heijmans

Press release half year results 2014

Datum 20 augustus 2014

Heijmans: moderate first half year, substantial growth order book
2014 transition year, residential market offers perspective

Highlights:
- Net loss of € 8 million, (H1 2013 loss of € 5 million);
- Revenues first half of 2014 at € 823 million (€ 912 million in H1 2013);
- Order book increases across the board: € 2.3 billion at end-June 2014 vs. € 1.6 billion at end-2013;
- Infra The Netherlands reports negative result, Infra Belgium improved from year-earlier period;
- Number of homes sold in first half of 2014 increased to 482 (386 homes in H1 2013); share of homes sold to private buyers increased to 244 (172 homes in H1 2013);
- Net debt at € 99 million as per end-June 2014, compared with € 121 million end-June 2013, solvency 30%

Key figures[1]

x 1 € million	H1 2014	H1 2013	2013
Revenues	823	912	2.001
Underlying operating result	-7	2	23
Operating result	-12	-4	12
Result after tax	-8	-5	2
Earnings per share (in €)	-0,43	-0,27	0,10
Order book	2.281	1.826	1.643
Net debt	99	121	66
Number of FTE	7.118	7.611	7.361

[1] Figures drawn up taking into account new IFRS 11 rules. Comparable figures have also been adjusted. See section 7.3 for explanation.

Bert van der Els, chairman of Executive Board / CEO Heijmans:
"I am not satisfied with our result. It simply has to improve. We believe that the strong growth in our order book right across the board and the increasingly stronger recovery in the residential market offer a clear perspective for improvements. We will continue with our improve the core program, which focuses on purchasing, tender and project management, will certainly help us to achieve this. We are fully committed to this course and I expect the operating result to improve the coming periods. The acquisition of prestigious and integrated projects, such as the N23 and Eurojust, plus the PPP projects A9, RIVM and A12 demonstrate the quality of our business and the opportunities for the future. We will be devoting a great deal of time to the preparation for these projects. The recruitment of the chief technology officer will accelerate our innovation portfolio even further. As a centrally managed organisation, we focus on projects in which this strength creates added value for our clients."

First half 2014

Residential

There is a significant recovery in the housing market. The decrease in mortgage interest rates and the focus of housing corporations on their core business have boosted the position of (new-build) private homes for sale as well as the liberalised sector rental homes. In the first half of 2014, Heijmans sold 482 homes, compared to 386 in the same period of last year. Of these, 244 were sold to private buyers, up from 172 in the first half of 2013. This offers perspective for the second half of 2014 and 2015. Due to historically low production volumes, the first half of 2014 was, as expected, a very difficult period. This resulted in a loss of € 4 million at Property Development and Residential Building in the first half of 2014, compared with a loss of € 8 million in the same period of 2013. On the other hand, Property Development and Residential Building realised a significant number of *Huismerk* (private label) homes in the past six months. This standardised and competitively priced concept is therefore proving an effective response to the current market conditions. The past half year Property Development began development of the Wijnhaven area in The Hague and the sale of the Fenix Loodsen lofts in Rotterdam. In addition, Property Development not only put a relatively large number of projects such as these onto the market, but is also preparing the sale of a number of other projects. This will enable the company to respond quickly to the recovery in the market. The order book at both Property Development and Residential Building increased considerably due to the market recovery.

Non-Residential

Non-Residential had a solid period with a modestly positive operating result in the first half of 2014. The introduction of project phasing and tight risk management is bearing fruit. The integrated approach, combining technical services and construction in a single organisation, gives this business a unique market proposition. This resulted in a number of prestigious projects in the past six months, such as the renovation and new-build of De Resident complex in The Hague, as well as the new premises for the national public health and environment body RIVM and Eurojust. The project Datacenters in Apeldoorn was completed the past half year.The Utrecht music centre TivoliVredenburg, comprising five concert halls, was opened by King Willem Alexander in early July. In Belgium, Heijmans Construction, together with the Willemen Groep, will in the near future start on the radical renovation and new build of the 'Elisabethzaal' concert halls in the centre of Antwerp. German Oevermann's Hochbau activities acquired the contract for the construction of a shopping centre in Dorsten. The gross surface of the new shopping centre is 45.000 m2 and a parking garage.

Infra

With a loss of € 5 million, the result was well below the result reported in the same period of last year (first half 2013: a positive result of € 11 million). Due to stiff competition surrounding regional projects on the one hand and little margin potential in large projects on the other hand, the results are significantly lower than the first half year of 2013. Our persistent emphasis on continuous improvement both commercially as in the execution of projects and services at regional works, should lead to improved results the coming period. Furthermore, the order book is well filled following the acquisition of projects such as the N23, A9, A12 road projects and the new public transport hub at Schiphol Airport, as well as the Bioscience Park in Leiden. Roads and Civil were involved in some prominent projects in the past six months, such as the temporary traffic measures related to the international Nuclear Summit in The Hague, temporary parking sites for government planes at Schiphol Airport for that same summit and the parking arrangements for the hockey world championships in The Hague. Heijmans was also responsible for the innovative hockey field for this global sports event in The Hague.

The Belgian Infra operations performed extremely well in the first half of the year. In Belgium, Heijmans is involved in a number of projects, including the tunnel installations and the control system for the Liefkenshoek rail link in Antwerp. The German infra activities, consisting of the companies Franki and Oevermann performed as expected the past half year despite the heavy competition.

Key developments

Heijmans' strategy is geared towards continuous improvement of its core activities via purchase, tender and project management, based on the centralised management of operating companies and of projects. This enables Heijmans to continuously raise quality and innovation levels right across the board. Examples such as the *Huismerk* homes and the mobile ONE residence, as well as PPP (Public-Private Partnership) projects show that Heijmans is making progress on this front. In mid-2013, Heijmans set up a joint venture with the British firm 3i Investment plc to finance these types of projects. This is a response to the growth opportunities in the DBFMO market. The order book also increased thanks to the acquisition of projects of this type. This puts us in a solid starting position for the second half of 2014 and certainly also for 2015 and 2016.

Revenues
Revenues in the first half of the year fell to € 823 million (€ 912 million in the first half of 2013). This was largely due to the impact of the troubled housing market in recent years and the completion of some large-scale projects in Non-Residential. The recovery in the housing market and the acquisition of a number of contracts in the second quarter create perspective for growth in the future.

Table 2: Breakdown operating result per sector

x € 1 million	**H1 2014**	H1 2013	2013
Revenues	**823**	**912**	**2.001**
Underlying operating result	**-7**	**2**	**23**
Correction operating result joint ventures	-2	-2	-1
Write down on property assets	-1		-7
Restructuring costs	-2	-4	-7
Exceptional release pension provision			4
Operating result	-12	-4	12
Financial results	1	-1	-4
Share of profit of joint ventures and associates	1	1	0
Result before tax	**-10**	**-4**	**8**
Income tax result	2	-1	-6
Result after tax	**-8**	**-5**	**2**

Table 3: Underlying operating result

Underlying operating result x € 1 million	**H1 2014**	H1 2013	2013
Netherlands:			
Property development	-1	-3	1
Residential	-3	-5	-3
Non-residential	1	1	2
Roads & Civil	-5	11	16
	-8	4	16
Foreign:			
Belgium	8	5	13
Germany	0	0	6
	8	5	19
Corporate/other	-7	-7	-12
Total underlying operating result	**-7**	**2**	**23**

Operating result
Heijmans reported an underlying operating loss of € 7 million, compared with an operating profit of € 2 million in the first half of 2013, partly due to the moderate results from the Dutch infra activities. The company booked a total operating loss € 12 million in the first half of 2014, compared with an operating loss of € 4 million in the same period of last year. Roads and Civil in the Netherlands recorded an operating loss in the first half of the year. This had a negative impact on the group's operating results. The results in Belgium and Germany remained at a healthy level. Non-Residential recorded a solid operating profit of € 1 million. Property Development and Residential Building improved their operating result, but partly due to the market conditions in recent years this still came in at a loss of € 4 million, compared with a loss of € 8 million in the year-earlier period. Restructuring costs of € 2 million are mainly related to the closure of a number of German offices of Oevermann Road Construction. The value adjustments of € 1 million relate to some property assets.

Financial income and expenses
Financial income came in at € 1 million in the first half of 2014, compared with expenses of € 1 million in the first half of 2013. The book profit of € 3 million on the sale of Heijmans' shares in the PPP project Brabo I N.V. has been reported as financial income.

Net result
Heijmans recorded a net loss of € 8 million in the first half of 2014, compared with a loss of € 5 million in the first half of 2013. This translates into a loss per share after taxes of € 0.43.

Net debt and capital position
The net debt position per June 30, was € 99 million being € 22 million lower than the position as per the end of June 2013. The sale of the equity stake in the PPP project Brabo 1 and the reduction of a number of property holdings mean that Heijmans has already realised its target for disinvestment for the full year 2014, as outlined in August of 2013. This has also bolstered the company's capital position. The solvency ratio stood at 30% at end-June 2014, compared with 32% at end-2013, both on the basis of IFRS 11.

Effect IFRS 11
Per 1 January 2014 the new IFRS 11 directives came in to force. As a result, joint ventures in which Heijmans participates are consolidated differently. This leads to a decrease of the net debt by € 80 million and land bank by approximately € 100. Under the new directives a number of Property Development joint ventures are not proportionally consolidated, but are incorporated based on the "equity-method" (in one post on the balance

sheet). Yearly revenues decrease by approximately € 50 million. The solvency rate increases by approximately 3% due to the decrease of the balance sheet total. The underlying result does not change, because the effect is corrected for IFRS 11. The net results remains unchanged.

Order book
With € 2.3 billion at the end of June 2014, the order book was considerably higher than the € 1.6 billion recorded at year-end 2013.

Miscellaneous
The General Meeting of Shareholders of 16 April last authorised the Supervisory Board to appoint the external auditor. The accountancy firm EY has since been appointed and the process of transition to a new auditor was smooth and has now been completed.

Outlook
The recovery in the housing market continued over the past six months and Heijmans has a well-filled order book. This offers perspective for growth in the coming months and 2015-2016. We will continue to devote attention to working capital management and a reduction of the capital utilisation in 2014. The year 2014 will also be a year in which the years-long crisis will have a significant impact on revenues and profit. In view of the interim results we are nevertheless confident that we will close the year with a positive operating result.

Trading update
Heijmans will publish a trading update before the opening of the stock market on 5 November of this year.

Company Profile
Heijmans is a listed company that combines activities in the fields of property development, residential building, non-residential, roads and civil. Heijmans is active in the Netherlands, Belgium and Germany. Our focus on integrated projects and quality execution enables us to create added value for our clients. Heijmans realises integrated projects for major clients such as companies and public sector bodies, as well as homes for investors and private home buyers. With more than 7,100 employees and more than € 820 million in revenues in the first half of 2014, we are building the spatial contours of tomorrow.

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Addenda to the Heijmans N.V. interim report 2014

1. Developments per activity

Property Development (the Netherlands)

x € 1 million	H1 2014	H1 2013	2013	Variance 2014-2013
Revenues	61	63	154	-3%
Underlying operating result	-1	-3	1	
Underlying operating margin	-1,6%	-4,8%	0,6%	
Order book	229	115	190	

Heijmans increased the number of homes sold in the first half of 2014 to 482. This was once again higher than in the year-earlier period (H1 2013: 386 homes). The proportion of homes sold to private buyers also increased, to 244 in the first half of 2014, compared with 172 in the first half of 2013.
Low mortgage interest rates, together with the tightened regulations for housing corporations have led to a clear increase in the competitive position of (new-build) private homes in recent months, which will help the market to recover. This improves the outlook for the coming months and for 2015.
However, as a result of the years-long crisis in the market, the underlying operating result from Property Development was still negative (first half 2014: loss of € 1 million, compared with a loss of € 3 million in the first half of 2013), although less negative than in the same period of last year. By the end of June, the order book had increased strongly to € 229 million. Revenues fell slightly to € 61 million.
In the first half of this year, Heijmans Property Development acquired a number of projects, including the sub-project Boszoom, which is part of the Keijzershof development in Pijnacker, and the Kooiplein apartment complex in Leiden. The company also started on the transformation of Wijnhaven district area in the centre of The Hague. In addition, the Property Development division launched the 'Heijmans ONE' concept, a mobile one-person home, which can both temporarily enliven an urban area and offers starters an attractively priced alternative. The company is currently building the first prototype, after which this will be placed in an appropriate location. The concept won first prize at the Innovatie Boost Camp, a prize awarded by Bouwend Nederland, the association of Dutch construction and infrastructure companies.

Residential Building (the Netherlands)

x € 1 million	H1 2014	H1 2013	2013	Variance 2014-2013
Revenues	92	109	223	-16%
Underlying operating result	-3	-5	-3	
Underlying operating margin	-3,3%	-4,6%	-1,3%	
Order book	259	165	173	

The impact of the years-long market conditions is also clearly visible in the underlying operating result at Residential Building. This came in at a loss of € 3 million in the first half of 2014, compared with a loss of € 5 million in the year-earlier period), while revenues also decreased by 16% to € 92 million. The order book increased by 50% to € 259 million, partly due to contracts such as Keijzersveste in Pijnacker, Wiener in Amsterdam, Villa Industria in Hilversum, the expansion of the Bosrijk bungalow complex for the Efteling amusement park and the construction of 28 holiday homes in the province of Zeeland.
The *Huismerk* home, one of Residential Building's concepts developed in collaboration with Property Development, is proving more and more successful in the market. In the past quarter, Heijmans either started or delivered projects in Waalwijk and Zutphen. Thanks to standardisation, Heijmans can deliver high quality at a competitive price, and much more quickly than normal. By now Heijmans has realised significant number of *Huismerk* homes across the country.

Non-residential (the Netherlands)

x € 1 million	H1 2014	H1 2013	2013	Variance 2014-2013
Revenues	169	229	466	-26%
Underlying operating result	1	1	2	
Underlying operating margin	0,6%	0,4%	0,4%	
Order book	682	511	511	

In the first half of 2014, the underlying operating result at Non-Residential was largely unchanged from the year-earlier period and came in at € 1 million. This was a solid result, thanks to tight project and risk management. Revenues decreased by 25%, partly due to the completion of TivoliVredenburg in Utrecht. Non-residential's niche positioning, with integration as the differentiating factor, led to new contracts, such as 'De Resident' renovation project in The Hague, the RIVM (Dutch national public health and environment body) project, the construction of two research centres for DSM and the security zone at Amsterdam's Schiphol Airport. Thanks to these contracts, Heijmans' Non-residential order book stands at a very healthy € 682 million.

Roads and Civil (the Netherlands)

x € 1 million	H1 2014	H1 2013	2013	Variance 2014-2013
Revenues	341	326	751	5%
Underlying operating result	-5	11	16	
Underlying operating margin	-1,5%	3,4%	2,1%	
Order book	931	763	576	

Roads and civil booked an underlying operating loss of € 5 million, which is considerably lower than the € 11 million operating profit reported in the same period in 2014 . Due to stiff competition surrounding regional projects on the one hand and little margin potential in large projects on the other hand, the results linger. By continuing to focus on operational excellence and continuous improvement and opportunities within the order book, the results shall improve the coming period.
The expertise that Heijmans brings to a project as early as in the design phase in the field of throughput, efficiency and process management, will become visible in the months ahead in projects that have recently entered the realisation phase, such as the 'Parallelstructuur A12' regional road system in Gouda and the Wilhelminasluis lock system in Zaandam. This expertise will also play a crucial role in recently acquired projects, such the Veenendaal – Ede – Grijsoord stretch of the A12 motorway, the N23 road, the A9 motorway, and the Bioscience Park in Leiden. In the field of Smart Energy, Heijmans has teamed up with Stedin, ABB and KPN on the realisation phase of the energy project Hoog Dalem. As part of the pilot project, the group will be introducing facilities at neighbourhood and individual home level to study more closely the effects of new energy applications in a smart energy system. Peak Shaving, the balancing of differences between (peaks in) energy demand and supply, is a key part of this project. For this summer's Hockey World Championships, Heijmans was able to very quickly convert the Kyocera Stadium from a football pitch to a hockey field thanks to the use of the innovative *Drainbeton* pervious concrete product. Heijmans also developed a new type of protection for the seams between asphalt strips that is quieter, safer and more durable, and which emerged as the best in tests conducted by the Ministry of Public Works.

Belgium (infra and construction)

x € 1 million	H1 2014	H1 2013	2013	Variance 2014-2013
Revenues	112	112	237	0%
Underlying operating result	8	5	13	
Underlying operating margin	7,1%	4,5%	5,5%	
Order book	200	215	201	

Heijmans' Belgian activities booked stable revenues of € 112 million in the first half of 2014. The underlying operating result increased further to € 8 million in the first half of in 2014, compared with € 5 million in the first half of 2013. The order book fell slightly to € 200 million.
The contract for the design, realisation and maintenance of a number of tunnel installations and the steering system for the Liefkenshoek rail link near Antwerp is progressing well. The Belgian construction business and its complementary partners have won the contract for the prestigious 'Elisabethzaal' concert halls and conference centre in Antwerp. Once completed, it will be possible to adjust the set-up and capacity of the hall, which will be fitted with state-of-the art acoustics technology, for each individual performance. The complex will be built using sustainable materials and will be fitted with 'green' elements such as roof vegetation.

Germany (infra and construction)

x € 1 million	H1 2014	H1 2013	2013	Variance 2014-2013
Revenues	111	132	319	-16%
Underlying operating result	0	0	6	
Underlying operating margin	0,0%	0,0%	1,9%	
Order book	206	198	162	

The German activities booked revenues € 111 million in the first half of 2014, slightly lower than in the first half of 2013. The order book increased slightly and stood at € 206 million as per end-June of this year. In the spring of this year, Heijmans' German subsidiary Oevermann won the contract for the realisation of a new shopping centre in Dorsten. The new shopping centre has a gross surface area of 45,000 m² and a parking garage.

2. Consolidated Income Statement

(x € 1 million)

	Six months to 30 June 2014	Six months to 30 June 2013*	Full Year 2013*
Revenues	823	912	2.001
Gross profit	89	104	204
Operating result	**-12**	-4	12
Financial income and expenses	1	-1	-4
Share of profit of joint ventures and associates	1	1	0
Result before tax	**-10**	-4	8
Income tax	2	-1	-6
Result after tax	**-8**	-5	2
Earnings per share (in €):			
Basic earnings per share	-0,43	-0,27	0,10
Diluted earnings per share	-0,43	-0,27	0,10

The result after tax is entirely attributable to shareholders.

* After restatement due to change in accounting policies in defined benefit plans (see 7. Selected notes)

3a. Consolidated statement of comprehensive income

x € 1 million

	Six months to 30 June 2014	Six months to 30 June 2013	Full Year 2013
Result after tax	**-8**	-5	2
Unrealised results that - after first inclusion - will (possibly) be transferred to the income statement:			
Effective portion of changes of fair value of cash flow hedges joint ventures	-1	1	1
Unrealised results that will never be transferred to the income statement:			
Changes of actuarial results related to defined benefit plans	1	-4	-17
Tax-effect of unrealised results that will never be reclassified to the income statement	0	1	4
Unrealised result after tax	**0**	-2	-12
Total comprehensive result	**-8**	-7	-10

The entire total comprehensive income is attributable to the shareholders.

3b. Consolidated statement of changes in equity

2014	Issued and called capital	Share premium result	Reserve actuarial results	Statutory hedging reserve	Retained earnings winsten	Result after tax for the year	Total equity
Balance at 31 December 2013	6	221	-23	1	108	2	315
Total comprehensive result for the reporting period:							
Result after tax						-8	**-8**
Unrealised results							
Effective portion of changes of fair value of cash flow hedges joint ventures				-1			-1
Changes in actuarial results related to defined benefit plans			1				1
Total comprehensive result for the reporting period	-	-	1	-1	-	-8	**-8**
Result appropriation 2013							
Dividends in cash					-2		-2
Addition to retained earnings					2	-2	0
Balance at 30 June 2014	**6**	**221**	**-22**	**0**	**108**	**-8**	**305**

2013	Issued and called capital	Share premium result	Reserve actuarial results	Statutory hedging reserve	Retained earnings winsten	Result after tax for the year	Total equity
Balance at 31 December 2012	5	210	-10	0	198	-88	315
Total comprehensive result for the reporting period:							
Result after tax						-5	**-5**
Unrealised results							
Effective portion of changes of fair value of cash flow hedges joint ventures				1			1
Changes in actuarial results related to defined benefit plans			-4				-4
Tax effect of results accounted for in comprehensive result			1	0			1
Total comprehensive result for the reporting period	-	-	-3	1	-	-5	**-7**
Result appropriation 2013							
Dividends in cash					-3		-3
Addition to retained earnings					-88	88	0
Balance at 30 June 2013	**5**	**210**	**-13**	**1**	**107**	**-5**	**305**

4. Condensed statement of financial position

x € 1 million

Assets	30 June 2014		31 December 2013*		30 June 2013*	
Non-current assets						
Property, plant and equipment	97		103		108	
Intangible assets	115		115		113	
Share in joint ventures and associates	57		51		54	
Other fixed assets	86		83		83	
		355		352		358
Current assets						
Landbank	213		215		212	
Houses in planning and under construction	83		86		97	
Other inventory	26		27		33	
Construction work in progress	147		124		167	
Trade and other receivables	293		340		318	
Other current assets	2		0		1	
Cash and cash equivalents	110		61		54	
		874		853		882
Total assets		**1.229**		1.205		1.240

Equity and liabilities	30 June 2014		31 December 2013*		30 June 2013*	
Equity		**305**		315		305
Non-current liabilities						
Interest-bearing [1]	187		97		153	
Non-interest-bearing	37		39		37	
		224		136		190
Current liabilities						
Interest-bearing loans and other current financing	22		30		22	
Trade and other payables	506		543		498	
Construction work in progress	147		152		183	
Other	25		29		42	
		700		754		745
Total equity and liabilities		**1.229**		1.205		1.240
Solvancy rates based on guarantee capital [2]		**30%**		32%		30%
Net debt [3]		**99**		66		121

* After restatement due to change in accounting policies in defined benefit plans (see 7. Selected notes)

1. Non-current interest-bearing liabilities includes € 66 million cumulative preference shares.

2. Guarantee capital is defined as equity plus cumulative preference shares.

3. Net debt is defined as interest-bearing liabilities minus cash and cash equivalents.

5. Condensed consolidated statement of cash flow
indirect method

(x € 1 million)	YTD June 2014	YTD June 2013*	FY 2013*
Operating result	-12	-4	12
Adjustments for:			
Depreciation on property, plant, equipment and real estate investments	11	12	22
Amortisation on intangible assets	1	1	1
Revaluation of property assets	1	-	7
Changes in construction work in progress	-28	-65	-54
Changes in other working capital	11	9	17
Changes in non-current, non-interest bearing liabilities and provisions	-1	-6	-2
Cash flow from operating activities before interest and tax	**-17**	-53	3
Interest paid/ received	-6	-5	-8
Income tax paid	-1	-1	-4
Cash flow from operating activities	**-24**	-59	-9
Cash flow from investment activities	**-7**	3	-5
Cash flow from financing activities	**80**	44	9
Net cash flow in the period	**49**	-12	-5
Cash and cash equivalents at 1 January	61	66	66
Cash and cash equivalents at the end of the period	**110**	54	61

* After restatement due to change in accounting policies in defined benefit plans (see 7. Selected notes)

6. Segment information

Summary income statement by segment

x € 1 million	Netherlands				International		Other	Eliminations	Total
	Property Development	Residential Building	Non-residential	Roads & Civil	Belgium	Germany			
1st half 2014									
Third parties	61	51	163	328	112	108	0		823
Intercompany		41	6	13	0	3	38	-101	0
Total Revenues	61	92	169	341	112	111	38	-101	823
Operating result	-2	-3	1	-6	8	-2	-8		-12
Net financing costs									1
Share of profit of joint ventures and associates									1
Result before tax									-10
Income tax expense									2
Result after tax									-8
Operating result as percentage of revenues	-3,3%	-3,3%	0,6%	-1,8%	7,1%	-1,8%	-	-	-1,5%

x € 1 million	Netherlands				International		Other	Eliminations	Total
	Property Development	Residential Building	Non-residential	Roads & Civil	Belgium	Germany			
1st half 2013									
Third parties	63	66	224	308	112	132	7		912
Intercompany		43	5	18	0	0	59	-125	0
Total Revenues	63	109	229	326	112	132	66	-125	912
Operating result	-3	-7	-1	11	5	-1	-8		-4
Net financing costs									-1
Share of profit of joint ventures and associates									1
Result before tax									-4
Income tax expense									-1
Result after tax									-5
Operating result as percentage of revenues	-4,8%	-6,4%	-0,4%	3,4%	4,5%	-0,8%	-	-	-0,4%

Condensed balance sheet by segment

x € 1 million	Netherlands				International		Other	Eliminations	Total
	Property Development	Residential Building	Non-residential	Roads & Civil	Belgium	Germany			
30 June 2014									
Assets	417	49	146	281	163	160	783	-790	1.209
Not allocated									20
Totaal assets	**417**	**49**	**146**	**281**	**163**	**160**	**783**	**-790**	**1.229**
Liabilities	34	50	130	254	82	97	31	-11	667
Not allocated									257
Total liabilities	**34**	**50**	**130**	**254**	**82**	**97**	**31**	**-11**	**924**
Equity									**305**
Totaal assets and liabilities									**1.229**

x € 1 million	Netherlands				International		Other	Eliminations	Total
	Property Development	Residential Building	Non-residential	Roads & Civil	Belgium	Germany			
31 December 2013*									
Assets	402	56	176	288	164	159	770	-822	1.193
Not allocated									12
Totaal assets	**402**	**56**	**176**	**288**	**164**	**159**	**770**	**-822**	**1.205**
Liabilities	40	61	161	260	90	88	28	-19	709
Not allocated									181
Total liabilities	**40**	**61**	**161**	**260**	**90**	**88**	**28**	**-19**	**890**
Equity									**315**
Totaal assets and liabilities									**1.205**

* After restatement due to change in accounting policies in defined benefit plans (see 7. Selected notes)

7. Selected notes

7.1 Reporting entity
Heijmans N.V. (the Company) is registered in the Netherlands. The consolidated financial statements of the Company for the first half of 2014 comprise those of the Company and its subsidiaries (together referred to as the Group) and any holdings in associates and the Group's interests in joint arrangements.

7.2 Accounting principles for financial reporting

7.2.1 Statement of compliance
The consolidated interim statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) for interim financial reporting, as accepted within the EU (IAS 34). The consolidated interim financial statements do not include all the information required for full annual financial statements and must be read in combination with the consolidated financial statements of Heijmans for 2013.

The group is investigating the effects of the adjusted interpretation IFRIC 21. If this interpretation, which was not compulsory for 2014, had been applied the effect on the results would have been zero.

The management drew up the consolidated interim financial statements on 19 August 2014.

7.2.2 Use of estimates and judgements
The preparation of the interim report requires the management to form judgements and make estimates and assumptions that may have an impact on the reported value of assets and liabilities and of income and expenses. The estimates and the assumptions upon which these are based are made on the basis of experience and other factors that are considered reasonable. The results of the estimates form the basis for the carrying value of assets and liabilities that are not readily apparent from other sources. The actual results may deviate from these estimates.
The critical judgements that the management has formed in the application of the Group's accounting principles, together with the significant sources of any estimate-related uncertainties, are the same as those applied in Heijmans' consolidated financial statements for 2013, in view of the fact that there were no special circumstances that required any change.

7.3 Main accounting policies for financial reporting
The financial reporting accounting policies adopted for the consolidated interim financial statements are the same as the accounting policies adopted in the consolidated financial statements for the 2013 financial year, with the exception of the changes outlined below.

The Group has applied the following new guidelines, including any amendments to other guidelines resulting from same, such being applicable from 1 January 2014:
- IFRS 10 Consolidated financial statements (see 7.3.1 Accounting changes consolidated financial statements (subsidiaries)
- IFRS 11 Joint arrangements (see 7.3.2 Accounting changes Joint arrangements)

7.1.1 Accounting changes consolidated financial statements (subsidiaries)
IFRS 10 introduces a new control model that applies to all entities in which the Group invests and is based on the question of whether the Group
a) has control of the entity;

b) is exposed to, or has rights to variable returns due to its involvement in the entity; and
c) is able to use its control of the entity to affect those returns.
Each of these three criteria must be met before it can be said an investor has control over a company in which it has an interest. Prior to this amendment, the question of control depended on whether the Group was able, either directly or indirectly, to determine an entity's financial and operational strategy.
The change to the definition of control in IFRS 10 has no impact on the composition of the Group.

7.1.2 Accounting changes Joint arrangements

IFRS 11 stipulates how arrangements under which the Group exercises joint control with third parties must be reported. IFRS 11 identifies two kinds of joint arrangements: 'joint operations' and 'joint ventures'.
Any joint arrangements are defined as one or the other on the basis of the rights and obligations of the Group with respect to the arrangement, taking into account the structure and legal form of the arrangement, the contract conditions agreed by the Group when the arrangement was made and – in so far as relevant – any other facts and circumstances.
A joint operation is a joint arrangement over which the Group has joint control with third parties and which gives the Group the right to any assets or liabilities related to the arrangement. Joint operations are reported in such a way that the Group reports its assets (including its share of jointly held assets), its liabilities (including its share in the jointly accepted liabilities), its income (including its share in the income from the sale of the product of the joint exploitation) and its expenses (including its share in jointly incurred expenses). In practice, how joint operations are reported is comparable to proportionate consolidation.
A joint venture is a joint arrangement over which the Group has joint control with third parties and in which the Group holds rights to the net assets with respect to the arrangement. Joint ventures are reported using the equity method.
Prior this amendment, all entities over which the Group had control with third parties were consolidated proportionately.
The Group has applied the changes to accounting policies retrospectively in accordance with the rules and regulations.
The impact of the changes to accounting policies on the condensed statement of income for the first half of 2013 and the full year 2013, the condensed consolidated balance sheet as per 30 June 2013 and 31 December 2013 and the condensed consolidated cash flow statement for the first half of 2013 and the full year 2013 was as follows:

Effect of change in accounting policies joint arrangements on condensed consolidated profit and loss statement H1 2013 and full year 2013:

x € 1 million	Six months to 30 June 2013			Full year 2013		
	Before restatement	Joint arrangements	After restatement	Before restatement	Joint arrangements	After restatement
Revenues	929	-17	912	2.054	-53	2.001
Gross profit	106	-2	104	207	-3	204
Operating result	-2	-2	-4	13	-1	12
Financial income and expenses	-2	1	-1	-6	2	-4
Share of profit of joint ventures and associates	0	1	1	1	-1	0
Result before tax	-4	0	-4	8	0	8
Income tax	-1	0	-1	-6	0	-6
Result after tax	-5	0	-5	2	0	2
Earnings per share (in €):						
Basic earnings per share	-0,27	-	-0,27	0,10	-	0,10
Diluted earnings per share	-0,27	-	-0,27	0,10	-	0,10

Effect of change in accounting policies joint arrangements on condensed consolidated balance sheet as per 31 December 2013 and 30 June 2013:

x € 1 million	31 December 2013			30 June 2013		
Assets	Before restatement	Joint arrangements[4]	After restatement	Before restatement	Joint arrangements[4]	After restatement
Non-current assets						
Property, plant and equipment	110	-7	103	115	-7	108
Intangible assets	115	-	115	113	-	113
Share in joint ventures and associates	4	47	51	3	51	54
Other fixed assets	100	-17	83	110	-27	83
	329	23	352	341	17	358
Current assets						
Landbank	313	-98	215	313	-101	212
Houses in planning and under construction	87	-1	86	100	-3	97
Other inventory	30	-3	27	35	-2	33
Construction work in progress	120	4	124	168	-1	167
Trade and other receivables	371	-31	340	347	-29	318
Other current assets	1	-1	0	2	-1	1
Cash and cash equivalents	73	-12	61	66	-12	54
	995	-142	853	1.031	-149	882
Total assets	1.324	-119	1.205	1.372	-132	1.240

Equity and liabilities	Before restatement	Joint arrangements[4]	After restatement	Before restatement	Joint arrangements[4]	After restatement
Equity	315	-	315	305	-	305
Non-current liabilities						
Interest-bearing [1]	155	-58	97	220	-67	153
Non-interest-bearing	40	-1	39	38	-1	37
	195	-59	136	258	-68	190
Current liabilities						
Interest-bearing loans and other current financing	59	-29	30	60	-38	22
Trade and other payables	571	-28	543	522	-24	498
Construction work in progress	153	-1	152	184	-1	183
Other	31	-2	29	43	-1	42
	814	-60	754	809	-64	745
Total equity and liabilities	1.324	-119	1.205	1.372	-132	1.240
Solvancy rates based on garantee capital [2]	29%	3%	32%	27%	3%	30%
Net debt [3]	141	-75	66	214	-93	121

1. Non-current interest-bearing liabilities includes € 66 million cumulative preference shares.
2. Guarantee capital is defined as equity plus cumulative preference shares.
3. Net debt is defined as interest-bearing liabilities minus cash and cash equivalents.
4. Under IFRS 11, the group has considered one previously not recognised framew ork agreement as joint arrangement and has classified it as joint operation. This change has been reported retrospectivily and has led to an increase of landbank and interest bearing liabilities of approximately € 20 mln. This change is included in the overview above as effect of change in accounting policies joint arrangements.

Effect of change in accounting policies joint arrangements on condensed consolidated cashflow statement H1 2013 and full year 2013:

	Six months to 30 June 2013			Full year 2013		
	Before restatement	Joint arrangements	After restatement	Before restatement	Joint arrangements	After restatement
Operating result	-2	-2	-4	13	-1	12
Adjustments for:						
Depreciation on property, plant, equipment and real estate investments	12	0	12	23	-1	22
Amortisation on intangible assets	1	0	1	1	0	1
Revaluation of property assets	-	-	-	7	0	7
Changes in construction work in progress	-65	0	-65	-48	-6	-54
Changes in other working capital	-1	10	9	8	9	17
Changes in non-current, non-interest bearing liabilities and provisions	-6	0	-6	-2	0	-2
Cash flow from operating activities before interest and tax	-61	8	-53	2	1	3
Interest paid/ received	-7	2	-5	-10	2	-8
Income tax paid	-1	0	-1	-4	0	-4
Cash flow from operating activities	-69	10	-59	-12	3	-9
Cash flow from investment activities	-1	4	3	-4	-1	-5
Cash flow from financing activities	58	-14	44	11	-2	9
Net cash flow in the period	-12	0	-12	-5	0	-5
Cash and cash equivalents at 1 January	78	-12	66	78	-12	66
Cash and cash equivalents at the end of the period	66	-12	54	73	-12	61

7.4 Sold associated participation

In June 2014, Heijmans sold all its shares in Brabo I N.V. to DG Infra+. Heijmans had a 20.8% stake in Brabo I N.V., which was reported as an associated participation. The sales price amounted to € 7 million and was paid in cash. Up to the moment of the sale, Brabo I N.V. had booked profit after tax of less than € 0.1 million (Heijmans' share) in 2014. The book profit on the sale the shares in Brabo I N.V. of € 3 million has been reported as financial income.

7.5 Paid out (stock) dividends

Cash

The dividend paid out on ordinary shares in May 2014 for 2013 amounted to € 1.6 million. Heijmans paid out a dividend of € 4.8 million on cumulative preference financing shares in April; this was reported pro rata as an interest expense in the statement of income.

Stock dividend

In May 2014 Heijmans issued and paid out 102,998 new shares as a stock dividend.

7.6 Share Matching Plan

Matching of the shares purchased by the members of the Management Board in 2011

In April 2011, the members of the management Board purchased Heijmans shares equivalent to half of the net short-term variable bonus awarded for 2010. For each share purchased – a total of 10,182 – a conditional share was granted in the context of the Share Matching Plan. Of these, 9,171 shares became unconditional after three years. In April 2014, the Group issued 9,171 shares and granted these to the members of the management Board in question; these shares are subject to a two-year lock-up period.

Share purchased in 2014 by the members of the Executive Board

In April 2014, Mr. Van der Els purchased Heijmans shares equivalent to 50% of the net variable award for 2013 and Messrs. Van den Biggelaar and Hillen purchased shares equivalent to 20% of said award. For each share purchased – a total of 2,289 – a conditional share was granted in the context of the Share Matching Plan. The shares granted will become unconditional after three years, after which a compulsory lock-up period of two years will come into force.

7.7 Fair values

The table below shows the carrying amounts and fair values of financial instruments.

Fair values

The overview below contains the fair values and bookvalues of financial instruments.

x € 1 million	30 June 2014	
	Book-value	**Fair value**
Loand and receivables		
Other investments	40	42
Trade and other receivables	294	294
Cash and cash equivalents	110	110
Cumulative financing preference shares	-66	-74
Syndicated bank financing	-90	-90
Project financing	-13	-14
Other non-current liabilities	-29	-30
Bank overdrafts	-9	-9
Trade and other payables	-506	-506
Other financial liabilities		
Financial lease commitments	-2	-3
	-271	**-280**

The Group has no financial assets or financial liabilities valued at fair value.

7.8 Seasonal pattern

The usual seasonal pattern in the construction industry affects the reported results, balance sheet and cash flows. Revenues and operating results in the first half of a year are historically lower than in the second half of a year. Working capital requirements and net debt are historically higher in June than in December.

8. Statement from the Executive Board

The Executive Board hereby states, taking into consideration what is stated in this report, that to the best of its knowledge the interim financial information related to the companies included in the consolidation, drawn up in accordance with IAS 34 'Interim financial reporting', as accepted within the European Union, gives a true and fair view of the assets, liabilities, financial position and the result for the first half of 2014 and that the interim report gives a true and fair summary of the most important events of the first half of the year and the impact of those events on the interim accounts, a true and fair description of the main risks and uncertainties for the remaining periods of the year, as well as a true and fair view of the most important associated party transactions.

s-Hertogenbosch, 19 August 2014

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