under residential properties in preparation and under construction.

(16c) Other inventories

Other inventories include land and premises for sale, raw materials and consumables, inventories in production, and finished products.

Inventories are measured at cost, or at the net recoverable value if lower. The net recoverable value is the estimated sale price in the context of normal business conduct, less the estimated costs of completion and the costs of sale. The cost of inventories is based on the first in, first out (FIFO) principle, and includes expenditure incurred in acquiring the inventories, the production or conversion costs, and the other costs incurred in bringing the inventories to its current location and current condition. The cost of inventories include an appropriate share of production overheads based on normal operating capacity, as well as the attributable financing expenses.

Land and property held for sale are also recognised under inventories. This concerns land and premises that have been technically delivered as developed but which on the balance sheet date were not sold to third parties. The inventories of land and premises for sale are valued at cost (including interest and allocated overhead costs), less any write-offs related to a lower net realisable value as a consequence of the risk of inability to sell or rent.

(17) Work in progress

Construction work in progress concerns projects by order of third parties. These are measured at cost plus profit recognised to date (also see accounting principle 8), in proportion to the progress of the project, less expected losses and progress billings. Total expected project losses, if any, are directly recognised as expenses in the relevant period. The cost includes all expenditure related directly to specific projects and an allocation of overheads incurred in the Group's project activities based on normal operating capacity.

Revenues from additional work are included in the overall contract revenues if the client has accepted the sum involved in any way. Claims and incentives are recognised under work in progress insofar as it is probable that they will generate revenue and can be reliably determined.

Interest and development costs for construction work in progress are only capitalised if the asset is under construction. If no construction activities are carried out over an extended period, the interest and development costs are no longer capitalised.

The preliminary costs and the design and development costs of major projects are capitalised as work in progress if the following conditions are met:

- the costs can be separately identified;
- the costs can be reliably determined;
- it is probable that the project will be awarded; and
- there is no longer any competition as regards the awarding of the project.

If any of these requirements is not fulfilled, the costs are charged to the result for the period in which they are incurred. Costs once expensed in the statement of profit and loss in the period in which they are incurred are not subsequently capitalised if the project is awarded.

The profit capitalised on work in progress is based on the estimated final result, taking into account the percentage of progress on this specific work. The progress percentage is determined as the ratio between the costs incurred to date and the total expected costs, on a project-by-project basis.

(18) Trade and other receivables

Trade and other receivables are measured at amortised cost less impairment losses (see principle 21).

(19) Cash and cash equivalents

Cash and cash equivalents comprise cash and bank balances and other call deposits with an original term of a maximum of three months. Current account overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents in the consolidated statement of cash flows.

(20) Asets held for sale and discontinued operations

Non-current assets (or groups of assets and liabilities that are to be disposed of), for which it is expected that the carrying amount will be realised mainly by means of a sale transaction and not through continued use, are classified as 'held for sale or distribution'. Immediately preceding this classification, the assets (or the components of a group of assets to be disposed of) are measured again in accordance with Group's accounting principles. After this the assets or group of assets to be disposed of are generally measured as the carrying amount or the fair value, less sale costs if lower. Any impairment loss on a group of assets held for sale is first allocated to goodwill, and then pro rata to the remaining assets and liabilities, with the proviso that impairment losses are not allocated to inventories, financial assets, deferred tax assets, employee benefits or investment property, all of which are valued in accordance with the Group's accounting principles. Impairment losses arising from the initial classification as held for sale or distribution and gains or losses on revaluation arising after initial recognition are recognised in the statement of profit and loss. If the gain concerned exceeds the accumulated impairment loss, the difference is not recognised.

Once classified as held for sale or distribution, no amortisation or depreciation is applied to intangible assets or property, plant and equipment, respectively. In addition, for investments recognised through the equity method, the valuation according to the equity method is retained for these investments once they have been classified as held for sale or distribution.

A discontinued operation is an element of the Group's operations that represents a separate significant business activity or separate significant geographical business area that has been disposed of or is held for sale or distribution, or a subsidiary company that has been acquired solely for the purpose of resale. Classification as a discontinued operation occurs upon disposal, or when the operation meets the criteria for classification as held for sale, if earlier. If an operation is designated as a discontinued operation, the comparative figures in the statement of profit and loss are adjusted as if the operation had been discontinued starting from the beginning of the comparative period.

(21) Impairments

The carrying amount of the Group's assets, excluding construction work in progress (see principle 17), inventories (see principle 16) and deferred tax assets (see principle 11), are reviewed each balance sheet date to determine whether there is any indication of impairment. If there are such indications, an estimate is made of the recoverable amount of the asset concerned.

For goodwill, intangible assets of an indeterminate useful life, and intangible assets that are not yet ready for use, the fair value is estimated at the balance sheet date.

An impairment is recognised whenever the carrying amount of the asset or its cash-generating unit exceeds its realisable value. Impairments are recognised in the statement of profit and loss.

Impairments recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis.

If a decrease in the fair value of an available-for-sale financial asset was previously directly recognised in equity and there are objective indications that the asset suffered impairment, the cumulative losses that were previously directly recognised in equity are recognised in the statement of profit and loss, in spite of the fact that the asset has not been derecognised. The cumulative loss recognised in the statement of profit and loss is the difference between the acquisition cost and the current fair value, less any impairments in respect of the financial asset that were recognised in the statement of profit and loss in prior periods.

(21a) Determination of recoverable value

The recoverable value of an asset is equal to the higher of the net sale price and the value in use. To determine the value in use, the discounted value of the estimated future cash flows is calculated using a discount rate that reflects current market rates as well as the specific risks associated with the asset. For any asset that does not generate cash inflows and is largely independent of other assets, the recoverable amount is determined on the basis of its cash-generating unit.

(21b) Reversal of impairments

An impairment related to securities held to maturity or assets measured at amortised cost is reversed if the increase in fair value subsequent to recognition of the impairment can be objectively related to an event that occurred after the impairment was recognised.

An impairment in respect of goodwill is not reversed. In respect of other assets, impairments recognised in other periods are reversed if there is an indication that the impairment no longer exists or has decreased and if there has been a change in the estimates used to determine the recoverable amount.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment had been recognised.

(22) Share capital

(22a) Costs of issuing ordinary shares

Cost directly attributable to the issuing of ordinary shares are charged to equity, after deduction of any tax effects.

(22b) Repurchase of own shares

If shares representing capital that is recognised as equity in the balance are repurchased, the amount of the consideration paid, including directly attributable costs, is recognised as a deduction from equity. Repurchased shares are classified as treasury shares and are presented as a deduction from total equity.

(22c) Dividend

Dividends are recognised as a liability in the period in which they are declared.

(23) Interest-bearing loans

(23a) Financing of preference share capital

Preference share capital is classified as a liability because the dividend payments are not discretionary. Dividends on preference share capital are recognised as interest expense in the statement of profit and loss.

(23b) Loans

Interest-bearing loans are initially recognised at fair value less attributable transaction costs. Subsequently, they are measured on an amortised cost basis. A difference between the amortised cost and the redemption amount calculated by the effective interest method is recognised in the statement of profit and loss over the term of each such loan.

(24) Employee benefits

(24a) Defined contribution plans

Commitments for contributions to defined-contribution pension plans are recognised as an expense in the statement of profit and loss when they are due.

(24b) Defined benefit plans

The Group's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future pension benefit that employees have earned in return for their service in the reporting period and in previous periods. The discounted present value of these pension benefits is determined, and is reduced by the fair value of the plan assets. The discount rate is the yield at the balance sheet date on high quality corporate bonds that have terms to maturity approximately the same as the terms of the Group's liabilities. The calculation is performed by a qualified actuary using the projected unit credit method. This method takes into account future salary increases resulting from employee career opportunities and general salary increases, including adjustments for inflation.

If the entitlements under a plan are changed, or a plan is curtailed, the resulting change in entitlements relating to past service, or the gain or loss on the closure, as the case may be, is recognised directly in profit or loss.

Actuarial gains and losses are recognised directly as other comprehensive income that will never be reclassified to the statement of profit and loss.

If the result of the calculation is a potential asset for the Group, recognition of the asset is limited to the present value of the economic benefits available as possible future refunds from the plan or lower future contributions. When calculating the present value of the economic benefits, possible minimum financing obligations that apply are taken into account.

(24c) Long-term employee benefits

The Group's net liability in respect of long-term employee benefits other than pension plans is the amount of future benefits that employees have accrued in return for their service in the reporting period and in previous periods, such as jubilee payments, bonuses and incentives. The liability is calculated using the projected unit credit method and is discounted to determine its present value. The discount rate is the yield at the balance sheet date on high quality corporate bonds that have terms to maturity approximately the same as the terms of the Group's liabilities.

(24d) Severance payments

Severance payments are recognised as an expense if the Group has shown that it has committed itself to terminating the employment contract of an employee or group of employees before the normal retirement date by producing a detailed, formal plan, without there being a realistic option of the plan being withdrawn.

(25) Provisions

A provision is recognised in the balance sheet if the Group has a present legal or actual liability that is the result of a past event and it and it is probable that its settlement will require an outflow of funds. Provisions are determined by discounting the expected future cash flows at a pre-tax discount rate that reflects current market assessments of the time value of money and, where necessary, the risks specific to the liability. The accrued interest on provisions is treated as a financing charge.

(25a) Guarantees

A provision for warranty is recognised after the underlying products or services have been sold and delivered. The provision is made for costs that must be incurred to correct deficiencies that appear after delivery but during the warranty period. The provision is based on specific claims, weighting all possible outcomes by their probability of occurrence.

(25b) Restructuring

A restructuring provision is recognised (i) when the Group has approved a detailed and formal restructuring plan and (ii) the restructuring has either commenced or been publicly announced.

(25c) Environment

A provision for restoration of contaminated land is formed in accordance with the Group's environmental policy and applicable legal requirements.

(25d) Onerous contracts

A provision for loss-making contracts is recognised if the Group expects to receive benefits from a contract that are lower than the unavoidable costs of meeting the contractual obligations. Provisions are valued at the lower of the present value of the expected costs of terminating the contract and the present value of the expected net costs of continuing the contract. The Group takes impairment losses, where appropriate, on any assets associated with the contract prior to setting up the provision.

(26) Trade and other payables

Trade and other payables are recognised at amortised cost.

(27) Consolidated statement of cash flows

The consolidated statement of cash flows is prepared using the indirect method. The liquidity item in the consolidated statement of cash flows comprises cash and cash equivalents after deduction of current-account overdrafts that are repayable on demand. The cash flow relating to the PPP receivables is recognised in the cash flow from operations.

(28) Segment reporting

A segment is a clearly distinguishable operation of the Group. The segments are identified in accordance with the classification used by management when taking operational decisions. In the Netherlands, the segments are: Property Development, Residential Building, Non-Residential, and Roads & Civil. The segments for operations abroad are Belgium and Germany.

6. Notes to the consolidated financial statements

x € 1,000

6.1 Segment reporting

In the Netherlands, the organisation is structured around the sectors Property Development, Residential Building, Non-Residential, and Roads & Civil. The segments for Heijmans' operations abroad are Belgium and Germany.
The sectors are managed primarily on the basis of operational results.
In accordance with IFRS 8, the segment figures represent data that can be allocated to a segment either directly or on reasonable grounds.

Summary statement of profit and loss by business segment

2013 Business segments	Netherlands Property development	Residential building	Non-residential	Roads& Civil	Other countries Belgium	Germany	Other	Eliminations	Total
Revenue									
Third parties	163.115	132.400	412.990	710.945	250.663	330.848	53.132		2.054.093
Intercompany	-	90.285	52.551	40.339	150	13.398	56.499	-253.222	0
Total Revenue	**163.115**	**222.685**	**465.541**	**751.284**	**250.813**	**344.246**	**109.631**	**-253.222**	**2.054.093**
Operating result	**-4.345**	**-5.943**	**345**	**14.720**	**11.356**	**5.425**	**-8.870**	**-**	**12.688**
Financial income									3.894
Financial expense									-9.496
Share in profit of associates									863
Result before tax									**7.949**
Tax expense									-6.092
Result after tax									**1.857**

2012 Business segments	Netherlands Property development	Residential building	Non-residential	Roads& Civil	Other countries Belgium	Germany	Other	Eliminations	Total
Revenue									
Third parties	256.534	200.699	457.484	780.484	251.598	355.338	15.522		2.317.659
Intercompany	-	159.764	12.709	31.617	335	1.025	90.066	-295.516	0
Total Revenue	**256.534**	**360.463**	**470.193**	**812.101**	**251.933**	**356.363**	**105.588**	**-295.516**	**2.317.659**
Operating result	**-72.126**	**-6.908**	**-24.073**	**31.415**	**13.168**	**4.901**	**-33.528**	**-**	**-87.151**
Financial income									4.540
Financial expense									-11.434
Share in profit of associates									819
Result before tax									**-93.226**
Tax expense									5.484
Result after tax									**-87.742**

x € 1,000

Summary balance sheet and balance sheet analysis by business segment

2013 Business segments	Netherlands Property development	Residential building	Non-residential	Roads& Civil	Other countries Belgium	Germany	Other	Eliminations	Total
Assets	488.457	56.073	176.121	288.491	172.594	171.420	779.117	-822.533	1.309.740
Not allocated									13.879
Total assets	**488.457**	**56.073**	**176.121**	**288.491**	**172.594**	**171.420**	**779.117**	**-822.533**	**1.323.619**
Liabilities	50.361	61.438	160.882	260.333	93.188	100.781	29.245	-19.602	736.626
Not allocated									271.721
Total liabilities	**50.361**	**61.438**	**160.882**	**260.333**	**93.188**	**100.781**	**29.245**	**-19.602**	**1.008.347**
Equity									**315.272**
Total equity and liabilities									**1.323.619**
Property, plant and equipment									
Depreciation	-	112	24	3.234	3.157	5.335	11.301		23.163
Investments	-	-	-	1.383	2.377	4.079	7.204		15.043
Intangible assets									
Amortisation	-	-	1.022	151	-	33	-		1.206
Impairment charge	-	-	-	-	-	-	-		-
Associates									
Carrying amount	36	-	-	3.588	-	-	-		3.624
Inventories/Investment property									
Impairment charge	5.200	-	-	-	1.800	-	-		7.000

x € 1,000

2012 Business segments	Netherlands Property development	Residential building	Non-residential	Roads& Civil	Other countries Belgium	Germany	Other	Eliminations	Total
Assets	498.850	80.151	170.570	318.738	149.854	168.355	879.821	-913.766	1.352.573
Not allocated									13.563
Total assets	**498.850**	**80.151**	**170.570**	**318.738**	**149.854**	**168.355**	**879.821**	**-913.766**	**1.366.136**
Liabilities	55.667	82.582	176.230	257.274	75.182	98.738	51.037	-31.518	765.192
Not allocated									286.350
Total liabilities	**55.667**	**82.582**	**176.230**	**257.274**	**75.182**	**98.738**	**51.037**	**-31.518**	**1.051.542**
Equity									**314.594**
Total equity and liabilities									**1.366.136**
Property, plant and equipment									
Depreciation	36	167	46	3.677	3.182	5.160	12.596		24.864
Impairment charge	-	-	-	-	-	522	1.300		1.822
Investments	13	94	-	2.326	2.829	3.446	13.284		21.992
Intangible assets									
Amortisation	-	-	1.365	447	-	32	-		1.844
Impairment charge	34.799	-	8.231	-	-	-	17.000		60.030
Associates									
Carrying amount	-	-	-	3.530	-	-	39		3.569
Inventories/Investment property									
Impairment charge	34.592	-	-	-	-	-	550		35.142

Transactions between the business segments are conducted at arm's length terms that are comparable to those for transactions with third parties.

By the nature of its operations, the Roads & Civil segment is highly dependent on public sector contracts.

x € 1,000

6.2 Participating interests acquired and transferred to joint ventures

Acquired participating interest in Brinck Group

On 16 December 2013, Heijmans acquired all shares (full ownership) of the Brinck Group. The Brinck Group provides a wide variety of services and solutions for the energy and water markets in the form of conventional measurement and control technology and smart-metering systems. The purchase price of the acquisition was €5.1 million, paid in cash. The effect of this acquisition on the assets and liabilities of the Group is as follows:

	Carrying amount prior to acquisition	Fair value of adjustments	Recognised value on acquisition
Property, plant and equipment	529	-40	489
Intangible assets	0	240	240
Deferred tax assets	0	32	32
Inventories	443	-88	355
Trade and other receivables	1.973	0	1.973
Cash and cash equivalents	2.211	0	2.211
Deferred tax item	0	-60	-60
Trade payables and other liabilities	-1.912	0	-1.912
Net value of identifiable assets and liabilities	**3.244**	**84**	**3.328**
Goodwill recognised on acquisition			2.510
Purchase price			**5.838**
Amount to pay when earn-out is realised			-700
Purchase price paid in cash			**5.138**
Cash acquired			-2.211
Net cash outflow			**2.927**

Participating interest transferred to joint venture

Heijmans and Barclays Infrastructure Funds Management (BIF) have been collaborating since June 2013 in the joint venture Heijmans Capital BV for the financing of DBFMO (design, build, finance, maintain, operate) projects. Heijmans' stake in the joint venture is 20%. The focus of the collaboration is on sharing risk-bearing capital and knowledge required for DBFMO projects, from the tendering phase onwards. The letter of intent concluded in June 2013 led to an actual alliance, with Heijmans making the first transfer of an entity, NMM Company BV, to the joint venture at the end of June. NMM Company BV is the owner of the Nationaal Militair Museum project in Soesterberg. As a result, Heijmans' stake in NMM Company BV decreased from 100% to 20%. The sale price for this transaction is €6.1 million, €3.1 million of which 3i paid in June 2013. BIF will pay the remaining €3 million at the beginning of 2015. This amount now recognised under current receivables. The transaction had the following effects on the financial results of the Group:

x € 1,000

Loss on derivatives	-4.409
Settlement on derivatives through profit or loss	4.569
Recognised (net) as interest charge	**160**
Tax effect	-1.142
Effect on net result	**-982**

6.3 Other operating income

Other operating income	2013	2012
Gain on sale of non-current assets	2.008	2.538
Result on sale of participating interests	-	-197
Miscellaneous	1.274	1.807
	3.282	**4.148**

The gain on the sale of non-current assets in 2013 concerns the sale of machinery and equipment

6.4 Employee expenses, depreciation and research and development expenses

The employee expenses recognised in the statement of profit and loss break down as follows:

Employee expenses	2013	2012
Wages and salaries	-378.798	-392.495
Compulsory social insurance contributions	-78.457	-77.856
Defined contribution plans	-31.142	-27.737
Defined benefit plans and jubilee payments	3.445	9.689
	-484.952	**-488.399**

The item 'Administrative expenses' in the statement of profit and loss includes an amount of approximately €7.6 million (2012: €22.7 million) for personnel redundancy costs, including salary costs for the period from the date of notice of the redundancy until the date of termination of employment if employees are released from their duties.

x € 1,000

The number of employees at year-end 2013 was 5,297 (2012: 5,862) in the Netherlands, 1,057 (2012: 1,116) in Belgium and 1,091 (2012: 1,164) in Germany.

Depreciation and amortisation recognised in the statement of profit and loss break down as follows:

Depreciation	2013	2012
Depreciation of property, plant and equipment	-23.163	-24.864
Deprecation of investment property	-338	-175
Amortisation of intangible assets	-1.206	-1.844
	-24.707	**-26.883**

Depreciation of property, plant and equipment and of investment property is included in the cost of sales and administrative expenses. Amortisation of intangible assets is recognised under other operating expenses.

Costs for research and development	2013	2012
	-955	**-820**

Project work also involves research and development activities. These expenses are not included in the above figures.

6.5 Other operating expenses

Other operating expenses break down as follows:

Other operating expenses	2013	2012
Amortisation of intangible assets	-1.206	-1.844
Impairments of goodwill and identified intangible assets	-	-60.030
	-1.206	**-61.874**

The amortisation of intangible assets includes the amortisation of concessions for sand quarries (see note 6.10).

There were no impairments of goodwill or identified intangible assets in 2013. The impairment of goodwill and identified intangible assets in 2012 relates to goodwill for Proper-Stok, IBC and the BurgersErgon brand.

x € 1,000

6.6 Financial income and expense

Net financing costs break down as follows:

Financial income and expense	2013	2012
Interest income	3.894	4.540
Financial income	**3.894**	**4.540**
Interest expense	-13.547	-16.262
Capitalised financing costs	4.051	4.828
Financial expense	**-9.496**	**-11.434**
	-5.602	**-6.894**

"Net financing costs in 2013 of -€5.6 million were €1.3 million lower than in the previous year (2012: -€6.9 million)

Average debt in 2013 was approximately €71 million higher than in 2012.
The interest and development costs for land portfolios that are under development are capitalised. The interest rate used for determining the financing costs to be capitalised is 4.0% for 2013 (2012: 4.0%).
The capitalised interest expense was lower in 2013 than in 2012.
Interest expense includes recognition of the net effect of the transfer of a participating interest to a joint venture (see note 6.2). In 2012, interest expense included a net charge of approximately €1.9 million, an effect of a change in fair value adjustments.

The average rate of interest in 2013 was lower than in 2012. For a summary of the interest rates, see note 6.22.

x € 1,000

6.7 Tax expense

Recognised in the statement of profit and loss	2013	2012
Current tax charges or credits		
Current financial year	-5.066	-7.167
Prior financial years	50	-515
Amount of the positive effect of losses not previously recognised, receivables or temporary differences used to reduce the current tax charges	128	819
	-4.888	**-6.863**
Deferred tax charges or credits		
Relating to temporary differences	-1.204	12.649
Relating to the write-off of a deferred tax asset (charge) or to the reversal of a write-off (credit)	0	-302
Relating to adjustments for prior years	-	-
	-1.204	**12.347**
Total taxcharge /-credit in de statement of profit and loss	**-6.092**	**5.484**

x € 1,000

Analysis of the effective tax rate	2013 %	2013 €	2012 %	2012 €
Result before tax		**7.949**		**-93.226**
Based on local tax rate	25,0%	-1.987	25,0%	23.305
Effect of foreign tax rates	15,7%	-1.253	-1,4%	-1.348
Non-deductible expenses	30,6%	-2.437	-16,0%	-14.892
Non-taxable revenues	-0,5%	43	0,4%	391
Losses not recognised in current financial year	15,7%	-1.249	-2,1%	-1.974
Effect of utilising losses available for set-off	-10,1%	806	0,9%	819
Effect of losses, receivables or temporary differences not previously recognised	0,8%	-65	-	-
Effect of write-offs and reversals of write-offs of deferred tax assets	0,0%	0	-0,3%	-302
Effect of adjustments to estimates for prior years	-0,6%	50	-0,6%	-515
Total tax rate	**76,6%**	**-6.092**	**5,9%**	**5.484**

The effective tax rate for 2013 is 76.6% (2012: 5.9%).

The main reasons for the significant difference between the effective tax rate and the average nominal rate of tax expense are the non-deductible interest charges relating to the cumulative preference shares, general limits on expense deductions in the various jurisdictions, unrecognised losses relating to a number of participating interests.

x € 1,000

6.8 Income tax receivables and payables

	31 December 2013		31 December 2012	
Geographical segment	**Receivables**	**Payables**	**Receivables**	**Payables**
Netherlands	175	261	120	161
Belgium	16	1.521	20	1.084
Germany	954	431	1.440	755
	1.145	**2.213**	**1.580**	**2.000**

Tax expense receivables relate to outstanding tax expense claims for financial years that have not yet been settled and for which excessive provisional assessments were paid. Tax expense payables relate to outstanding tax expense payments for financial years that have not yet been settled, supplemental to tax expense assessments already paid, and taking account of prospective and retrospective rules for the set-off of losses.

x € 1,000

6.9 Property, plant and equipment

Cost	Land and buildings	Machinery, installations and large-scale equipment	Other non-current assets	Operating assets under construction	Total
Balance at 1 January 2012	**90.195**	**125.541**	**140.046**	**7.650**	**363.432**
Investments	3.837	3.876	9.344	4.935	21.992
Disposals	-509	-9.406	-8.869	-495	-19.279
Excluded from consolidation	-	-5.084	-	-	-5.084
Reclassifications	3.704	-1.916	4.132	-5.920	0
Balance at 31 December 2012	**97.227**	**113.011**	**144.653**	**6.170**	**361.061**
Balance at 1 January 2013	**97.227**	**113.011**	**144.653**	**6.170**	**361.061**
Investments	1.025	4.663	11.219	-1.864	15.043
Disposals	-9.517	-9.457	-28.835	-17	-47.826
Included in consolidation	154	0	2.694	0	2.848
Reclassifications	73	-206	1.064	-931	0
Balance at 31 December 2013	**88.962**	**108.011**	**130.795**	**3.358**	**331.126**

x € 1,000

Depreciation and impairment losses	Land and buildings	Machinery, installations and large-scale equipment	Other non-current assets	Operating assets under construction	Total
Balance at 1 January 2012	**44.327**	**84.897**	**101.943**	**-**	**231.167**
Depreciation	4.572	8.827	11.465	-	24.864
Disposals	-52	-7.992	-8.616	-	-16.660
Excluded from consolidation	-	-4.577	-	-	-4.577
Impairment	-	-	1.300	522	1.822
Reclassifications	-	-3.894	3.894	-	0
Balance at 31 December 2012	**48.847**	**77.261**	**109.986**	**522**	**236.616**
Balance at 1 January 2013	**48.847**	**77.261**	**109.986**	**522**	**236.616**
Depreciation	4.612	8.422	10.129	-	23.163
Disposals	-6.836	-9.141	-24.890	-522	-41.389
Included in consolidation	80	0	2.279	-	2.359
Reclassifications	0	-1.045	1.045	-	0
Balance at 31 December 2013	**46.703**	**75.497**	**98.549**	**0**	**220.749**
Carrying amount					
At 1 January 2012	45.868	40.644	38.103	7.650	132.265
At 31 December 2012	48.380	35.750	34.667	5.648	124.445
At 1 January 2013	48.380	35.750	34.667	5.648	124.445
At 31 December 2013	**42.259**	**32.514**	**32.246**	**3.358**	**110.377**

Property, plant and equipment amounting to €1.5 million (2012: €1.6 million) has been pledged as security to providers of loans.

In addition, €3.0 million worth (2012: €2.7 million) has been leased under financial lease agreements. Of this amount, €1.5 million relates to land and buildings, and €1.5 million to machinery, installations and large-scale equipment. The leased assets serve as security for the lease commitments. The future minimum lease payments amount to €1.1 million in 2014, €1.9 million in 2015 to 2019 inclusive, and €0.1 million in 2020 and thereafter.

The carrying amount for assets under construction includes an amount of €2.6 million for expenses during the financial year, mainly relating to materials.

At the balance sheet date, the contractual obligations for the acquisition of property, plant and equipment amounted to € 2.0 million.

x € 1,000

6.10 Intangible assets

Intangible assets consist of goodwill and identified intangible assets.

Cost	Goodwill	Identified intangible assets	Total
Balance at 1 January 2012	**181.066**	**48.119**	**229.185**
Balance at 31 December 2012	181.066	48.119	229.185
Investments	2.510	240	2.750
Balance at 31 December 2013	**183.576**	**48.359**	**231.935**

Impairment losses and amortisation	Goodwill	Identified intangible assets	Total
Balance at 1 January 2012	**34.753**	**18.681**	**53.434**
Amortisation	-	1.844	1.844
Impairment charge	51.799	8.231	60.030
Balance at 31 December 2012	86.552	28.756	115.308
Balance at 1 January 2013	86.552	28.756	115.308
Amortisation	-	1.206	1.206
Balance at 31 December 2013	**86.552**	**29.962**	**116.514**

Carrying amount	Goodwill	Identified intangible assets	Total
At 1 January 2012	146.313	29.438	175.751
At 31 December 2012	94.514	19.363	113.877
At 1 January 2013	94.514	19.363	113.877
At 31 December 2013	**97.024**	**18.397**	**115.421**

x € 1,000

The breakdown of the carrying amount for goodwill and the identified intangible assets at year-end 2013 is as follows:

Acquisition	Goodwill	Identified intangible asset
IBC (NL-2001)	21.207	-
Burgers Ergon (NL-2007)	31.107	14.341
Oevermann (DU-2007)	26.970	303
Other acquisitions	17.740	3.753
Carrying amount at 31 December 2013	**97.024**	**18.397**

The investments in goodwill and identified intangible assets in 2013 concern the acquisition of the Brinck Group (see note 6.2).

Goodwill is tested annually for impairment, based on the relevant cash-generating unit. For an explanation of the calculation of the realisable value, see the accounting principles.
The impairment tests are based on the value in use calculated by means of the Discounted Cash Flow method. The pre-tax WACC (weighted average cost of capital) used for this calculation ranged from approximately 10% to 11%.

The value in use of the cash-flow generating business units is based on the expected future cash flows. The period adopted to determine the present value of cash flows is indefinite. In the determination of future cash flows, use is made of the medium to long-term planning of the relevant cash-flow generating unit. The assumptions underlying the medium to long-term planning are partly based on historical experience and external information sources. The medium to long-term planning generally covers a period of five years. Cash flows after five years are extrapolated using growth rates of up to 2%.
The realisable value calculated for the impairment test is dependent on the growth rate used and the period over which the cash flows are realised.
The amortisation of identified intangible assets and the impairment losses related to goodwill are classified in the statement of profit and loss under 'Other operating expenses'.

The expected cash flows are discounted using a pre-tax WACC varying between 10% and 11%. If the pre-tax WACC had been 1% higher, this would not have resulted in a write-down. Cash flows after five years are extrapolated using growth rates not exceeding 2%. If this maximum were 1 percentage point lower, there would be no resulting write-down.

The cash-flow generating unit Non-Residential – to which the goodwill and identified intangible assets of BurgersErgon and the majority of the goodwill for IBC is allocated, in total €64 million – is exposed to a certain extent to changes in the assumptions, whereby the realisable value could be lower than the carrying amount. According to the impairment test outcome, the realisable value of the cash-flow generating unit Non-Residential is currently over €150 million higher than the carrying amount. A significant factor in this context is the change in the EBIT margin. For the test, the EBIT margin was conservatively estimated to grow at a rate of 2% to 3% of revenue, which is lower than the target rate of 3% to 4%. If the EBIT margin were to be nil, the realisable value would be equal to the carrying amount. The change in the funding status of projects is another important factor.

x € 1,000

The realisable value of the cash-flow generating unit Oevermann is currently over €40 million higher than the carrying amount. This value is sensitive to certain factors, a key one being the change in the EBIT margin. For the test, the EBIT margin was conservatively estimated to grow to between approximately 2% and 3% of revenue, which is lower than the target percentage of 3% to 4%. Another major factor is the expected settlement of debtor positions.

6.11 PPP receivables

	2013	2012
At 1 January	14.676	-
Receivables issued	29.890	14.520
Interest	659	156
Progress billings	-5.927	-
Effect of transfer to joint venture	-24.888	-
At 31 December	**14.410**	**14.676**

The PPP receivables are recognised in the balance sheet as follows:

	2013	2012
		-
Current portion	3.605	242
Non-current portion	10.805	14.434
Total	**14.410**	**14.676**

PPP receivables concern payments to be received in connection with the completion of the National Military Museum in Soesterberg.

The current portion of the PPP receivables is recognised under trade and other receivables.
The increase in receivables issued is related to progress on the construction of the Museum.
The progress billings relate to three milestone payments received in 2013.
The average term of the non-current PPP receivables is 13 years, each one being longer than five years.
The interest rates on PPP receivables are virtually the same as the interest rates (after hedging) of the related non-recourse PPP loans. The average interest rate on PPP receivables is 6.0%.

The concession was transferred to NMM Company BV. In 2013, the Group transferred its stake in NMM Company BV to a joint venture, in which the Group now has a 20% stake (see note 6.2). As a result, the Group still owned 20% of the concession at the end of 2013.

The concession concerns the construction, operation and maintenance of the new National Military Museum on the land formerly occupied by the Soesterberg Air Base. The concession includes development of the surrounding land and infrastructure works in addition to the construction of the museum. The term of the concession is 25 years and it will commence in 2014.

The concession also includes the provision of additional services such as facility management, ICT and security. The part of the concession payment that relates to the services will be evaluated 10 years after provision and subsequently every 5 years, using a benchmark. There may therefore be a limited settlement with the principal as a result.
The concession agreement includes a (limited) number of reasons for terminating it prematurely. They concern situations in which the client or the contractor commits a serious breach of contract. In these specific situations, the contractor or the client, as the case may be, has the right to terminate the concession agreement. The concession agreement specifies compensation for the injured party in such cases.

The concession payments are contractually established and are linked to the availability of the accommodation.
The actual usage of the accommodation does not affect the amount of the concession payments. The concession payments will be indexed annually.
The Group realised revenue of €27 million from PPP contracts in 2013 (2012: €13 million).

x € 1,000

6.12 Investment property

Cost	2013	2012
Balance at 1 January	14.812	9.680
Investments	1.564	5.132
Balance at 31 December	**16.376**	**14.812**

Depreciation and impairment	2013	2012
Balance at 1 January	4.053	3.328
Depreciation	338	175
Impairment	-	550
Balance at 31 December	**4.391**	**4.053**

Carrying amount	2012	2011
At 1 January	10.759	6.352
At 31 December	**11.985**	**10.759**

If investment property was measured at fair value, its value would be approximately €18 million. The fair value is determined on the basis of internal appraisals and insured values.

The following amounts relating to investment property have been recognised in the statement of profit and loss:

	2013	2012
Rental income	1.562	600
Direct operating expenses that:		
- generated rental income	-1.438	-322
- generated no rental income	0	-1

The future minimum lease payments arising from operating leases that cannot be cancelled in the periods subsequent to the balance sheet date amount to €4.8 million. €0.2 million of this relates to 2014, €1.8 million relates to the period 2015 up to and including 2019 and €2.8 million relates to 2020 or later.

x € 1,000

6.13 Investments in associates

The principal associates are Nederlandse Frees Maatschappij B.V., Latexfalt B.V. and Silvius/Brabo I N.V. The table below shows the relevant financial information for these three associated companies. Furthermore, there are a relatively small number of associated companies of less importance. The figures reflect the Heijmans share in the book value of the associated companies.

	31 December 2013			2013		
	Assets	Liabilities	Equity	Revenue	Result	Heijmans share
Nederlandse Frees Maatschappij B.V.	3.733	2.178	1.555	6.625	578	22,22%
Latexfalt B.V.	3.415	2.644	771	9.015	303	20,00%
Silvius/ Brabo I N.V.	37.849	37.898	-49	3.014	39	20,80%
Total	**44.997**	**42.720**	**2.277**	**18.654**	**920**	

Heijmans has a share of 20.8% in Silvius/Brabo 1 N.V. This consortium is executing the first phase of the public transport project in the Antwerp Master Plan, involving the restructuring and extension of two tramlines, with the associated infrastructure, including the construction of a depot with a maintenance centre and buildings for administrative support services. This is a PPP project, in which design, funding, building and maintenance are paid for by the principal. The maintenance period extends over 35 years, with 34 years outstanding at year-end 2013. Negative equity is recognised as a liability.

6.14 Other investments

	2013	2012
Non-current receivables	39.521	43.790
Other long-term receivables and investments	2.610	2.892
Balance at 31 December	**42.131**	**46.682**

Approximately €29 million (2012: €29 million) of the non-current receivables relates to Heijmans share of loans provided to third parties via joint ventures. A further €7 million (2012: €5 million) represents other loans granted, mainly to associates. The remainder of approximately €6 million relates to loans granted by the Group to joint ventures in which it has a stake, up to an amount in proportion to the participation percentage. Because of the proportional consolidation of these joint ventures, this is offset by the same amount in debt to co-participants in these joint ventures. These receivables are not set off against the debts to the joint ventures (included in the item 'Other non-current debts', see 6.22) as the Group does not have a right enforceable in law thereto. In 2013, the corresponding loan agreements underwent a detailed review, which revealed that more could be eliminated than in prior years. The comparative figures for 2012 have also been restated to reflect this (reduction of approximately €5 million).

x € 1,000

6.15 Deferred tax assets and liabilities

The balance of the deferred tax assets and liabilities relating to temporary differences between the value for tax and financial reporting purposes of balance sheet items, and the valuation of the tax loss carry-forwards can be broken down as follows:

	Receivables 31 December		Payables 31 December		Balance 31 December	
	2013	2012	2013	2012	2013	2012
Property, plant and equipment	-	-	1.678	3.528	-1.678	-3.528
Intangible assets	-	-	7.420	6.444	-7.420	-6.444
Land and strategic land portfolio	-	-	7.723	7.583	-7.723	-7.583
Work in progress	-	-	3.681	4.669	-3.681	-4.669
Interest-bearing loans and other non-current financing liabilities	-	523	170	-	-170	523
Employee benefits	-	-	1.980	3.765	-1.980	-3.765
Provisions	-	-	172	42	-172	-42
Other items	-	273	290	-	-290	273
Tax value of recognised loss carryforwards	24.493	22.614	-	-	24.493	22.614
Deferred tax assets and liabilities	**24.493**	**23.410**	**23.114**	**26.031**	**1.379**	**-2.621**
Set-off of deferred tax assets and liabilities	-15.716	-17.586	-15.716	-17.586	-	-
Net deferred tax assets and liabilities	**8.777**	**5.824**	**7.398**	**8.445**	**1.379**	**-2.621**

x € 1,000

The movement in the balance sheet of the deferred tax assets and liabilities in 2013 breaks down as follows:

	Balance at 31 December 2012	Recognised in tax expense	Recognised in equity	Recognised as the effect of disposals and additions in 2013	Re-classifications	Balance at 31 December 2013
Property, plant and equipment	-3.528	1.878	-	-28	-	-1.678
Intangible assets	-6.444	-976	-	-	-	-7.420
Land and strategic land portfolio	-7.583	-140	-	-	-	-7.723
Work in progress	-4.669	893	-	95	-	-3.681
Interest-bearing loans and other non-current financing liabilities	523	-1.319	-28	654	-	-170
Employee benefits	-3.765	-2.707	4.492	-	-	-1.980
Provisions	-42	-130	-	-	-	-172
Other items	273	-563	-	-	-	-290
Value for tax purposes of recognised loss carryforwards	22.614	1.860	-	19	-	24.493
Total	**-2.621**	**-1.204**	**4.464**	**740**	**-**	**1.379**

The movement in the balance sheet of the deferred tax assets and liabilities in 2012 breaks down as follows:

	Balance at 31 December 2011	Recognised in tax expense	Recognised in equity	Recognised as the effect of disposals and additions in 2012	Re-classifications	Balance at 31 December 2012
Property, plant and equipment	-4.652	1.124	-	-	-	-3.528
Intangible assets	-8.416	1.972	-	-	-	-6.444
Land and strategic land portfolio	-9.189	1.606	-	-	-	-7.583
Work in progress	-2.777	-1.892	-	-	-	-4.669
Interest-bearing loans and other non-current financing liabilities	63	500	-40	-	-	523
Employee benefits	196	-6.101	2.140	-	-	-3.765
Provisions	-258	216	-	-	-	-42
Other items	13	260	-	-	-	273
Value for tax purposes of recognised loss carryforwards	9.486	14.662	-	-	-1.534	22.614
Total	**-15.534**	**12.347**	**2.100**	**-**	**-1.534**	**-2.621**

x € 1,000

Measurement of deferred tax assets

The loss carry-forward at year-end 2013 is measured at €24.5 million, of which €20.0 million relates to the loss carry-forward of the Dutch tax group. The loss carryforward of the Dutch tax group has been set off against its deferred tax liabilities. Of this loss carry-forward, €2.3 million relates to 2009, €1.8 million to 2011, €13.1 million to 2012, and €2.8 million to 2013.

The portion of the loss in 2009 unused at year-end 2013 is available for set off until year-end 2015. Concerning the losses in 2011 to 2013 inclusive, a loss carryforward period of 9 years applies. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available which can be utilised towards realising the deferred asset.

The remaining loss carry-forward amounts to €4.5 million, and relates to a number of Belgian operating companies (€1.2 million), to Oevermann (€1.2 million) and to Franki (€2.1 million). In principle, losses in Belgium and Germany can be set off against future profits for an indefinite period, subject in Germany to a maximum of the annual profit used for set-off. Taxable profit of up to €1 million in any year can be used in full for set off. Of taxable profit exceeding €1 million, only 60% can be set off.

Measurement of deferred tax liabilities

For determining the amount of the deferred tax liabilities, the value for tax purposes of the construction work in progress in the Netherlands (including residential building projects) is largely treated as being equal to the value under IFRS.

Deferred tax assets or liabilities are recognised for any temporary differences originating at subsidiaries or joint ventures. No deferred tax assets or liabilities have been recognised for temporary differences arising from investments in associates in view of their relative insignificance.
The majority of the deferred tax liabilities have a term of more than one year.

Tax losses not recognised in the balance sheet

At year-end 2013, tax losses not recognised in the balance sheet amounted to €79.6 million (2012: €82.9 million). The larger part of this relates to a number of subsidiaries in Belgium (€71.1 million). The other unrecognised losses relate to a number of German operating companies (€3.3 million) and to a number of Dutch companies that pay tax independently (€5.2 million).

x € 1,000

6.16 Inventories

	31 December 2013	31 December 2012
Strategic land portfolio	312.883	304.566
Residential properties in preparation and under construction	86.670	99.006
Raw materials and consumables	17.207	19.034
Finished products	12.932	18.405
Total	**429.692**	**441.011**
Carrying amount of inventories pledged as security	46.509	56.345
Inventories amount recognised as a charge in the period	370.765	484.540
Finished products measured at lower market value	4.340	2.401

€4.3 million (2012: €2.4 million) of the inventories of unsold commercial property (part of the inventories of finished products) is measured at lower market value. An inventory write-down €7.0 million was recognised in 2013 (2012: €35.1 million).

The term of the strategic land portfolio is more than 12 months after the balance sheet date. Items in 'Residential properties in preparation and under construction' usually have a term of 3 to 5 years as from the balance sheet date. The other items in principle have a term of less than 12 months.

Residential properties in preparation and under construction can be analysed as follows:

	2013	2012
Unsold residential properties:		
Costs less provisions for losses and risks	95.197	106.929
Sold residential properties:		
Costs less provisions for losses and risks, plus profits based on percentage of completion	121.226	331.706
less: Progress billings	-129.753	-339.629
Total residential properties in preparation and under construction	**86.670**	**99.006**

Revenues from sales of residential properties in preparation and construction recognised in the reporting period amounted to €0.2 billion (2012: €0.3 billion).

x € 1,000

6.17 Work in progress

	31 December 2013	31 December 2012
Costs less provisions for losses and risks, plus profits based on percentage of completion	2.075.513	2.480.578
less: Progress billings	-2.108.707	-2.561.359
Balance of in work in progress	**-33.194**	**-80.781**
Positive balance of work in progress (recognised under current assets)	119.578	120.306
Negative balance of work in progress (recognised under current liabilities)	-152.772	-201.087
Balance of in work in progress	**-33.194**	**-80.781**

The positive balance of work in progress represents all the projects in progress for third parties where the incurred costs plus the capitalised profit, less the recognised losses, are greater than the progress billings.

The negative balance of work in progress represents all the projects in progress for third parties where the incurred costs plus the capitalised profit, less the recognised losses, are less than the progress billings.

Revenues from work in progress carried out for third parties that were recognised in the reporting period amounted to €1.8 billion (2012: €2.0 billion).
Work in progress generally has a term of less than 12 months.

x € 1,000

6.18 Trade and other receivables

	31 December 2013	31 December 2012
Trade receivables	295.886	315.643
Amounts to be invoiced	33.298	20.160
Receivables from proportionally consolidated participating interests	9.707	9.208
Prepayments	9.227	13.930
Amounts receivable on cash flow hedges.	683	-
Other receivables	22.429	17.541
Total trade and other receivables	**371.230**	**376.482**

Trade receivables are presented after deduction of impairment losses. The write-down for expected bad debts is recognised in the statement of profit and loss under administrative expenses. At year-end 2013, a provision of €6.9 million (2012: €7.6 million) for impairment was included in trade receivables.

Trade and other receivables are mainly short-term.

6.19 Cash and cash equivalents

	31 December 2013	31 December 2012
Bank balances	63.089	74.695
Cash in hand	1	3
Funds in blocked accounts	10.270	3.010
Total cash and cash equivalents	**73.360**	**77.708**

Of the total cash and cash equivalents, an amount of €28 million (2012: €28 million) is held by joint ventures.

The bank balances include €10 million (2012: €13 million) for payments to German creditors in order to comply with local legislation for the protection of creditors.
The funds in blocked accounts mainly relate to the obligatory G accounts (guarantee accounts) under the Dutch Wages and Salaries Tax and Social Security Contributions (Liability of Subcontractors) Act.
Cash is utilised to reduce the Group's financing to the extent contractually and practically permitted, for example, by making the balances concerned part of notional cash pool arrangements.

x € 1,000

6.20 Equity

Paid-up and called-up share capital In thousands of ordinary shares	**2013**	**2012**
Outstanding at 1 January	17.328	16.956
Stock dividend	262	372
Share issue	1.759	-
Outstanding at 31 December	**19.349**	**17.328**

Please refer to statement 2b for explanatory notes on the changes in equity, and to the Company financial statements for explanatory notes on the authorised share capital, the statutory reserve for participating interests, the hedging reserve, the appropriation of result, and other figures.

Stock dividend
On 15 May 2013, 261,401 new shares were issued and distributed as stock dividend.

Share issue
On 26 August, the Group issued 1,758,973 ordinary shares at a price of €7.65 per share. This issue represented less than 10% of the shares outstanding at the time.

x € 1,000

6.21 Earnings per share

Basic earnings per ordinary share

Basic earnings per ordinary share in 2013 were €0.10 (2012: - €5.10). The calculation is based on the result after tax attributable to the holders of ordinary shares or depositary receipts for ordinary shares and the weighted average of the number of ordinary shares that were outstanding during 2013.

Result attributable to ordinary shareholders	2013	2012
Result after tax attributable to shareholders	**1.857**	**-87.742**

Weighted average number of ordinary shares In thousands of shares	2013	2012
Ordinary shares outstanding on 1 January	17.328	16.956
Effect of stock dividend 15 May	166	235
Effect of share issue 26 August	617	-
Weighted average number of ordinary shares at 31 December	**18.111**	**17.191**

Diluted earnings per ordinary share

The calculation of the diluted earnings per share in 2013 is based on the weighted average number of ordinary shares in 2013 of 18,111 thousand plus the dilution effect in relation to vested option rights of 210 thousand and 9,171 shares allocated under the Bonus Investment Share Matching Plan (see note 6.30).

x € 1,000

6.22 Interest-bearing loans and other financing liabilities

The breakdown of interest-bearing loans and other financing liabilities is given below.

31 December 2013	Non-current	Current	Total
Cumulative financing preference shares	66.100	-	66.100
Syndicated bank financing	-	-	-
Project financing	71.304	33.724	105.028
Other non-current liabilities	15.893	1.462	17.355
Financial lease commitments	2.160	1.166	3.326
Bank overdrafts	-	22.999	22.999
Total liabilities	**155.457**	**59.351**	**214.808**

31 December 2012	Non-current	Current	Total
Cumulative financing preference shares	66.100	-	66.100
Syndicated bank financing	-	-	-
Project financing	62.051	44.903	106.954
Other non-current liabilities	15.480	1.257	16.737
Financial lease commitments	2.675	873	3.548
Bank overdrafts	-	33.210	33.210
Total liabilities	**146.306**	**80.243**	**226.549**

Cumulative financing preference shares

At year-end 2013, 6,610,000 cumulative financing preference shares B were outstanding at €10 a share. The payment on these shares is 7.25% as of 1 January 2009 and is payable annually, 14 days after the annual General Meeting of Shareholders. The dividend will be reviewed on 1 January 2014 and every five years thereafter. The Company is entitled to repurchase or cancel these preference shares before or at maturity date.

Syndicated bank financing

The committed and syndicated bank facility of €250 million runs until 31 March 2015, and has been extended until 31 March 2016 for €231 million. Extending this facility involved a cost of €1.3 million, which has been capitalised. This facility is provided by a bank consortium of Rabobank, ING Bank, ABN AMRO Bank, KBC, RBS, Van Lanschot Bankiers and Deutsche Bank. Collateral has been provided for the facility. The credit margin on this facility ranges from 1.5% to 2.0%, depending on the leverage ratio. The covenants agreed are a (recourse) leverage ratio of up to 3 and an interest coverage ratio of at least 3, both to be tested every six months.

x € 1,000

The leverage ratio is calculated as the net debt divided by EBITDA (earnings before interest, tax, depreciation and amortisation), based on the net debt and EBITDA definitions agreed with the bank consortium. The interest coverage ratio is calculated as the EBITDA divided by the net interest expense. The definitions of these terms as agreed with the banks have undergone a number of adjustments. The key adjustments in relation to the accounting definition of net debt are the reduction by the amount of outstanding cumulative financing preference shares and the financing of certain projects that are negotiated without any guarantee on the part of Heijmans (non-recourse). The main adjustments with respect to the EBITDA in accounting terms concern the capitalised interest, results on the sale of business units, fair value adjustments and reorganisation costs. These ratios were amply met during the reporting year. The flexibility with respect to the covenants partly depends on the size of the working capital, which is subject to seasonal factors.

None of this facility was being used at year-end 2013. Usage of the facility varies throughout the year due to seasonal factors.

Project financing
Project financing is negotiated for specific projects, mostly in joint ventures and/or in PPP structures. The redemption schedules for project financing are usually related to the projects' progress. The term of the project financing extends at the most to the delivery date and/or sale date of the projects. The value of the projects concerned, including future positive cash flows from these projects, serves as security. Heijmans N.V. has guaranteed the repayment of the principal and/or interest expense to an amount of €47 million (2012: €51 million) of the total project financing. The remaining €58 million (2012: €55 million) is therefore financed without a guarantee by Heijmans N.V.
Five interest-rate swaps and one inflation swap were concluded in order to fix the interest expense and concession payments on initiation of the NMM Soesterberg PPP project. The term of the inflation swap begins in 2014 and ends in 2039. Four of the five interest-rate swaps have terms commencing in 2013 and ending in 2014. The term of one interest-rate swap commences in 2014 and ends in 2038. All the swaps relate to the underlying project financing.

Other non-current liabilities
At year-end 2013, the other non-current liabilities amounted to €17 million (year-end 2012: €17 million). Approximately €5 million of this amount relates to liabilities to co-participants in joint ventures in which the Group participates. These amounts are offset by the same amount in receivables due from these joint ventures in the context of the proportional consolidation of these joint ventures, insofar as they were in proportion to the participating interest. The liabilities are not set off against the receivables from the joint ventures (see 6.14 for the item Other investments) as the Group has no right enforceable in law to do so. Heijmans is not liable for this portion of the liabilities of the joint ventures. The remaining amount constitutes Heijmans' share of loans from third parties to joint ventures. In 2013, the corresponding loan agreements underwent a detailed review, which revealed that more could be eliminated than in prior years. The comparative figures for 2012 have also been restated (reduced by €5 million) to reflect this. €4 million (2012: €4 million) represents financing not guaranteed by Heijmans N.V.

x € 1,000

Financial lease commitments

The financial lease commitments relate primarily to equipment in Belgium. The lease commitment is equal to the present value of the debt. The lease payments are due as follows:

31 December 2013	< 1 year	1–5 years	> 5 years	Total
Lease payments	666	2.820	246	3.732
less: Interest portion	150	247	9	406
Lease commitments	**516**	**2.573**	**237**	**3.326**

31 December 2012	< 1 year	1–5 years	> 5 years	Total
Lease payments	859	2.559	646	4.064
less: Interest portion	162	327	27	516
Lease commitments	**697**	**2.232**	**619**	**3.548**

There were no charges recognised in the financial year for contingent lease payments.

Average interest rate	2013	2012
Cumulative financing preference shares	7,3%	7,3%
Syndicated bank financing	3,1%	4,8%
Project financing (including interest rate swaps)	2,9%	3,3%
Other bank financing	2,5%	2,6%
Financial lease commitments	4,9%	5,1%
Other non-current liabilities	4,0%	2,9%

x € 1,000

6.23 Employee benefits

Movement in the liability for defined benefit plans and jubilee payments

	Liability		Fair value of assets		Net liability (net asset) relating to vested pension rights and jubilee payments	
	2013	**2012**	**2013**	**2012**	**2013**	**2012**
Total at 1 January	**356.517**	**326.507**	**360.117**	**314.193**	**-3.600**	**12.314**
Recognised in profit or loss						
Current service cost	1.192	4.178	-	-	1.192	4.178
Interest expense/-income	12.300	14.655	12.610	14.517	-310	138
Settlements and curtailments	-11.568	-15.549	-6.318	-	-5.250	-15.549
Recognised in other comprehensive income						
Experience adjustments to actuarial result	2.221	-17.249	-	-	2.221	-17.249
Indexation of actuarial result	7.363	-	-	-	7.363	
Actuarial result based on discount rate	13.369	54.829	-	-	13.369	54.829
Actuarial result based on return on investments	-	-	5.405	28.303	-5.405	-28.303
Contributions and benefits						
Employer contributions	-	-	7.200	13.958	-7.200	-13.958
Employee contributions	574	1.546	574	1.546	-	-
Pension and jubilee payments	-13.222	-12.400	-13.222	-12.400	-	-
			0			
Balance at 31 December	**368.746**	**356.517**	**366.366**	**360.117**	**2.380**	**-3.600**

x € 1,000

The total liability arising from defined benefit pension plans and jubilee payments is recognised in the balance sheet as follows:

	31 December 2013	31 December 2012
Non-current employee-related liabilities	23.554	19.040
Current employee-related liabilities	4.320	6.819
Employee-related receivable	-25.494	-29.459
	2.380	**-3.600**

The employee-related receivable concerns a plan that in accordance with the regulations for valuation in the Pensions Act as specified in the Financial Assessment Framework is subject to a funding ratio of 105.5%. See the section "Stichting Pensioenfonds Heijmans N.V." below. The receivable will be realised by the Group in the form of repayments during the gradual winding down of this closed fund.

Liability for defined benefit plans in the Netherlands
The liability for defined benefit plans concerns the liabilities recognised for one company pension fund and approximately 15 plans placed with insurance companies.

Stichting Pensioenfonds Heijmans N.V.
For the portion of salary above the maximum for the industry pension fund, the accrual of pension is placed with an insurer. This plan came into effect on 1 January 2012 for new employees. As from 1 January 2013, existing employees have also been accruing pension rights under this plan. (This concerns employees who have been with the Company since before 1 January 2012 and were accruing supplementary pension rights with Pensioenfonds Heijmans). The plan is an average pay plan with conditional indexation and qualifies as a defined contribution plan. No new plan members will be admitted to the Pensioenfonds Heijmans plan (see below).

The accrued pensions of these employees (who became members of the supplementary plan before the end of 2012) remain guaranteed by Stichting Pensioenfonds Heijmans N.V. While employees stay with Heijmans, the pensions they accrued until the end of 2012 are conditionally indexed. Heijmans pays a contribution each year to cover the costs of this. Approximately 28% of the membership in the new plan were members of the former plan who are still employed at Heijmans, and accordingly have a conditional right to indexation. Of the rest, 57% are former employees and 15% are pensioners. The average term of the pension liabilities is approximately 17 years. Because of the funding deficit in the former plan, Heijmans made an additional contribution €5 million in 2012, and a further €3 million in 2013. With the current amount of coverage, Heijmans has no obligation to make a subsequent contribution. The pension contributions and required buffers are calculated in accordance with the rules in the Pensions Act. In accordance with these rules, the contributions are cost effective, and the funding ratio has to be at least 104.0% at year-end 2013. The estimated funding ratio at this date is 105.5%. Supervision of the funding ratio is a responsibility of De Nederlandsche Bank (DNB), the Netherlands central bank. The Board of the fund comprises representatives of the employer, employees and pensioners.

x € 1,000

Insured plans
Heijmans has some 15 insured pension plans in the form of guarantee contracts. Apart from the costs for actuarial accrual and indexation, Heijmans has no obligation to make contributions because mortality assumptions become more onerous. The risks inherent in the plan of these being necessary are largely borne by the insurers. It is a responsibility of the insurers to hold sufficient funds to pay out all benefits. Supervision of this aspect is in the hands of DNB. The contributions are determined according to the bases in the insurance contract. The average term of the pension liabilities is approximately 15 years. A decision was made in 2013 to harmonise one of the larger insured plans. Existing members will transfer on 1 January 2014 to the above-mentioned industry and supplementary average-pay plans as far as the accrual of new rights are concerned. This change for existing members represents a curtailment of the plan and reduces the pension liability by approximately €4 million. The decrease was recognised in 2013 in the profit and loss statement.

Industry-wide pension funds
The majority of pensions have been placed with industry pension funds, the main ones being the Bouwnijverheid pension fund and the Metaal en Techniek pension fund. Both these funds operate average pay plans with indexation. The funding ratio of the Bouwnijverheid pension fund stood at 111.6% at year-end 2013 (year-end 2012: 105.7%). The funding ratio of the Metaal en Techniek pension fund was 103.8% at year-end 2013 (year-end 2012: 92.4%). There are also employees who are members of the Landbouw (agriculture) and Vervoer (transport) pension funds. These funds operate average pay plans. The funding ratio of the Landbouw pension fund stood at 109.7% at year-end 2013 (year-end 2012: 105.8%). The funding ratio of the Vervoer pension fund at year-end 2013 was 109.9% (2012: 105.8%). These funding ratios are calculated in line with the valuation bases used by the various industry pension funds, in accordance with the Pensions Act and the Financial Assessment Framework.

Regarding these plans, Heijmans has an obligation to withhold the predetermined premiums. The Group cannot be obligated to supplement any shortfalls, than by means of future contribution adjustments. Heijmans has no claim to any surplus on the funds. As the employees bear the actual risks of the plans, they are recognised defined contribution plans.

Liability for defined benefit plans in Germany
A number of pension plans apply to German employees, for which plans a liability has been recognised in the balance sheet. These plans have not been placed with outside insurance companies or funds. The pension entitlements consist primarily of fixed, income-independent monthly payments.

Pension plans in Belgium
In Belgium, most employees participate in a defined contribution pension plan provided by the employer. The Belgian Vandenbroucke Act requires that a minimum yield of 3.25% must be earned on the amounts deposited with insurance companies. If the insurance companies fail to realise this yield, the Group has to make up for the difference. A liability for this is recognised in the balance sheet.

Jubilee payments
The jubilee payments in the Netherlands and Belgium consist of a monthly salary, or a portion thereof, for employment periods of 25 and 40 years. The anniversary is celebrated with a party funded by Heijmans. In Germany, the anniversary payment is a fixed sum for an employment period of 10 years, one and a half months' salary for a period of 25 years, and two months' salary for a period of 40 years.

x € 1,000

Jubilee payments

The jubilee payments in the Netherlands and Belgium consist of a monthly salary, or a portion thereof, for employment periods of 25 and 40 years. The anniversary is celebrated with a party funded by Heijmans. In Germany, the anniversary payment is a fixed sum for an employment period of 10 years, one and one half months' salary for a period of 25 years, and two months' salary for a period of 40 years.

Income and expense items recognised in connection with defined benefit plans and jubilee payments	2013	2012
Costs of accrual	-1.192	-4.178
Interest expense	-12.300	-14.655
Expected return on assets	12.610	14.517
	-882	**-4.316**
Administrative and other expenses	-799	-972
Settlements and curtailments	5.126	14.977
Total defined benefit plans and jubilee payments	**3.445**	**9.689**

The principal actuarial assumptions as at the balance sheet date are:

	31 December 2013	31 December 2012
Discount rate	3,25%	3,50%
Expected return on plan assets	3,25%	3,50%
Future wage inflation	2,25%	2,25%
Future pay increases	0 - 1.5%	0 - 1.5%
Future indexation	0 - 0.75%	0,0%
Staff turnover	7.0 - 16.0%	7.0 - 16.0%
Mortality table	AA Forecast Table 2012-2062 0/0	AA Forecast Table 2012-2062 0/0

x € 1,000

The discount rate is based on high quality corporate bonds adjusted for the term of the payment obligation. This also applies to the expected yield.

Financing liability for defined benefit plans and jubilee payments	31 December 2013	31 December 2012
Defined benefit plans:		
- Funded plans	348.540	336.138
- Unfunded plans	13.043	13.120
- Jubilee payments (unfunded)	7.163	7.259
Liability for defined benefit plans and jubilee payments at 31 December	**368.746**	**356.517**

Breakdown of plan assets as percentage of total	31 December 2013	31 December 2012
Shares	7%	6%
Fixed-interest Securities	40%	43%
Liquid assets	1%	0%
Other/Other insured plans	52%	51%

Stichting Pensioenfonds Heijmans N.V. assets

At Stichting Pensioenfonds Heijmans N.V., approximately 65% of the interest-rate risk associated with the liabilities is hedged using a liability-matching portfolio. Of the total plan assets, valued at €174 million, €147 million is in fixed-interest securities, €25 million in shares, and €2 million in liquid assets. The fixed-interest securities as well as the shares are listed, and these assets are measured at list price. No investments are made in Heijmans own financial instruments.

x € 1,000

Reasonably possible changes as of the reporting date to one of the relevant actuarial assumptions, with the other assumptions remaining unchanged, can affect the liabilities associated with the defined benefit plans as shown below.

x €1 million	2013	
	Increase	Decrease
Change of 0.50 percentage points in discount rate	-26,8	30,1
Change of 0.25 percentage points in wage and price inflation, and in indexation	8,9	-3,8
Change of 1 year in life expectation	11,3	-11,7

The above effects were determined by the actuary who performed the calculations. The combined effect of changes to more than one of the assumptions can be different from the sum of the corresponding individual effects owing to interactions.

The effects presented apply only to the liabilities, and not to the fair value of the investments. For a plan in the form of an insurance contract, the effect of a change in the discount rate is largely mitigated by an equal but opposite effect on the plan investments. This is because of the guarantee provided by the insurer.

In 2014, Heijmans expects to contribute €4 million to the defined benefit plans and €30 million to the defined contribution plans. The expected contributions in subsequent years are likely to be in line with the contribution expected for 2014, depending as well on changes in the above-mentioned actuarial assumptions.

x € 1,000

6.24 Provisions and non-interest-bearing debt

General

Provisions for warranty obligations, restructuring costs and environmental risks are recognised in the event that Heijmans has an existing obligation and it is probable that an outflow of economic benefits will take place. The amount of the provisions can be reliably estimated. The provisions are stated at face value, unless the time value of money is material. The other non-interest-bearing debt concerns items such as rental guarantees provided to purchasers of commercial property. The amounts stated represent the present value of the deferred revenues in connection with the rental guarantees provided.

	31 December 2012	Reversal of unused amounts	Provisions/ rental guarantees/ negative value of associates	Provisions used/ other changes	31 December 2013
Warranty obligations	14.454	-964	2.119	-4.016	11.593
Restructuring costs	24.893	-2.548	7.929	-21.773	8.501
Environmental risks	1.187	-100	986	-277	1.796
Other provisions	13.700	-3.422	1.429	-3.982	7.725
Total provisions	**54.234**	**-7.034**	**12.463**	**-30.048**	**29.615**
Negative value of associates	1.187	-39	0	0	1.148
Rental contract discount received in advance	975	0	0	-162	813
Deferred revenue relating to rental guarantees given	1.178	-467	388	-435	664
Total provisions and non-interest-bearing debt	**57.574**	**-7.540**	**12.851**	**-30.645**	**32.240**

Term of provisions and non-interest-bearing debt	31 December 2013	31 December 2012
Non-current portion	9.066	16.073
Current portion	23.174	41.501
Total	**32.240**	**57.574**

x € 1,000

Provision for warranty obligations
The provisions relate to complaints and deficiencies that become apparent after the delivery of projects and that fall within the warranty period. The magnitude of the costs provided for is dependent partly on the estimated allocation of the claim to the related building partners. It is expected that a majority of the obligations will materialise in the next two years.

Provision for restructuring costs
The provision for restructuring costs relates to the downsizing costs in support of organisational changes. Approximately 90% of the provision will be used in 2014 and the remainder between 2015 and 2016.

Provision for environmental risks
This item represents possible site restoration costs. The costs have been estimated per site, based on government regulations concerning the method of soil decontamination and investigation. The periods within which restoration needs to take place vary per site. In the event that the restoration does not have to take place for another few years, there is an obligation to monitor the pollution. The expected monitoring costs have also been included in the provision.

Other provisions
The other provisions include €2.6 million for legal disputes (2012: €2.2 million), €2.0 million for amounts payable to the Tax Office (2012: €2.0 million), and €1.3 million for vacant properties (2012: €5.6 million). The remainder primarily consists of expenses that might be incurred in relation to occupational disability. It is expected that most of the obligations will materialise in the next two years.

x € 1,000

6.25 Trade and other payables

Trade and other payables	31 December 2013	31 December 2012
Suppliers and subcontractors	316.358	287.153
Invoices due for work in progress	39.209	29.133
Invoices due for work completed	58.749	61.482
Pension obligations	1.025	1.174
Employee expenses payable	29.593	34.100
Tax expenses payable	46.899	48.954
Wage tax and social security contributions payable	25.080	19.727
Other tax payable	403	402
Administrative and cost of sales payable	14.651	8.868
Interest payable	6.586	5.912
Amounts payable on cash flow hedges.	49	2.287
Other liabilities	32.440	30.836
Total trade and other payables	**571.042**	**530.028**

6.26 Financial risks and management

General

In the normal course of its business, Heijmans is exposed to various financial risks, including credit, liquidity and market risks. This section describes the degree to which these risks manifest themselves, the objectives set regarding these risks, and the policy and processes for measuring and managing these risks, as well as the management of capital.
The risk policy is focused on the identification and analysis of the risks to which the Group is exposed and the setting of acceptable limits.

The risk policy and systems are assessed on a regular basis and then adjusted if necessary for changes in market conditions and the operations of the Group. The objective is to create a disciplined and constructive approach to risk management, with the aid of training, standards and procedures whereby all employees are aware of their roles and responsibilities.

The Audit Committee periodically reviews the risk management policy and procedures. In addition, the Committee reviews the risk policy used in the light of the risks to which the Group is exposed.

x € 1,000

Credit risk

Credit risk is the Group's risk of financial losses if a party on which Heijmans has a claim fails to meet its contractual obligations. Credit risks arise primarily from receivables due from customers and consortium partners.
The credit risk associated with property development is limited, as future residents can only take possession of the new property once they have met all their obligations. The creditworthiness is assessed in transactions involving the development of commercial property, building assignments and infrastructure projects, and additional collateral may be requested. Heijmans carries out many assignments for public authorities for which the credit risk is considered extremely limited. The assessment of creditworthiness is part of the standard procedure. Credit risk is mitigated by pre-financing arrangements and payments in instalments. Risks are insured with a credit insurer if considered necessary.
The large number of clients, a substantial proportion of which are private individuals and public authorities, means there is no concentration of credit risk. The cash and cash equivalents, and derivatives are held at different banks that are assessed on creditworthiness. There is no major concentration of credit risk. A provision for doubtful receivables is recognised following an assessment of the potential risks for each individual receivable. Doubtful receivables are subjected to an impairment test and written down as necessary to the present value of the future cash flows if lower.

The carrying amount of the financial assets exposed to credit risk can be specified as follows:

	31 December 2013	31 December 2012
Other assets	42.131	46.682
Cash and cash equivalents	73.360	77.708
Trade and other receivables	371.230	376.482
Total	**486.721**	**500.872**

Other assets consist principally of receivables from public authorities and loans provided by the Group to joint ventures in which it participates.

The geographical distribution of the carrying amount of the trade receivables including receivables from proportionally consolidated participating interests subject to credit risk is as follows:

	31 December 2013	31 December 2012
Netherlands	168.077	194.019
Belgium	66.899	56.408
Germany	70.617	74.424
Total	**305.593**	**324.851**

x € 1,000

Aging analysis of outstanding debtors without impairment, in times after due invoice payment date:

	31 December 2013	31 December 2012
< 30 days	32.209	48.044
30 - 60 days	10.058	6.872
60 - 90 days	2.912	1.389
90 days - 1 year	11.599	10.600
> 1 year	15.018	14.641
Total	**71.796**	**81.546**

Including debtor payments not yet due and debtors for which an impairment has been recognised, the balance of trade receivables at year-end 2013 was €296 million (2012: €316 million).

The due dates of the other financial assets have not been exceeded.

Trade receivables are reported after deducting impairment losses related to doubtful receivables. The movement in the provision was as follows:

	2013	2012
Balance at 1 January	7.608	10.352
Additions	930	676
Charges	-200	-3.152
Release	-1.401	-268
Balance at 31 December	**6.937**	**7.608**

Liquidity risk
Liquidity risk is the risk that the Group cannot meet its financial obligations at the time it is required to do so. The underlying liquidity risk management assumption is that sufficient liquidity levels will be maintained to meet current and future financial obligations, both under normal circumstances and special circumstances, without incurring unacceptable losses and without endangering the reputation of the Group.

12-month rolling liquidity forecasts are used to determine whether the Group has sufficient liquidity available.

x € 1,000

To secure the availability of financial resources for the long term and the short term, Heijmans has access to the following facilities:

- €66 million in cumulative financing preference shares without a repayment obligation;
- € 250 million committed and syndicated bank financing for a term expiring end of March 2015 and € 231 for a term expiring end of March 2016;
- project financing for which committed financing is available for most of the anticipated principal sum and duration of the project in question and
- €66 million in cash in hand and current account facilities. These are not committed.

In order to satisfy clients' requirements for bank guarantees, Heijmans has access to sufficient guarantee facilities with various institutions. These facilities are not committed.
At year-end 2013, the total of facilities guaranteed by banks was €568 million (2012: €607 million) provided by 21 parties.

The contractual maturity dates of the financial obligations, including interest payments, are as follows:

31 December 2013	Carrying amount	Contractual cash flow	< 6 months	6 - 12 months	1 - 2 years	2 – 5 years	> 5 years
Cumulative financing preference shares	-66.100	-70.892	-4.792	-	0	-	-66.100
Syndicated bank financing	-	-	-	-	-	-	-
Project financing	-105.028	-113.369	-14.593	-26.181	-28.813	-27.092	-16.690
Other non-current liabilities	-17.355	-21.288	-528	-1.949	-4.329	-9.333	-5.149
Financial lease commitments	-3.326	-3.733	-377	-289	-857	-1.963	-247
Current account overdrafts with credit institutions	-22.999	-22.999	-22.999	-	-	-	-
Trade and other payables (excluding derivatives)	-570.993	-570.993	-570.993	-	-	-	-
Derivatives	-49	-420	-58	-62	-207	-219	126
Total	**-785.850**	**-803.694**	**-614.340**	**-28.481**	**-34.206**	**-38.607**	**-88.060**

x € 1,000

31 December 2012	Carrying amount	Contractual cash flow	< 6 months	6 - 12 months	1 - 2 years	2 – 5 years	> 5 years
Cumulative financing preference shares	-66.100	-75.684	-4.792	-	-4.792	-	-66.100
Syndicated bank financing	-	-	-	-	-	-	-
Project financing	-106.954	-115.377	-28.514	-18.805	-11.335	-42.047	-14.676
Other non-current liabilities	-16.737	-18.875	-69	-9.605	-322	-5.687	-3.192
Financial lease commitments	-3.548	-4.064	-502	-357	-745	-1.814	-646
Current account overdrafts with credit institutions	-33.210	-33.210	-33.210	-	-	-	-
Trade and other payables (excluding derivatives)	-527.741	-527.741	-527.741	-	-	-	-
Derivatives	-2.287	-6.409	-147	-139	-322	-2.566	-3.235
Total	**-756.577**	**-781.360**	**-594.975**	**-28.906**	**-17.516**	**-52.114**	**-87.849**

Market risk
Market risk is the risk that the income of the Group or the value of investments in financial instruments is adversely affected by changes in market prices such as foreign exchange rates, interest rates and share prices. The objective of managing market risk is to keep the market risk position within acceptable limits while achieving optimum returns.
To manage market risk, derivatives may be bought and sold, and financial commitments may be made. Transactions of this nature are carried out within established directives.

Price risk
Price risk associated with the purchase of raw materials and auxiliary materials and with outsourcing work is mitigated by making price indexation agreements with clients or where possible by making price agreements with suppliers at an early stage. If necessary, derivatives may be used occasionally to hedge the price risk of procurement of raw materials.

Interest-rate risk
The interest rate policy at Heijmans N.V. is directed towards limiting the impact of changes in interest rates on the results of the Group. To that effect, a limited part of the future interest payments on the existing syndicated bank loans has been fixed using interest rate swaps. In addition, some of the loans have been concluded at fixed rates of interest.

Had the interest rate for 2013 been on average 2% higher, then the result before tax based on the balance sheet positions at year-end would have been some €0.3 million lower (2012: €0.3 million lower). The effect of a 2% difference in interest rates on the Group's equity (assuming all other variables remained constant) would have been virtually nil (2012: virtually nil). This effect on the result before tax was chiefly due to the cash balance at year-end 2013. The interest rate exposure measured on the basis of the average debt during the year would have a more limited effect on the result.

When entering a PPP contract, it is usually established in the contract that interest-rate risks (and possible inflation risks) will be mitigated by fixing cash flows using swaps. The hedge documentation process is completed as soon as possible after the completion of the documentation process following the signature of PPP contracts. The hedge results are recognised as

x € 1,000

hedge accounting at the first subsequent reporting date. In view of the contractual relationship with the operating cash flows, the hedges are, on inception, in principle effective, by definition.

The table below shows the periods in which interest rates for interest-bearing financial assets and financial liabilities are reviewed:

		31 December 2013					
		Total	0–6 months	6–12 months	1–2 years	2–5 years	> 5 years
6.11	PPP receivables	14.410	-	-	-	-	14.410
6.14	Other assets	42.131	7.734	15.149	7.377	7.067	4.804
6.19	Cash and cash equivalents	73.360	73.360	-	-	-	-
6.22	Cumulative financing preference shares	-66.100	-66.100	-	-	-	-
6.22	Syndicated bank financing	-	-	-	-	-	-
6.22	Project financing	-105.028	-54.605	-10.930	-15.329	-14.162	-10.002
6.22	Effect of interest rate swaps on project financing	0	14.808	-1.736	-232	-812	-12.028
6.22	Other non-current liabilities	-17.355	-2.956	-1.323	-1.300	-7.944	-3.832
6.22	Financial lease commitments	-3.326	-298	-218	-742	-1.831	-237
6.22	Current account overdrafts with credit institutions	-22.999	-22.999	-	-	-	-
	Totaal	**-84.907**	**-51.056**	**942**	**-10.226**	**-17.682**	**-6.885**

		31 December 2012					
		Total	0–6 months	6–12 months	1–2 years	2–5 years	> 5 years
6.11	PPP receivables	14.676	-	-	-	-	14.676
6.14	Other assets	46.682	3.593	10.898	16.149	12.233	3.809
6.19	Cash and cash equivalents	77.708	77.708	-	-	-	-
6.22	Cumulative financing preference shares	-66.100	-	-	-66.100	0	-
6.22	Syndicated bank financing	-	-	-	-	-	-
6.22	Project financing	-106.954	-59.415	-14.364	-9.835	-23.340	-
6.22	Effect of interest rate swaps on project financing	0	5.200	-	-5.200	-	-
6.22	Other non-current liabilities	-16.737	-2.738	-6.395	-481	-4.286	-2.837
6.22	Financial lease commitments	-3.548	-419	-280	-616	-1.616	-617
6.22	Current account overdrafts with credit institutions	-33.210	-33.210	-	-	-	-
	Totaal	**-87.483**	**-9.281**	**-10.141**	**-66.083**	**-17.009**	**15.031**

x € 1,000

Of the interest-bearing debt at the balance sheet date, 61% (2012: 62%) had been negotiated at a fixed interest rate (including interest rate derivatives) and 39% (2012: 38%) had been negotiated at a variable interest rate. Due to seasonal effects, the average debt during the year is higher than at balance sheet date. The portion of the gross debt subject to a variable interest rate is also higher during the year. The gross variable-interest debt is offset by items including cash and cash equivalents, which are also subject to variable interest.

The average weighted interest term to maturity of the project finance is 3.2 years (2012: 2.0 years).

The interest-bearing loans are measured at amortised cost rather than at fair value. The measurement of the loans is therefore not affected by changes in interest rates.

Currency risk

The currency risk on sales, purchases and loans taken is extremely limited for Heijmans, since by far the greater part of the cash flows within the Group are in euros.

Fair values

The table below shows the fair values and the carrying amounts of the financial instruments. It also shows financial assets and liabilities at fair value, broken down by measurement method. The fair values are allocated to different levels of the fair-value hierarchy, depending on the inputs used to determine the measurement methods. The levels are defined as follows:

Level 1: quoted (unadjusted) market prices available to the Group on the measurement date, in active markets for identical assets or liabilities.

Level 2: input that is not a quoted market price at level 1, but is obtainable for the asset or liability concerned, either directly (as a price) or indirectly (derived from a price).

Level 3: input for the asset or liability not based on data available in a market (non-precise input).

x € 1,000

Note	Level		31 December 2013 Carrying amount	31 December 2013 Fair value	31 December 2012 Carrying amount	31 December 2012 Fair value
		Loans and receivables				
6.11	2	PPP receivables	14.410	13.431	14.676	12.538
6.14	2	Other assets	42.131	47.193	52.102	59.280
6.18	*	Trade and other receivable (excluding derivatives)	370.547	370.547	376.482	376.482
6.19	*	Cash and cash equivalents	73.360	73.360	77.708	77.708
6.22	*	Current account overdrafts with credit institutions	-22.999	-22.999	-33.210	-33.210
6.22	2	Cumulative financing preference shares	-66.100	-70.810	-66.100	-72.059
6.22	2	Syndicated bank financing	-	-	-	-
6.22	2	Project financing	-105.028	-105.411	-106.954	-110.700
6.22	2	Other non-current liabilities	-17.355	-19.490	-22.157	-26.507
6.25	2	Trade and other payables (excluding derivatives)	-570.993	-570.993	-527.741	-527.741
		Financial liabilities measured at fair value				
6.26	2	Derivatives	383	383	439	439
6.26	3	Derivatives	251	251	-2.726	-2.726
		Other financial liabilities				
6.22	2	Financial lease commitments	-3.326	-3.707	-3.548	-3.888
			-284.719	**-288.245**	**-241.029**	**-250.384**

* The carrying amount is a reasonable approximation of the current value

The above values are based on the present value of future cash flows. The loans with a fixed interest rate and the PPP receivables are discounted using the yield curve for 31 December 2013, plus the relevant risk premium.

All loans with a variable interest rate are assumed to have a fair value equal to the carrying amount.

To hedge interest-rate and inflation risks, the Group concluded a number of derivative contracts. These are recognised at fair value. The level 2 derivatives are interest-rate derivatives. Their valuation is based on the present value of the future cash flows, using the market curve as at 31 December 2013, without risk premium. In addition, a check is performed on the calculated value of the interest-rate derivatives using valuations made by banks. The level 3 derivative is an inflation derivative. Its value is based on the present value of the future cash flows, using the market curve as at 31 December 2013, without risk premium, but including an adjustment for the illiquidity of the instrument. As this adjustment is not based on available market data, the derivative is assigned to level 3. The movement in value of this derivative is as show below.

x € 1,000

Fair value

	Inflation derivative
Balance at 1 January 2013	-2.726
Net change in fair value recognised in other comprehensive income	2.367
Net changes in the fair values of the cash flow hedges transferred from other comprehensive income to profit or loss.	610
Balance at 31 December 2013	**251**

The carrying amounts for cash and cash equivalents, trade and other receivables and payables are approximately equal to the fair value of these instruments because of their short-term nature.

Capital management
Policy is designed to achieve a sound capital position with sufficient availability of credit to be able to ensure continuity for stakeholders. A sound capital structure is based on a leverage ratio (net interest-bearing debt after deduction of cumulative preference finance shares and non-recourse finance divided by EBITDA) of up to 3.0 and an interest cover ratio of at least 3.0 (see also note 6.22 for a description of the financial ratios in the covenants agreed with the banks).

Framework settlement or comparable agreements
The Group enters into derivative transactions based on framework settlement agreements of the International Swaps and Derivatives Association (ISDA). In general, the amounts that each of the parties holds on a particular day for all transactions outstanding in the same currency in accordance with the terms of such an agreement are combined into one net amount that one of the parties has to pay to the other. In certain circumstances – for example if a credit event such as bankruptcy occurs – all outstanding transactions relating to the agreement are terminated and the final value determined, leaving one net amount that has to be paid to settle all transactions.
The ISDA agreements do not meet the criteria for set off in the balance sheet, because the Group does not have a current right enforceable in law to set off the recognised amounts. The right to set off is clearly only enforceable in the case of a future event such as defaulting on a bank loan or another credit event.
The table below shows the carrying amounts of the recognised instruments covered by the above-mentioned agreements.

The table below shows the carrying amounts of the recognised instruments covered by the above-mentioned agreements.

		Gross and net amounts of financial instruments on the balance sheet	Related financial instruments that are set of	Net amount
	Financial liabilities measured at fair value			
6.26	Derivatives - level 2	397	-14	383
6.26	Derivatives - level 3	251	0	251
		648	**-14**	**634**

x € 1,000

6.27 Rental and operating lease contracts

	31 December 2013	31 December 2012
Rental contracts		
Instalments due within 1 year	17.206	18.276
Instalments due between 1 and 5 years	48.853	50.460
Instalments due after 5 years	20.389	24.703
Total	**86.448**	**93.439**
Lease contracts		
Instalments due within 1 year	26.188	25.928
Instalments due between 1 and 5 years	44.422	47.438
Instalments due after 5 years	655	1.051
Total	**71.265**	**74.417**

A charge of €29 million for operational leases was recognised in the profit and loss statement for 2013 (2012: €33 million).

The lease commitments primarily relate to future instalments on leases for vehicles and equipment. The rental commitments are for the lease of company buildings.

Around 3,300 lease vehicles (2,300 cars, 900 vans, and 100 trucks) are leased in the Netherlands under an operational lease contract. A new umbrella agreement covering the cars and vans was signed with the main leasing company for a four-year term in 2013. The individual contracts covered by the framework agreement have terms varying from 24 months to 72 months. These contracts can only be dissolved after compensation is paid for the difference between the market value and the carrying amount (only if the market value is lower), and for the portion of the lease payments representing management fee or administrative expenses and interest. For trucks, the maximum term is 120 months.

x € 1,000

6.28 Investment commitments

	31 December 2013	31 December 2012
Contractual commitments for:		
- acquisition of property, plant and equipment	2.044	2.094
- acquisition of land	89.983	85.200
	92.027	**87.294**

Group guarantees in an amount of €21 million (2012: €20 million) have been provided as security for the capital expenditure commitments. Of the investment commitments, €28 million (2012: €42 million) relates to commitments undertaken by joint ventures in which Heijmans participates. The amount presented is Heijmans' share of the commitments undertaken by the joint venture.

6.29 Contingent liabilities

General

Contingent liabilities are potential liabilities resulting from events prior to the balance sheet date. The liabilities are potential because the outflow of economic benefits is dependent on the occurrence of uncertain events in the future.

Contingent liabilities can be divided into bank guarantees, parent Group guarantees and other contingent liabilities.

Bank and Group guarantees	**31 December 2013**	**31 December 2012**
Bank guarantees relating to:		
Execution of projects	280.482	308.946
Tenders	3.493	12.802
Other	36.372	47.625
	320.347	**369.373**
Group guarantees relating to:		
Execution of projects	364.055	489.579
Unconditional liabilities	20.606	19.535
Contingent liabilities	13.861	13.706
Credit and bank guarantee facilities	131.232	95.227
	529.754	**618.047**
Total	**850.101**	**987.420**

x € 1,000

The Group guarantees associated with credit and bank guarantees facilities have been provided in connection with project financing and bank guarantees and credit facilities for foreign subsidiaries and joint ventures. Heijmans has guaranteed its share of the debt of various joint ventures for a total amount of €24 million (2012: €30 million).

The Group and bank guarantees issued for divested operations (Leadbitter, Heitkamp) are not included in the above table (bank guarantees of €4 million and Group guarantees of €92 million). With regard to works completed and in progress, the guarantees where possible will be taken over by the buyer. Where this is not possible, the buyer has provided a bank or Group guarantee.

Other contingent liabilities
At year-end 2013, the other contingent liabilities with significant cash impact amounted to €47 million (2012: €55 million), and those with limited cash impact to €164 million (2012: €169 million), making a total of €211 million (2012: €224 million). €60 million (2012: €62 million) of this is recognised under joint ventures. This relates mainly to commitments to acquire land when the building permit is obtained and/or a sales percentage is achieved. No Group guarantees were issued in this respect in 2013 (2012: none).

6.30 Related parties

Related parties for Heijmans can be divided into subsidiaries, associates, joint ventures, a company pension fund, the members of the Supervisory Board and the members of the Executive Board. Transactions with related parties are conducted at arm's length, on terms comparable to those for transactions with third parties.

Transactions with subsidiaries, associates and joint ventures
Heijmans undertakes a number of operating activities together with related parties, including through joint ventures. Significant transactions in this context are the contribution of land positions in joint ventures and/or the financing thereof. In addition, large and complex projects are carried out in cooperation with other companies.

There are no transactions with the organisation's management, with the exception of the remuneration explained below. For information on relationships with associates, see note 6.13.

The Group's share in the revenues and balance sheets of the joint ventures is indicated below by segment.

2013 Business segment in € millions	Netherlands Property development	 Residential building	 Non-residential	 Roads & Civil	Other countries Belgium	 Germany	Other	Elimina-tions	Total
Revenue	38,0	13,8	49,4	91,0	14,0	25,0	5,0	-2,9	233,3
Costs	-42,0	-12,7	-43,3	-85,6	-13,5	-23,1	-5,0	2,9	-222,3
Non-current assets	30,5	0,0	0,0	1,0	5,1	1,6	9,3	0,0	47,5
Current assets	202,7	2,8	6,6	10,2	6,4	21,1	1,3	-2,1	249,0
Total assets	**233,2**	**2,8**	**6,6**	**11,2**	**11,5**	**22,7**	**10,6**	**-2,1**	**296,5**
Non-current liabilities	98,8	0,0	0,0	0,0	3,2	0,6	7,9	0,0	110,5
Current liabilities	43,4	2,5	0,5	22,1	6,3	10,5	1,4	-2,1	84,6
Total liabilities	**142,2**	**2,5**	**0,5**	**22,1**	**9,5**	**11,1**	**9,3**	**-2,1**	**195,1**
Equity	**91,0**	**0,3**	**6,1**	**-10,9**	**2,0**	**11,6**	**1,3**	**0,0**	**101,4**

2012 Business segment in € millions	Netherlands Property development	 Residential building	 Non-residential	 Roads & Civil	Other countries Belgium	 Germany	Other	Elimina-tions	Total
Revenue	32,3	12,6	66,5	65,3	13,8	43,4	-	-6,1	227,8
Costs	-34,6	-12,2	-58,4	-60,9	-13,6	-40,3	-	6,1	-213,9
Non-current assets	34,4	0,0	0,0	0,9	5,2	1,5	-	0,0	42,0
Current assets	198,3	2,9	8,0	11,3	6,1	28,1	-	-1,0	253,7
Total assets	**232,7**	**2,9**	**8,0**	**12,2**	**11,3**	**29,6**	**-**	**-1,0**	**295,7**
Non-current liabilities	87,2	0,0	0,0	0,0	3,4	0,4	-	0,0	91,0
Current liabilities	54,6	4,1	0,0	28,5	6,4	16,6	-	-1,0	109,2
Total liabilities	**141,8**	**4,1**	**0,0**	**28,5**	**9,8**	**17,0**	**-**	**-1,0**	**200,2**
Equity	**90,9**	**-1,2**	**8,0**	**-16,3**	**1,5**	**12,6**	**-**	**0,0**	**95,5**

Company pension fund

Heijmans is affiliated with Stichting Pensioenfonds Heijmans N.V. The principal function of this company pension fund is to operate the pension plans for Heijmans' current and former employees and retired personnel.

In 2013, approximately €2 million (2012: €6 million) in pension contributions was paid by Heijmans to the above-mentioned company pension fund. Heijmans also made an additional contribution of €3 million (2012: €5 million) into the pension fund in 2013 because of a funding deficit.

x € 1,000

Remuneration Management

Remuneration of Supervisory Directors

None of the Supervisory Directors hold depositary receipts for shares in Heijmans N.V., nor have they been granted any options or depositary receipts for shares. All Supervisory Directors receive a fixed annual fee that is not dependent on the results in any year. They also receive a fixed or variable expense allowance. None of the Supervisory Directors has any other business links to Heijmans from which they could derive personal benefit.

The total payments granted to Supervisory Directors in 2013 and 2012 is shown below.

In €	2013	2012
A.A. Olijslager – Chairman*	54.908	56.100
Drs. P.G. Boumeester**	37.723	37.723
Ing. R. van Gelder***	37.723	37.723
Drs. S. van Keulen****	42.723	42.723
R. Icke*****	37.723	37.723

* Supervisory Director since 18 April 2007 and Chairman since 1 July 2008
** Supervisory Director since 28 April 2010
*** Supervisory Director since 1 July 2010
**** Supervisory Director since 18 April 2007
***** Supervisory Director since 9 April 2008

Remuneration of Members of the Executive Board and the Executive Committee

A breakdown of the gross fixed remuneration, the variable remuneration and the pension contribution per member of the Executive Board is shown below:

In €	Gross fixed remuneration		Long-term variable remuneration		Short-term variable remuneration		Pension contributions	
	2013	2012	2013	2012	2013	2012	2013	2012
L.J.T. van der Els*	493.764	463.607	43.460	83.286	74.065	-	102.160	96.755
M.C. van den Biggelaar**	395.661	389.814	38.788	77.093	59.349	-	80.940	83.133
A.G.J. Hillen***	395.661	273.798	35.986	70.522	59.349	-	128.212	80.416
G.A. Witzel****	-	364.850	-	-	-	-	-	138.800
Total	**1.285.086**	**1.492.069**	**118.234**	**230.901**	**192.763**	**-**	**311.312**	**399.104**

* Chairman of the Executive Board since 18 April 2012 and member of the Executive Board since 28 April 2010
*** Member of the Executive Board since 1 September 2009
*** Member of the Executive Board since 18 April 2012
* Chairman of the Executive Board from 28 April 2010 to 18 April 2012, and a member from 1 October 2008 to 1 October 2012

x € 1,000

The remuneration of the Members of the Executive Board and of the Executive Committee is as follows:

In €	2013	2012
Gross fixed remuneration	1.852.753	2.119.060
Gross short-term variable remuneration	331.238	130.983
Bonus Investment Share Matching Plan;	49.371	69.852
Pension contributions	410.978	514.721
Crisis levy	254.839	289.160
Reimbursement of expenses	27.240	31.326
Total remuneration of Members of the Executive Board and the Executive Committee	**2.926.419**	**3.155.102**

In 2013, €2,046,428 (2012: €2,191,654) was recognised in the statement of profit and loss in respect of:
- gross fixed remuneration paid;
- gross short-term variable remuneration;
- Bonus Investment Share Matching Plan;
- pension commitment;
- expenses reimbursed; and
- crisis levy

for the Members of the Executive Board.

The short-term variable remuneration to be granted for 2013 has been set at €331.238 of which € 192.763 is included for the members of the Executive Board. The long-term variable remuneration granted in 2013 concerns the period 2011-2013 and amounts to 10% of the basic salary. It has been granted because of the stronger strategic position achieved by Heijmans over the past three years. For further details, see the section on remuneration in the Annual Report.

In addition to the long-term remuneration granted for the period 2011-2013 €0.6 million has been reserved for the variable remuneration that might be granted for the periods 2012-2014 and 2013-2015 to the current members of the Executive Board (2012: €0.6 million for the periods 2011-2013 and 2012-2014). An amount of €241,856 is reserved for Mr L.J.T. van der Els (2012: €222.136), €196.856 for Mr M.C. van den Biggelaar (2012: €194.264), and €194.697 for Mr A.G.J. Hillen (2012: €182.762). The amount reserved for Mr A.G.J. Hillen includes his time as a member of the Executive Committee. A reservation of €0.2 million has been formed for the variable remuneration that might be granted to members of the Executive Committee for the periods 2012-2014 and 2013-2015 (2012: €0.1 million for the period 2012-2014).

The charge in 2013 for the long-term variable remuneration for members of the Executive Board was €0.2 million (2012: €0.1 million), and for members of the Executive Committee, the charge was €0.1 million (2012: €0.1 million).

In order to bind directors to the Company for the longer term and to encourage a focus on long-term value creation, with effect from 2010 a Bonus Investment Share Matching Plan has been introduced whereby directors can decide on a voluntary basis to use part of their variable short-term remuneration to purchase Heijmans shares.

x € 1,000

In April 2011, the members of the Executive Committee purchased Heijmans shares in an amount of half the net short-term variable remuneration allocated for 2010. For each share purchased - in total 10,182 shares - one share is conditionally allocated under the Share Matching Plan. The allocation becomes unconditional after three years, after which a mandatory lock-up period of two years comes into effect. The total expense relating to the allocation of shares is determined at the time of allocation and is recognised on a time-proportionate basis in the statement of profit and loss during the period that the allocated shares become unconditional. The statement of profit and loss for 2013 includes an amount of of €69,852 (2012: €69,852) relating to the allocated shares. In 2013, the members of the Executive Committee did not receive a short-term variable remuneration for 2012 and no shares were allocated under the Share Matching Plan.

In respect of 2013, Mr Van der Els has stated that he will purchase Heijmans shares with 50% of the net short-term bonus granted to him, and Mr Van den Biggelaar and Mr Hillen have stated the same with respect to 20% of the net short-term bonus. The granting of the conditional shares will be carried out when the members have allocated part of their short-term variable remuneration to purchase these shares. The value of the conditional shares that are granted in 2014 will be charged to the years 2014 up to and including 2016.

In his term as Chairman of the Executive Board, Mr Van Gelder was granted a block of 210,000 options with an exercise price of €20.07 per option. The final date on which the options can be exercised is 1 October 2015.

The pension plans for Mr Van den Biggelaar and Mr Witzel concern a defined contribution for retirement pension payable from the age of 65, a partner pension, and an orphans' pension. Pension is accrued annually over the gross fixed salary on an average pay basis. Mr Van der Els receives a fixed allowance for pension costs. Mr Hillen's pension is arranged through the industry pension fund and the directly insured average pay plan. He also receives an annual compensation of €31,898, possibly with a indexed CAO salary increase, for termination of the early retirement plan.

The pension charge is calculated in accordance with accounting principle 24

x € 1,000

At year-end 2013, the members of the Executive Board owned a total of 129,643 depositary receipts for Heijmans shares. The ownership of these shares is partly due to the Share Matching Plan as described above and partly the result of the purchase of shares by members of the Executive Board. The ownership of depositary receipts for Heijmans shares by the individual members of the Executive Board at year-end 2013 is shown below.

Shares owned on 31 December	2013
L.J.T. van der Els - Chair	111.197
M.C. van den Biggelaar**	9.467
A.G.J. Hillen***	8.979
Total	**129.643**

Remuneration of former Members of the Executive Board

The statement of profit and loss for 2013 includes €758,060 (2012: €169,245) for gross remuneration, benefits and pension rights paid to Mr. Witzel, a former Member of the Executive Board (the mentioned amounts reflect the period that he was not a member of the Executive Board).

x € 1,000

6.31 Management estimates and judgements

The accounting information in the financial statements is partly based on estimates and assumptions. The Group makes these estimates and makes assumptions about future developments based on factors such as experience and expectations about future events that may reasonably be expected to occur given the current state of affairs. These estimates and assumptions are continually reassessed.

Revisions of estimates and assumptions, or differences between estimates and assumptions and actual outcomes, may lead to material adjustments to the carrying amounts of assets and liabilities.
Supplementary to the estimates already described in the accounting principles (section 5) and the explanatory notes (6.1 to 6.30), the key elements of estimation uncertainty are explained below.

Provisions for losses on projects
Provisions for losses on projects are made at the point in time when it is obvious that the project costs will exceed the revenues. Periodic assessments are made of each project by the project manager and the manager of the respective unit. The assessment is mainly based on the information in the project files, the project accounting records and the knowledge and experience of the persons involved. The making of estimations is an inherent part of this process. In this event it may appear that this reality deviates. This is particularly true in the case of long-term projects that include a high degree of customisation.

Claims on projects
Claims submitted to clients are recognised if negotiations with the client have reached an advanced stage such that it is probable that the client will accept the claim for payment and that the amount is likely to be accepted by the client can be reliably determined. For claims and penalties imposed by contractors against Heijmans, for example because of construction overruns, similar considerations apply.

Bonuses on projects
Bonuses are recognised as revenues from projects in progress, in the event that the project is far enough advanced and that it is probable that the performance indicators specified will be met or exceeded, and that the bonus amount can be reliably estimated.

If the bonus can only be received after expiry of a predetermined period after the delivery of the project, then that bonus is only recognised when it is certain that the bonus will be received.

Pensions
The key actuarial assumptions for the calculation of the pension obligations are outlined in note 6.23.

Investment property
For the main principles used to determine the fair value of the real estate investments, see note 6.12. The size of this item at year-end 2013 was approximately €12 million (2012: €11 million).

x € 1,000

Tax assets

A deferred tax asset is only recognised to the extent that it is probable that future taxable profits will be available which can be utilised towards realising the deferred asset. The presumption that taxable income will be available in the future is based on assumptions also used when determining the realisable value of goodwill ("Impairment tests").

Strategic land portfolio

The strategic land portfolio consists of land that is 100% owned by Heijmans and land that is part of joint ventures with partners, including local authorities. Land holdings are measured at cost or the net realisable value if lower. The net realisable value of land that is part of a joint venture is determined taking account of the local circumstances. The net realisable value of the 100%-owned land is determined using certain factors, among them being the available development potential and comparable market transactions. Risks are increasing due to the uncertain outlook for the residential and property market, especially if there is no recovery in the residential market and the public authorities are limited in their available financial resources.

Impairment tests

For the main principles used in the annual determination of the realisable value of goodwill, see note 6.10.

7. Subsidiaries and joint ventures

x € 1,000

Major subsidiaries and joint ventures

The following entities were included in the consolidation in 2013. Entities where the participating interest is 100% are subsidiaries. Other entities are joint ventures. For practical reasons, entities of only minor significance are not included in this list. A complete list of the subsidiaries included in the consolidation is deposited with the Trade Register at the Chamber of Commerce in Eindhoven.

	31 December 2013
Heijmans Nederland B.V., Rosmalen	100%
Heijmans Nederland B.V., Rosmalen	100%
Ontwikkelingsbedrijf Vathorst C.V., Amersfoort	17%
Hoogdalem C.V., Nieuwegein	25%
Terra ontwikkeling C.V., Rosmalen	50%
Borchwerf II C.V., Oud Gastel	50%
V.O.F. Projectontwikkeling GZG-terrein, Rosmalen	50%
V.O.F. Mondriaanlaan, Nijmegen	35%
Heijmans Woningbouw B.V., Rosmalen	100%
Vos & Teeuwissen B.V., Huizen	100%
BC Heijmans-Dura Vermeer V.O.F. , Amersfoort	50%
Heijmans Utiliteit B.V., Rosmalen	100%
Heijmans Utiliteit Metaal B.V., Rosmalen	100%
Meander Combinatie V.O.F., Nieuwegein	66%
Heijmans Infrastructuur B.V., Rosmalen	100%
Heijmans Integrale Projecten B.V., Rosmalen	100%
Heijmans Wegen B.V., Rosmalen	100%
Heijmans Civiel B.V., Rosmalen	100%
Sanders en Geraedts B.V., Koningsbosch	100%
A4 All V.O.F., Rotterdam	45%
Brinck Groep B.V., Zeewolde	100%
Waterdunen V.O.F., Schiedam	40%

x € 1,000

	31 December 2012
Heijmans Facilitair Bedrijf B.V., Rosmalen	100%
Heijmans Materieel Beheer B.V., Rosmalen	100%
Heijmans Capital B.V., Rosmalen	20%
Heijmans International B.V., Rosmalen	100%
Heijmans (B) N.V., Schelle	100%
Heijmans Infra N.V., Schelle	100%
De Coene Construct N.V., Kortrijk	100%
Van den Berg N.V., Schelle	100%
Heijmans Vastgoed N.V., Schelle	100%
Heijmans Bouw N.V., Bilzen	100%
Belasco N.V., Schelle	50%
Heijmans Deutschland B.V., Rosmalen	100%
Heijmans Oevermann GmbH, Münster	100%
Oevermann Verkehrswegebau GmbH, Münster	100%
Oevermann Hochbau GmbH, Münster	100%
Oevermann Ingenieurbau GmbH, Münster	100%
Gesellschaft für Baulogistik GmbH, Münster	100%
Franki Grundbau GmbH & Co. KG., Seevetal	100%

8. Company financial statements

x € 1,000

8.1 General

The company financial statement is part of the 2013 financial statements of Heijmans N.V.
With reference to the separate statement of profit and loss of Heijmans N.V., use has been made of the exemption pursuant to Section 402, Book 2 of the Dutch Civil Code. Please refer to the notes to the consolidated statement of profit or loss and balance sheet for items in the separate statement of profit and loss and balance sheet for which no additional explanations have been provided.

8.2 Accounting principles for measuring assets and liabilities

For determining the accounting principles for measuring the assets and liabilities in its separate financial statements, Heijmans N.V. makes use of the option provided in Section 362 sub 8 of Book 2 of the Dutch Civil Code. This means that the accounting principles applied in the seperate financial statement of Heijmans N.V. are the same as those applied in consolidated EU-IFRS financial statements. Participating interests over which significant control is exercised are recognised using the equity method.

The share in the result of participating interests consists of the share of Heijmans N.V. in the result of these participating interests. Results from transactions where there is a transfer of assets and liabilities between Heijmans N.V. and its participating interests or between participating interests themselves are not recognised insofar as they can be deemed to be unrealised.

The comparative figures for 2012 have been revised because of the change in accounting policy for defined benefit plans (see 5, "Accounting principles").

For details of the remuneration of the members of the Supervisory Board and the Executive Board, see note 6.30 to the consolidated financial statements.

8.3 Company statement of profit and loss 2013

	2013	2012
Result from participating interests	-9.266	-81.392
Other income and expenses after tax	11.123	-6.350
Result after tax	**1.857**	**-87.742**

The employee benefits for the Members of the Supervisory Board, the Executive Board, Executive Committee and the Board's Secretariat are recognised in note 6.30 to the consolidated financial statements.

x € 1,000

8.4 Company balance sheet at 31 December 2013 (before appropriation of profit)

Assets	31 December 2013		31 December 2012	
Non-current assets				
Intangible assets	21.207		21.207	
Financial assets	-39.666		-86.718	
		-18.459		**-65.511**
Current assets				
Receivables	627.795		684.861	
Cash and cash equivalents	319		343	
		628.114		**685.204**
		609.655		**619.693**

Equity and liabilities	31 December 2013		31 December 2012	
Equity				
Issued capital	5.805		5.199	
Share premium reserve	222.183		209.562	
Hedging reserve	750		-207	
Reserve for actuarial results	-23.240		-10.308	
Reserve for Bonus Investment Share Matching Plan	192		122	
Statutory reserve for participating interests	36.415		38.643	
Retained earnings	71.310		159.325	
Result after tax for the current financial year	1.857		-87.742	
		315.272		**314.594**
Non-current liabilities		66.100		66.100
Current liabilities		228.283		238.999
		609.655		**619.693**

x € 1,000

8.5 Notes to the company balance sheet

Intangible assets (goodwill)	2013	2012
Carrying amount		
Balance at 1 January	21.207	38.207
Impairment charge	0	-17.000
Balance at 31 December	**21.207**	**21.207**

Financial assets		2013		2012
Investments in Group companies				
Balance at 1 January	-86.718		-10.681	
Share in result of participating interests after tax	-9.266		-81.392	
Dividend received from participating interests	-24.390		-35.775	
Capital contributions	92.722		47.610	
Movements in cash flow hedges	957		147	
Changes in actuarial results relating to employee-related liabilities	-12.932		-6.565	
Other changes	-39		-62	
Balance at 31 December		**-39.666**		**-86.718**

The "Share in result of participating interests after tax" item includes the gains on the sale of participating interests.
The participating interests in Group companies are direct or indirect interests in Group companies.

x € 1,000

Receivables	31 December 2013	31 December 2012
Group companies	613.678	682.436
Tax and social security contributions	13.780	2.027
Other receivables	337	398
	627.795	684.861

The receivables fall due within one year.

Cash and cash equivalents
Cash balances are at the free disposal of the Company.

Equity

2013	Issued capital	Share premium reserve	Reserve for actuarial results	Hedging reserve	Reserve for Bonus Investment Share Matching Plan	Statutory reserve for participating interests	Retained earnings	Result for the year after tax	Total Equity
Balance at 1 January	5.199	209.562	-10.308	-207	122	38.643	159.325	-87.742	314.594
Share issue	528	12.699	0	0	0	0	0	0	13.227
Reclassification	0	0	0	0	0	-2.228	2.228	0	0
Appropriation of result for 2012	78	-78	0	0	0	0	-90.243	87.742	-2.501
Total comprehensive income	0	0	-12.932	957	70	0	0	1.857	-10.048
Balance at 31 December	**5.805**	**222.183**	**-23.240**	**750**	**192**	**36.415**	**71.310**	**1.857**	**315.272**

2012	Issued capital	Share premium reserve	Reserve for actuarial results	Hedging reserve	Reserve for Bonus Investment Share Matching Plan	Statutory reserve for participating interests	Retained earnings	Result for the year after tax	Total Equity
Adjusted balance at 1 January	5.087	209.674	-3.743	-354	52	37.684	201.494	-37.620	412.274
Reclassification	0	0	0	0	0	959	-959	0	0
Appropriation of result for 2011	112	-112	0	0	0	0	-41.210	37.620	-3.590
Total comprehensive income	0	0	-6.565	147	70	0	0	-87.742	-94.090
Balance at 31 December	**5.199**	**209.562**	**-10.308**	**-207**	**122**	**38.643**	**159.325**	**-87.742**	**314.594**

x € 1,000

Authorised share capital
Composition of the authorised share capital is shown below.

in €	31 December 2013
35.100.000 ordinary shares, each with a nominal value of €0.30	10.530.000
7.000.000 cumulative financing preference shares B, each with a face value of €0.21	1.470.000
8.000.000 protective preference shares, each with a nominal value of €1.50	12.000.000
	24.000.000

As at 31 December 2013, the number of ordinary shares issued was 19,348,711. All the outstanding shares are paid up, which represents a value of €5.804.613 (at €0.30 per share). Depositary receipts are issued for ordinary shares. Holders of depositary receipts have the option to convert these into shares under certain conditions. This option was exercised for 7 depositary receipts. The holders of ordinary shares or their depositary receipts are entitled to dividend and have the right to exercise 30 votes per share at meetings of the Company's shareholders.

Please refer to section 6.22 of the consolidated financial statements for the notes on the rights and obligations related to the cumulative financing preference shares.

Share premium reserve
The share premium reserve consists of the capital paid up in excess of the nominal value.

Reserve for actuarial results
The reserve for actuarial results represents the actuarial results on employee-related liabilities (see note 6.23 to the consolidated financial statements).

Hedging reserve
The hedging reserve represents the effective portion of the cumulative net change in the fair value of the cash flow hedging instruments related to hedged transactions that have not yet occurred.

Reserve for participating interests
The statutory reserve for participating interests represents the difference between the retained earnings and the direct changes in equity as calculated using the parent company's accounting principles, on the one hand, and that portion for which the parent company can determine distribution, on the other hand. The statutory reserve is determined for each participating interest individually.

Reserve for Bonus Investment Share Matching Plan
For information on the Reserve Bonus Investment Share Matching Plan, see note 6.30 to the consolidated financial statements.

x € 1,000

Result appropriation

Payables	31 December 2013	31 December 2012
Non-current liabilities		
Financing preference shares	66.100	66.100
	66.100	**66.100**
Current liabilities		
Group companies	193.731	208.480
Dividend payable on financing preference shares	4.792	4.792
Banks	29.135	25.146
Other liabilities	625	581
	228.283	**238.999**

x € 1,000

8.6 Liabilities not disclosed in the balance sheet

Contingent liabilities	31 December 2013	31 December 2012
Bank guarantees	320.347	369.373
Group guarantees to clients	398.522	522.820
Group guarantees to credit institutions	131.232	95.227
	850.101	**987.420**

For information on the guarantees, see note 6.29 to the consolidated financial statements.

Joint and several liability, and guarantees

With the exception of Heijmans Deutschland B.V. and NMM Company B.V., statements of joint and several liability as referred to under Section 403(1)(f) of Book 2 of the Dutch Civil Code have been filed with the Trade Register of the respective Chambers of Commerce for all the Dutch wholly owned subsidiaries included in the consolidated figures.

Tax group

Together with its Dutch subsidiaries, Heijmans N.V. forms a tax group for the purposes of corporate tax expense and value added tax. In accordance with the standard applicable conditions, each company is jointly and severally liable for the tax liabilities of every company that forms part of the tax group.

Share in result of participating interests

This is the company's share in the results of its participating interests, of which €10.1 million (2012: - €82.2 million) relates to Group companies.

x € 1,000

Auditor's fees

The following fees for KPMG Accountants have been charged to the Group, its subsidiaries and other companies included in the consolidated figures. These are disclosed in accordance with the provisions in Section 382a of Book 2 of the Dutch Civil Code.

	2013		
	KPMG Accountants NV	Other KPMG network firms	Total KPMG
Examination of the financial statements	1.370	481	1.851
Other audit engagements	133	0	133
Tax consultancy services	-	231	231
Other non-audit services	-	-	0
	1.503	712	2.215

	2012		
	KPMG Accountants NV	Other KPMG network firms	Total KPMG
Examination of the financial statements	1.218	532	1.750
Other audit engagements	147	2	149
Tax consultancy services	-	276	276
Other non-audit services	-	-	0
	1.365	810	2.175

Rosmalen, 26 februari 2014

The Members of the Executive Board
L.J.T. van der Els
M.C. van den Biggelaar
A.G.J. Hillen

The Members of the Supervisory Board
A.A. Olijslager
P.G. Boumeester
R. van Gelder
R. Icke
S. van Keulen

Result appropriation

x € 1,000

In accordance with Article 31 of the Articles of Association, profit is distributed as follows:

1. Subject to the approval of the Supervisory Board, the Executive Board transfers as much of the profit to reserves as it deems necessary.
2. Insofar as the profit is not transferred to reserves, it is available to the Annual General Meeting of Shareholders in whole or in part for transfer to the reserves, or in whole or in part for distribution to the holders of ordinary shares in proportion to the number of ordinary shares owned.

Subject to approval by the Supervisory Board, it is proposed to withdraw a net sum of €1.0 million from the reserves. Firstly, this concerns the addition of the net profit for the 2013 financial year in an amount of €1.9 million. Secondly, the Executive Board proposes to pay a dividend for 2013 in an amount of €2.9 million. The dividend amounts to €0.15 per ordinary share to be taken in either cash or stock. The decision to make this dividend proposal expressly takes account of the Company's total capital position.

Dividend policy
Heijmans N.V. maintains a dividend policy whereby, except in special circumstances, the pay-out ratio amounts to 40% of the profit after tax.

Independent auditor's report

To: the General Meeting of Shareholders of Heijmans N.V.

Report on the financial statements
We have audited the accompanying financial statements 2013 of Heijmans N.V., Rosmalen, as set out on pages XX to XX of this annual report. The financial statements include the consolidated financial statements and the company financial statements. The consolidated financial statements comprise the consolidated statement of financial position as at 31 December 2013, the consolidated statement of profit and loss, the statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes, comprising a summary of the significant accounting policies and other explanatory information. The company financial statements comprise the company balance sheet as at 31 December 2013, the company income statement for the year then ended and the notes, comprising a summary of the accounting policies and other explanatory information.

The members of the Executive Board's responsibility
The members of the Executive Board are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Netherlands Civil Code, and for the preparation of the annual report in accordance with Part 9 of Book 2 of the Netherlands Civil Code. Furthermore, The members of the Executive Board are responsible for such internal control as they determine is necessary to enable the preparation of the 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 judgment, 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, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by The members of the Executive Board, 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 with respect to the consolidated financial statements
In our opinion, the consolidated financial statements give a true and fair view of the financial position of Heijmans N.V. as at 31 December 2013 and of its result and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Netherlands Civil Code.

Opinion with respect to the company financial statements

In our opinion, the company financial statements give a true and fair view of the financial position of Heijmans N.V. 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 annual 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 annual 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.

Amstelveen, 26 February 2014
KPMG Accountants N.V.

A.A. van Eimeren RA

Appendices

Heijmans Share Administration Trust

Report is given below in compliance with best-practice provision IV.2.6 in conjunction with IV.2.7 of the Corporate Governance Code.

Method of operation
To emphasise the independence of Stichting Administratiekantoor Heijmans (hereinafter referred to 'the SA Trust'), its Board of Trustees first meets without the members of the Company's Executive Board being present. The members of the Executive Board and the Chairman of the Supervisory Board then attend the meeting.

Number of shares for which depositary receipts are issued
The SA Trust has issued depositary receipts for ordinary shares of Heijmans N.V. with the company's cooperation. The SA Trust is an independent legal entity as defined in Section 5:71 (1)(d) of the Financial Supervision Act.

As at 31 December 2013, the SA Trust had ordinary shares with a nominal value of € 5,804,911.20 in administration, for which 19,348,704 bearer depositary receipts with a nominal value of €0.30 had been issued.

Number of meetings of the Board of Trustees and most important agenda items
The Board of Trustees of SA Trust met on three occasions during the reporting year.

Meeting of 25 March 2013
The following items were discussed at this regular Board meeting:
- The notes to the 2012 Annual Report of Heijmans N.V. and the press release of 28 February 2013;
- The agenda items for the General Meeting of Shareholders of Heijmans N.V. to be held on 17 April 2013;
- The Annual Report of SA Trust for 2012;
- The evaluation of the Meeting of Depositary Receipt Holders on 23 November 2012, including a discussion of some of the questions, proposals and suggestions put by the depositary receipt holders.
- The resolution to hold a Meeting of Depositary Receipt Holders on 15 November 2013.

During the meeting, the board of SA Trust made some remarks and put some questions to the members of the Executive Board and the Chairman of the Supervisory Board on the following issues:
- Why was a dividend to be distributed when the company had made a net loss?;
- Non-Residential and Burgers Ergon have been combined into Heijmans Non-Residential. Burgers Ergon was previously the flagship company with a margin of 5%. This margin is now lower. Does the Executive Board expect this margin to recover over time?
- What is the status of the serious disputes, have they been resolved and have there been new agreements?
- Is Heijmans 'in control' of Non-Residential, and does the Executive Board see a realistic possibility of improvement?;
- The board of SA Trust has expressed the hope that the foreign subsidiaries of Heijmans will be retained;
- The board has requested further explanation of the joint venture concluded with Barclays for PPP projects;
- Is Heijmans 'in control' with respect to IT?;
- Have the employees at Non-Residential been sufficiently qualified in the past, and is Heijmans in a position to attract high quality employees for this business unit?;

This spring, three members of the Executive Board stepped down (and were eligible for reappointment). These are Messrs C.J. de Swart, R.P. Voogd and W.M. van den Goorbergh. All were reappointed at the spring meeting after having obtained the approval of the Executive Board, and the prior approval of the Supervisory Board.
The retirement rota has been adjusted on the request of the Supervisory Board so that one executive director will step down each year. Accordingly, Mr C.J. de Swart was appointed for a term of two years, Mr R.P. Voogd for a term of three years and Mr W.M. van den Goorbergh for a term of four years.

Meeting of 4 September 2013

The following items were discussed at this regular board meeting:

- The notes to the 2013 half-year figures for Heijmans N.V.;
- Preparation for the Meeting of Depositary Receipt Holders on 15 November 2013;
- The composition of the Executive Board and the potential candidates for the vacancy arising in the spring of 2014 as a result of Mr P.J.J.M. Swinkels stepping down and not being eligible for reappointment.

During the meeting, the board of SA Trust made some remarks and put some questions to the members of the Executive Board and the Chairman of the Supervisory Board on the following issues:

- Which major shareholders in Heijmans N.V. participated in the 'sub 10' issue on 21 August 2013?;
- More homes were sold to private buyers than to investors, were these homes originally intended for investors?;
- What is the price of a new home compared to existing homes?;
- Does the situation at Residential Building affect Heijmans' land holdings?;
- What is the status of Technical Services (formerly Burgers Ergon)?;
- Non-Residential has devoted attention to preparation for projects ('block II'), was this previously a lower priority?;
- What is the status of the preparatory work in the other business flows?;
- What is the status of the asset management contract at Schiphol?;
- What is the position of the foreign subsidiaries for this?;
- Is further information available on the joint venture with Barclays?;

Meeting of 15 November 2013

This additional meeting concerned the preparations for the Meeting of Depositary Receipt Holders on 15 November 2013.

Participation of the Board of Trustees of SA Trust in the General Meeting of Shareholders of 17 April 2013

The Board of Trustees of SA Trust was present during the General Meeting of Shareholders on 17 April 2013 and voted in favour of all the resolutions that were put to a vote.

No questions were put to the Company's Executive Board by the Board of SA Trust at this meeting, since all the relevant questions had already been asked by other depositary receipt holders.

The SA Trust granted authorisation to holders of depositary receipts who attended the Annual General Meeting of Shareholders in person or who allowed themselves to be represented by a third party, to vote independently on the number of depositary receipts reported for shares prior to the meeting, with due observance of the Articles of Association and Trust Conditions.

As was the case in 2010, 2011 and 2012, in its convening notice for the General Meeting of Shareholders the board of SA Trust offered holders of depositary receipts who were not able to attend the shareholders meeting in person the opportunity to express their view on certain issues via e-mail or otherwise in writing. SA Trust will thus be able to take these views into consideration when determining how it will cast its vote. Once again there was no response, which was rather disappointing in the board's opinion.

Votes cast at the General Meeting of Shareholders on 17 April 2013
Of the number of depositary receipts (for Heijmans shares) issued by SA Trust as of 17 April 2013 of 17,328,330, 6,903,995 depositary receipts for shares and shares were registered as present at the meeting with voting rights, which is approximately 39.8% (in 2012 approximately 43.71%), including 1,318,084 depositary receipts for shares and shares for which a voting instruction was exercised by ANT.
ANT received powers of attorney and voting instructions through this facility, representing a total of 39,542,520 (previous year 51,700,890) votes, amounting to approximately 7.61% (in 2012 approximately 10.16%) of the maximum possible number of votes to be cast by the depositary receipt holders.

Meeting of Holders of Depositary Receipts for Shares on 15 November 2013
During the Meeting of Holders of Depositary Receipts for Shares on 15 November 2013, the Board of Trustees of SA Trust gave an explanation of its policy, partly based on principle IV.2 and the corresponding best-practice provisions of the Dutch Corporate Governance Code.

The 7 holders of depositary receipts or proxies present represented 983,508 shares/depositary receipts. As at 15 November 2013, SA Trust had issued a total of 19,348,704 shares or depositary receipts for shares. This means that approximately 5.08% of the shares and depositary receipts for shares issued by SA Trust were represented at this meeting (in 2012, approximately 1.43%).

Activities
The activities related to the administration of the shares or depositary receipts for shares are carried out by the administrator for SA Trust, SGG Netherlands N.V. of Amsterdam.

Board of Trustees and remuneration
The Board of Trustees of SA Trust consists of Mr C.J. de Swart (Chairman), Mr W.M. van den Goorbergh, Mr P.J.J.M. Swinkels and Mr R.P. Voogd.

Mr P.J.J.M. Swinkels stepped down on 26 March 2014 and is not eligible for reappointment. The Board has held discussions with a candidate for the vacancy thus arising who in the opinion of the Board fits the profile of the trustee stepping down. The Board proposes to appoint Mr J.J.G.M. Sanders at the spring meeting on 26 March 2014 as a trustee for a term of four years. Mr Sanders has indicated that he will accept this appointment.

C.J. de Swart is a supervisory director of DSW Zorgverzekeraar and a supervisory director of Stad Holland Zorgverzekering. Mr De Swart was formerly Chairman of the Executive Board of ASR/Stad Rotterdam and a member of the Executive Committee of Fortis.

W.M. van den Goorbergh is chairman of the supervisory boards of NIBC Bank, DELA and de Welten Groep, a supervisory director of de Bank Nederlandse Gemeenten and Mediq, and a member of the board of supervision of Radboud Universiteit Nijmegen / UMC St. Radboud.
Until 2002, Mr Van den Goorbergh was deputy chairman and CFO of the executive board of Rabobank Nederland.

P.J.J.M. Swinkels is chairman of the supervisory boards of Eindhoven Airport and PSV, member of the supervisory boards of De Meeuw, Koninklijke Prins & Dingemanse and the Faber Halbertsma Group, chairman of the Stichting Nederland Schoon, member of the Executive Committee of the VNO-NCW, chairman of the Brabants Zeeuwse Werkgeversvereniging (BZW) and board member of the Van Lanschot Stichting Continuiteit.
Mr Swinkels previously served as Chairman of the Board of Bavaria. As indicated above, Mr Swinkels stepped down as a trustee of SA Trust as of 26 March 2013 and was not eligible for reappointment.

R.P. Voogd is a lawyer and consultant with NautaDutilh. His area of specialisation is corporate law with a particular focus on listed companies. His other positions include Chairman of the Supervisory Board of Bonevem B.V., Chairman of the Supervisory Board of Fetim B.V., supervisory director of Koninklijke Verkade N.V., Chairman of the Board of Stichting Preferente Aandelen Wolters Kluwer, Chairman of the Board of Stichting Continuïteit SBM Offshore, member of the Board of Stichting Preferente Aandelen Nedap, member of the Board of Luchtmans (Koninklijke Brill N.V.) and Chairman of the Supervisory Board of a family office.
Mr Voogd previously was a civil-law notary with NautaDutilh in Rotterdam.

The remuneration of the Board of Trustees in 2013 amounted to €12,000 for the Chairman and €10,000 for each other member.

Executive Board
Mr C.J. de Swart (Chairman)
Dr W.M. van den Goorbergh
Mr P.J.J.M. Swinkels
Mr R.P. Voogd

Contact data
Heijmans Share Administration Trust
Heijmans N.V.
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5248 JT Rosmalen
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Heijmans Preference Share Trust

The Heijmans Preference Share Trust (hereinafter 'the Trust') is an independent legal entity as defined in Section 5:71 (1)(c) of the Financial Supervision Act.

As stated in its articles of association of 3 August 2013, the purpose of the Trust is:

- To promote the interests of Heijmans N.V. (the Company) and of the business that is maintained by the company and the companies affiliated with the company in a group, in such a way that the interests of the company and of that business and of all those involved are optimally safeguarded, and that influences that could compromise the independence and/or continuity and/or the identity of the company, and those businesses contrary to those interests, are defended against to the greatest extent possible, as well as to take any action connected with or possibly conducive to the above;
- The Trust endeavours to attain its goal by, among other things, acquiring and managing shares, in particular preference shares, in the capital of the Company and by exercising - in court proceedings or elsewhere - the rights granted to it pursuant to the law, articles of association or agreement; and
- The Trust may dispose of the shares it has acquired or may pledge them, provided that the voting right affiliated with the relevant shares does not transfer to the pledgee, or may otherwise encumber these shares, on the understanding that the Company's approval is necessary in order to dispose of shares.

The Trust has the right (call option) to acquire preference shares in the capital of Heijmans N.V. up to a maximum of almost 100% of the nominal value of the capital issued in ordinary shares and financing B preference shares.

Furthermore, the Trust entered into a put option contract with Heijmans N.V. stipulating that the Trust will acquire preference shares as soon as Heijmans N.V. issues them. Here too, a maximum of almost 100% of the nominal value of the issued capital in ordinary shares and financing B preference shares applies. This put option increases the effectiveness of issuing preference shares as a temporary anti-takeover measure.

The Trust was given the right of investigation in 2008.

Messrs M.W. den Boogert and H.H. Meijer were reappointed as trustees of SA Trust at the board meeting of 4 April 2013. In order to adjust the retirement rota so that one trustee will step down each year, Mr Meijer was appointed for a term of one year (and subsequently will be eligible for reappointment for four years) and Mr Den Boogert was appointed for a term of four years.

The composition of the Board of Trustees is:

Abbreviations

x €1,000

AEX	Amsterdam Exchange index
AFM	The Netherlands Authority for the Financial Markets
AMX	Amsterdam Midkap Index
GMS	General Meeting of Shareholders
CAO	Collective labour agreement
CEO	Chief Executive Officer
CFO	Chief Financial Officer
COR	Centrale Ondernemingsraad, or Central Works Council
DBFMO	Design, build, finance, maintain, operate
EBIT	Earnings Before Interest and Tax
EBITDA	Earnings before interest, tax, depreciation, and amortisation
ECC	Engineered Cementisious Composites
MEAT	Most Economically Advantageous Tender
EOR	Europese Ondernemingsraad, European Works Council
ERP	Enterprise Resource Planning
GO	Geen Ongevallen, No Accidents
HAPP	Heijmans All-Round Professional Programme
HIP	Heijmans Integrated Projects
HLHM	Heijmans Leergang Hoger Management, Higher Management Training Course
HMP	Heijmans Management Programme
HR	Human Resources
HRM	Human Resources Management
HUMS	Heijmans Utiliteit (Non-Residential) Management System
ICT	Information and Communication Technology
ID	Average incident duration/absence
IF	Incident frequency
IFRS	International Financial Reporting Standards
IP	Absenteeism due to accidents
IRWES	Integrated Roof Wind Energy System
ISO	International Organisation for Standardisation
IT	Information Technology
MT	Management Team
CSR	Corporate Social Responsibility
NL-GAAP	Generally Accepted Accounting Principles in the Netherlands
NOx	Nitrous oxides
NYSE	New York Stock Exchange
PAGO	Periodiek Arbeids Gezondheidskundig Onderzoek, Regular Work-Related Health Examination
PPP	Public-Private Partnerships
PPS	Publiek-Private Samenwerking, or Public-Private Partnership
PR	Public Relations
RvB	Raad van Bestuur, Executive Board
RvC	Raad van Commissarissen, Supervisory Board
SAP	Systems, Applications and Products in Data processing
SBIB	Stichting Beoordeling Integriteit Bouwnijverheid, the Foundation for Assessment of Integrity in the Construction Industry
SROI	Social Return On Investment
Stichting AK	Stichting Administratiekantoor Heijmans, or SA Trust
TiO2	Titanium dioxide
UHPFRC	Ultra High Performance Fibre Reinforced Concrete
UTA	Uitvoerend technisch administratief, Executive Technical Administrative
VCA	Veiligheid, Gezondheid en Milieu (VGM) Checklist Aannemers, Safety, Health and Environmental Checklist for Contractors
Wft	Wet op het financieel toezicht, the Dutch Financial Supervision Act
WKA	Wet Keten Aansprakelijkheid, the Wages and Salaries Tax and National Insurance Contributions (Liability of Subcontractors) Act
Wmz	Wet melding zeggenschap, the Disclosure of Major Holdings and Capital Interests in Securities-Issuing Institutions Act
ZOAB	Zeer Open Asfaltbeton, Very Open Asphalt Concrete

heijmans

Colophon

Heijmans produces three annual reports: a financial report, a sustainability report and an innovation report. These three reports form one whole.

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