Financial Statements 2018

This financial statement is part of Heijmans' annual report 2018.
The complete English version of the annual report will be published a number of weeks after the publication of the Dutch annual report.

In case of differences between the Dutch and the English annual report (financial statements), the first shall prevail.

Please note that in the tables the European currency notation has been used.

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heijmans

Financial statements 2018

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1. Consolidated statement of profit or loss

x € 1.000

		2018	2017		
		Continued operations	Continued operations	Discontinued operations	Total
6.3	Revenue	1.579.132	1.402.215	85.059	1.487.274
	Cost of sales	-1.434.707	-1.265.336	-78.200	-1.343.536
Gross profit		**144.425**	**136.879**	**6.859**	**143.738**
6.4	Other operating income	1.167	2.506	31.035	33.541
	Selling expenses	-34.099	-30.575	-1.517	-32.092
6.5	Administrative expenses	-87.331	-92.568	-5.375	-97.943
6.6	Other operating expenses	-1.555	-1.912	-8	-1.920
Operating result		**22.607**	**14.330**	**30.994**	**45.324**
6.7	Finance income	1.659	1.702	534	2.236
6.7	Finance expense	-9.504	-10.803	-165	-10.968
6.12	Results of joint ventures and associates	5.802	-14.669	-1	-14.670
Result before tax		**20.564**	**-9.440**	**31.362**	**21.922**
6.8	Income tax	-75	0	-2.380	-2.380
Result after tax		**20.489**	**-9.440**	**28.982**	**19.542**
The entire result after tax is attributable to the shareholders.					
Earnings per share (in €)					
6.20	Earnings per ordinary share after tax	0,96	-0,44	1,35	0,91
6.20	Earnings per ordinary share after tax and dilution effects	0,96	-0,44	1,35	0,91
	Dividend distributed per ordinary share in the financial year	0,00	0,00	0,00	0,00

2a. Consolidated statement of comprehensive income

x € 1.000

	2018	2017
1. Result after tax	**20.489**	**19.542**
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 for joint ventures and associates	-374	353
Other comprehensive income that is never reclassified to the statement of profit or loss:		
Changes in actuarial results on defined benefit plans	-37.134	508
Tax effect on changes in actuarial results on defined benefit plans	5.530	-127
Other comprehensive income (after tax)	**-31.978**	**734**
Comprehensive income	**-11.489**	**20.276**

The entire comprehensive income is fully attributable to the shareholders.

2b. Consolidated statement of changes in equity

x € 1.000

	2018	2017
Balance at 31 December in the previous year	162.177	141.898
IFRS 15 adjustment	-1.602	-
Balance at 1 January	**160.575**	**141.898**
Result after tax	20.489	19.542
Other comprehensive income	-31.978	734
Total realised and unrealised results for the reporting period:	**-11.489**	**20.276**
Transactions with owners of the group:		
Bonus Investment Share Matching Plan	11	3
Balance at 31 December	**149.097**	**162.177**

See 8. Company financial statements for the breakdown of equity into the separate reserves.

3. Consolidated statement of financial position

x € 1.000

ASSETS		31 december 2018	31 december 2017
Non-current assets			
6.10	Property, plant and equipment	43.962	46.575
6.11	Intangible assets	78.662	79.707
6.12	Joint ventures and associates	71.997	66.357
6.13	Loans granted	22.636	29.631
6.22	Employee-related receivable[1]	0	30.122
6.14	Deferred tax assets	35.882	29.817
		253.139	**282.209**
Current assets			
6.15	Strategic land portfolio	127.351	150.043
6.15	Other inventories[2]	79.584	37.150
6.16	Work in progress	51.415	61.264
6.9	Income tax assets	0	38
6.17	Trade and other receivables	175.685	165.662
6.18	Cash and cash equivalents	88.932	74.437
		522.967	**488.594**
Total assets		**776.106**	**770.803**

x € 1.000

EQUITY AND LIABILITIES		31 december 2018		31 december 2017	
Equity					
2b	Issued capital	6.423		6.423	
2b	Share premium reserve	242.680		242.680	
2b	Reserves	-60.751		-27.182	
2b	Retained earnings from prior financial years	-59.744		-79.286	
1	Result for the year after tax	20.489		19.542	
			149.097		**162.177**
Non-current liabilities					
6.21	Interest-bearing loans and other financing liabilities[3]	52.413		54.537	
6.22	Employee benefits	15.451		15.298	
6.23	Provisions[4]	20.596		1.949	
6.14	Deferred tax liabilities	549		607	
			89.009		**72.391**
Current liabilities					
6.21	Interest-bearing loans and other current financing liabilities	5.866		6.229	
6.24	Trade and other payables	368.436		377.400	
6.16	Work in progress	142.389		128.965	
6.9	Income tax liabilities	149		109	
6.22	Employee benefits	1.611		1.995	
6.23	Provisions	19.549		21.537	
			538.000		**536.235**
Total equity and liabilities			**776.106**		**770.803**

[1] Through reinsurance of the Heijmans' pensionfund in 2018, the employee related receivable has been reduced to naught. See also note 6.22.

[2] The other inventory has increased compared to 2017 since projects related to residential property under construction with a credit balance are no longer included. As a result of IFRS15 this has been included in work in progress credit. For further disclosures on the application of IFRS 15, see Section 5 Accounting Principles, para 3.1.2.

[3] The interest-bearing loans include cumulative preference shares B amounting to €45.1 million (2017: €45.1 million).

[4] The provisions have increased compared to 2017 chiefly due to the reclassification of provisions for losses which were included under work in progress before the introduction of IFRS15. For further disclosures on the application of IFRS 15, see Section 5 Accounting Principles, para 3.1.2.

4. Consolidated statement of cash flows - indirect method

x € 1.000

		2018	2017*
Operating result		**22.607**	**45.324**
Adjustments for:			
6.2	Gain on sale of subsidiaries	0	-31.035
6.4	Gain on sale of non-current assets and property investments	-243	-725
6.10	Depreciation of property, plant and equipment	10.078	11.759
6.11	Amortisation of intangible assets	1.555	1.920
6.15	Adjustment of valuation of property investments and land portfolios, excluding joint ventures	6.400	5.200
	Change in working capital and long-term provisions	-8.375	-158
	Operating result after adjustments	32.022	32.285
	Interest paid	-7.132	-10.527
	Interest received	1.659	1.894
	Income tax paid	0	-2.439
Cash flow from operating activities		**26.549**	**21.213**
6.10	Investments in property, plant, and equipment	-8.206	-4.203
6.11	Investments in intangible assets	-510	
	Sale of property, plant and equipment	984	1.766
6.2	Proceeds from sale of entities disposed of	0	96.893
	Capital contributions to joint ventures and associates	-12.466	-5.406
	Dividends received from joint ventures and associates	3.636	4.410
	Loans granted to joint ventures and associates, less loans repaid by them	6.995	-2.226
Cash flow from investing activities		**-9.567**	**91.234**
6.21	Interest-bearing loans drawn down	4.243	0
6.21	Interest-bearing loans repaid	-6.730	-116.269
Cash flow from financing activities		**-2.487**	**-116.269**
Net cash flow in the period		**14.495**	**-3.822**
6.18	Cash and cash equivalents at 1 January	74.437	30.249
	Adjustment of cash and cash equivalents relating to assets held for sale	0	48.010
6.18	**Cash and cash equivalents at 31 December**	**88.932**	**74.437**

*2017: Including discontinued operations, see note 6.2 'Discontinued operations'.

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 2018 financial year include the Company and its subsidiaries (collectively referred to as the 'Group') and the Group's investments in associates and interests in jointly controlled entities.

The Executive Board prepared the financial statements on 21 February 2019. These will be submitted for approval to the General Meeting of Shareholders on 10 April 2019.

(1) Statement of Compliance

The consolidated financial statements for 2018 were prepared in accordance with the International Financial Reporting Standards as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code.

(2) Basis of preparation

The financial statements are presented in thousands of euros. The financial statements are based on historical costs, unless otherwise stated.

The preparation of the annual financial statements in accordance with EU-IFRS requires management to make judgements, estimates and assumptions that affect the reported amounts of assets and liabilities and 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 carrying amounts of assets and liabilities that cannot easily be derived from other sources. Actual results could differ from these estimates. See also note 6.30, Management estimates and judgements.

The estimates and underlying assumptions are continually reassessed. 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 policies described below have been consistently applied to all periods presented in these consolidated financial statements and to all entities in the Group, apart from the changes explained in (3).

(3) Implications of new standards

The Group has adopted the following new standards, including the resultant amendments to other standards, with 1 January 2018 as date of initial application:

- IFRS 9 Financial Instruments (see 3.1.1)
- IFRS 15 Revenue from Contracts with Customers (see 3.1.2)

The amendments to IFRS 2, IAS 40 and IFRIC 22 adopted by the EU and applicable to accounting periods commencing on or after 1 January 2018 do not have any material effect on the consolidated financial statements.

In the case of new standards that have not yet come into force, the Group is examining the effects, particularly with respect to IFRS 16 Leases (see 3.2).

(3.1) Implications of new standards effective 1 January 2018

(3.1.1) IFRS 9 Financial Instruments

IFRS 9, governing financial instruments, is applicable to accounting periods commencing on or after 1 January 2018. IFRS 9 generally requires that the amount of the credit loss provision established on initial recognition of financial instruments is measured on the basis of the expected credit losses over the coming 12 months. Subsequently, as long as there is no significant deterioration in the credit risk, the credit loss provision continues to be measured at the amount of the 12-month expected credit losses. If, however, a significant increase in the credit risk occurs, on either an individual or a collective basis, the amount of the expected credit loss provision is measured as the expected credit losses over the entire term to maturity of the instrument. In the case of trade receivables and work in progress assets, it is permissible to adopt a simplified approach involving consistent recognition of a loss allowance at an amount equal to lifetime expected credit losses. The application of this new standard does not have any material effect on the Group's financial results, largely because of the minimal credit

risks to which the Group is exposed. The low level of risk Is due to such things as the type of client, such as public authorities and semipublic bodies in the case of Infrastructure work and non-residential construction, the use of instalment schedules on residential projects so that construction is funded in advance and the right of retention that the Group can invoke, should a client default.

The method of measurement and presentation under IFRS 9 depends on the nature of the contractual cash flows associated with financial instruments and the business model under which the instruments are held. The Group's financial assets are held in connection with the receipt of contractual cash flows and only give rise to repayments of principal and interest payments on the outstanding amount. The financial assets concerned are measured under IFRS 9 at amortised cost, which is exactly the same as under the previously applicable requirements.

The Group itself has not contracted any hedges. The Group does, however, have interests in joint contracts that involve hedging transactions. These hedges have not been included in the consolidated statement of financial position because the joint contracts in question relate to joint ventures. IFRS 9 does not result in any changes with respect to hedge accounting compared with the previous requirements as far as the various joint ventures are concerned.

(3.1.2) IFRS 15 Revenue from Contracts with Customers

IFRS 15, governing revenue from contracts with customers, is applicable to accounting periods commencing on or after 1 January 2018. IFRS 15 replaces the standards IAS 11 Construction Contracts and IAS 18 Revenue, along with various interpretations. IFRS 15 introduces a 5-step model for revenue recognition. The steps are: 1. identifying customer contracts, 2. identifying the performance obligations in a contract, 3. determining the transaction price, 4. allocating the transaction price to performance obligations and 5. recognising revenue when performance obligations have been satisfied. On initial application, IFRS 15 is to be applied either fully retroactively (including restatement of comparative figures) or to a limited extent with the cumulative effect recognised in the opening balance of equity in 2018. The Group has decided on the latter option, owing to the limited effects on the financial results and because this method of initial application is considerably more efficient (less labour-intensive) than a fully retrospective application. The effects of IFRS 15 will be disregarded for the purposes of calculating the ratios agreed with the banks.

x €1 million	31 december 2018					
ASSETS	**Before IFRS 15**	**Effect of IFRS 15**	**After IFRS 15**	**31 december 2017**	**Effect of IFRS 15**	**1 january 2018**
Non-current assets	253	0	253	282	0	282
Current assets						
Strategic land portfolio	127		127	150		150
Residential property in preparation or under construction	28	41 [D]	69	27	18[D]	45
Other inventories	11		11	10		10
Work in progress	51		51	61	4[C]	65
Trade and other receivables	176		176	167		167
Cash and cash equivalents	89		89	74		74
	482	41	523	489	22	511
Total assets	**735**	**41**	**776**	**771**	**22**	**793**

	31 december 2018					
EQUITY AND LIABILITIES	**Before IFRS 15**	**Effect of IFRS 15**	**After IFRS 15**	**31 december 2017**	**Effect of IFRS 15**	**1 january 2018**
Equity	150	-1[A]	149	162	-1[A]	161
Non-current liabilities						
Interest-bearing[1]	52		52	54		54
Long-term provisions	19	18[C]	37	18	18[C]	36
	71	18	89	72	18	90
Current liabilities						
Interest-bearing loans and other current financing liabilities	6		6	6		6
Trade and other payables	370		370	378		378
Work in progress	126	16 [C+D]	142	129	-11[C+D]	118
Provisions	12	8[C]	20	22	16[C]	38
Other	0		0	2		2
	514	24	538	537	5	542
Total equity and liabilities	**735**	**41**	**776**	**771**	**22**	**793**
Solvency based on guarantee capital[2]	27%	-2%	25%	27%	-1%	26%

Notes A, B, C, D: these adjustments are covered in the following notes.
1. The long-term interest-bearing liabilities include €45 million cumulative financing preference shares B.
2. Guarantee capital is defined as equity plus cumulative financing preference shares B.

The effects of the application of IFRS 15 on the profit and loss statement are as follows:

x €1 million	2018r		
	Before IFRS 15	Effect of IFRS 15	After IFRS 15
Revenue	1.576	3[B]	1.579
Cost of sales	-1.432	-3	-1.435
Gross profit	144	0	144
Other expenses/income	-121	0	-121
Operating result	**23**	**0**	**23**
Finance income and expense	-8	0	-8
Results of joint ventures and associates	5	0	5
Result before tax	20	0	20
Income tax	0	0	0
Result after tax	**20**	**0**	**20**

Notes A, B, C, D: these adjustments are covered in the following notes.

The main considerations and the adjustments resulting from the application of IFRS 15 are:

Identification of separate performance obligations
One of the steps in IFRS 15 involves identifying the performance obligations in a contract. This has resulted in minor changes compared with the previous requirements. For projects involving both a construction component and a long-term maintenance component, for instance, IFRS 15 means that there are still two separate performance obligations, partly because management of the contract will involve various project teams. For residential projects, the sale of land and the construction of the buildings are treated as two separate performance obligations under IFRS 15 but this was in effect also the case under the previous requirements, partly because there was a different margin on the buildings at Group level compared with that on the land. The revenue from the land is recognised at the time of legal conveyance of the title (with control passing to the client at that moment) whereas the revenue from the buildings is recognised during the construction period.

Consideration
Under IFRS 15, it is only permissible to recognise as revenue that portion of the consideration for which it is highly unlikely that a significant revenue reversal will occur. Resulting from the analysis of the contracts spanning 2017–2018 and the contracts started in 2018, this did not give any rise to adjustments.

The odd tendering payment that had been recognised entirely as income in an earlier year became treated as part of the total payment under IFRS 15, resulting in recognition as income later date. This led to a minor adjustment in the opening balance of equity (see A in the above condensed statement of financial position).

Financing components in contracts
Under IFRS 15, the effects of the time value of money must be accounted for separately if the payment date means that the customer or the Group obtains a significant financing gain (unless that gain does not arise out of financing arrangements but has a different origin, for example because parties wish to protect themselves against default). A practical exception to this requirement is if there is less than one year between payment and delivery. IFRS 15 did not give rise to any adjustments compared with the previous requirements because the Group avails itself of the practical exception.

Recognition of revenue at a point in time or over a period
Under IFRS 15, revenue is recognised when the performance obligation has been fulfilled, i.e. the date on which the customer takes control. This can be a particular point in time or spread over a period. IFRS 15 does not lead to material differences compared with the previous requirements. In the case of construction projects, for example, the Group carries out works on land that is owned by the customer. The customer obtains control of the constructed works as and when ownership is transferred. Partly for this reason, therefore, the revenue from projects will be recognised over a period under IFRS 15 just as under the previous requirements. IFRS 15 stipulates that the costs involved in order to fulfil a contract, such as mobilisation costs for instance, are not included in measuring the progress of the contract. The same applies to costs incurred through inefficiencies. Because of the fact that the Group operates exclusively within the Netherlands, there are not any material mobilisation costs. As regards inefficiencies, in the case of a specific contract begun in 2017 and running into 2018, there were significant mobilisation costs/inefficiencies, owing to work being halted and then resumed, which resulted in a minor adjustment in the recognition of

revenue (see B in the above condensed statement of profit or loss). Partly because this was a loss-making contract, however, this did not have any implications for the recognised profit.

Determining the amount of provisions for losses
In order to measure the amount of provisions in the case of onerous/loss-making contracts, the Group, now that IAS 11 Construction Contracts no longer applies, has been applying the existing standard IAS 37, covering provisions, with effect from 1 January 2018. IAS 37 stipulates that, in order to measure the amount of the provisions for losses relating to revenue, an entity proceeds on the basis of 'economic benefits expected to be received'. These are the probable revenues which the Group used to calculate the provisions for losses under the previous requirements. In determining the amount of loss provisions, the Group measures the costs in line with the provisions of IFRS 15 concerning costs for performing a contract. The various changes have not given rise to any adjustments because this in effect corresponds to the measurement of loss provisions under the previous requirements.

In order to eliminate confusion and arguments regarding the 'unavoidable costs' that should be taken into account when measuring loss provisions, the IASB (International Accounting Standards Board) issued a draft standard in December 2018 containing a more precise definition of the term. This more precise definition reflects that applied by the Group. Until such time as the draft standard is finalised and adopted by the EU, the concept of unavoidable costs could also be taken to mean marginal costs and, if this were used, it would result in considerably lower loss provisions.

There is also some debate about the revenue that should be used in arriving at the amount of the aforementioned loss provisions. The issues concerned include the question of whether the term 'economic benefits expected to be received' used in IAS 37 requires further explanation or needs amending in line with the provisions of IFRS 15 regarding consideration that is highly probable, so as to exclude possible differences in interpretation.

Depending on the outcome of these discussions, there could be an impact on the Group's financial results. The extent of any such impact will be determined when the outcome of the discussions is known and more specific requirements give rise to amendment.

Separate presentation of loss provisions
As a consequence of the application of IAS 37, loss provisions relating to contracts with customers relating to projects no longer form part of the balance sheet item work in progress and are instead included under the heading of provisions, resulting in an increase in provisions in 2018 compared with the previous requirements (essentially involving a transfer from work in progress on the liabilities side of the balance sheet to provisions. See C in the above condensed statement of financial position).

Residential property in preparation or under construction representing a net liability: liabilities side of the balance sheet
Projects relating to residential property in preparation or under construction representing a liability are accounted for under IFRS 15 under a heading of work in progress on the liabilities side of the balance sheet (see D in the above condensed statement of financial position). Under the previous requirements, the Group presented such projects in the net amount of work in progress on the assets side of the balance sheet. The reclassification resulting from IFRS 15 also leads to an increase in the total assets/liabilities.

Disclosure according to revenue categories
The disaggregation of revenue required by IFRS 15 into categories that depict the way in which the nature, the amount, the timing and the uncertainty of revenues and cash flows are affected by economic factors runs along the lines of the segment information by sector. The analysis into the sectors Property Development, Building & Technology and Infrastructure reflects the Group's product-market combinations.

(3.2) Consequences of new standards not yet effective as at 1 January 2018

(3.2.1) IFRS 16 Leases

IFRS 16, covering leases, is applicable to accounting periods commencing on or after 1 January 2019. IFRS 16 will have significant implications for the balance sheet in particular because operating leases and rental contracts will appear on the balance sheet. If IFRS 16 had been applied to the 2018 financial statements, an item representing right-of-use assets would have appeared on the balance sheet, giving rise to an item of a similar amount on the liabilities side in respect of finance lease liabilities. This would have had the effect of increasing the balance sheet total by approximately 10%. In the statement of profit or loss, there would have been changes in the items making up the operating result and in the interest figures (result after tax remaining unchanged), that would give an increase in the operating result of several million euros, with a similar increase in the interest expense. Within the operating result, this gives rise to a movement from operating expenses to depreciation, as a consequence of which EBITDA (earnings before interest, tax, depreciation and amortisation) will increase. This movement does not have any effect on the net result. The impact on equity is nil on the date from which the change in accounting policies becomes effective.

The Group will be taking the cumulative catch-up approach to the application of IFRS 16, with a single discount rate being applied to each category of leases of a similar type. This means, among other things, that the comparative figures will not be restated. To the extent that the necessary information is available, the Group will ignore non-lease components (such as payments for the maintenance of the underlying asset). The Group will also be disclosing low-value leases (value of the underlying asset when new < € 5,000) and short-term leases (<12 months) in the notes instead of including them in the balance sheet.

IFRS 16 will be disregarded for the purposes of calculating the ratios agreed with the banks.

(4) Accounting policies used for consolidation

(4a) Subsidiaries (full consolidation)

A subsidiary is an entity over which the Group has direct or indirect control.
Control exists if the Group:
a) has power over the entity;
b) is exposed or has rights to variable returns because of its involvement with the entity; and
c) can use its power over the entity to affect the size of these returns.

Each of these three criteria has to be satisfied to establish that the Group has control over a company in which it owns an interest. 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, as from the date on which control is transferred to the Group. The transaction cost of an 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 these 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 the statement of 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. Instead, the settlement figure is recognised in equity. In other cases, adjustments after initial recognition are recognised in profit or loss.

(4b) Joint ventures and associates (equity method)

A joint venture is a joint arrangement in which the Group has joint control together with other parties, and has a right to the net assets of the joint venture. The parties involved have agreed contractually that control is shared and that decisions concerning relevant activities require unanimous approval from the parties having joint control over the joint venture. A joint venture is recognised from the date on which the Group shares control until the date on which this ceases.
An associate is an entity over which the Group has significant influence, but cannot exercise control. Significant influence is presumed to exist when the Group holds 20% or more of the voting rights. An associate is recognised from the date on which the Group has significant influence until the date on which this ceases.
Joint ventures and associates are recognised in accordance with the equity method and are initially recognised at acquisition cost. The investments of the Group include the goodwill determined during acquisition. The consolidated financial statements include the Group's proportionate share of the comprehensive income determined in accordance with the Group's accounting policies. If the Group's share of the losses is greater than the value of the interest in a joint venture or associate, the value of the interest is written down to nil. No further losses are then

recognised except insofar as the Group has made a commitment or intends to recognise the losses.

(4c) Joint operations (proportional consolidation)

Joint operations are arrangements over which the Group exercises control jointly with third parties. For its share in a joint operation, the Group recognises its assets (including its share of the assets held jointly), liabilities (including its share of the liabilities incurred jointly), revenue (including its share of the revenue from the output of the joint operation) and expenses (including its share of the expenses incurred jointly). In practice, the method for recognising joint operations is comparable to that used for proportional consolidation.

(4d) Elimination of transactions on consolidation

Intragroup balances and any unrealised income and expense arising from intragroup transactions are eliminated when preparing the consolidated financial statements.
Unrealised income from transactions with associates, joint ventures and joint operations are eliminated in proportion to the Group's interests in the entities concerned.

(5) Transactions in foreign currency

Transactions in foreign currency are translated into euros at the exchange rate prevailing on the transaction date. Foreign currency balances, as well as assets acquired and liabilities paid in foreign currencies, are translated at the corresponding exchange rates prevailing on the closing date. Foreign currency differences resulting from translation are recognised in the statement of profit or loss.

(6) Revenue from contracts with customers

Revenue is recognised if the Group has entered into a contract with a customer in which the performance obligations can be identified and the terms of the transaction are clear and where the contract is of undeniable economic importance. It must also be probable that the customer will pay. Revenue is recognised on each individual contract. Revenue from portfolios of contracts with similar features is recognised on a portfolio basis if the result is not materially different from the revenue measured on an individual basis.
If a contract involves several performance obligations, revenue is separately attributed to the performance obligations concerned based on relatively stand-alone selling prices. Revenue is recognised at the time when the customer takes control of the fulfilled performances.

Variable consideration is only recognised if it is highly unlikely that a significant revenue reversal will occur.

- Revenue from additional work is included in the overall contract revenue if the client has accepted the sum involved in any way.
- Claims and incentives are recognised in the amount for work in progress where they derive from enforceable rights, it is highly probable that they will lead to revenue and can be reliably measured.
- Unless it is highly unlikely that a penalty will be applied, the amount of any penalties will be deducted from the revenue.

If the results from a contract cannot be determined reliably, contract revenue is only recognised insofar as it is probable that the costs incurred can be covered by revenue.

If a contract contains a significant financing component, the Group adjusts the revenue accordingly. This is not done if the time between the fulfilment of the performance obligation and the payment of the consideration is less than one year.

Expected contract losses are recognised immediately in the statement of profit or loss. In measuring the amount of provisions for losses, the Group proceeds on the basis of the economic benefits expected to be received compared with the attributable costs of the contract (see also 23d concerning loss-making contracts).

(6a) Sales of goods - mainly land portfolio

Revenue from the sale of goods – mainly land – is recognised at the agreed consideration or attributed consideration where the transfer of title to the land forms part of a combined purchase/construction contract in the case of residential projects. The revenue from the land is recognised at the time of legal conveyance.

(6b) Work in progress - projects

The revenue relating to work in progress is recognised in the statement of profit or loss when control is transferred to the client. Since the Group executes projects on land owned by the client, the client obtains control according to progress made with 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. Inefficiencies are disregarded in determining the stage of completion.

(6c) Services

Revenue from the provision of services – mainly servicing and maintenance activities – is recognised in the

statement of profit or loss in proportion to the work performed, since the client receives the benefits from and has use of the services at the same rate. The stage of completion is determined from assessments of the work already carried out.

(7) Other operating income

Book profits on the sale of assets and entities disposed of are accounted for as other operating income.

(8) Costs

(8a) Cost of sales

The cost of sales is made up of the carrying amount of goods sold and the costs allocated to the fulfilled performance obligations, including the expected losses on projects that are recognised immediately in the statement of profit or loss in accordance with 23d.

(8b) Selling expenses

Selling expenses are the costs of sales activities that are not charged to projects.

(8c) Administrative expenses

The administrative expenses represent general expenses that are not costs of sales and are not charged to projects.

(8d) Lease payments under operating leases

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

(8e) Lease payments under finance 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 over the remaining term of the liability.

(8f) Finance income and expense

Net financing costs comprise interest payable on borrowings and finance lease commitments, dividends on cumulative preference shares B, interest receivable on funds invested, dividend income, and foreign currency exchange gains and losses.

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 a finance lease payment is recognised in the statement of profit or loss and is calculated using the effective interest method.

(9) Income tax

Deferred tax assets and 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 asset or liability is not recognised for non-deductible goodwill, assets and liabilities whose initial recognition does not affect accounting or taxable profit, or differences relating to investments in subsidiaries to the extent that these will probably not reverse in the foreseeable future. The amount of the deferred tax assets and liabilities is based on the manner in which the expected asset and liability carrying amounts will be realised or settled, based on the income tax rates that have been enacted or substantively enacted on the closing 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 income tax 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.

Income tax recognised in the statement of profit or loss during the financial year comprises the income tax owed or refundable over the reporting period and the deferred income tax. The income tax is recognised in the statement of profit or loss, except to the extent that it relates to items recognised in other comprehensive income. In that case, the relevant portion of the income tax is recognised in other comprehensive income.

The income tax 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 closing date, as well adjustments to tax payable in respect of previous years.

A deferred tax asset (net of any deferred tax liability) is recognised only to the extent that it is probable that future taxable profits will be available that 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 income tax that arises from the distribution of dividends is recognised at the same time as the liability to pay the related dividend is recognised.

(10) Property, plant and equipment

(10a) Assets in ownership

Items of property, plant and equipment are measured at cost or estimated cost less accumulated depreciation (see below) and impairments (see accounting policy 19). 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 of 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.

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

(10b) Leased assets

Leases for which the Group takes on nearly 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 policy 19).

(10c) 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 the statement of profit or loss when these are incurred.

(10d) Depreciation of property, plant and equipment

Depreciation is recognised in the statement of profit or 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
- Machines: 5 - 10 years
- Installations: 5 - 10 years
- Large-scale equipment and other capital assets: 3 - 10 years

(10e) Investment property

Given its marginal importance, investment property (property held for its rental income and/or increase in value) is recognised under property, plant and equipment. 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 of dismantling and removing the asset and restoring the site where the asset is located.

(11) Intangible assets

(11a) 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 accounting policy 19).

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

(11b) 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.

(11c) Amortisation

Regarding goodwill, an impairment test is systematically performed every year at the closing date to determine whether there are any impairments. The other intangible assets are amortised through the statement of profit or loss on a straight-line basis over the expected useful lives of the intangible assets, and undergo periodic impairment testing (see accounting policy 19). 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

(11d) 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 items of expenditure are recognised as costs in the statement of profit or loss when these are incurred.

(12) Financial instruments

A financial instrument is a contract that leads to a financial asset or financial liability for the Group.

(12a) Financial assets

The Group's main financial assets are:

- Loans granted (see 13)
- Trade and other receivables (see 16)
- Cash and cash equivalents (see 17)

Financial assets are classified as assets that are:
a. carried at amortised cost after initial recognition, or
b. carried at fair value with gains and losses included in the other components of comprehensive income, or
c. carried at fair value with gains and losses accounted for in profit or loss.
This classification is based on the Group's business model for the management of the financial assets and the features of the contractual cash flows from the financial asset. The financial assets are to be carried at amortised cost (a) if both of the following conditions are satisfied:
i. the financial asset is held as part of a business model aimed at holding financial assets for the purpose of receiving contractual cash flows, and
ii. the contractual terms of the financial asset give rise on certain dates to cash flows exclusively concerning repayments of principal and interest payments on the outstanding amount.
Both conditions are satisfied in the case of the above financial assets.

The financial assets are carried at amortised cost. On initial recognition, the amount of financial assets carried at amortised cost is measured using the effective interest method and is subject to impairment. Gains and losses are recognised in profit or loss when the asset matures, is settled, is revised or is subject to impairment.

The financial assets are recognised less a provision for expected credit losses. The amount of this provision is measured as the amount of the expected credit losses over the coming 12 months, based on the credit rating of the client. Subsequently, as long as there is no significant deterioration in the credit risk, the credit loss provision continues to be measured at the amount of the 12-month expected credit losses. If, however, a significant increase in the credit risk occurs, on either an individual or a collective basis, the amount of the expected credit loss provision is measured as the expected credit losses over the entire term to maturity of the instrument. In the case of trade receivables and work in progress assets, the simplified approach permitted by IFRS, involving consistent recognition of a loss allowance at an amount equal to lifetime expected credit losses, has been used.

(12b) Financial liabilities

The Group has the following financial liabilities:

- Interest-bearing loans (see 21)
- Trade and other payables (see 24)

These liabilities are carried at amortised cost after initial recognition, using the effective interest method. When a financial liability (or a part thereof) is eliminated or expires, it ceases to be recognised.

Swapping of debt instruments involving the same lender on substantially different terms is treated as a settlement of the original financial liability and recognition of a new financial liability. The same applies when the terms of an existing financial liability are substantially altered.

The difference between the carrying amount of a financial liability (or part thereof) that is redeemed or is transferred to a third party and the amount paid, including any transfer of assets other than cash and cash equivalents or assumed liabilities, is recognised in profit or loss.

(12c) Netting of financial assets and liabilities

Financial assets and financial liabilities are netted off and presented as a net amount in the balance sheet if:

- the Group has a legally enforceable right to net the amounts off, and
- the Group intends to settle the liability on a net basis or to realise the asset simultaneously with the settlement of the liability.

(13) Loans granted

Loans granted forms part of the financial assets (see 12). Loans granted that do not meet both conditions cited in 12 are carried at fair value with gains and losses accounted for in profit or loss. Loans granted that meet both conditions referred to are measured at amortised cost using the effective interest method, less impairments.

(14) Inventories

(14a) Strategic land portfolio

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

(14b) Other inventories

Other inventories includes unsold residential property in preparation or under construction, planning and building consents, land and premises for sale, raw materials and consumables, inventories in production and finished products.

Inventories is measured at cost, or at net realisable value if lower. The net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the 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 includes an appropriate share of production overheads based on normal operating capacity, as well as the attributable financing expenses.

Land and premises for sale concerns land and premises that have been technically delivered as developed but which on the closing date were not sold to third parties. The inventories of land and premises for sale is valued at cost (including interest and allocated overhead costs), less any write-downs relating to a lower net realisable value as a consequence of the risk of inability to sell or rent.

Up to year-end 2017, residential property in preparation or under construction representing a liability was included in the inventories. With effect from 1 January 2018, with the application of IFRS 15 Revenue from Contracts with Customers, this is presented as work in progress liabilities (see also 3.1.2 above).

(15) Work in progress debit

Work in progress assets concern the right to consideration in respect of work on projects carried out and transferred to the client. In practical terms, the item is made up of the revenue (see also 6) in proportion to the progress in fulfilling the performance obligation less invoiced instalments. Total expected project losses, if any, are directly recognised as expenses in the relevant period and are accounted for on the balance sheet in provisions (see also 23d). Up to year-end 2017, the provisions for losses were included in work in progress (see under 3.1.2 above for the implications of applying IFRS 15 Revenue from Contracts with Customers).

(16) Trade and other receivables

Trade and other receivables forms part of the financial assets (see 12). Trade and other receivables are carried at amortised cost less a provision for expected credit losses. In measuring the amount of the provision for expected credit losses, use is made of the simplified approach involving consistent recognition of an allowance at an amount equal to lifetime expected credit losses. Amounts still to be invoiced on concluded projects are recognised under trade and other receivables.

(17) Cash and cash equivalents

Cash and cash equivalents forms part of the financial assets (see 12). Cash and cash equivalents comprises 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 statement of cash flows.

(18) Assets 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 probably be realised within one year mainly by means of a sale transaction and not through continued use, are classified as held for sale (or held for distribution), after it is established that the relevant conditions have been met. Immediately preceding this classification, the assets (or the components of a group of assets to be disposed of) are measured again in accordance with the Group's accounting policies. The assets or group of assets to be disposed of are generally measured at 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, subject to the restriction that impairment losses are not allocated to inventories, financial assets, deferred tax assets or employee benefits, all of which are measured in accordance with the Group's accounting policies. 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 or loss. If the gain concerned

exceeds the accumulated impairment loss, the difference is not recognised.

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 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 or loss have been restated as if the operation had been discontinued from the beginning of the comparative period.

(19) Impairments

The carrying amounts of the Group's assets, excluding work in progress debit (see accounting policy 15), inventories (see accounting policy 14) and deferred tax assets (see accounting policy 9), are reviewed each closing 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 with an unlimited useful life, and intangible assets that are not yet ready for use, the recoverable amount is estimated at the closing date.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the statement of profit or loss.

Impairment losses 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.

(19a) Determination of recoverable amount

The recoverable amount of an asset is equal to the higher of its net selling price and its 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.

(19b) Reversal of impairments

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

Impairment losses in respect of goodwill are never 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.

(20) Share capital

(20a) Costs of issuing ordinary shares

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

(20b) Repurchase of own shares

If shares representing capital that is recognised as equity in the balance sheet 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.

(20c) Dividend

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

(21) Interest-bearing loans

Interest-bearing loans forms part of the financial liabilities (see 12).

(21a) Financing 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 or loss.

(21b) Loans
Interest-bearing loans are initially recognised at fair value less attributable transaction costs. Any difference between the amortised cost and the redemption amount calculated by the effective interest method is recognised in the statement of profit or loss over the term of each such loan.

(22) Employee benefits

(22a) Defined contribution plans
Commitments for contributions to defined-contribution pension plans are recognised as an expense in the statement of profit or loss when they are due.

(22b) 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 closing 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 the statement of profit or loss.

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

(22c) 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 long-service 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 closing date on high-quality corporate bonds that have terms to maturity approximately the same as the terms of the Group's liabilities. Actuarial gains and losses on these benefits are recognised in the statement of profit or loss.

(22d) Severance payments
Severance payments are recognised as an expense if the Group has shown that it is committed 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.

(23) Provisions
A provision is recognised in the statement of financial position if the Group has a present legal or actual liability that is the result of a past event 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.

(23a) Warranties
A provision for warranties 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.

(23b) 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.

(23c) Environment
A provision for restoration of contaminated land is formed in accordance with the Group's environmental policy and applicable legal requirements.

(23d) Onerous contracts
A provision for onerous contracts is recognised if the economic benefits that the Group expects to receive from a contract are lower than the costs of meeting the contractual obligations. Where appropriate, the Group recognises impairment losses on any assets associated

with the contract prior to forming the provision.
See also note 3.1.2 concerning the application of IFRS 15 Revenue from Contracts with Customers and the deliberations regarding the measurement of contracts that make a loss in relation to the draft requirements on the matter.

(24) Trade and other payables

Trade and other payables forms part of the financial liabilities (see 12). Trade and other payables are recognised at amortised cost.

(25) Work in progress credit

Work in progress liabilities relates to work for clients on projects for which the Group has received a consideration from the client (or the client owes an amount). In practical terms, the item comprises the invoiced instalments less the revenue in proportion to the progress in fulfilling the performance obligation (see also 6). Total expected project losses, if any, are directly recognised as expenses in the relevant period and are accounted for on the balance sheet in provisions (see also 23d). Up to year-end 2017, the provisions for losses were included in work in progress (see under 3.1.2 above for the implications of applying IFRS 15 Revenue from Contracts with Customers).

(26) Cash flow statement

The statement of cash flows is prepared using the indirect method. The liquidity item in the statement of cash flows comprises cash and cash equivalents after deduction of current-account overdrafts that are repayable on demand.

(27) Segment reporting

A segment is a clearly distinguishable operation of the Group. The segments are identified in accordance with the classification used by the Executive Board when taking operational decisions. The Group distinguishes the following segments: Property Development, Residential Building, Non-Residential, and Infrastructure. Residential and Non-Residential Building have been brought under unified control and integrated in the course of 2018 into a new segment of Building & Technology (Dutch name: Bouw & Techniek).

6. Notes related to the consolidated financial statements

x € 1.000

6.1 Segment reporting

The Group distinguishes the following segments: Property Development, Building & Technology and Infrastructure, in line with the management conducted by the Executive Board. Residential and Non-Residential Building have been integrated and brought under unified control in the course of 2018 into the new segment of Building & Technology. The activities in Germany and Belgium were sold in 2017 and have been included in the statement of profit or loss as discontinued operations. The condensed statement of profit or loss for these operations are presented as a separate segment. The segments are managed primarily on the basis of operating results. In accordance with IFRS 8, the segment figures represent data that can be allocated to a segment either directly or on reasonable grounds.

Condensed statement of profit or loss by business segment

2018 **Business segments**	**Property Development**	**Residential Building**	**Non-Residential**	**Eliminations**	**Building & Technology**	**Infra**	**Other / Eliminations**	**Continued operations**
Revenue								
Third parties	502.535	162.974	280.558		443.532	632.144	921	1.579.132
Intercompany	-	277.529	4.803	-237	282.095	21.759	-303.854	0
Total revenue	**502.535**	**440.503**	**285.361**	**-237**	**725.627**	**653.903**	**-302.933**	**1.579.132**
Operating result	**17.652**	**10.778**	**2.718**		**13.496**	**1.813**	**-10.354**	**22.607**
Finance income								1.659
Finance expense								-9.504
Results of joint ventures and associates	2.371	0	445		445	2.419	567	5.802
Result before tax								**20.564**
Income tax								-75
Result after tax								**20.489**

2017 **Business segments**	Property Development	Residential Building	Non-Residential	Elimi-nations	Building & Technology	Infra	Other / Eliminations	Continued operations	Discontinued operations	Total
Revenue										
Third parties	391.004	102.735	235.625		338.360	669.366	3.485	1.402.215	85.059	1.487.274
Intercompany	-	194.488	4.780	-416	198.852	10.405	-209.257	0	0	0
Total revenue	**391.004**	**297.223**	**240.405**	**-416**	**537.212**	**679.771**	**-205.772**	**1.402.215**	**85.059**	**1.487.274**
Operating result	**10.542**	**5.022**	**-9.151**		**-4.129**	**25.238**	**-17.321**	**14.330**	**30.994**	**45.324**
Finance income								1.702	534	2.236
Finance expense								-10.803	-165	-10.968
Results of joint ventures and associates	1.848	0	-1.515		-1.515	-15.745	743	-14.669	-1	-14.670
Result before tax								**-9.440**	**31.362**	**21.922**
Income tax								0	-2.380	-2.380
Result after tax								**-9.440**	**28.982**	**19.542**

x € 1.000

Condensed statement of financial position and analysis by business segment

2018 Business segments	Property Development	Residential Building	Non-Residential	Building & Technology	Infra	Other	Eliminations	Continued operations
Assets	329.802	141.741	166.794	308.535	205.862	321.288	-426.834	738.653
Not allocated								37.453
Total assets	**329.802**	**141.741**	**166.794**	**308.535**	**205.862**	**321.288**	**-426.834**	**776.106**
Liabilities	284.255	136.554	155.634	292.188	187.319	190.353	-426.834	527.281
Not allocated								99.728
Total liabilities	**284.255**	**136.554**	**155.634**	**292.188**	**187.319**	**190.353**	**-426.834**	**627.009**
Equity								**149.097**
Total equity and liabilities								**776.106**
Property, plant and equipment								
Depreciation and amortisation	67	34	-	34	4.054	5.923	-	10.078
Investments	47	806	-	806	5.095	2.258	-	8.206
Intangible assets								
Amortisation	-	-	1.021	1.021	534	-	-	1.555
Joint ventures and associates								
Carrying amount	61.394	-	915	915	7.910	1.778	-	71.997

x € 1.000

2017 Business segments	Property Develop-ment	Residential Building	Non-Residential	Building & Technology	Infra	Other	Elimi-nations	Continued operations	Discon-tinued operations	Total
Assets	304.141	103.851	136.624	240.475	291.496	311.091	-409.341	737.862	-	737.862
Not allocated								32.941		32.941
Total assets	**304.141**	**103.851**	**136.624**	**240.475**	**291.496**	**311.091**	**-409.341**	**770.803**	**-**	**770.803**
Liabilities	267.299	98.704	133.919	232.623	258.965	161.449	-409.341	510.995	-	510.995
Not allocated								97.631		97.631
Total liabilities	**267.299**	**98.704**	**133.919**	**232.623**	**258.965**	**161.449**	**-409.341**	**608.626**	**-**	**608.626**
Equity								**162.177**		**162.177**
Total equity and liabilities								**770.803**		**770.803**
Property, plant and equipment										
Depreciation and amortisation	38	46	-	46	3.747	7.005	-	10.836	923	11.759
Investments	241	-	-	-	1.635	2.069	-	3.945	-	3.945
Intangible assets										
Amortisation	-	-	1.021	1.021	891	-	-	1.912	8	1.920
Joint ventures and associates										
Carrying amount	57.662	-	2.720	2.720	4.207	1.768	-	66.357	-	66.357

Transactions between business segments are conducted on arm's length terms that are comparable to those for transacti-ons with third parties. Assets not allocated mainly concern deferred tax assets. Unallocated liabilities mainly concern interest- bearing loans and other financing commitments.

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

External revenues by country are as follows:

	2018	2017
Netherlands	1.579.132	1.402.214
Belgium	-	50.008
Germany	-	35.052
Total	**1.579.132**	**1.487.274**

Non-current assets by country are as follows:

	2018	2017
Netherlands	252.545	281.815
Belgium	323	123
Germany	271	271
Total	**253.139**	**282.209**

x € 1.000

Underlying EBITDA by business segment

2018 In € million	**Property Development**	**Residential Building**	**Non-Residential**	**Building & Technology**	**Infra**	**Other**	**Continued operations**
Underlying EBITDA	**27,7**	**10,8**	**4,9**	**15,7**	**8,3**	**-8,5**	**43,2**
EBITDA joint ventures	-3,6		-0,7	-0,7	-1,5		-5,8
Write-down on property assets	-6,4						-6,4
Restructuring costs			-0,5	-0,5	-0,4	-0,2	-1,1
Settlement sold subsidiaries						-1,0	-1,0
Release pension indexation						5,3	5,3
Total exceptional items	-10,0	0,0	-1,2	-1,2	-1,9	4,1	-9,0
EBITDA	**17,7**	**10,8**	**3,7**	**14,5**	**6,4**	**-4,4**	**34,2**
Depreciation and amortisation	-0,1		-1,0	-1,0	-4,6	-5,9	-11,6
Operating result	**17,6**	**10,8**	**2,7**	**13,5**	**1,8**	**-10,3**	**22,6**

2017 In € million	**Property Development**	**Residential Building**	**Non-Residential**	**Building & Technology**	**Infra**	**Other**	**Continued operations**	**Discontinued operations**	**Total**
Underlying EBITDA	**19,9**	**5,3**	**-6,0**	**-0,7**	**15,9**	**-5,2**	**29,9**	**0,9**	**30,8**
EBITDA of joint ventures	-3,1		0,9	0,9	16,4	-0,2	14,0		14,0
Write-down on property assets	-6,2						-6,2		-6,2
Restructuring costs		-0,2	-3,0	-3,2	-2,8	-2,0	-8,0		-8,0
Soil remediation						-3,0	-3,0		-3,0
Gains on sale of subsidiaries					0,4		0,4	31,0	31,4
Total exceptional items	-9,3	-0,2	-2,1	-2,3	14,0	-5,2	-2,8	31,0	28,2
EBITDA	10,6	5,1	-8,1	-3,0	29,9	-10,4	27,1	31,9	59,0
Depreciation and amortisation	-0,1	-0,1	-1,0	-1,1	-4,7	-6,9	-12,8	-0,9	-13,7
Operating result	**10,5**	**5,0**	**-9,1**	**-4,1**	**25,2**	**-17,3**	**14,3**	**31,0**	**45,3**

With underlying EBITDA, the Group is referring to earnings before tax, interest, depreciation and amortisation (equal to the operating result before depreciation/amortisation) including EBITDA joint ventures, adjusted for property write-down, reorganisation costs, book results on the sale of subsidiaries, impairment losses on goodwill, release pension indexation and other non-operating results considered exceptional by the Group that are relevant in the above statement. The soil remediation costs in 2017 relate to industrial sites sold as part of the restructuring. The underlying EBITDA is also used as the basis for calculation for covenant reporting to the bank consortium.

x € 1.000

6.2 Discontinued operations

On 17 January 2017, the Group sold its subsidiary Franki to PORR Deutschland GmbH. The purchase price of €14 million was paid in cash on 16 January 2017. In 2016, Franki generated a result after tax of approximately €0.4 million (before write-down of goodwill and property, plant and equipment). The book loss of €6.1 million associated with this disposal was recognised in 2016. €2.0 million of the loss was treated as an impairment of intangible assets and €4.1 million as an impairment of property, plant and equipment. The amount of cash included in the sale was nil.

On 25 April 2017, the Group sold all the shares of its Belgian companies Heijmans Bouw, Heijmans Infra, Van den Berg and Heijmans (B) NV to BESIX. The net cash proceeds for Heijmans (selling price of €95 million less cash of €55 million included in the sale) amounted to €40 million. The book profit on the disposal was €14 million. In the period prior to the date of disposal, these Belgian entities generated a combined result after tax of €0.5 million.

On 21 April 2017, the Group sold all the shares of Heijmans Oevermann GmbH to PORR Deutschland GmbH. The net cash proceeds for the Group (selling price of €58 million less cash of €15 million included in the sale) amounted to approximately €43 million. The book profit on the disposal was €17 million. Prior to the date of disposal, Oevermann generated a combined result after tax of approximately €2.5 million negative in 2017.

In the statement of profit or loss, the above results on disposal have been accounted for in discontinued operations.

The cash flows from discontinued operations (in 2017 up to the date of disposal) amounted to:

In € million **Cash flows from discontinued operations**	**2017**
Cash flow from operating activities	-44
Cash flow from investment activities	11
Cash flow from financing activities	-24
	-57

Prior to the disposal of the Belgian entities, there were a number of intercompany payments that have been included in the cash flow from investing activities and the cash flow from financing activities.

x € 1.000

6.3 Revenues

The disaggregation of revenue into categories that depict the way in which the nature, the amount, the timing and the uncertainty of revenues and cash flows are affected by economic factors runs along the lines of the segment information by sector:

Revenue	2018
Property Development	502.535
Building & Technology	725.627
Infra	653.903
Eliminations	-302.933
	1.579.132

Property Development revenue mainly relates to revenue from residential and investment property projects developed by Heijmans for private buyers (approx. €251 million in 2018) and for property investors and housing associations (together approx. €251 million in 2018) in general involving the delivery of both the land and the buildings. The projects for private buyers are usually not started until at least 70% has been sold. Invoicing of private buyers is according to the schedule adopted by the SWK (Stichting Waarborgfonds Koopwoningen – Owner-Occupied Housing Guarantee Fund) that is linked to predefined stages. The first instalment is invoiced when title to the land is transferred. Construction work on projects for property investors and housing associations does not start before the sale has been completed. The invoicing schedule is agreed with each client and, as in the case of private buyers, is generally linked to the completion of stages, the first instalment being invoiced upon conveyance of the land. The revenue from the land is recognised at the time of legal conveyance whereas the revenue from the buildings is recognised during the course of the construction period.

The revenue generated by Building & Technology mainly relates to the construction of housing and non-residential buildings and related installation work on behalf of clients in the private sector and the public or semipublic sector (approx. €530 million in 2018). Invoicing is according to a stage-based schedule, which may differ from one contract to another. Revenue is recognised during the course of the construction period. Other work involves service activities on clients' buildings and installations. Revenue from these activities (approx. €196 million in 2018) is recognised as and when these service and maintenance work takes place. A major client for the construction of residential property is Heijmans Vastgoed, representing internal sales that are eliminated. Construction only commences when orders have been confirmed.

The revenue generated by Infrastructure mainly relates to the construction of roads and other civil engineering works on behalf of public authorities (approximately €584 million in 2018). Construction only commences when orders have been confirmed. Invoicing is according to a stage-based schedule, which may differ from one contract to another. Revenue is recognised during the course of the construction period. Other work involves service and maintenance activities on pieces of infrastructure. Revenue from these activities (approx. €43 million in 2018) is recognised as and when this service work takes place. Supplies of asphalt are also made to third parties, the revenue from which (approximately €25 million in 2018) is recognised at the time of delivery.

x € 1.000

In 2018, revenue totalling €117 million was recognised and this amount was included in work in progress liabilities as at 1 January 2018.

In 2018, revenue totalling €1 million was recognised relating to performance obligations fulfilled in earlier periods.

The amount of the transaction price that has been attributed to performance obligations that have not been fulfilled (in whole or in part) is approximately €1.9 billion, reflecting the amount shown in the order book. Of this, approximately 57% will be fulfilled in 2019, 35% in the period 2020– 2024 and 8% in 2025 and beyond.

The Group has not adjusted revenue for significant financing components partly because the period between fulfilment of the performance obligations and payment by the client is less than one year.

6.4 Other operating income

Other operating income	**2018**	**2017**
Gain on sale of non-current assets	243	572
Miscellaneous	924	1.934
	1.167	**2.506**

The gain on the sale of non-current assets relates to the sale of machinery and equipment. The miscellaneous income includes the book profits on the disposal of entities.

x € 1.000

6.5 Staff costs, depreciation, and research and development expenses

Staff costs included under continuing operations in the statement of profit or loss are broken down as follows:

Staff costs	2018	2017
Wages and salaries	-281.050	-266.773
Compulsory social insurance contributions	-42.297	-41.110
Defined contribution plans	-30.211	-29.313
Defined benefit plans and long-service payments	4.510	-568
	-349.048	**-337.764**

The income statement includes an amount of approximately €1 million (2017 €8 million) relating to reorganisation provisions.

The number of employees at year-end 2018 was 4,664 in the Netherlands (2017: 4,554).
For further disclosures concerning the income from defined benefit plans and long-service payments, refer to note 6.22.

Depreciation and amortisation relating to continuing operations recognised in the statement of profit or loss is broken down as follows:

Depreciation and amortisation	2018	2017
Depreciation of property, plant and equipment	-10.078	-10.836
Amortisation of intangible assets	-1.555	-1.912
	-11.633	**-12.748**

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

The costs for research and development relating to continuing operations recognised in the statement of profit or loss are:

Research & development costs	2018	2017
	-3.037	**-2.841**

Project work also involves research and development activities, which are reflected in the cost of sales. The costs relating to these activities are not included in the figures stated above.

x € 1.000

6.6 Other operating expenses

Other operating expenses for continuing operations are broken down as follows:

Other operating expenses for continuing operations	2018	2017
Amortisation of intangible assets	-1.555	-1.912
	-1.555	**-1.912**

The amortisation of intangible assets includes the customer base and concessions for sand quarries.

6.7 Finance income and expense

The net financing expense for continuing operations is broken down as follows::

Finance income and expense	2018	2017
Interest income	1.659	1.702
Finance income	**1.659**	**1.702**
Interest expense	-11.021	-13.399
Loan impairment reversal	-	1.100
Capitalised financing costs	1.517	1.496
Finance expense	**-9.504**	**-10.803**
	-7.845	**-9.101**

The cumulative finance expense for 2018 amounts to €7.8 million, which is €1.3 million lower than the €9.1 million for 2017.

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 5.0% for 2018 (2017: 4.20%).

The average interest rate in 2018 was lower than in 2017, primarily as a consequence of the decreased interest margin on the syndicate loan contracted as part of the extension of the financing arrangement at the start of 2018. The effect is increased by a reduction in the average level of debt. For a summary of the interest rates, see note 6.21.

x € 1.000

6.8 Income tax

Recognised in the statement of profit or loss	2018	2017
Current tax charges or credits		
Current financial year	-133	-225
Prior financial years	0	-2.155
Amount of the positive effect of losses not previously recognised, receivables or temporary differences used to reduce the current tax charges	-	-
	-133	**-2.380**
Deferred tax charges or credits		
Relating to temporary differences and losses recognised in the current financial year	1.682	-1.590
Relating to the write-off of a deferred tax asset (charge) or to the reversal of a write-off (credit)	-1.624	1.590
Relating to adjustments for prior years	0	0
	58	**0**
Total tax charge in the statement of profit or loss	**-75**	**-2.380**

For 2018, the tax charge relating to continuing operations is €75 thousand (2017: charge of nil).

The tax charges by country were as follows:

	2018	2017
Netherlands	-7	-
Belgium	-	-384
Germany	-68	-1.996
	-75	**-2.380**

x € 1.000

Analysis of the effective tax rate	2018		2017	
	%	€	%	€
Result before tax		**20.564**		**21.922**
Based on local tax rate	25,0%	-5.140	25,0%	-5.481
Effect of foreign tax rates	0,1%	-21	0,5%	-113
Non-deductible interest	4,3%	-891	4,1%	-891
Non-deductible amounts relating to the disposal of investees	0,0%	0	2,9%	-645
Non-deductible expenses, other	1,4%	-278	1,7%	-372
Tax breaks for investments	0,0%	1	0,0%	0
Non-taxable revenue in results of investees	-4,2%	862	14,5%	-3.185
Non-taxable proceeds from sale of investees	0,0%	0	-39,8%	8.727
Losses not recognised in current financial year and other deferred tax assets and the reversals thereof	3,2%	-648	0,3%	-62
Effect of utilising losses available for set-off	-10,1%	2.082	-7,3%	1.590
Effect of adjustments to estimates for prior years	0,0%	0	8,9%	-1.948
Effect of changes in the tax rate	1,4%	-294	-	-
Effect of recognising previously unrecognised losses	-20,7%	4.252	-	-
Overall tax burden	**0,4%**	**-75**	**10,9%**	**-2.380**

The effective tax rate for 2018 is 0.4% (2017: 10.9%).

The main differences between the profit calculated for reporting purposes and that for tax purposes concern the non-deductible interest expenses relating to the cumulative preference financing shares B, general limits on expense deductions in the various jurisdictions, the exempt results under the substantial-holding privilege, the exempt results on disposal and the non-deductible selling costs connected with the disposal of the international operations and non-recognition or reversal of losses in the Netherlands.

The effect resulting from the change in the rate of corporate income tax is the balance of the adjustments in the deferred tax assets and liabilities (loss of €4.2 million) and an amount of €3.9 million that is attributable to the actuarial differences accounted for in comprehensive income up to year-end 2018 (gain of €3.9 million).

x € 1.000

6.9 Income tax receivables and payables

	31 december 2018		31 december 2017	
Geographical segment	**Receivables**	**Payables**	**Receivables**	**Payables**
Netherlands	0	3	38	109
Belgium	-	-	-	-
Germany	-	146	-	-
	0	**149**	**38**	**109**

Income tax assets relate to outstanding income tax claims for financial years that have not yet been settled and for which excessive provisional assessments were paid. Income tax liabilities relate to outstanding income tax payments for financial years that have not yet been settled, supplemental to income tax assessments already paid, and taking account of prospective and retrospective loss relief rules.

6.10 Property, plant and equipment

Cost	Land & buildings	Machinery, installations and large-scale equipment	Other capital assets	Assets under construction	Total
Balance at 1 January 2017	**55.755**	**76.084**	**51.434**	**1.679**	**184.952**
Investments	373	1.434	1.219	919	3.945
Disposals	-441	-4.724	-11.361	0	-16.526
Reclassifications	135	994	631	-1.760	0
Balance at 31 December 2017	**55.822**	**73.788**	**41.923**	**838**	**172.371**
Balance at 1 January 2018	**55.822**	**73.788**	**41.923**	**838**	**172.371**
Investments	113	3.485	3.208	1.400	8.206
Disposals	-1.605	-3.002	-1.735	0	-6.342
Reclassifications	0	287	27	-314	0
Balance at 31 December 2018	**54.330**	**74.558**	**43.423**	**1.924**	**174.235**

x € 1.000

Depreciation and impairment losses	Land & buildings	Machinery, installations and large-scale equipment	Other capital assets	Assets under construction	Total
Balance at 1 January 2017	**35.960**	**59.628**	**34.857**	**-**	**130.445**
Depreciation and amortisation	2.231	3.438	5.167	-	10.836
Disposals	-296	-4.208	-10.981	-	-15.485
Balance at 31 December 2017	**37.895**	**58.858**	**29.043**	**0**	**125.796**
Balance at 1 January 2018	**37.895**	**58.858**	**29.043**	**-**	**125.796**
Depreciation and amortisation	2.022	3.236	4.820	-	10.078
Disposals	-1.590	-2.290	-1.721	-	-5.601
Balance at 31 December 2018	**38.327**	**59.804**	**32.142**	**0**	**130.273**
Carrying amount					
At 1 January 2017	19.795	16.456	16.577	1.679	54.507
At 31 December 2017	17.927	14.930	12.880	838	46.575
At 1 January 2018	17.927	14.930	12.880	838	46.575
At 31 December 2018	**16.003**	**14.754**	**11.281**	**1.924**	**43.962**

As at year-end, the contractual obligations relating to the acquisition of property, plant and equipment amounted to €2.0 million.

Given the limited importance, investment property (property held for its rental income and/or increase in value) has been recognised as other capital assets, rather than as a separate item in the statement of financial position. The carrying amount of investment property was €2.0 million at year-end 2018 (2017: €2.0 million).

x € 1.000

6.11 Intangible assets

Intangible assets consist of goodwill and other identifiable intangible assets.

Cost	Goodwill	Identifiable intangible assets	Total
Balance at 1 January 2017	**156.606**	**47.859**	**204.465**
Balance at 31 December 2017	156.606	47.859	204.465
Balance at 1 January 2018	156.606	47.859	204.465
Investments	365	145	510
Balance at 31 December 2018	**156.971**	**48.004**	**204.975**

Impairment losses and amortisation	Goodwill	Identifiable intangible assets	Total
Balance at 1 January 2017	**88.581**	**34.265**	**122.846**
Amortisation	-	1.912	1.912
Impairments of assets held for sale			
To assets held for sale			
Balance at 31 December 2017	88.581	36.177	124.758
Balance at 1 January 2018	88.581	36.177	124.758
Amortisation	-	1.555	1.555
Balance at 31 December 2018	**88.581**	**37.732**	**126.313**

Carrying amount	Goodwill	Identifiable intangible assets	Total
At 1 January 2017	68.025	13.594	81.619
At 31 December 2017	68.025	11.682	79.707
At 1 January 2018	68.025	11.682	79.707
At 31 December 2018	**68.390**	**10.272**	**78.662**

x € 1.000

The composition of the carrying amount for goodwill and other intangible assets at year-end 2018 is as follows:

	2018		2017	
Acquisition	**Goodwill**	**Identifiable intangible assets**	**Goodwill**	**Identifiable intangible assets**
IBC (Nl-2001)	21.207	-	21.207	-
Burgers Ergon (Nl-2007)	31.107	8.213	31.107	9.234
Other	16.076	2.059	15.711	2.448
Carrying amount at 31 December	**68.390**	**10.272**	**68.025**	**11.682**

Other mainly refers to the cash-generating unit Infrastructure (€15 million).

The remaining amortisation term for the intangible asset that was part of the Burgers Ergon acquisition is 8 years.

The remaining intangible assets of the other acquisitions relate mainly to concessions for sand quarries.

The amortisation of the other intangible assets is recognised in the statement of profit or loss under other operating expenses.

Goodwill is tested annually for impairment, based on the relevant cash-generating unit. For an explanation of the calculation of the recoverable amount, reference is made to the accounting policies. 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 amounts to 11.7% (2017: 12.2%), corresponding to a discount rate after tax of 9.3% (2017: 9.5%).

The value in use of the cash-flow generating business units is based on their expected future cash flows. The period adopted to determine the present value of cash flows is indefinite. In the determination of future cash flows, the medium to long-term planning for the relevant cash-flow generating unit is used. 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 5 years. Cash flows after 5 years are extrapolated using a growth rate of 1.5% (2017: 1.5%).

The recoverable amount calculated for the impairment test depends on the growth rate used and the period over which the cash flows are realised. Other important variables are the expected revenue growth, probable margins and working capital requirements.

x € 1.000

The expected cash flows are discounted using a pre-tax WACC of 11.7%. If the pre-tax WACC were 1 percentage point higher, this would not result in an impairment. Cash flows after five years are extrapolated using growth rates not exceeding 1.5%. If this maximum were 1 percentage point lower, this would not result in an impairment.

The cash-flow generating unit Non-Residential - to which the goodwill and other intangible assets of BurgersErgon and the majority of the goodwill for IBC is allocated, totalling €58 million (2017: € 60 million) - is sensitive to changes in the assumptions, with the possibility that the recoverable amount could become lower than the carrying amount. According to the impairment test, the recoverable amount of the cash-flow generating unit Non-Residential is currently some €39 million (2017: €20 million) higher than the carrying amount. One significant factor in this context is the change in the EBIT (earnings before interest and tax) margin. For the purposes of the test, revenue has been assumed to rise to a level of around €380 million in 2023 (2018: €285 million actual revenue), partly on the back of developments providing mass-produced affordable housing. A key assumption is that the EBIT margin grows to 1.8% (2017: 1.9%) of revenue. If the EBIT margin is only 1.0%((2017: 1.2%), the recoverable amount is equal to the carrying amount.

6.12 Joint ventures and associates

The interests in joint ventures and investments in associates included in the statement of financial position breaks down as follows:

	2018	**2017**
Joint ventures	67.577	62.048
Associates	4.420	4.309
	71.997	**66.357**

Joint ventures

The reconciliation of the Group's interests in joint ventures, as recognised in the statement of financial position, including equity is shown below.

	2018	**2017**
Interest in the capital of Property Development joint ventures	61.394	57.662
Interest in the capital of other joint ventures	3.728	-6.684
	65.122	50.978
Negative asset values recognised in other provisions	2.455	11.070
	67.577	62.048

x € 1.000

The amounts presented below are the Group's shares in the results of joint ventures, with respect to the continuing operations.

	2018	2017
Share of the net result of property development joint ventures	2.391	1.848
Share of the net result of other joint ventures	2.523	-17.205
	4.914	-15.357

The property development joint ventures in which the Group participates achieved revenue of €34 million in 2018 (2017: €24 million). In total, they have inventories of €98 million (2017: €99 million), mainly in the form of a strategic land portfolio. The aforementioned amounts relate to the Group's share.

Included in the 'other joint ventures' are projects carried out on a consortium basis.

In a number of joint ventures, there are limits on the payout of dividends, often depending on the preference specified for repayment of the debts of the joint ventures concerned.

The group has undertaken commitments to joint ventures totalling €3 million (2017: €4 million) relating to the granting of subordinated loans if certain conditions are met. Apart from the commitments and contingent liabilities disclosed in notes 6.26, 6.27 and 6.28, the Group has no commitments or contingent liabilities relating to joint ventures.

Associates

The amounts shown below concern the interests of the Group in the equity and results of associates:

	2018	2017
Interests in the equity of associates	4.420	4.309
Interests in the net results of associates	888	688

x € 1.000

6.13 Loans granted to joint ventures

	2018	2017
Loans granted to joint ventures	22.512	29.507
Other long-term lending	124	124
Balance at 31 December	**22.636**	**29.631**

The long-term loans mainly concern loans granted to property development joint ventures. An amount of €1 million (2017: €16 million) of this item falls due within 1 years, with €18 million maturing after more than 5 years, including those with indefinite maturity (2017: €14 million). The weighted average interest rate is approximately 3.2%(2017: 3.5%). The loans are repayable and are secured by pledged assets and by cash flows from projects being carried on by the joint ventures concerned.

6.14 Deferred tax assets and liabilities

The net amount of the deferred tax assets and liabilities relating to temporary differences between the carrying amounts for tax purposes and for reporting purposes of items on the statement of financial position, together with recognised tax-loss carryforwards, can be broken down as follows:

	Receivables 31 december		Liabilities 31 december		Net amount 31 december	
	2018	2017	2018	2017	2018	2017
Property, plant and equipment	-	-	146	259	-146	-259
Intangible assets	-	-	1.829	2.987	-1.829	-2.987
Employee benefits	2.973	-	0	3.206	2.973	-3.206
Provisions	445	33	-	-	445	33
Recognised tax-loss carryforwards	33.890	35.629	-	-	33.890	35.629
Deferred tax assets and liabilities	**37.308**	**35.662**	**1.975**	**6.452**	**35.333**	**29.210**
Set-off of deferred tax assets and liabilities	-1.426	-5.845	-1.426	-5.845	-	-
Net deferred tax assets and liabilities	**35.882**	**29.817**	**549**	**607**	**35.333**	**29.210**

x € 1.000

The movement in the statement of financial position of the deferred tax assets and liabilities in 2018 breaks down as follows:

	Net amount at 31 December 2017	IFRS 15 adjustment	Recognised in income tax	Recognised in other comprehen-sive income	Net amount at 31 December 2018
Property, plant and equipment	-259	-	113	-	-146
Intangible assets	-2.987	-	1.158	-	-1.829
Employee benefits	-3.206	-	649	5.530	2.973
Provisions	33	-	-33	-	0
Other items	0	535	-90	-	445
Recognised tax-loss carryforwards	35.629	-	-1.739	-	33.890
Total	**29.210**	**535**	**58**	**5.530**	**35.333**

The movement in the statement of financial position of the deferred tax assets and liabilities in 2017 breaks down as follows:

	Net amount at 01 January 2017	Recognised in income tax in income tax	Recognised in other comprehen-sive income	Net amount at 31 December 2017
Property, plant and equipment	-510	251	-	-259
Intangible assets	-3.291	304	-	-2.987
Employee benefits	-2.473	-606	-127	-3.206
Provisions	90	-57	-	33
Other items	0	-	-	0
Recognised tax-loss carryforwards	35.521	108	-	35.629
Total	**29.337**	**0**	**-127**	**29.210**

Measurement of deferred tax assets

At year-end 2018, the recognised loss carry forward was €34 million, which relates to the loss carryforward of the Dutch tax group. This loss carryforward has been set off against the tax group's deferred tax liabilities. The Dutch tax group's currently recognised tax losses from prior years are subject to a loss carryforward period of 9 years. A deferred tax asset is recognised to the extent that it is probable, based on forecasts, that sufficient future taxable profits will be available that can be utilised towards realising the deferred asset. A relatively small number of large problem projects produces the losses, Measures have been taken to prevent such losses. Most of the activities perform according to plan. The forecasts are based on the order book, the 2019 business plan, and the long-term forecast. These also underlie the measurement of the recoverable amount

x € 1.000

of goodwill (for impairment tests). For the long-term forecast, the average EBIT margin of the Dutch tax group is assumed to grow to approximately 3% of revenue. The remaining settlement term of 9 years is longer than the period currently used until 2023. A factor inherent in the measurement of the deferred tax assets is that the utilisation of losses depends on the realisation of the 2019 business plan and the long-term forecasts, which are the Group's best estimates. Based on the projected results for the years 2019-2023 and the current and future tax rates of 25% for 2019, 22.5% for 2020 and 20.5% for 2021 and ensuing years, there will be sufficient taxable profits over the next few years to enable the tax asset recognised as at 31 December 2018 to be realised.

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, joint operations 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 statement of financial position

At year-end 2018, the tax-deductible losses of the Heijmans NV tax group amounted to €258.4 million (2017: €261.3 million). An analysis of this figure shows that €27.8 million relates to 2012, €69.6 million to 2014, €43.1 million to 2015, and €117.9 million to 2016. Out of the total, €103.1 million has not been recognised. At year-end 2018, the other tax losses not recognised in the statement of financial position amounted to €42.5 million (2017: €40.9 million). This relates to one German and two Belgian subsidiaries that conduct no operations.

x € 1.000

6.15 Inventories

	31 december 2018	1 january 2018 after IFRS 15	31 december 2017
Strategic land portfolio	127.351	150.043	150.043
Residential property in preparation or under construction	69.295	44.621	27.040
Raw materials and consumables	8.919	8.769	8.769
Finished products	1.370	1.341	1.341
Total	**206.935**	**204.774**	**187.193**
Carrying amount of inventories pledged as security	80.295	75.588	75.588
Finished products measured at net realisable value	1.313	1.313	1.313

Strategic land portfolio

The strategic land portfolio comprises land holdings that are measured at cost or net realisable value if lower. The net realisable value of these holdings may be either the direct realisable value or the indirect realisable value. The recognised net realisable value depends on the expected manner and time horizon of realisation and in most cases, therefore, is measured using an indirect realisable value method. The indirect realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale, the expected cash flows usually being discounted to net present value using a discount rate of 6% unless a different rate has been agreed, for example on the basis of favourable financing arrangements available within a joint undertaking. In fixing the discount rate, account is taken of the expected capital structure, operational risks and specific circumstances affecting Heijmans or the project concerned.

Determining the indirect realisable value involves the use of judgements and estimates. The strategic land portfolio is affected by several elements of uncertainty, such as demographic changes, location and details and implementation of development plans and administrative decisions, with as local a focus as possible. This provides a location-specific forecast of developments in land and house prices and other variables, which ultimately determine the indirect revenue value of the land holdings. The Group makes a comprehensive internal assessment of the value of its land holdings twice a year.

In general, the risk of deviations from the judgements and estimates is greater for strategic land holdings without planning permission than for those with. Moreover, this risk keeps increasing the longer the expected delay is before the start of development.

The net realisable value of the strategic land portfolio was calculated in 2018 and compared with the carrying amount. This led to a write-down of €6.4 million (2017: write-downs totalling €5.2 million and a reversal of an earlier write-down of €1.0 million concerning a joint venture). The decreases in value are partly due to specific local conditions that have adversely affected the success of projects, time to completion, expected margins and the number of homes completed.

x € 1.000

In principle, the strategic land portfolio and the residential property in preparation or under construction have terms of more than 12 months after the closing date (mostly 2 to 10 years). The other items in principle have a term of less than 12 months.

For more information on the pledging of land portfolios in connection with the financing agreements, refer to note 6.21.

Projects relating to residential property in preparation or under construction representing a liability are accounted for under IFRS 15 under a heading of work in progress on the liabilities side of the balance sheet. Under the previous requirements, the Group presented such projects in the net amount of work in progress on the assets side of the balance sheet. See Section 5 Accounting Principles, paragraph 3.1.2, for further disclosures concerning the consequences of applying IFRS 15.

6.16 Work in progress

	31 december 2018	1 january 2018 after IFRS 15	31 december 2017
Costs less provisions for losses and risks, plus profits based on percentage of completion	-	-	1.789.727
Performance obligations fulfilled and transferred to clients (in practical terms, this item comprises realised revenue based on percentage of completion)	2.635.681	1.999.392	-
less: Invoiced instalments	-2.726.655	-2.052.198	-1.857.428
Balance of work in progress	**-90.974**	**-52.806**	**-67.701**
Work in progress assets (positive balance of work in progress)	51.415	64.747	61.264
Work in progress liabilities (negative balance of work in progress)	-142.389	-117.553	-128.965
Balance of work in progress	**-90.974**	**-52.806**	**-67.701**

With effect from 1 January 2018, following the application of IFRS 15 Revenue from Contracts with Customers, projects relating to residential property in preparation or under construction representing a net liability (totalling €18 million) are presented separately as work in progress liabilities. Up to year-end 2017, this item was included as a net amount in the balance sheet under inventories. As at year-end 2018, the residential property in preparation or under construction representing a net liability amounted to €41 million. See also Section 5 Accounting Principles, para 3.1.2, for further disclosures concerning the consequences of applying IFRS 15.

With effect from 1 January 2018, following the application of IFRS 15 Revenue from Contracts with Customers and having

x € 1.000

regard to IAS 37 concerning provisions, provisions for onerous contracts relating to projects (totalling €32 million) are included in 'Provisions'. Up to year-end 2017, the provision was deducted from work in progress. As at year-end 2018, the provision for onerous contracts relating to projects amounted to € 26 million. See also Section 5 Accounting Principles, para 3.1.2, for further disclosures concerning the consequences of applying IFRS 15.

A periodical assessment of the carrying amount of work in progress is made for each project by the project owner and the management of the unit concerned. This assessment is essentially performed on the basis of the figures in the project files, the project accounts and the knowledge and experience of those involved. Inherent in this process and the project-related activities is that estimates have to be made and that the Group is involved in negotiations and discussions concerning the financial progress of projects, such as contract savings or extras, claims, incentives and penalties, completion dates and the quality standard of the work. It may turn out at a later stage that actual results differ from the estimates. This will be so particularly for long-term projects that include considerable customisation. It can also occur if there are unsettled claims or discussions with clients about additional work that are still continuing on the closing date. For further details on a number of specific projects, refer to note 6.30.

The degree of uncertainty surrounding these estimates becomes greater the more, for example:

- types of contract and associated specific agreements involve increased risks for the Group. In a DC contract, for example, the Group assumes the design risk (as well as construction). DBMO contracts also include responsibility for maintenance and operation;
- projects are still at the design stage. It is possible for substantial changes to occur in the process of turning a provisional design into the final design, leading to adjustments both up and down compared with the initial projection.
  Projects are also fraught with opportunities and risks during execution. For example there may be extra work, claims or unforeseen circumstances with a potential cost to the Group.

Variable consideration is only recognised if it is highly unlikely that a significant revenue reversal will occur.

- Revenue from additional work is included in the overall contract revenue if the client has accepted the sum involved in any way.
- Claims and incentives are recognised in the amount for work in progress where they derive from enforceable rights, it is highly probable that they will lead to revenue and can be reliably measured.
- Unless it is highly unlikely that a penalty will be applied, the amount of any penalties will be deducted from the revenue.

Bonuses are recognised as revenue from work in progress if the project is far enough advanced and it is highly probable that the performance indicators specified will be met (and it is highly probable that no significant reversal will occur), and the bonus amount can be reliably determined. If the bonus can only be received after expiry of a predetermined period following completion of the project, then that bonus is only recognised when it is highly probable that the bonus will be received (and it is highly probable that no significant reversal will occur).

Work in progress assets concerns the right to consideration in respect of work on projects carried out and transferred to the

x € 1.000

client.

Work in progress liabilities concerns the obligation to carry out work on projects for clients for which the Group has received a consideration from the client (or the client owes that amount).

Work in progress assets and liabilities generally have a term of less than 12 months.

Work in progress assets and liabilities do not include any items of a material nature relating to marginal costs for securing or fulfilling a contract.

6.17 Trade and other receivables

	31 december 2018	31 december 2017
Trade receivables	132.425	120.304
Amounts still to be invoiced on concluded projects	7.579	15.146
Receivables from joint operations	12.534	5.016
Prepayments	9.070	10.642
Other receivables	14.077	14.554
Total trade and other receivables	**175.685**	**165.662**

Trade receivables are presented after deduction of impairment losses. The write-down for expected bad debts is recognised in the statement of profit or loss under administrative expenses. At year-end 2018, a provision of €1.3 million was formed for impairment of trade receivables (2017: €2.0 million).

Trade and other receivables are mainly short-term.

x € 1.000

6.18 Cash and cash equivalents

	31 december 2018	31 december 2017
Bank balances	86.836	69.172
Cash in hand	0	0
Funds in blocked accounts	2.096	5.265
Total cash and cash equivalents	**88.932**	**74.437**

Of the total cash and cash equivalents, €36 million (2017: €48 million) is held by joint ventures. These cash and cash equivalents are exclusively available in consultation with the joint venture partners concerned.

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.

6.19 Equity

Paid-up and called-up share capital In thousands of shares	2018	2017
Outstanding at 1 January	21.409	21.407
Share Matching Plan	0	2
Outstanding at 31 December	**21.409**	**21.409**

Refer to statement 2b for disclosures on the changes in equity, and to the Company financial statements for disclosures on the authorised share capital, the statutory reserve for investees, the hedging reserve, the appropriation of results and other figures.

In April 2017, the Group issued 2,289 shares in connection with the vesting of deferred bonus shares awarded to members of the Executive Board in April 2014 under the Share Matching Plan (see note 6.29).

x € 1.000

6.20 Earnings per share

Basic earnings per ordinary share

The basic earnings per share in 2018 on the combined operations amounted to €0.96 (2017: €0.91 for all operations and 2017: €-0.44 for continued operations). 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 number of ordinary shares that were outstanding during 2018.

Result attributable to holders of ordinary shares (all operations)	**2018**	**2017**
Result attributable to holders of ordinary shares after tax	**20.489**	**19.542**

Weighted average number of ordinary shares In thousands of shares	**2018**	**2017**
Ordinary shares outstanding on 1 January	21.409	21.407
Effect of shares issued under the Share Matching Plan on 28 April 2017	-	1
Weighted average number of ordinary shares at 31 December	**21.409**	**21.408**

Diluted earnings per ordinary share

The calculation of the diluted earnings per share in 2018 is based on the weighted average number of ordinary shares during the year, which was 21,409 thousand. In the calculation of the dilution effect, the dilution is related to the award of deferred bonus shares under the Bonus Investment Share Matching Plan (see note 6.29).

x € 1.000

6.21 Interest-bearing loans and other financing liabilities

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

31 December 2018	Non-current portion	Current portion	Total
Cumulative financing preference shares B	45.100	-	45.100
Syndicated bank financing	-	-	-
Project financing	4.245	0	4.245
Other non-current liabilities	3.068	4.701	7.769
Current account overdrafts with credit institutions	-	1.165	1.165
Total liabilities	**52.413**	**5.866**	**58.279**

31 december 2017	Non-current portion	Current portion	Total
Cumulative financing preference shares B	45.100	-	45.100
Syndicated bank financing	-	-	-
Project financing	67	267	334
Other non-current liabilities	9.370	4.834	14.204
Current account overdrafts with credit institutions	-	1.128	1.128
Total liabilities	**54.537**	**6.229**	**60.766**

x € 1.000

Cumulative financing preference shares B

At year-end 2018, 4,510,000 cumulative financing preference shares B were outstanding at €10 a share. The annual amount of the interest payable on these shares, with effect from 1 January 2014, is 7.9% and is payable annually, 14 days after the General Meeting of Shareholders. The Group has the right to repurchase or cancel these preference shares before their maturity date in case of an interest rate change or at any other time subject to payment of compensation. There is no repayment obligation. The dividend will be reviewed on 1 January 2019 and every 5 years thereafter. The terms applicable with effect from 1 January 2019 have now been agreed, subject to the approval of the General Meeting of Shareholders. See the financial developments section of the report for further details.

Syndicated bank financing

The syndicated bank facility amounted to €121.4 million as at year-end 2018. This amount is fully committed and is made up of an overdraft facility of €25 million with ING and a revolving credit facility of €96.4 million with ABN Amro, ING and Rabobank. This facility was refinanced in May 2018, providing an extension of three years, with a maturity date of 30 June 2022. Efforts made to achieve more robust balance sheet ratios, have resulted in a gradual reduction in the facility from €256 million in 2016 to the present €121 million. In order to achieve this, KBC was removed from the banking syndicate prematurely in October 2018, a repayment that was originally not scheduled until the first half of 2019.

At the start of the year, the interest margin on the committed facility was 4% and this was reduced to 3% at the time of the refinancing, with effect from 16 May 2018. The future amount of the interest margin depends on the performance agreements, with the potential to drop to 1.65%. Improved performance means that the interest margin will improve to 2.25% in Q1 2019. Collateral security has been provided for the facility. This is predominantly in the form of pledging of trade receivables and bank balances as well as a first mortgage on land holdings recognised at a combined carrying amount of approximately €70 million.

At the time of the refinancing, the financial covenants were also reviewed. If these covenants are not met, the facility is in principle callable immediately. A new requirement is a minimum solvency ratio of 20% as at year-end 2018 and 2019 and 22.5% as at year-end 2020 and subsequent years. This ratio is measured only once a year and the effects on the balance sheet resulting from IFRS 15 (already implemented, with a downward impact of approximately two percentage points) and from IFRS 16 (to be implemented next year) have to be eliminated for the purposes of the calculation. The solvency ratio calculation involves dividing the capital base by total assets, the capital base being made up of equity plus the cumulative financing preference shares B.

A stipulated interest cover ratio also applies, calculated at the end of each quarter, the minimum value being 4. In addition, a leverage ratio is to be calculated twice a year (30 June and 31 December), which must not exceed 3, with a maximum average leverage ratio of 1.5 calculated quarterly. The maximum permitted average leverage ratio also reduces to 1.0 with effect from 31 March 2019. Satisfying the covenants is actively monitored within Heijmans. Based on the 2019 business plan, together with the already achieved quarterly figures during 2018, the Group expects to be able to continue operating within the covenants in the year ahead, the relevant parameters here being the development in EBITDA and net debt. Changes in the net debt position are a function of fluctuations in working capital, behind which lie seasonal effects and fluctuations due to specific projects in particular. During the course of the year, the working capital requirement is traditionally higher than at year-end, leading to an increase in net debt by as much as €50-100 million. The syndicated loan, which was not drawn on at all as at year-end 2018, is available to fund fluctuations in working capital.

x € 1.000

The interest cover ratio is calculated as EBITDA divided by net interest expense. The leverage ratio is obtained by dividing net debt by EBITDA (earnings before interest, tax, depreciation and amortisation). The definitions of these items include several adjustments to the reported figures, as agreed with the bank consortium in the credit agreement. The main adjustments compared with the net debt for accounting purposes are an increase in respect of the net debt from joint ventures and a decrease in respect of the amount of the cumulative financing preference shares B in issue and certain specific project financing arrangements where there is no right of recourse against Heijmans. The main adjustments compared with the accounting EBITDA concern the capitalised interest, results relating to business units that have been sold off, fair value adjustments, reorganisation costs and EBITDA results from joint ventures. The main adjustments to the reported net interest expense concern the exclusion of interest expense on non-recourse project financing and cumulative financing B preference shares. Heijmans operated within the agreed covenants throughout the year.

Reconciliation between the underlying results, EBITDA, net debt and net interest expense as reported and in accordance with the definitions agreed with the bank consortium, and the calculation of the 2018 ratios, is presented below.

Amounts x €1 million	**note**	**2018**	**2017**
Interest-bearing debt	6.21	58,3	60,8
Cash and cash equivalents	6.18	-88,9	-74,4
Net debt		**-30,6**	**-13,6**
Adjustments for:			
Net debt of joint ventures		78,1	89,2
Non-recourse net debt for project financing		-92,4	-95,0
Cumulative financing preference shares B	6.21	-45,1	-45,1
Other		2,1	5,3
Covenant net debt (A)		**-87,9**	**-59,2**
Reported EBITDA	6.1	34,2	59,0
EBITDA of joint ventures	6.1	5,8	-14,0
Exceptional items	6.1	3,2	-14,2
Underlying EBITDA		**43,2**	**30,8**
Adjustments for:			
Capitalised interest	6.7	1,5	1,5
EBITDA for project with non-recourse financing		-4,2	-5,2
Other		-1,3	-1,3
Covenant EBITDA (B) - Interest Cover		**39,2**	**25,8**
EBITDA attributable to disposals		-	0,9
Covenant EBITDA (C) - leverage Ratio		**39,2**	**24,9**

x € 1.000

Amounts x €1 million	note	2018	2017
Net interest expense		**9,4**	**11,3**
Adjustments for:			
Joint venture net interest expense		1,1	1,1
Non-recourse project financing interest expense		-2,8	-2,8
Interest on cumulative financing preference shares B	6.21	-3,6	-3,6
Other		-3,9	-2,7
Net covenant interest expense (D)		**0,2**	**3,3**
Equity	2.	149,1	162,2
Cumulative financing preference shares B	6.21	45,1	45,1
Capital base		194,2	207,3
Adjustments for:			
IFRS 15 adjustments	5.	1,3	-
Capital base covenants (E)		**195,5**	**207,3**
Total assets		776,1	770,8
Adjustments for:			
IFRS 15 adjustments	5.	-40,4	-
Total assets covenants (F)		**735,7**	**770,8**
Leverage ratio (A/C) <3		**-2,3**	**-2,4**
Interest cover ratio (B/D) >4		**180,3**	**7,7**
Average net debt covenants <1.5		**-0,3**	
Solvency ratio (E/F) >20%		**26,6%**	**26,9%**

Minimum levels of EBITDA and solvency were agreed in 2017.

x € 1.000

Project financing

Project financing arrangements have been entered into in connection with specific real estate and other projects. The project financing repayment schedules are usually related to the progress on projects. Project financing generally expires no later than the date of completion and/or sale of the projects. Recourse is limited to project assets only, including future positive cash flows from these projects, as well as the contracts and mortgage collateral related to the project / project company in most cases. Heijmans N.V. has guaranteed the repayment of principal and/or payment of interest up to an amount of €4.2 million (2017: €0.3 million) of the total project financing.

Other liabilities

The other liabilities concern financing arrangements provided by parties involved in a number of specific investments in land. As security for this finance, amounting to €7.8 million (2017: €14.2 million), Heijmans has provided guarantees in respect of repayments/payment of interest.

Average interest rate	**2018**	**2017**
Cumulative financing preference shares B	7,9%	7,9%
Syndicated bank financing*	3,7%	3,9%
Project financing	1,1%	1,6%
Other bank financing	3,3%	2,5%
Other non-current liabilities	3,0%	3,1%

* The disclosed percentage is exclusive of amortised refinancing costs and fees. Including fees, the figure is 6.1% (2017:4.9%) and, including amortised refinancing costs, the figure is 15.2% (2017:7.3%).

Movements in interest-bearing liabilities

The movements in 2017 in the interest-bearing liabilities were as follows:

	2018	**2017**
Opening balance	60.766	177.035
Recognised liabilities	4.243	-
Liabilities redeemed	-6.730	-116.269
Closing balance	**58.279**	**60.766**

x € 1.000

6.22 Employee benefits

Movement in the liability for defined benefit plans and long-service payments

	Liability		Fair value of assets		Net liabilities relating to defined benefit rights and long-service payments	
	2018	**2017**	**2018**	**2017**	**2018**	**2017**
Balance at 1 January	**417.170**	**427.891**	**429.999**	**437.966**	**-12.829**	**-10.075**
Recognised in profit or loss						
Service cost	264	282	-	-	264	282
Interest expense/income	7.531	7.455	7.507	7.575	24	-120
Settlements and curtailments	-5.951	-	-	-	-5.951	0
Actuarial result long-service payments	243	-87	-	-	243	-87
Administrative and other expenses	-	-	-910	-580	910	580
Recognised in other comprehensive income						
Actuarial result, experience	301	-729	-	-	301	-729
Actuarial result, life expectancy	-3.921	-	-	-	-3.921	-
Actuarial result, indexing	7.407	3.398	-	-	7.407	3.398
Actuarial result, discount rate	6.218	-6.769	-	-	6.218	-6.769
Actuarial result, return on investments	-	-	-27.122	-3.505	27.122	3.505
Contributions and benefits						
Employer contributions	-	-	2.726	2.814	-2.726	-2.814
Pension and long-service payments	-14.688	-14.271	-14.688	-14.271	-	-
Total at 31 December	**414.574**	**417.170**	**397.512**	**429.999**	**17.062**	**-12.829**

The pension and long-service payments in 2019 will amount to approximately €15 million. Over the next few years, this amount should not change significantly.

x € 1.000

The total liability arising from defined benefit pension plans and long-service payments is recognised in the statement of financial position as follows:

	31 december 2018	31 december 2017
Non-current employee benefits	15.451	15.298
Current employee benefits	1.611	1.995
Employee-related receivable	0	-30.122
	17.062	**-12.829**

The employee-related receivable as at year-end 2017 concerned the pension plan administered by the Heijmans pension fund Stichting Pensioenfonds Heijmans N.V. The asset was based on the assumption that this closed plan will gradually wind down and, on conclusion, that the Group, as the employer, will eventually be the sole remaining stakeholder and that the final balance will therefore logically accrue to Heijmans. In April 2018, the obligations were reinsured with an insurer, so that the asset became nil as at year-end 2018. See the note below on the Heijmans pension fund Stichting Pensioenfonds Heijmans N.V. for further disclosures on the effects of the reinsurance..

Liability for defined benefit plans in the Netherlands

Stichting Pensioenfonds Heijmans N.V.
No new members will be admitted to the Pensioenfonds Heijmans plan. Pension rights are currently being accrued at a pension provider on the portion of salary that exceeds the maximum salary threshold of the industry-wide pension fund. The pension accrual of employees who became members of the supplementary plan before the end of 2012 remains guaranteed by Stichting Pensioenfonds Heijmans N.V. In April 2018, the obligations were transferred to an insurer, and a pension cut of 2% imposed in 2013 was simultaneously reversed. If the pension fund has a deficit, under the terms of the agreement with the pension fund, the employer immediately incurs a liability to contribute to the pension fund. For this reason, the plan continues to be treated as a defined benefit plan. The reinsurance and the reversal of the pension cut gave rise to an actuarial expense of €37 million that has been recognised as an unrealised result. Also, the annual pension increases accrued prior to 2012 of members of the previous plan still employed by the Group, which depended on the CLA pay rise for the whole of the Dutch construction industry (Bouw & Infra), were put on an actual pay footing, with effect from 1 January 2019. The amount released from the liability recognised in respect of these increases produced income of €6 million in the statement of profit or loss. The reinsurance process and the conversion of the accrued pension increases resulted in an incidental increase in pension charges in 2018, particularly on account of the costs of professional advice to the pension fund. Approximately 23% of the members are still employed by Heijmans, 52% are former employees and 25% are pensioners. The average term of the pension liability is approximately 15 years. The pension contributions and required buffers are calculated in accordance with the rules stated in the Pensions Act. In accordance with these rules, the level of contributions has to be cost-covering, and the pension fund's policy funding ratio needs to be 101% at year-end 2018 (2017: 108%). The actual policy funding ratio as at 31 December 2018 was 102.3%. The Board of Trustees of the fund comprises representatives of the employer, employees and pensioners.

x € 1.000

Insured plans

The Group has some 15 insured pension plans in the form of guarantee contracts. The Group is only required to meet the costs of indexation, not for funding increased liabilities due to adverse changes in actuarial assumptions, so the pension plan risk is largely borne by the insurers. Responsibility for holding sufficient funds to pay out all benefits rests with the insurers. Regulatory responsibility lies with DNB. The amount of the additional contribution required to meet annual increases is calculated on the basis of the assumptions contained in the insurance contract. The average term of the pension liabilities is approximately 15 years.

Industry-wide pension funds

The majority of the pensions have been placed with industry-wide pension funds, the main ones being the Pension Fund for the Construction Industry (Bouwnijverheid) and the Pension Fund for the Engineering, Mechanical and Electrical Contracting Sector (Metaal en Techniek). Both these funds operate average pay plans with annual increases. The funding ratio set by the policy of the Construction Industry pension fund was 118.3% at year-end 2018 (year-end 2017: 115.2%). The policy funding ratio for the Engineering, Mechanical and Electrical Contracting Sector stood at 102.3% at year-end 2018 (year-end 2017: 100.6%). These funding ratios have been calculated on the basis of the actuarial assumptions used by the various industry-wide pension funds, in accordance with the Pensions Act and the Financial Assessment Framework.
Since their funding ratios have only a marginal effect on the contribution adjustments, these plans qualify as defined benefit pension plans. Despite this, they are treated as defined contribution plans because the administration of the industry pension funds is not designed to supply the required information.
With regard to these plans, the Group is only required to pay the predetermined contributions. The Group has no obligation to make up any deficit, other than through future contribution adjustments. The Group has no claim to any surplus in the funds.

Long-service payments

The long-service payments are a month's salary, or a portion thereof, for employment periods of 25 and 40 years.

x € 1.000

Income and expense items recognised in connection with defined benefit plans and long-service payments for continuing operations	**2018**	**2017**
Service cost	-264	-282
Interest expense	-7.531	-7.368
Expected return on assets	7.507	7.575
	-288	**-75**
Administrative and other expenses	-910	-580
Settlements and curtailments	5.708	87
Actuarial result on long-service payment liabilities	-243	87
Total income and expense for defined benefit plans and long-service payments	**4.510**	**-568**

The principal actuarial assumptions as at year-end are:

	31 december 2018	**31 december 2017**
Discount rate	1,75%	1,85%
Expected return on plan assets	1,75%	1,85%
Future wage inflation	2,25%	2,25%
Future pay increases	0-1,5%	0-1,5%
Future annual increase	0-1,00%	0-1,00%
Staff turnover	7,0-16,0%	7,0-16,0%
Life expectancy	AG Mortality Table 2018 0/0	AG Mortality Table 2016 0/0

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.

The annual increase for the supplementary plan that was administered by Stichting Pensioenfonds Heijmans N.V. up to year-end 2017, tracked wage inflation.

x € 1.000

Financing liability for defined benefit plans and long-service payments	31 december 2018	31 december 2017
Fully funded defined benefit plans	409.556	412.287
Long-service payments (unfunded)	5.018	4.883
Liability for defined benefit plans and long-service payments at 31 December	**414.574**	**417.170**

Breakdown of plan assets as a percentage of the total	31 december 2018	31 december 2017
Equities	0%	10%
Fixed-income securities	0%	40%
Liquid assets	1%	0%
Other/insured plans	99%	50%

Stichting Pensioenfonds Heijmans N.V. assets

The reinsurance entered into by Stichting Pensioenfonds Heijmans N.V. in 2018 means that almost the entirety of the pension fund's assets is accounted for by a receivable from the insurer.

Reasonably possible changes in one of the relevant actuarial assumptions on the reporting date, with the other assumptions remaining unchanged, could potentially affect the liabilities associated with the vested pension rights to the extent shown below.

x €1 million	2018		2017	
	Increase	Decrease	Increase	Decrease
Change of 0.5%-points in the discount rate	-30,5	34,4	-32,3	36,6
Change of 0.25%-points in wage and price inflation and rate of annual increase	8,9	-3,3	10,7	-4,2
Change of 1 year in life expectancy	16,5	-16,6	16,2	-16,4

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 effects of these changes are largely mitigated by an equal effect on the plan investments.

The Group expects to contribute approximately €2 million to its defined pension plans in 2019 and approximately €30 million to defined contribution plans. The expected contributions in subsequent years are likely to be in line with those expected for 2019, depending on changes in the above-mentioned actuarial assumptions and other factors.

x € 1.000

6.23 Provisions

General

Provisions for such things as losses on work in progress, warranty obligations, restructuring costs and environmental risks are recognised if Heijmans has an existing obligation and it is probable that an outflow of resources will occur. The amount of each provision can be reliably estimated. The provisions are stated at face value, unless the time value of money is material.

	31 December 2017	IFRS 15 adjustment	Reversal of unused amounts	Additions to provisions	Provisions used	31 December 2018
Work in progress losses	-	32.215	-3.957	8.255	-10.307	26.206
Warranty obligations	1.536	-	-58	2.233	-318	3.393
Restructuring costs	2.915	-	-580	1.616	-2.564	1.387
Environmental risks	3.570	-	-1.000	0	-893	1.677
Provision for loss-making interests	11.070	-	0	2.432	-11.047	2.455
Other provisions	4.395	-	-289	2.028	-1.107	5.027
Total provisions	**23.486**	**32.215**	**-5.884**	**16.564**	**-26.236**	**40.145**

Ageing of provisions	31 december 2018	31 december 2017
Non-current portion	20.596	1.949
Current portion	19.549	21.537
Total	**40.145**	**23.486**

Work in progress losses

If a contract with a client for the execution of a project shows a loss, the entire amount of the loss is immediately recognised in the statement of profit or loss and included as a provision for losses on work in progress in the provisions on the balance sheet. Up to year-end 2017, these loss provisions were included within work in progress (see Section 5 Accounting Principles, para 3.1.2 concerning the implications of applying IFRS 15 Revenue from Contracts with Customers).

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 construction partners. It is expected that most of the obligations will materialise in the next two years.

Provision for restructuring costs

The provision for restructuring costs relates to the expected severance costs related to organisational changes. Most of the provision will be used in 2018.

x € 1.000

Provision for environmental risks

This item represents possible site reinstatement costs. The costs have been estimated by site, based on government regulations concerning the clean-up method and soil investigation. The periods within which restoration needs to take place vary by 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.

Provision for loss-making interests

The provision for loss-making interests relates to joint ventures in which the Group's share is negative. The decrease in this provision in 2018 has to do with payments of capital.

Other provisions

The other provisions include lawsuits, amounting to €3.2 million (2017: €2.2 million), quarry site reinstatement obligations of €1.1 million (2017: €1.3 million). Among the remainder is a provision for potential expenses in connection with occupational disability.

6.24 Trade and other payables

Trade and other payables	**31 december 2018**	**31 december 2017**
Suppliers and subcontractors	220.466	220.160
Invoices due for work in progress	24.965	23.892
Invoices due for work completed	25.990	28.822
Pension obligations	2.172	3.400
Staff costs payable	15.864	14.795
VAT payable	40.751	36.149
Wage tax and social security contributions payable	14.093	13.763
Administrative expenses and costs of sales payable	1.555	2.520
Interest payable	5.249	5.252
Other liabilities	17.331	28.647
Total trade and other payables	**368.436**	**377.400**

The trade and other payables are predominantly of a short-term nature.

x € 1.000

6.25 Financial risks and risk management

General

In the normal course of business, Heijmans is exposed to various financial risks, including credit, liquidity, market, price and interest-rate risks.

This section describes the degree to which these risks manifest themselves, the objectives set regarding the risks and the policy and procedures for measuring and managing them, 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 modified 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.

Credit risk

Credit risk is the risk that the Group will be exposed to financial loss if a party against 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 residential property development is limited, as future residents can only take possession of the new home once they have met all their obligations and there is pre-financing during the construction stage. The creditworthiness is assessed in transactions involving the development of commercial property, construction contracts and infrastructure projects, with additional collateral possibly being requested. Additional forms of security are particularly important in the case of turnkey projects (paid for on completion), although normally there is pre-financing of transactions in the 'business to business' segment as well. Where Infrastructure and Non-Residential Building are concerned in particular, Heijmans carries out many assignments for public authorities, for which the credit risk is considered extremely limited. In these areas of the business, Heijmans will be part of consortiums working on various large-scale, integrated projects. The more specific the expertise of a consortium partner, the greater the importance that is attached to the creditworthiness of that partner. In such cases, a poor credit rating is grounds for not entering into partnership, since financial guarantees are not worth anything if essential know-how is lost.

The assessment of creditworthiness is part of the standard procedure, and involves using company-specific reports produced by rating agencies. 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.

x € 1.000

The cash and cash equivalents are held at different banks that are assessed as regards creditworthiness. The credit risk is further mitigated by concentrating the cash as far as possible in cash pools, the cumulative balance of which is predominantly negative over the year,

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 analysed as follows:

	31 december 2018	31 december 2017
Loans granted	22.636	29.631
Cash and cash equivalents	88.932	74.437
Trade and other receivables	175.685	165.662
Total	**287.253**	**269.730**

Loans granted are mainly loans granted by the Group to joint arrangements in which it participates.

Age analysis of outstanding trade receivables without impairment, from due date:

	31 december 2018	31 december 2017
< 30 days	13.661	12.760
30-60 days	1.161	1.314
60-90 days	888	1.094
> 90 days -≤ 1 year	2.191	1.202
> 1 year	5.262	6.097
Total	**23.163**	**22.467**

Including accounts not yet due and accounts for which an impairment has been recognised, the balance of trade receivables at year-end 2018 was €132 million (2017: €120 million).

The due dates of the other financial assets have not been exceeded.

Trade receivables are reported after deduction of impairment losses relating to doubtful receivables. The movement in the provision was as follows:

x € 1.000

	2018	2017
Balance at 1 January	2.033	2.659
Additions	379	0
Withdrawals	-769	-525
Release	-332	-101
Balance at 31 December	**1.311**	**2.033**

Liquidity risk

Liquidity risk is the risk that the Group cannot meet its financial obligations at the time it is required to do so. See also note 6.21, Interest-bearing loans. The liquidity-risk management assumption is that sufficient liquidity levels will be maintained to meet current and future financial obligations, in both normal and exceptional circumstances, without incurring unacceptable risks and without endangering the reputation of the Group.

Weekly 3-month rolling and monthly 12-month rolling liquidity forecasts are among the tools used to determine whether the Group has sufficient liquidity available. In addition, the availability of credit, including in the form of contingency funding available from credit insurers or providers of guarantees, is continuously monitored by regularly making projections of the score in relation to financial covenants and engaging in an active dialogue with all financial stakeholders. Based on this forecast, the Group considers that sufficient liquidity is available to conduct operations.

To secure the availability of financial resources for both the long term and the short term, Heijmans has access to the following facilities:

- €45 million in cumulative financing preference shares B without a repayment obligation; (year-end 2018) €121 million committed syndicated bank financing, €25 million of which is in the form of a committed overdraft facility linked to a cash pool.
- project financing for which committed financing is available for most of the anticipated principal sum and duration of the project in question; and
- diverse operationele leases.

In order to satisfy clients' requirements for bank guarantees, Heijmans has access to guarantee facilities with various institutions. These facilities are uncommitted. Every month, a projection is made of the use of the available bank guarantee facilities, based on current tenders and expectations regarding the discharge of existing bank guarantees. Based on these projections, Heijmans believes that the present extent of the facilities is adequate.

At year-end 2018, the bank guarantee facilities totalled €291 million (2017: €286 million) provided by a total of 10 parties. As at year-end 2018, there remained almost €1 million in guarantees relating to the international activities that were disposed of in 2017, with the rest exclusively concerning guarantees for projects associated with operations in the Netherlands.

x € 1.000

The contractual maturity dates of the financial obligations, including interest payments for continuing operations, are as follows:

31 december 2018	Carrying amount	Contractual cash flow	< 6 months	6-12 months	1-2 years	2-5 years	> 5 years
Cumulative financing preference shares B	-45.100	-61.671	-3.563	-	-3.252	-9.756	-45.100
Syndicated bank financing	-	-	-	-	-	-	-
Project financing	-4.245	-4.245	-	-	-	-	-4.245
Other non-current liabilities	-7.769	-9.025	-5.046	-	-157	-471	-3.351
Current account overdrafts with credit institutions	-1.165	-1.165	-1.165	-	-	-	-
Trade and other payables	-368.436	-368.436	-368.436	-	-	-	-
Total	**-426.715**	**-444.542**	**-378.210**	**0**	**-3.409**	**-10.227**	**-52.696**

31 december 2017	Carrying amount	Contractual cash flow	< 6 months	6-12 months	1-2 years	2-5 years	> 5 years
Cumulative financing preference shares B	-45.100	-62.915	-3.563	-	-3.563	-10.689	-45.100
Syndicated bank financing	-	-	-	-	-	-	-
Project financing	-334	-334	-138	-133	-63	-	-
Other non-current liabilities	-14.204	-15.784	-229	-42	-9.690	-2.315	-3.508
Current account overdrafts with credit institutions	-1.128	-1.128	-1.128	-	-	-	-
Trade and other payables	-377.400	-377.400	-377.400	-	-	-	-
Total	**-438.166**	**-457.561**	**-382.458**	**-175**	**-13.316**	**-13.004**	**-48.608**

For the cumulative financing preference shares B, the nominal value has been taken into account on the maturity date and on the dividend repricing date. The cumulative financing preference shares do not have a repayment obligation. In the liquidity analysis, the nominal value of the loan has been included in the period > 5 years.

Market risk

Market risk is the risk that the income of the Group or the value of financial instruments is adversely affected by changes in market prices, for example, due to movements in 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 undertaken. Transactions of this nature are carried out within established guidelines. As at year-end 2018, the Group's subsidiaries and joint arrangements had not contracted any derivative instruments (2017: none).

x € 1.000

Price risk

Price risk associated with the purchase of raw materials and consumables as well as with outsourced 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 procuring raw materials.

Interest-rate risk

The interest rate policy at Heijmans is directed towards limiting the impact of changes in interest rates on the Group's results. For the majority of the project financing arrangements, fixed interest rates are preferred, giving greater certainty with respect to results on the various projects. Where the syndicated loan is used, financing is at a variable rate. Since this involves financing of working capital, which is generally not required at the end of the year, there is currently nothing to be gained from having interest rates fixed for an extended period. The present negative Euribor rate is another factor here. This policy is subject to constant evaluation.

If the interest rate for 2018 had been 2 percentage points higher on average, the result before tax based on the average level of debt would have been approximately the same (2017: €1.1 million lower). The effect of a 2 percentage point difference in interest rates on the Group's equity (assuming all other variables remained constant) would have been almost nil (2017: decrease of €0.9 million).

The table below shows the periods in which interest rates for interest-bearing financial assets and financial liabilities are reviewed:

		31 december 2018					
	Note	**Total**	**0–6 months**	**6–12 months**	**1–2 years**	**2–5 years**	**> 5 years**
Loans granted	6.13	22.636	6.681	3.419	11.232	60	1.244
Cash and cash equivalents	6.18	88.932	88.932	-	-	-	-
Cumulative financing preference shares B	6.21	-45.100	-45.100	-	-	-	-
Syndicated bank financing	6.21	-	-	-	-	-	-
Project financing	6.21	-4.245	-4.245	-	-	-	-
Other non-current liabilities	6.21	-7.769	-4.889	-	-	-	-2.880
Current account overdrafts with credit institutions	6.21	-1.165	-1.165	-	-	-	-
Total		**53.289**	**40.214**	**3.419**	**11.232**	**60**	**-1.636**

x € 1.000

			31 december 2017				
	Note	Total	0–6 months	6–12 months	1–2 years	2–5 years	> 5 years
Loans granted	6.13	29.631	3.664	60	14.233	10.430	1.244
Cash and cash equivalents	6.18	74.437	74.437	-	-	-	-
Cumulative financing preference shares B	6.21	-45.100	0	-	-45.100	-	-
Syndicated bank financing	6.21	-	-	-	-	-	-
Project financing	6.21	-334	-334	-	-	-	-
Other non-current liabilities	6.21	-14.204	-30	-9.450	-	-1.844	-2.880
Current account overdrafts with credit institutions	6.21	-1.128	-1.128	-	-	-	-
Total		**43.302**	**76.609**	**-9.390**	**-30.867**	**8.586**	**-1.636**

As at the closing date, 83% (2017: 82%) of the interest-bearing debt had been negotiated at a fixed rate of interest, and 17% (2017: 18%) at a floating rate. Due to seasonal effects, the average debt during the year is higher than the debt at the closing date. The portion of the gross debt subject to a floating interest rate is also higher during the year. The gross floating rate interest debt is offset by items such as cash and cash equivalents, which are also subject to floating rate interest.

The average weighted term to maturity of the project financing is 0.2 years (2017: 0.2 years).

The interest-bearing loans are measured at amortised cost rather than at fair value. The carrying amount of the loans is therefore not affected by changes in interest rates.

Currency risk
The currency risk on sales, purchases and loans 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. 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 (unobservable input).

Heijmans has no financial assets or liabilities measured at fair value.

x € 1.000

Note	Level		31 december 2018 Carrying amount	31 december 2018 Fair value	31 december 2017 Carrying amount	31 december 2017 Fair value
		Loans and receivables				
6.13	2	Loans granted	22.636	23.261	29.631	29.593
6.17	*	Trade and other receivables	175.685	175.685	165.662	165.662
6.18	*	Cash and cash equivalents	88.932	88.932	74.437	74.437
6.21	*	Current account overdrafts with credit institutions	-1.165	-1.165	-1.128	-1.128
6.21	2	Cumulative financing preference shares B	-45.100	-45.100	-45.100	-49.987
6.21	2	Syndicated bank financing	-	-	-	-
6.21	2	Project financing	-4.245	-4.245	-334	-334
6.21	2	Other non-current liabilities	-7.769	-8.294	-14.204	-14.520
6.24	*	Trade and other payables	-368.436	-368.436	-377.400	-377.400
			-139.462	**-139.362**	**-168.436**	**-173.677**

* The carrying amount is a reasonable approximation of the fair value.

The above values are based on the present value of future cash flows. The loans with a fixed interest rate are discounted using the yield curve for 31 December 2018, plus the relevant risk mark-up. Because of the agreed change in the interest rate on the cumulative financing preference shares B coming into effect on 1 January 2019 (see the 'Financial developments' section of the report for further details), the fair value has been taken as equal to the carrying amount.

All loans with a variable interest rate are assumed to have a fair value equal to their carrying amount.

Capital management

The policy has been designed to achieve a sound capital position with sufficient availability of credit to be able to ensure continuity for stakeholders. A sound long-term capital structure is based on operating with sufficient headroom within the limits of the covenants, in particular the leverage ratio. This means net interest-bearing debt after deduction of cumulative preference finance shares plus non-recourse finance divided by EBITDA not exceeding 3.0, an average leverage ratio not exceeding 1.0 and an interest cover ratio of at least 4.0 (see also note 6.21 for a description of the financial ratios in the conditions agreed with the banks).

x € 1.000

6.26 Rental and other lease contracts

	31 december 2018	31 december 2017
Rental contracts		
Instalments due within 1 year	9.846	10.096
Instalments due between 1 and 5 years	25.268	26.286
Instalments due after 5 years	25.880	24.958
Total	**60.994**	**61.340**
Other lease contracts		
Instalments due within 1 year	19.203	19.980
Instalments due between 1 and 5 years	30.941	33.382
Instalments due after 5 years	617	790
Total	**50.761**	**54.152**

A charge of €22 million for operating leases was recognised in the statement of profit or loss for 2018 (2017: €22 million). A charge of €11 million for rental costs was recognised in the statement of profit or loss for 2018 (2017: €12 million).

The other lease commitments primarily relate to future instalments on leases for vehicles and equipment. The rental commitments are for the lease of company buildings. The joint ventures in which Heijmans participates have undertaken neither rental commitments nor lease commitments.

x € 1.000

6.27 Investment commitments

	31 december 2018	31 december 2017
Contractual commitments for:		
- acquisition of property, plant and equipment	2.003	500
- acquisition of land	41.379	72.830
	43.382	**73.330**

There are no Group guarantees for the capital expenditure commitments (2017: none).

In general, the contractual commitments to purchase land will materialise in 1 to 10 years.

Of the investment commitments, €8 million (2017: €8 million) was undertaken by joint operations in which Heijmans participates. The amount presented is Heijmans' share of the commitments undertaken by the joint operations.

The joint ventures in which Heijmans participates have undertaken investment commitments of €5 million (2017: €3 million), this amount being Heijmans' portion.

6.28 Contingent liabilities

General

Contingent liabilities are potential liabilities resulting from events prior to the closing date. The liabilities are potential because the outflow of economic benefits depends on the occurrence of uncertain events in the future.

Contingent liabilities can be divided into bank guarantees, parent Group guarantees and other contingent liabilities.

x € 1.000

Bank and Group guarantees	31 december 2018	31 december 2017
Bank guarantees relating to:		
Execution of projects	177.337	179.632
Tenders	490	5.250
Other	6.412	13.179
	184.239	**198.061**
Group guarantees relating to:		
Execution of projects	383.360	378.331
Contingent liabilities	0	0
Credit and bank guarantee facilities	23.788	29.287
	407.148	**407.618**
Total	**591.387**	**605.679**

The Group guarantees associated with financing facilities have been provided in connection with project financing, bank guarantees and credit facilities applying to subsidiaries, joint operations and joint ventures. Heijmans has guaranteed its share of the debt of various joint operations and property joint ventures, which amounts to €24 million (2017: €29 million).

The Group guarantees issued for divested operations (Leadbitter) are not included in the above table. They amount to €59 million (2017: €68 million). With regard to work completed and work in progress, the guarantees will be taken over by the buyer if possible. Where this is not possible, the buyer has provided a bank or corporate guarantee.

Other contingent liabilities

The other contingent liabilities with a significant cash impact as at year-end 2018 amount to €37 million (2017: €17 million) and those with a limited cash impact €84 million (2017: €97 million), making a total of €121 million (2017: €114 million). Of the total amount, €14 million (2017: €18 million) is recognised under joint operations. This relates mainly to commitments to acquire land when the building permit is obtained and/or a certain sales percentage is achieved. No Group guarantees were issued in respect of this in 2018 (2017: none).

At year-end 2018, the joint ventures in which Heijmans participates had contingent liabilities with significant cash impact amounting to €2 million (2017: €3 million), and with a limited cash impact amounting to €4 million (2017: €4 million), making a total of €6 million (2017: €7 million). This relates mainly to commitments to acquire land when the building permit is obtained and/or a certain sales percentage is achieved. The aforementioned amounts relate to Heijmans' share in the joint ventures.

x € 1.000

6.29 Related parties

Related parties for Heijmans can be divided into subsidiaries, associates, joint arrangements (joint ventures and joint operations), 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, joint ventures and joint operations

Heijmans undertakes a number of operating activities together with related parties, including in the form of joint ventures. Significant transactions in this context are the contribution of land holdings to joint arrangements and/or their financing. In addition, large and complex projects are carried out in partnership with other companies.

There are no transactions with the organisation's management, with the exception of the remuneration discussed below. For information on the relationships with joint ventures and associates, see note 6.12.

The Group's share in the revenue and total assets of joint operations relating to continuing operations is analysed by segment below:

2018 Business segments in € millions	Property Development	Residential Building	Non-Residential	Building & Technology	Infra	Eliminations	Total
Revenues	48,9	34,0	55,2	89,2	119,5	-35,6	222,0
Costs	-46,4	-31,6	-54,0	-85,6	-115,3	35,6	-211,7
Non-current assets	3,9	0,0	0,0	0,0	0,4	-	4,3
Current assets	49,3	18,8	21,0	39,8	19,8	-	108,9
Total assets	**53,2**	**18,8**	**21,0**	**39,8**	**20,2**	**-**	**113,2**
Non-current liabilities	4,2	0,0	0,0	0,0	0,0	-	4,2
Current liabilities	7,2	17,6	20,7	38,3	17,1	-	62,6
Total liabilities	**11,4**	**17,6**	**20,7**	**38,3**	**17,1**	**-**	**66,8**
Equity	**41,8**	**1,2**	**0,3**	**1,5**	**3,1**	**-**	**46,4**

x € 1.000

2017 **Business segments in € million**	Property Development	Residential Building	Non-Residential	Building & Technology	Infra	Eliminations	**Total**
Revenues	32,2	16,0	28,2	44,2	118,8	-8,4	186,8
Costs	-26,0	-14,0	-26,7	-40,7	-110,0	8,4	-168,3
Non-current assets	4,0	0,0	0,0	0,0	0,7	0,0	4,7
Current assets	55,8	7,0	8,7	15,7	55,6	0,0	127,1
Total assets	**59,8**	**7,0**	**8,7**	**15,7**	**56,3**	**0,0**	**131,8**
Non-current liabilities	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Current liabilities	9,8	5,3	11,7	17,0	48,9	0,0	75,7
Total liabilities	**9,8**	**5,3**	**11,7**	**17,0**	**48,9**	**0,0**	**75,7**
Equity	**50,0**	**1,7**	**-3,0**	**-1,3**	**7,4**	**0,0**	**56,1**

Company pension fund

Heijmans is affiliated with Stichting Pensioenfonds Heijmans N.V. The principal function of this company pension fund is to operate pension plans for Heijmans' current and former employees and retired staff.

In 2018, some €1.8 million (2017: €2.1 million) in pension contributions was paid by Heijmans to the above-mentioned company pension fund.

Remuneration of Supervisory Directors

None of the Supervisory Directors hold depositary receipts for shares in Heijmans N.V, nor have they been allocated any options or depositary receipts for shares. All Supervisory Directors receive a fixed annual fee that is not dependent on the results in any single 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 gain.

The total payments granted to Supervisory Directors in 2018 and 2017 were as follows:

in €	**2018**	**2017**
Sj.S. Vollebregt – Chair*	60.000	47.723
Drs. P.G. Boumeester**	46.000	37.723
Mr. M.M. Jonk***	3.333	-
Ing. R. van Gelder BA****	52.000	42.723
Drs. S. van Keulen*****	54.000	42.723
R. Icke RA******	53.000	37.723
Total	**268.333**	**208.615**

*Supervisory Director since 15 April 2015 and Chairman since 13 April 2016
** Supervisory Director since 28 April 2010
*** Supervisory Director since 6 December 2018
**** Supervisory Director since 1 July 2010
***** Supervisory Director since 18 April 2007
****** Supervisory Director since 9 April 2008

x € 1.000

Remuneration of members of the Executive Board

Fixed and variable remuneration paid to members of the Executive Board
The amounts paid out in 2017 and 2018 and the amounts payable in 2019 in respect of variable remuneration for the existing members of the Executive Board are as follows:

in €	Gross fixed remuneration			Variable remuneration			Total remuneration		
	Payable in 2019	Paid in 2018	Paid in 2017	Payable in 2019	Paid in 2018	Paid in 2017	Payable in 2019	Paid in 2018	Paid in 2017
A.G.J. Hillen	500.000	500.000	500.000	437.500	425.000	-	937.500	925.000	500.000
J.G. Janssen	425.000	425.000	74.053	212.500	-	-	637.500	425.000	74.053
	925.000	**925.000**	**574.053**	**650.000**	**425.000**	**0**	**1.575.000**	**1.350.000**	**574.053**

The variable remuneration payable to Mr Hillen in 2019 includes the long-term variable remuneration for the period 2016–2018 (see below). Mr Janssen does not qualify for long-term variable remuneration in respect of this period as he was only appointed at the end of October 2017.

Charges recognised in the statement of profit or loss relating to the remuneration of the members of the Executive Board

The composition of the remuneration paid to each member of the Executive Board is as follows:

in €		Gross fixed remuneration	Short term variable remuneration	Long-term variable remuneration	Termination payment	Pension contributions	Expense allowances including reimbursement of car expenses, long-service bonus and costs of the Share Matching Plan	Total
A.G.J. Hillen*	**2018**	500.000	250.000	437.500	-	201.141	57.252	1.445.893
	2017	500.000	345.868	-102.050	-	200.273	43.463	987.554
J.G. Janssen**	**2018**	425.000	212.500	212.500	-	88.000	48.801	986.801
	2017	74.053	-	-	-	14.667	9.059	97.779
R.F. Majenburg***	**2018**	-	-	-	-	-	-	-
	2017	331.409	248.557	-64.484	404.563	72.822	34.304	1.027.171
L.J.T. van der Els****	**2018**	-	-	-	-	-	-	-
	2017	115.954	-	-	-	28.671	14.892	159.517
M.C. van den Biggelaar*****	**2018**	-	-	-	-	-	-	-
	2017	68.209	-	-	-	11.870	9.372	89.451
Total	**2018**	925.000	462.500	650.000	0	289.141	106.053	2.432.694
	2017	1.089.625	594.425	-166.534	404.563	328.303	111.090	2.361.472

* Chairman of the Executive Board since 1 December 2016 and member of the Executive Board since 18 April 2012
** Member of the Executive Board since 30 October 2017
*** Member of the Executive Board from 13 April 2016 to 26 October 2017
**** Member of the Executive Board from 28 April 2010 to 13 April 2017 and Chairperson of the Executive Board from 18 April 2012 to 1 December 2016
***** Member of the Executive Board from 1 September 2009 to 1 March 2017

x € 1.000

The members of the Executive Board have been awarded short-term variable remuneration for 2018 equal to 50% of their respective basic salaries because of achieving the 2018 targets. Long-term variable remuneration amounting to €187,500 has been awarded to Mr Hillen in respect of the period 2016–2018 because of achieving the set target for this period. For more information, refer to the section on remuneration in the directors' report. The members of the Executive Board have been awarded short-term variable remuneration for 2017 equal to 85% of Mr Hillen's basic salary and 75% of Mr Majenburg's basic salary in view of the achievement of targets set for 2017. The members of the Executive Board have been awarded conditional short-term variable remuneration for 2015 equal to 20% of their respective basic salaries. With respect to Mr. A.G.J. Hillen, Heijmans formed a provision of €79,132 which was charged to the result for 2015. This award did not become vested in 2017 and the sum was therefore released in the result for 2017.
The negative amounts under the heading of long-term variable remuneration in 2017 concern amounts released in 2017.

A provision of €462,500 million has been formed for the variable remuneration payable to the current members of the Executive Board for the periods 2017-2019 and 2018-2020 (2017: nil for the periods 2016-2018 and 2017-2019). Specifically, €250,000 has been reserved for Mr A.G.J. Hillen (2017: nil) and €212,500 for Mr Janssen (2017: nil).

In order to bind directors to the Company for the long term and to encourage a focus on long-term value creation, with effect from 2010 a Bonus Investment Share Matching Plan has been applicable under which directors can opt to use part of their variable short-term remuneration to purchase Heijmans shares.

In April 2014, Mr. Van der Els and Messrs Van den Biggelaar and Hillen acquired shares in Heijmans for 50% and for 20% respectively of the net short-term variable remuneration for 2013. In the context of the Share Matching Plan, a conditional share was granted for each share acquired - a total of 2,289 shares. The shares granted conditionally became vested after three years, followed by a mandatory lock-up period of two years. The total charge associated with the granting of the shares was calculated at the time the shares were awarded and recognised pro rata in terms of timing in the statement of profit or loss during the period in which the awarded shares became vested. In April 2017, a total of 2,289 shares became vested. In April 2017, the Group issued 2,289 shares and awarded them to the relevant existing and former members of the Executive Board; these shares are subject to a mandatory two-year lock-up period, ending in April 2019.

In April 2018, Mr Hillen used 12% of the short-term bonus granted to him in respect of 2017 to purchase 5,000 depositary receipts for Heijmans shares. Under the Share Matching Plan, a conditional depositary receipt was granted for each depositary receipt acquired, representing a total of 2,289 shares. These conditionally granted depositary receipts for shares become vested after three years, after which they are subject to a mandatory lock-up period of two years. The total charge associated with the granting of the shares was calculated at the time the shares were awarded and recognised pro rata in terms of timing in the statement of profit or loss during the period in which the awarded shares became vested. In the 2018 statement of profit or loss, Heijmans recognised a charge of €10,917 (2017: €nil) with respect to the shares awarded in April 2018.

The pension scheme for Mr. Hillen pertains to the pension scheme of the industry pension fund and the directly insured average salary scheme. He also receives compensation in respect of termination of the early retirement plan. This compensation is currently €35,082 (2017: €34,021) and is increased in line with pay increases under the collective labour agreement. In addition, Mr Hillen received compensation of €96,757 in 2018 (2017: €97,188) for the loss of pension accrual on his salary above €100,000 and compensation of €50,232 (2017: 50,232) for the loss of annual increases on the Delta Lloyd

x € 1.000

average-pay plan. Mr Janssen receives a fixed amount in the form of pension contributions of €88,000 in 2018 (in 2017, this was : €14,667).

The pension charge is calculated in accordance with accounting policy 22.

As at year-end 2018, the members of the Executive Board owned a total of 16,971 depositary receipts for Heijmans shares. The ownership of these shares is partly a consequence of 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 2018 is as shown below:

Shares owned on 31 December	**2018**
A.G.J. Hillen - voorzitter	16.971
J.G. Janssen	-
Total	**16.971**

Remuneration of former members of the Executive Board

An amount of €238,500 has been recognised in the statement of profit or loss for 2018 (2017: €180.000) in respect of the fees that Mr Witzel, a former member of the Executive Board, receives under his management agreement that came into effect on 1 November 2014. The duties of Mr Witzel involve deputising as chairman of the Infra activities, consultancy work and the management of major projects. Also recognised in the statement of profit or loss for 2018 €98,038 (2017 is an amount of : €151,320 in respect of the remuneration received by Mr Majenburg, who was a member of the Executive Board until 26 October 2017. At the request of the Executive Board, Mr Majenburg performed consultancy activities until 1 March 2018. In the statement of profit or loss for 2017, an amount of €177,785 has been recognised in respect of the remuneration received by Mr Van den Biggelaar, who was a member of the Executive Board until 1 March 2017. At the request of the Executive Board, Mr Van den Biggelaar performed consultancy activities until 1 July 2017.

x € 1.000

6.30 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 policies (section 5) and the explanatory notes (6.1 to 6.29), the key elements of estimation uncertainty are explained below.

Measurement of projects
For more information on the key assumptions used in the measurement of projects, refer to note 6.16, Work in progress. A higher estimation uncertainty applies in the case of the Wintrack project. The contract, which was worth approximately €250 million, concerned the construction of pylons on two new high- voltage transmission lines, Eemshaven-Vierverlaten and Borssele-Rilland, to be carried out by a consortium made up of Heijmans (60%) and Europoles (40%). The client TenneT initially stopped the contract in September 2018 and subsequently cancelled it.

The various parties have filed sizeable claims and counterclaims with regard to the agreed price and are currently negotia-ting a possible settlement. If this proves impossible, the Group will initiate arbitration proceedings. The Group has not recognised a provision because, based on detailed analysis and supported by professional legal advice, it believes it unlikely that the matter will lead to an outflow of resources. If a decision goes against the Group, there may well be a considerable outflow of resources.

The Group has not recognised an asset in respect of its claim because the criteria for doing so are not satisfied in view of the complexity of the case. The Group has written off approximately €10 million, mainly in respect of unpaid invoices and costs incurred, as well as the settlement of obligations to which it is already committed. As a consequence, the Group has not recognised any amounts relating to this cancelled project on the face of the statement of financial position.

Financing
Note 6.21 discloses the conditions attached to the financing in greater detail. An important condition involves satisfying the banking covenant ratios, specifically the interest cover ratio, the leverage ratio, the average leverage ratio and the solvency ratio. Proper management of project risks (see above) is crucial to meeting the ratios. The same applies to the achievement of the 2019 business plan and longer-term projection..

Pensions
The key actuarial assumptions for the calculation of the pension obligations are outlined in note 6.22.

x € 1.000

Deferred tax assets
For more information on the key assumptions used in the measurement of deferred tax assets, refer to note 6.14 Deferred tax assets and liabilities'.

Strategic land portfolio
For more information on the key assumptions used in the measurement of the strategic land portfolio, refer to note '6.15 Inventories'.

Intangible assets
For the main principles used in the annual determination of the recoverable amount of intangible assets, refer to note 6.11 Intangible assets'.

7. Subsidiaries and joint operations

The following entities were included in the consolidation in 2018. Wholly owned entities are subsidiaries. The remaining entities are joint operations. 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 2018	31 december 2017
Heijmans Nederland B.V., Rosmalen	100%	100%
Heijmans Vastgoed B.V., Rosmalen	100%	100%
Heijmans Vastgoed Deelnemingen B.V. Rosmalen	100%	100%
Bouwcombinatie Gasthuiskwartier V.O.F., Rosmalen	50%	50%
Mondriaanlaan V.O.F., Utrecht	35%	35%
Het Parc Amstelveen Beheer B.V.	50%	-
Heijmans Woningbouw B.V., Rosmalen	100%	100%
Heijmans Huizen B.V., Huizen	100%	100%
Bouwcombinatie Westergouwe V.O.F., Rosmalen	50%	50%
Heijmans Utiliteit B.V., Rosmalen	100%	100%
Heijmans Utiliteit Metaal B.V., Rosmalen	100%	100%
Hart van Zuid V.O.F., Nieuwegein	50%	50%
Bouwcombinatie EMA V.O.F., Cruquius	50%	-
S-MAC Realisatie V.O.F., Rosmalen	50%	-
Heijmans Infrastructuur B.V., Rosmalen	100%	100%
Heijmans Infra B.V., Rosmalen	100%	100%
Sanders & Geraedts B.V., Koningsbosch	100%	100%
A4All V.O.F., Rotterdam	45%	45%
3Angle EPCM V.O.F., Hoofddorp	50%	50%
Sas van Vreeswijk V.O.F., Barendrecht	33%	33%
ZuidPlus V.O.F., Amstelveen	15%	15%
De Stichtse Kraan V.O.F., Rosmalen	67%	67%
Combinatie Heijmans-Ploegam Brainport V.O.F., Rosmalen	50%	-
Combinatie Heijmans-Ploegam N-280 - Werkend Hardt V.O.F., Rosmalen	67%	-
Heijmans Facilitair Bedrijf B.V., Rosmalen	100%	100%
Heijmans Materieel Beheer B.V., Rosmalen	100%	100%
Heijmans International B.V., Rosmalen	100%	100%

8. Company financial statements

x € 1.000

8.1 General

The company financial statements are part of the 2018 financial statements of Heijmans N.V.

Please refer to the notes to the consolidated statement of profit or loss and statement of financial position for items in the company statement of profit or loss and statement of financial position for which no additional explanations are provided.

8.2 Accounting policies for measuring assets and liabilities and the determination of results

For determining the accounting policies to use for measuring the assets and liabilities and the determination of results of its separate financial statements, Heijmans N.V makes use of the option provided in Section 362, subsection 8 of Book 2 of the Dutch Civil Code. This means that the basis for measuring assets and liabilities and the determination of results (accounting policies) applied in the separate financial statements of Heijmans N.V are the same as those applied in the consolidated EU-IFRS financial statements. Investees over which significant control is exercised are recognised using the equity method. Any impairment of the receivables from group companies relating to expected credit losses is eliminated in the recognised amounts and consequently does not affect the statement of profit or loss or the statement of financial position in any way. Heijmans N.V . is registered with the Chamber of Commerce under number 16004309.

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 investees or between investees themselves are not recognised insofar as they can be deemed to be unrealised.

For details of the remuneration of the members of the Supervisory Board and the Executive Board, see note 6.29 to the consolidated financial statements.

x € 1.000

8.3 Company statement of profit or loss for 2018

	2018	2017
Administrative expenses	-1.889	-1.898
Operating result	**-1.889**	**-1.898**
Finance income	27.262	24.771
Finance expense	-10.915	-15.070
Result before tax	**14.458**	**7.803**
Income tax	-1.849	-1.241
Share in profit or loss of investees	7.880	12.980
Result after tax	**20.489**	**19.542**

The employee benefits for the members of the Supervisory Board, the Executive Board and the Board's Secretariat are recognised in the company financial statements (see note 6.29 to the consolidated financial statements).

x € 1.000

8.4 Company statement of financial position at 31 December 2018 (before appropriation of result)

Assets	**31 december 2018**	**31 december 2017**
Non-current assets		
Intangible assets	21.207	21.207
Financial assets	38.755	40.351
Deferred tax asset	34.023	34.605
	93.985	**96.163**
Current assets		
Receivables	392.748	404.293
Cash and cash equivalents	26.969	0
	419.717	**404.293**
	513.702	**500.456**

Equity and liabilities	**31 december 2018**	**31 december 2017**
Equity		
Issued capital	6.423	6.423
Share premium reserve	242.680	242.680
Hedging reserve	-214	160
Reserve for actuarial results	-59.188	-27.584
Reserve for Bonus Investment Share Matching Plan	253	242
Statutory reserve for investees	51.959	64.559
Retained earnings	-113.305	-143.845
Result after tax for the current financial year	20.489	19.542
	149.097	**162.177**
Non-current liabilities	**45.100**	**45.100**
Current liabilities	**319.505**	**293.179**
	513.702	**500.456**

x € 1.000

8.5 Notes to the company statement of financial position

Intangible assets (goodwill)	**2018**	**2017**
Carrying amount		
Balance at 1 January	21.207	21.207
Balance at 31 December	**21.207**	**21.207**

Financial assets	**2018**	**2017**
Investments in Group companies		
Balance at 1 January	-49.972	-146.713
Share in results of investees after tax	7.880	12.980
Dividends received from investees	-10.698	-3.154
Capital contributions	7.422	86.181
IFRS 15 adjustment	-1.602	-
Changes in cash flow hedges	-374	353
Changes in actuarial results relating to employee-benefits	-31.604	381
Balance at 31 December	**-78.948**	**-49.972**
Set off against receivables from Group companies	-117.703	-90.323
Recognised under financial assets	38.755	40.351

The share in results of investees after tax includes the gains on the sale of investees. The investments in Group companies are direct or indirect interests in them. The principal Group companies are listed on page 80.

x € 1.000

Receivables	31 december 2018	31 december 2017
Group companies	392.033	403.623
Other receivables	715	670
	392.748	**404.293**

The receivables are due within one year.

Cash and cash equivalents

Cash balances are at the free disposal of the Company.

Equity

2018	Issued capital	Share premium reserve	Reserve for actuarial results	Hedging reserve	Reserve for Bonus Investment Share Matching Plan	Statutory reserve for investees	Retained earnings	Result for the year after tax	Total Equity
Balance at 1 January	6.423	242.680	-27.584	160	242	64.559	-143.845	19.542	162.177
IFRS 15 adjustment	0	0	0	0	0	0	-1.602	0	-1.602
Issue of share capital	0	0	0	0	0	0	0	0	0
Reclassification	0	0	0	0	0	-12.600	12.600	0	0
Bonus Investment Share Matching Plan	0	0	0	0	11	0	0	0	11
Appropriation of result for 2017	0	0	0	0	0	0	19.542	-19.542	0
Comprehensive income	0	0	-31.604	-374	0	0	0	20.489	-11.489
Balance at 31 december	**6.423**	**242.680**	**-59.188**	**-214**	**253**	**51.959**	**-113.305**	**20.489**	**149.097**

2017	Issued capital	Share premium reserve	Reserve for actuarial results	Hedging reserve	Reserve for Bonus Investment Share Matching Plan	Statutory reserve for investees	Retained earnings	Result for the year after tax	Total Equity
Balance at 1 January	6.423	242.680	-27.965	-193	239	58.959	-27.751	-110.494	141.898
Issue of share capital	0	0	0	0	0	0	0	0	0
Reclassification	0	0	0	0	0	5.600	-5.600	0	0
Bonus Investment Share Matching Plan	0	0	0	0	3	0	0	0	3
Appropriation of result for 2016	0	0	0	0	0	0	-110.494	110.494	0
Comprehensive income	0	0	381	353	0	0	0	19.542	20.276
Balance at 31 December	**6.423**	**242.680**	**-27.584**	**160**	**242**	**64.559**	**-143.845**	**19.542**	**162.177**

x € 1.000

Authorised share capital

Composition of the authorised share capital is as follows:

Authorised share capital in €	31 december 2018
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 nominal 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 2018, the number of ordinary shares issued was 21,409,169. All the outstanding shares are paid up, which represents a value of €6,422,751 (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 has been 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.

Refer to section 6.21 of the consolidated financial statements for the notes on the rights and obligations relating to the cumulative financing preference shares B.

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-benefits (see note 6.22 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 relating to hedged transactions that have not yet occurred. This reserve is not freely distributable.

Reserve for Bonus Investment Share Matching Plan

For information on the reserve for the Bonus Investment Share Matching Plan, see note 6.29 to the consolidated financial statements.

Reserve for investees

The statutory reserve for investees represents the difference between the retained earnings and the direct changes in equity as calculated using the parent company's accounting policies 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 investee individually. This reserve is not freely distributable.

x € 1.000

Appropriation of result

It is proposed to add the result after tax, of approximately €20 million, to the reserves, as stated in the 'Appropriation of result' section of the report.

Liabilities	**31 december 2018**	**31 december 2017**
Non-current liabilities		
Financing preference shares	45.100	45.100
Syndicated bank financing	0	0
	45.100	**45.100**
Current liabilities		
Group companies	314.985	283.332
Dividend payable on financing preference shares	3.522	3.522
Banks	0	3.672
Syndicated bank financing	0	0
Other liabilities	998	2.653
	319.505	**293.179**

x € 1.000

8.6 Liabilities not disclosed in the statement of financial position

Contingent liabilities	31 december 2018	31 december 2017
Bank guarantees	184.239	198.061
Group guarantees to clients	383.360	378.331
Group guarantees to credit institutions	23.788	29.287
	591.387	**605.679**

For information on the guarantees, see note 6.28 to the consolidated financial statements.

Joint and several liability and guarantees

With the exception of Heijmans Deutschland B.V., Heijmans Technology B.V., Brabotech Metselwerken B.V., Heijmans Management Deelnemingen B.V., Heijmans Management Gebiedsontwikkeling a/d Maas B.V. and Heijmans Infra A27/A1 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 income tax 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 is part of the tax group.

Share in results of investees

This is the company's share in the results of its investees, all of which are Group companies.

x € 1.000

Auditors' fees

The following fees for Ernst & Young Accountants LLP have been charged to the Company, its subsidiaries and other companies included in the consolidated figures. These are disclosed in accordance with the provisions in Section 382a Book 2 of the Dutch Civil Code.

x € 1.000	2018		
	Ernst & Young Accountants LLP	**Other EY network firms**	**Total EY**
Examination of the financial statements	1.795	-	1.795
Other audit engagements	102	9	111
Tax consultancy services	-	-	0
Other non-audit services	-	-	0
	1.897	**9**	**1.906**

In addition to performing the audit of the financial statements required by law, Ernst & Young Accountants LLP provided the following permitted services: assurance report relating to the sustainability information contained in the directors' report, in particular agreed activities with respect to the 'Compliance Certificate' for the banking group and various specific declarations concerning revenue, key figures and projects. The costs relating to the examination of the financial statements for the foreign subsidiaries are billed directly by Ernst & Young Accountants LLP.

x € 1.000	2017		
	Ernst & Young Accountants LLP	**Other EY network firms**	**Total EY**
Examination of the financial statements	1.630	-	1.630
Other audit engagements	77	9	86
Tax consultancy services	-	-	0
Other non-audit services	-	-	0
	1.707	**9**	**1.716**

Events after balance date

In the period prior to signing, no significant events occurred that would have an effect on these financial statements other than those explained in the consolidated financial statements.

Rosmalen, 21 February 2019

The members of the Executive Board

A.GJ. Hillen
J.G. Janssen

The members of the Supervisory Board

Sj.S. Vollebregt
P.G. Boumeester
M.M. Jonk
R. van Gelder
R. Icke
S. van Keulen

Questions?
Call Heijmans via +31 (0)73 543 5111

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