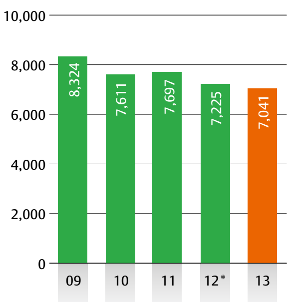
Annual Report

2013

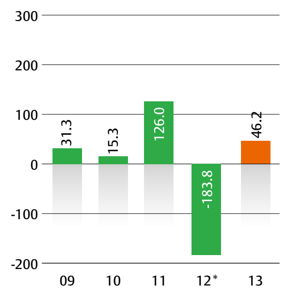
Royal BAM Group nv

Revenue
(in € million)



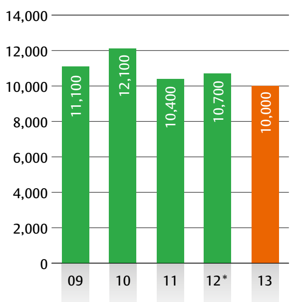
* 2012 adjusted due to IFRIC 12 and IAS 19 (revised).

Net result attributable to shareholders *(in € million)*



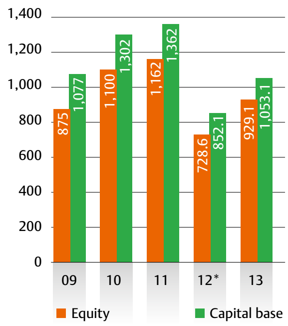
* 2012 adjusted due to IFRIC 12 and IAS 19 (revised).

Year-end order book
(in € million)



* 2012 adjusted due to IFRIC 12 and IAS 19 (revised).

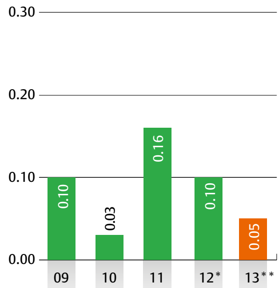
Equity/capital base
(in € million)



* 2012 adjusted due to IFRIC 12 and IAS 19 (revised).

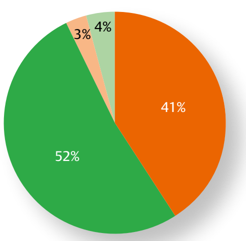
Net result per share
(fully diluted) (in €)

Dividend per ordinary share
(in €)

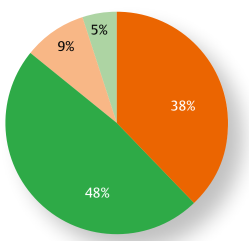


* 2012 adjusted due to IFRIC 12 and IAS 19 (revised).
** Proposal.

Revenue by sector year-end 2013



Order book by sector year-end 2012

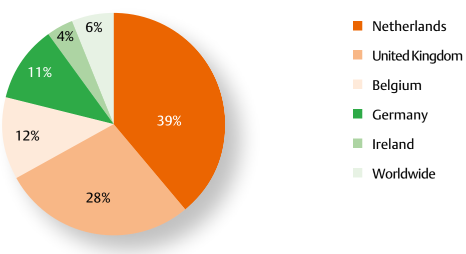


Result before taxes as percentage of revenues by sector

	2013	2012*
Construction and M&E services	0.2%	1.5%
Civil engineering	1.3%	1.5%
Property	neg.	neg.
Public-Private Partnerships	5.0%	4.3%

* 2012 adjusted due to IFRIC 12 and IAS 19 (revised).

Revenue by region year-end 2013



Key figures *(in € million, unless otherwise mentioned)*

	2013	2012 [1]
Revenue from continuing operations	**7,041**	7,225
Operating result from continuing operations	**74.5**	108.8
Result before tax from continuing operations	**44.4**	(289.3)
Net result attributable to shareholders	**46.2**	(183.8)
Earnings per share *(x €1.–)*		
• Continuing operations	**0.15**	(1.04)
• Discontinued operations	**0.04**	0.27
Dividend per ordinary share *(in €1.–)* [2]	**0.05**	0.10
Payout *(as percentage)*	**30 %**	-
Number of issued ordinary shares as at year-end *(x 1,000)*	**269,424**	241,525
Total number of issued shares as at year-end *(x 1,000)*	**269,424**	241,525
Closing price ordinary shares on 31 December *(in €1.–)*	**3.78**	3.23
Equity attributable to shareholders	**929.1**	728.6
Capital base	**1,053.1**	852.1
Orderbook [3]	**10,021**	10,734
Net addition to tangible fixed assets	**65.2**	94.6
Depreciation/amortisation/impairments:		
• Tangible assets	**85.9**	80.2
• Intangible assets	**3.2**	154.5
• Other impairments	**29.5**	247.7
Cash flow before dividend	**164.8**	298.6
Average number of employees (fte)	**23,502**	23,143
Number of employees at year-end (fte)	**23,329**	23,691
Ratios:		
• Result from continuing operations before tax as % of revenue	**1.1**	1.5
• Net result for the year as % of revenue	**0.7**	(2.5)
• Net result for the year as % of average equity	**5.6**	(19.4)
Capital ratios:		
• Equity attributable to shareholders as % of total assets	**17.5**	13.7
• Capital base as % of total assets	**19.8**	16.1

[1] 2012 adjusted due to IFRS 11 and IAS 19 (revised).

[2] Dividend proposal 2013.

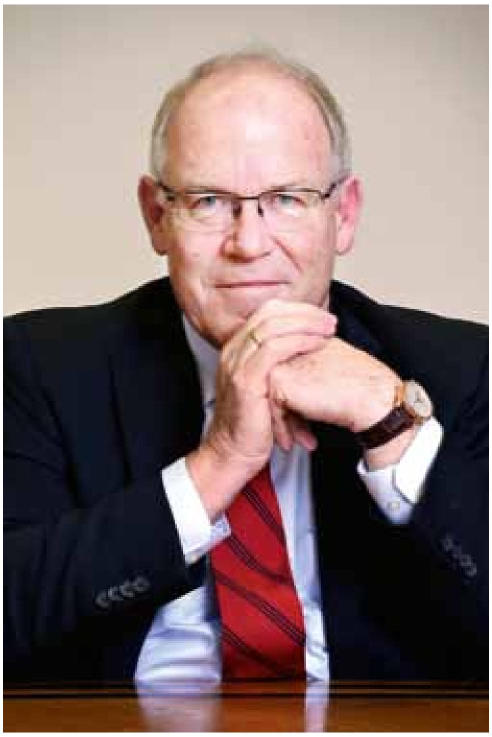
[3] The order book comprises both signed contracts, as well as verbally agreed upon orders.

Contents

1. Foreword

This Royal BAM Group Annual Report concerns the financial year 2013. BAM closed 2013 with a net result of €46.2 million (2012: €183.8 million) from operating revenue of €7.0 billion (2012: €7.2 billion).

'Our group companies are working intensively on the Group's strategic agenda.'



During the year under review, BAM's performance was under pressure from persistently poor market conditions on the one hand, particularly in the Netherlands, and on the other hand from a number of loss-making large projects outside of the Netherlands. Our residential construction activities in the Netherlands were hit particularly hard.

The scope of a number of Dutch Group companies in the Construction and electrical and mechanical services sectors has reduced significantly. Moreover, we have seen that as a result of the market pressure, our tenders (taking into account alternatives and possible optimisation and the resulting favourable pricing in the calculations) were not adequately balanced. This resulted in a number of excessively competitive tenders – and therefore losses – which we reported in the first half year. We are currently making progress in de-risking these projects; in other words, in a number of instances, we have strengthened the project management and invested in technical solutions. We are also negotiating with our clients regarding our sometimes considerable claims.

In order to increase our financial flexibility as well as to realise the strategic agenda 2013-2015, in the last quarter, nearly 10 % of shares were issued. As a result, the Group's ability to compete with other large, international construction companies and the ability to acquire large new projects (such as multidisciplinary and PPP projects) in BAM's European home markets and international markets has increased.

Our ambitions in the area of sustainability are described briefly starting on page 19. I would like to refer you to our separate sustainability report that deals more extensively with the various aspects of corporate social responsibility, in which the Group prioritises safety, CO_2 reduction and waste reduction. There is also an extra focus on responsible supply chain management, use of materials and integrity.

BAM started the financial year 2014 with an order book of €10.0 billion (year-end 2012: €10.7 billion).

Although there are no signs yet of vigorous economic recovery in the important Dutch market, BAM does have room for optimism. Our Group companies are working intensively on the Group's strategic agenda with regard to operational improvement and focused growth initiatives in services, multidisciplinary projects and international niche markets. The result will be better operational and financial performance.

Bunnik, the Netherlands, 19 February 2014

N.J. de Vries,
Chairman of the Executive Board
Royal BAM Group nv

2. Strategy and policy

‘By 2020, BAM is aiming to be recognised and identified as one of the leading sustainable construction companies in Europe.’

Strategic agenda 2013-2015

Every three years, the BAM Executive Board sets out a strategic agenda with the priorities for achieving BAM's long term goal of being one of the leading sustainable construction companies in Europe. The strategic agenda contains, among other things, an examination of BAM's performance and competitive position as well as its strategic objectives, initiatives and financial projections relevant to market developments. The most important goals in the 2013-2015 strategic agenda build on sustainable performance by better mobilising the potential talent and synergies across Royal BAM Group in order to enhance the Group's competitive position and create value for customers, shareholders and all other stakeholders.

BAM has an enterprising culture. This means that the operating companies bear an important level of responsibility in implementing the strategy. They incorporate the Group strategy in their operational plans. This process is supported centrally so that the potential of the Group is fully realised. The Executive Board closely monitors the progress of this process.

By utilising the full potential of the Group, BAM can distinguish itself in creating value for all stakeholders. By persuasively encouraging, connecting with and strengthening the potential, BAM is convinced that that it can create added value in the projects that are realised. BAM's potential is utilised in the sense that the operating companies are encouraged to implement their capacities for the Group. At all layers of the Group and its operating companies, connections are made to make optimum use of human capital, intellectual capital, equipment and other resources in order to create value. On a personal level, BAM encourages its employees to contribute to the value-creation process. The unique diversity of the countries and sectors in which the Group operates and of the relationships that BAM maintains with its clients and contractors enables BAM to continuously expand and increase its potential.

Mission and vision

By 2020, BAM aims to be a '10+ business', a company which achieves more than 10 per cent Return on Capital Employed (ROCE), that operates in the European construction sector's Top 10 and with a turnover of more than €10 billion.

Mission: 'What drives our company?'
The '10+ status' reflects BAM's mission to create value for customers, shareholders, employees, and building partners by bringing together people, knowledge, and resources at every stage of the construction process in order to produce a sustainable built environment.

Vision: 'Where do we want to be in 2020?'
This '10+ status' also forms the fulfilment of the BAM vision to occupy a position as one of the leading construction companies in Europe, with healthy profits and a strong balance sheet, that is active in the whole building process chain in the European home markets and outside Europe in selected growth markets.

Values: 'What are our starting points and principles?'
- We strive to exceed the expectations of our clients, people in the surrounding areas and chain partners. We promote the well-being of our employees.
- We acknowledge our responsibility towards future generations with regard to climate and material use.
- We innovate to find sustainable solutions and believe that sustainability results in economic value.

Market developments

BAM's growth strategy is based on the expectation that the Group will be able to benefit from three global market developments in the long term (macrotrends):
1. Increasing urbanisation and demand for sustainable solutions are leading to more complex construction assignments.
2. Limited financial resources and cost optimisation are leading clients and users to a focus on 'life cycle costing' and therefore to an increasing demand for service provision throughout the entire life of a project, from initiative and financing to management and maintenance.
3. The world over, the emerging economies demand infrastructure projects, which are often complex in nature. Successful access to these markets can be gained by contributing knowledge and experience.

Growth in the short term is only possible, first and foremost, by maintaining the leading position that BAM occupies in its current home markets and sectors by executing projects in an exemplary manner ('best in class').
The huge pressure of competition requires continuous operational improvements.

Four strategic objectives

By 2020, BAM is aiming to be recognised and identified as one of the leading sustainable construction companies in Europe. In order to realise this mission, the Group has formulated four objectives for the 2013-2015 strategic period.

1. 'Best in class' construction projects
BAM projects are exemplary projects – technologically, organisationally, and in terms of their results. BAM is continuously improving its operational performance, a process made possible by involving all employees in the implementation of these improvements, tighter controls, better risk management, implementing lean, BIM, sustainability and safety initiatives, and by continuing the national and Group-wide purchasing programmes. The Group will also improve its financial results by further reducing its real estate portfolio and by optimising its working capital.

2. Leadership in complex multidisciplinary projects
BAM supports the success of its group companies through better internal co-operation and by co-ordinating operating processes. This stimulates multidisciplinary projects. BAM fills in the 'white spaces' on its activity matrix in its home markets in order to be able to offer multidisciplinary services everywhere. BAM is extending its activities from Germany into Switzerland, and from Belgium into Luxembourg.

3. Expanding activities in the 'built asset' process chain
BAM develops and sets up business units, or 'asset management service units', which will be equipped to run and maintain projects. Led by specialised management teams, they will gradually grow, firstly as part of PPP projects, but also through local acquisitions and local expansion. In addition, BAM will introduce energy and water-efficient concepts to be used in non-residential and residential building projects, but also in civil and technical engineering projects.

4. Occupying niche positions in selected growth markets
The Group strengthens the current BAM International organisation, improves processes and systems and invests in strategic equipment. BAM will focus on four growth areas in which BAM occupies a good starting point: the Middle East, Australia, Asia Pacific and Africa. Finally, BAM will continue to seek more intensive relationships with global customers in the oil and gas, mining, and industrial sectors.

Galère (with third party).
Artist's impression of conference centre, Bergen, Belgium. Architect: Studio Daniël Libeskind.

Ambition

Horizon 2020 – the EU budget for the period 2014-2020, which among other things encourages research and innovation – is based on sustainable growth for the European economy. BAM's strategy focuses on contributing to that aim, including by taking on the responsibility for the maintenance of houses, buildings and infrastructure, based on strong internal cooperation between BAM disciplines and with a significant reduction in energy use and energy costs. The Netherlands' home improvement programme 'De Stroomversnelling' and the energy service companies (ESCos) are good examples.

The success of PPP projects, such as the new build for the Supreme Court in The Hague, is a result of the focus on life-cycle thinking, using knowledge drawn from across Royal BAM Group.

By 2020, BAM strives to have a wide portfolio of activities to offer in its home markets in the construction (non-residential and residential) and mechanical and electrical services, civil engineering, public-private partnership and property sectors, as well as services in the field of asset management. In taking this approach, BAM is responding to an increasing demand for multidisciplinary projects and the need for the company to be involved throughout the entire lifecycle of construction projects. BAM will also occupy niche positions in selected emerging markets.

Acquisitions

On 16 January 2013, BAM Construct UK Ltd acquired the facilities-management specialist Sutton Group Ltd and the subsidiary Sutton Maintenance Ltd.

The acquisition of Sutton Group has contributed €15 million to BAM's turnover in the United Kingdom from facilities management. As a result, the number of employees increases by more than one hundred. Sutton was founded in 1978 and operates out of locations in London, Luton, Manchester and Glasgow. Sutton offers clients technical and household services and property management. The facilities-management projects in the portfolio include shops and shopping centres, offices and apartment complexes.
The acquisition of Sutton Group and Sutton Maintenance gives BAM FM (subsidiary of BAM Construct UK) the opportunity to offer clients a wider range of services and fits in with BAM's strategy to expand and deepen its activities leading into the construction process supply chain and in after care

Risk and risk management

Risk is inherent to any business venture, and the risk to which Royal BAM Group is exposed is not unusual nor different from what is considered acceptable in the industry. The Group's risk management system is designed to identify and manage threats and opportunities. Effective risk management enables BAM to capitalise on opportunities in a carefully controlled environment.

Intensifying risk management is one of the main items on the strategic agenda for 2013-2015. The agenda focuses both on process improvement and on enhancing the appropriate risk attitude and awareness among the operating companies.
The risk management system provides a platform for sharing knowledge and expertise among the operating companies in a structured manner, making risk management a key enabler in achieving the strategic objectives.

The risk management system and its implementation are explained below.

Risk management framework
The Executive Board is responsible for risk management at the company and has created and implemented an Enterprise Risk Management Framework, supported by the Risk Management department. This framework, which is based on COSO (Committee of Sponsoring Organizations of the Treadway Commission), is integrated into the regular planning and control cycle, and involves achieving the strategic objectives, the effectiveness and efficiency of business processes, the reliability of information provision (including financial information) and compliance with the relevant laws and regulations.

The first step in the risk management process is defining and planning the Group strategy. This process is conducted every three years in conjunction with all the operating companies and results in strategic objectives and implementation plans. The strategic objectives are assessed by the Executive Board and the Group's staff directors against the BAM Risk Register, which contains 28 predefined risk areas, relevant to the environment in which BAM operates, and to the risk appetite specified. The purpose of this assessment is to prioritise risk factors and the corresponding implementation and improvement goals.

The Group's strategy and risk management framework are shared with the operating companies, which operate in the specific industries and geographic areas shown in the activity matrix. They adapt the Group strategy to their own specific activities and environment and subsequently assess their (derived) strategy based on the BAM Risk Register. This process helps to identify all relevant risks in the 28 risk areas and results in the prioritisation of

BAM International, BAM Sports and BAM Contractors.
The Hazza Bin Zayed Stadium in Al Ain, Abu Dhabi (United Arab Emirates) has 25,000 seats.

risk areas and the corresponding implementation and improvement plans for each operating company.

The strategic plans and risk assessments for each operating company are shared across the entire Group, resulting in a platform where best practices are shared and implementation and improvement plans are executed collectively by the operating companies where possible. Staff positions and networks of subject matter experts accelerate this process of acquiring and sharing knowledge and expertise through a consistent risk management language and approach.

The Executive Board receives progress updates on the implementation of the strategic goals and the related implementation and improvement plans through the quarterly reports and management meetings. This is also shared regularly with the Supervisory Board.

General management measures
The Group uses a variety of general management measures as part of its risk management and monitoring systems. The first of these are BAM's Business Principles, which represent the Group's beliefs, values and expected behaviour. Along with the Ethical Code of Conduct, these principles form a key part of the internal environment in which risk management is conducted.

A second general management tool is the guidelines and instructions the Group provides to the management of the operating companies, as well as feedback. This measure defines the powers of the operating companies and sets requirements for the quality of vital management measures. These guidelines include, among other things, limits for entering into risks and commitments related to investments and bidding on projects. The guidelines are assessed – and amended if necessary – based on changes in the risk appetite for achieving the objectives, the risk profile, or changes in the internal organisation. The management guidelines have been updated and tightened in 2013.

In addition to the Executive Board's guidelines, there are more detailed instructions for establishing the control environment, the financial and sustainability reports, security policy, tax policy and treasury-related matters.

The Group's third general management tool is a system for budgeting, reporting and (internal) controls. The entire Group uses uniform guidelines and accounting policies, which serve as the basis for all financial and management reporting. As part of the detailed quarterly reports, the operating companies report on changes in actual and projected company revenues, financial results, liquidity and the order book.

Lastly, the Group manages several insurance policies relating to liability, design liability (i.e. professional indemnity), construction all risks (CAR) and equipment (including floating structures), and fire. A specialised staff department ensures that all relevant risks are included in the insurance agreements during construction (which are entered into at the head office) and that the liability insurance policies purchased provide sufficient cover. In addition, they also inform the operating companies of their claims so that they can continue improving themselves. Royal BAM Group regularly consults professional insurance brokers on its insurance cover.

Risk appetite
'Risk appetite' is defined as the level to which BAM is willing to accept risk in the ordinary course of business in order to achieve its objectives.
Based on its knowledge and experience in the home markets, BAM is willing to tender on complex multidisciplinary projects, which involves the controlled transfer of risk between the client and the Group. In order to spread risks, BAM considers tendering for large projects in conjunction with solid and solvent partners. In entering into Public-Private Partnership investments, the Group aims to generate construction output for the operating companies. The company's intention is to sell these projects to investors after the construction phase, as was achieved in the BAM PPP-PGGM joint venture. Since the risk profile based on volume is substantial (i.e. variable compensation), BAM generally invests only in projects based on contractual availability (i.e. fixed compensation).
Property development also generates construction output for the operating companies, and BAM continues to invest in property development projects provided they are profitable and have a plausible and profitable exit strategy that has been defined in advance.

Outside the home markets, the Group intends to invest worldwide in niche markets, insofar as the activities fit within BAM's own Business Principles.

Based on this risk appetite, BAM expects to be able to achieve the objectives defined in the strategic agenda for 2013-2015.

General risks and management measures for construction, real estate and public-private partnership projects
The majority of construction work is performed on a project basis, with projects varying in nature, size, scope, complexity and duration. The industry as a whole shows a certain imbalance (i.e. asymmetric) between risks and results, meaning the upward potential of projects tends to be more limited than the downward potential. As a result, the Group must have a strong project organisation in place, operating close to the projects and the markets.

Before bidding on any new project, the operating companies assess the qualitative and quantitative risk factors. Uncertainties may relate to financial and contractual aspects, safety, construction materials, plant and equipment, location (including site conditions and permits), the construction period and the work schedule as well as to clients, subcontractors and construction partners. A quantitative analysis is performed on the risk factors, based on empirical data. This analysis is used to make adjustments to the project schedule or construction methods in order to reduce project risk. The analysis may also result in adjustments to the risk premium in the contract price.

Bids for major projects or projects involving exceptional risk are submitted to the Executive Board for prior approval. During the execution, the project team periodically and systematically assesses the opportunities and risks attached to the project. If necessary, the project team implements measures to reduce newly identified risks, focusing mainly on the quality of the construction work to be completed, avoidance of construction faults and meeting the handover date. Project managers submit reports on progress, the main opportunities and downside risks associated with the project, the quality and the financial aspects of the project to their regional office manager, who, in turn, reports at least on a monthly basis to the operating company managers. They, in turn, report quarterly to the Executive Board, through the information systems described above.

The success of projects BAM acquires depends largely on the quality of the employees and management. In order to attract, challenge and develop talented employees in a structured and effective manner, BAM has made human resources policies a key priority, as discussed on page 21 of this annual report.

In order to limit legal risk, BAM uses standard versions of the legal documents required for projects wherever possible. Where a non-standard contract is used, Royal BAM Group (in-house) lawyers will assess the contract beforehand. Standard contracts include, for example, clauses that provide that price increases in units of wages and materials may be charged on to the client during the construction period. Clients also have the option to buy out these risks.

In the construction industry, clients commonly demand guarantees by way of security that the project will be completed successfully. This guarantee may be provided by the parent company or, alternatively, by external parties such as banks and surety institutions. The Group has strict procedures in place to ensure that the terms of the guarantees provided comply with the company's specific guidelines.

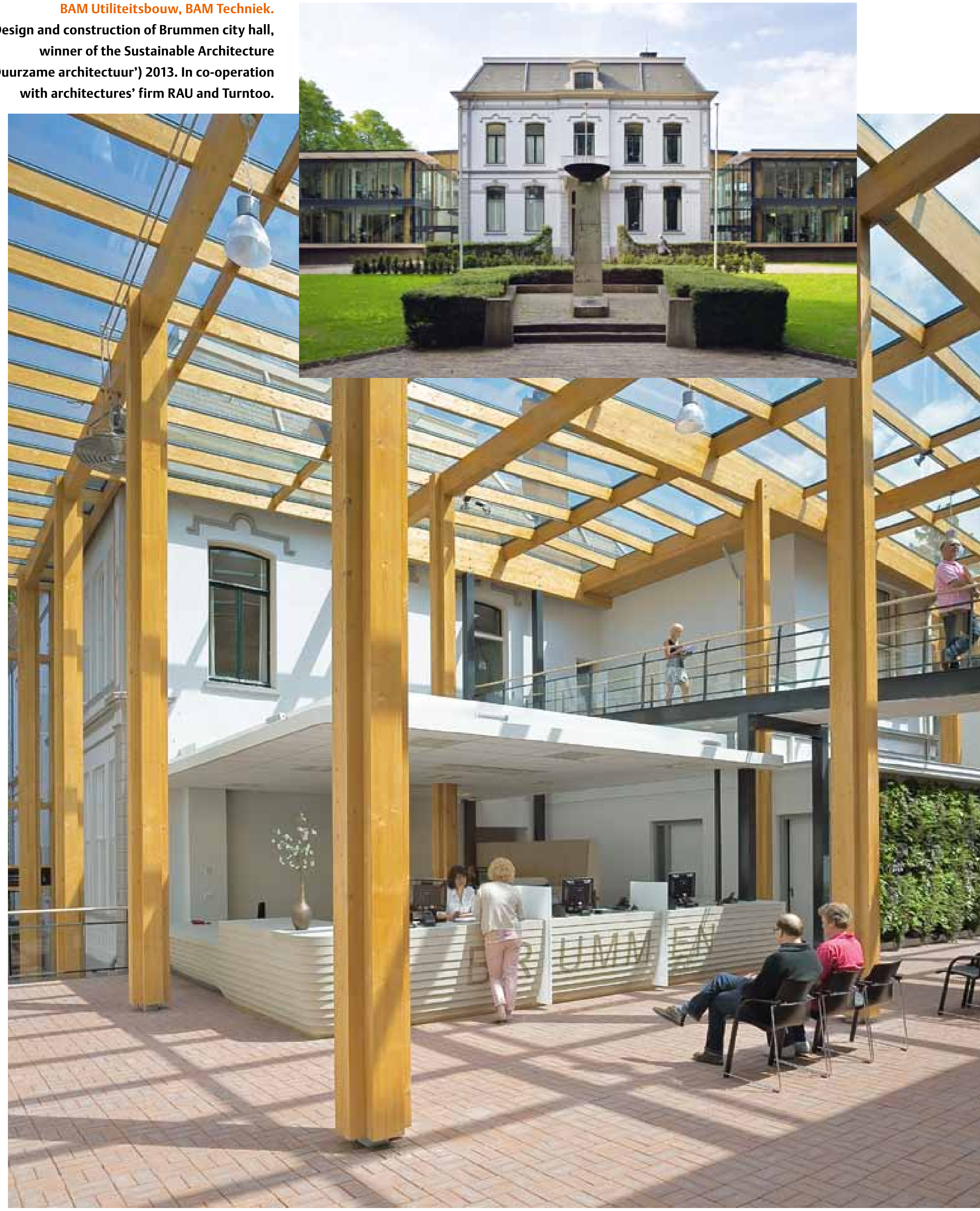
On an annual basis, BAM procures more than 75 per cent of its revenue from suppliers and subcontractors. These companies have a major impact on projects, both in financial and in technical terms. The Group aims to build strong partnerships with its suppliers and subcontractors in order to ensure that the construction process runs as smoothly as possible, resulting in the lowest possible total costs and a high quality product. For co-operation and management of price risks to work well, suppliers need to be involved in the project at an early stage. This co-operation is set out in partnerships and framework contracts, which contain agreements on fees and conditions (such as delivery times, invoicing, risks and bonus discounts). Project-specific orders can then be placed under the framework contracts.

The comprehensive knowledge and extensive experience of its operating companies enable BAM to successfully complete major projects independently. Nonetheless, it can be advantageous – including from the point of view of spreading the risks – to work in a joint venture when realising larger projects. This usually involves establishing a general partnership (a legal form in which all parties are jointly and severally liable for mutual commitments connected with the performance of the project). The Group mitigates the risk arising from these activities by entering into joint ventures only with solid and solvent partners. If the risk to which the partner is exposed is nevertheless assessed to be too high, the operating company concerned demands other securities which can take the form of a bank guarantee or of the partner leaving sufficient cash invested in the joint venture.

Operating companies limit the payment risk of projects as much as possible by agreeing on contractual payment schedules. This ensures that the client's payments are at least in balance with the progress cost of the work performed. For projects completed in emerging markets and developing countries, adequate security is agreed or export credit insurance is purchased prior to the start of the project in order to hedge political risk and payment risk. When entering into financing arrangements, BAM performs a credit check on clients. The Group also focuses in particular on the security provided by banks and the payment systems used by government bodies.

Continues on page 16.

BAM Utiliteitsbouw, BAM Techniek.
Design and construction of Brummen city hall, winner of the Sustainable Architecture ('Duurzame architectuur') 2013. In co-operation with architectures' firm RAU and Turntoo.



Specific risks related to the strategy and the corresponding management measures

Besides the general risks and management measures outlined above, several specific risk areas and measures have been identified in relation to the objectives of the updated strategy. The main risks and opportunities in these risk areas relate to changing market factors impacting the primary process. The identified improvement activities to manage risks and capitalise on opportunities will be further developed and co-ordinated with the operating companies. Follow-up and feedback form a part of the regular management reporting. These risk areas are specified below.

Market factors

Risks

The current market has been heavily affected by the economic crisis in Europe, resulting in intense competition for the shrinking number of projects available in the Group's home markets.
This has created a buyers' market, where margins are under pressure and design and contract risks are shifted increasingly to construction companies.
With many property development projects being cancelled or deferred, the value of our property portfolio is under pressure.
The limited availability of capital constitutes a substantial risk across the entire value chain. As a result of tighter guidelines for banks under Basel III, banks are less willing to provide finance for property development, construction and PPP projects. In addition, the pre-financing of projects by customers has also been compromised (i.e. working capital).

Management measures

In order to deal with these market conditions, as well as to seize the opportunities they create, the company has launched or intensified a variety of initiatives based on the activity matrix and the best-in-class programme. The main initiatives are increasing our market share in niche markets and other geographic areas; forward integration and a client-oriented approach; switching to complex/multidisciplinary projects; and providing alternative property financing methods.
We also assess and redefine predictive risk indicators (i.e. leading indicators) so as to be able to effectively compete in the rapidly changing environment.
In 2013 BAM successfully completed an equity issue via an accelerated share bookbuild offer to strengthen BAM's capital base and improve its capital ratio.

Specific market risks (e.g. financial risks), including interest rate risk, price risk, credit risk and liquidity risk are stated in section 4 (Financial risk management) of the financial statements in conjunction with the management measures implemented by the Group.

Corporate Social Responsibility (CSR)

Risks

The Group has a continuous need for raw materials, water and energy which are more subject to volatile markets. Furthermore, the effects of climate change have had a substantial impact on the built environment and infrastructure. Besides that, the built environment also contributes significantly to greenhouse gas emissions.
For BAM, this means primary processes are affected by increasing volatility in raw material and energy prices. The products produced by the Group must also meet current and future demands, where the impact of changing laws and regulations, in particular, has proved to be very significant.
BAM has identified opportunities for innovation based on changing client requests, particularly in relation to a growing need for energy efficient buildings and a greater focus on recycling of materials and the use of sustainable materials, including timber sourced from sustainable forests.
BAM's reputation in this area is important when it comes to securing future contracts, and it also determines how we are assessed by our clients. BAM's annual stakeholder dialogue has revealed that stakeholders expect the Group to assume responsibility in projects for the entire production chain. In undertaking our projects, the license to operate constitutes an operational risk. Our processes may be delayed if support for our projects diminishes for whatever reason.

Management measures

The Group continuously monitors waste and energy in line with our long term goals on process improvements. A Key Control Framework has been implemented for sustainability data processing and reporting. Further, our products are becoming more sustainable, as BAM is increasingly opting to work on energy-efficient buildings and structures using recycled materials. One of the main resources in this process is the use of BIM in determining the performance of our products. In doing so, the Group remains in line with local laws and regulations by actively participating in industry initiatives with industry leaders.
Through stakeholder dialogue, BAM adapts the policies relating to its sustainability objectives. In this dialogue, stakeholders have the opportunity to speak out on the company's image and the role in the chain.
The Group manages its license to operate through active environmental management and community engagement programmes. BAM is also working with industry organisations to develop standards and benchmarks in order to safeguard these types of initiatives.
For all aspects of the CSR policy and the business operations, the actions are set out in the Business Principles, which link the strategic agenda with the policy, including the Code of Conduct.

Primary process

Risks

The primary process constitutes the core of construction activities, which include tendering, procurement, contract management, project management, and the corresponding value chain. The results of projects are determined mainly during the tender stage. During this stage, the changing contract types and conditions (contract management) constitute a risk, as well as an opportunity in terms of the potential for differentiation. Contract management is vital, both during the tender stage as well as during implementation.
Risks described above manifest themselves into fluctuations in the project result. The sector is known for having an 'asymmetrical risk profile' – in which several successful projects are required in order to compensate for one being unsuccessful (project management).

Management measures

Based on the best-in-class programme, a variety of initiatives have been launched or further enhanced in order to address these risks and to capitalise on the associated opportunities.
These initiatives include promoting research networks that actively exchange knowledge and expertise; further applying lean construction and BIM to integrated projects; more stringent project monitoring and performance management; and concept and process innovation related to sustainability and lean construction.
The company also increases contract knowledge and risk awareness of operational employees through education and training. Reviews of project related contracts conducted by BAM (in-house) legal experts also contribute to awareness and continuous improvement. These are conducted both during the tender stage to assess contractual risks and after completion to improve the process.

Employees, organisation and culture

Risks

Employees are our company's most vital asset. By using their full potential the Group can respond more effectively to changes in the market.
Specific challenges in this process include, first of all, a change in leadership style and the competencies required. Secondly, new types of contracts make it necessary to further train employees in contract and risk management.
Thirdly, competencies such as sustainability, customer focus, integral collaboration, knowledge management, best-in-class operations and diversity have become increasingly important in achieving strategic objectives.
Finally, it is essential that the company remains a preferred employer, in order to be able to continue to attract the best candidates.

Management measures

Various initiatives and activities of BAM's best-in-class strategy are aligned with these challenges.
First of all, BAM continues to invest in further developing employees so they can contribute to achieving the strategic objectives; prepare a sufficient number of candidates for key positions, and improve (inclusive) leadership.
Secondly, the company aims to foster an open culture of learning and exchanging knowledge in the form of training and education, building on the knowledge and expertise available.
Thirdly, BAM aims to increase the deployability of BAM employees for its core activities. This is facilitated by the international recruitment site, on which all vacancies and career opportunities within the Group are published.
Fourthly, BAM operates in the labour market and the Group works together with recruitment agencies, through advertising, and by collaborating with various training institutes.
Finally, BAM runs a successfull Female Empowerment Programme, designed to promote women's progression to more senior positions.

Health and safety

Risks

BAM is committed to ensuring safe and healthy working conditions for its employees. The Group is aware that there is a risk of injury on construction sites in particular and therefore has a policy aimed at implementing the measures required to prevent accidents, occupational illnesses and financial loss.

Management measures

Health and safety risks are managed as effectively as possible by designing purposefully, preparing projects systematically, and adequately instructing employees on safe operating procedures.
A Group-wide guideline for safety management provides operating companies with a framework with which the safety management system must comply. Safety Awareness Audits monitor to what extent the safety management systems of operating companies comply with the guideline set by the Executive Board and to what extent employees are aware of the safety risks inherent to their projects. The audits also highlight areas where the safety management system could be improved.
In 2013 BAM started the international safety campaign: Making BAM a safer place. With this campaign we will be moving towards a more open safety culture at BAM, whereby we actively hold each other accountable for (un)safe behaviour. Our motives are translated into three safety principles: respect, comply and intervene. Furthermore, BAM and its chain partners are taking the initiative to promote the culture of safety across the entire value chain.

The intention to enter property development risk into agreement, requires the prior consent of the Executive Board. The Board takes a decision regarding these risks, based on the project proposals from the operating company concerned and associated analyses performed by the Group's Property Investment Director. The general rule is that construction does not start until a substantial number of houses have been sold or, for non-residential, a large part of the project has been let or sold. However, the United Kingdom – where BAM only operates in the non-residential property sector – is an exception to this. Here, the inventory risk is mitigated by implementing a system of phased project execution. Furthermore, the Dutch property portfolio still includes a number of residential construction projects from the past where there is an unconditional obligation to build. These rules in the Netherlands are also applicable for Belgium and Ireland.

Entering into PPP and concession contracts always requires the prior consent of the Executive Board. In its assessment of the risks attached to PPP and concession contracts, the Executive Board is assisted by the management of BAM PPP. This operating company optimises the utilisation of the know-how and experience available within the Group, both for acquiring new projects and for properly assessing the specific risks connected with concessions.

Integrity

The trust placed by clients, shareholders, lenders, construction partners and employees in BAM is vital in order to be able to ensure the company's continuity. The Group accordingly adheres to society's generally accepted standards and values and complies with local statutory and other rules and regulations, particularly with respect to the acquisition and performance of contracts. This principle is set out in the Group's Business Principles and Code of Conduct. All employees are required to act fairly, to honour agreements and to act with care towards clients and business partners, including suppliers and subcontractors. This is kept under constant review in order to make integrity a fundamental part of day-to-day activities.

The Executive Board has appointed a Central Compliance Officer, who promotes compliance with the Code of Conduct, and provides advice on issues involving integrity. The operating companies, too, have their own compliance officers, to whom breaches of the Code of Conduct can and must be reported. In addition to the Code of Conduct, the Group also has a whistleblower policy in place.

The Group believes it is important that employees can report any suspicions of wrongdoings within the Group and that they are able to report such matters in a responsible manner without fear of reprisals. Both the Code of Conduct and the whistleblower policy are easily accessible to employees. For example, they can be found on the Group's intranet site and on its website.

In 2013, the Code of Conduct has been modernised and aligned to new regulations such as the UK Bribery Act. Furthermore, a new training tool has been developed designed to remind employees of the BAM values and standards on a regular basis.

Reputation risk

BAM's reputation may be damaged if one or more of the risks described above materialise. Reputation risk is not a separate, defined risk area, but rather the result of specific risks occurring.

Outstanding claims and procedures

Companies operating in the construction industry are involved in discussions on the financial settlement of construction projects, including contract variations, the time of completion and the quality level of the work. Most of these discussions are concluded to the satisfaction of all concerned. However, in some cases it is impossible to avoid a discussion ending in legal proceedings. BAM is also involved in a number of lawsuits. A settlement is usually agreed in the case of legal proceedings where a financial claim is made against the Group, unless the claim at hand is completely lacking in substance. Financial claims that the Group has pending against third parties are generally not capitalised unless it is reasonably certain that the amount in question will be paid. The Group takes great care to prevent such legal proceedings by implementing quality programmes and providing training for its employees. Some examples of major legal proceedings involving BAM are given briefly below.

In 2005, during the construction of a drilled tunnel for the SMART Noordtunnel project in Kuala Lumpur, engineering firm Wayss & Freytag Ingenieurbau was faced with ground conditions that varied from the information provided by the client. Wayss & Freytag Ingenieurbau terminated the contract in early 2006 as a result of the client's failure to fulfil its payment obligations and refusal to deal with Wayss & Freytag's claims for an extension of the construction period and reimbursement of costs. The client, in turn, also terminated the contract in January 2006.
Wayss & Freytag Ingenieurbau lodged a claim against the client for more than €20 million as compensation for costs incurred. The client lodged provisional counterclaims amounting to €5 million. An independent dispute adjudicator, in the contractually prescribed procedure, has now held that Wayss & Freytag Ingenieurbau was entitled to terminate the contract. This favourable verdict has been confirmed by an arbitration tribunal of first instance. The proceedings are ongoing. Based on the information currently available, the Group considers that the provision that has been made is adequate.

On 3 March 2009, during the construction of a section of the Cologne metro system, several adjacent buildings, including the building of the City Archives of the City of Cologne, collapsed. Two persons were killed as a result of this accident. Wayss & Freytag

Ingenieurbau is a one-third partner in the consortium carrying out this project but was not directly involved in the work performed at the site of the accident. The customer has instituted a judicial inquiry (known as a Beweisverfahren) before the district court (the Landgericht in Cologne). As part of these proceedings, a number of specialists are investigating the cause of the accident, which is expected to take some time. Only when their investigation is complete will it be possible to determine whether the consortium is in any way responsible for the accident. The German Public Prosecution Service is also carrying out its own investigation to determine whether any criminal offences have been committed. The damage to property is considerable and the parties involved have claimed under several different insurance policies. The Group is assuming, as matters currently stand, that the valuation of the claim is adequate.

Intensifying risk management

Further Intensifying BAM's risk management is one of the main items on the strategic agenda 2013-2015. It is one of the conditions for best-in-class operations. BAM intends to achieve the following objectives:

- Accurate and complete identification of key opportunities and threats at strategic, tactical and operational levels;
- Strengthening the link of the strategic objectives between the Group and its operating companies;
- Avoiding surprises;
- Creating a shared risk management language;
- Supporting a learning and sharing environment.

The Group has a standardised evaluation method to identify and prioritise and roll out risks and improvement potential at operating companies and regions. There is a Group-wide focus on risk management in the primary process, prompted by increasing complexity and growing competition. The potential for improvement relates to developing and sharing best practices on project selection, new business development, implementation and management. Supportive to the primary process, there is a focus on developing employees' relevant competencies and skills in this changing environment.

The Enterprise Risk Management Framework has been further developed with the translation of the strategic agenda 2013-2015 into strategic planning and an associated dashboard for monitoring progress. In addition, the internal governance framework has been further developed, which led to updating and tightening the company principles and management guidelines. An important part of this has been further tightening the project-selection and tendering process for large and high-risk projects, which require prior approval from the Board of Management. Additionally, the Executive Board established an operational audit position in 2013. The operational audit will ensure the effectiveness and efficiency of the primary business processes, as well as compliance with policies and procedures in this regard and make suggestions for improvement. Audits will be conducted on the basis of a sharing and learning approach using the peer review methodology.

Lastly, BAM has included the risk management philosophy and approach in the current curriculum of the BAM Business School. Key attention points are risk awareness and risk attitude.

In 2014 there will be strong focus on further embedding risk management into the regular planning and control cycle, with attention to both process and mindset. This will be facilitated by the newly developed dashboard to monitor the progress of the strategic agenda. The following activities will be performed to this end:

- As part of Enterprise Risk Management, understanding risk appetite and the practical application with selection to tender;
- In addition, the earlier mentioned best practices in the primary process will be further shaped within the project risk management framework;
- The operational audit position announced in late 2013 will be further developed. This will contribute to the shared risk management language. The focus will be on the tender and pre-contractual phase.

Management letter from external auditor 2013

The external auditor investigated BAM's internal control environment as a routine part of its audit. This investigation focused mainly on the data-processing and reporting systems underlying the information contained in these financial statements.

Based on the strategic agenda of the Group and current (market) developments, the auditor particularly focused on:

- The operational and financial control environment of projects;
- Management of internal control procedures;
- Security and continuity of ICT systems;
- Realising growth in services, multidisciplinary projects and international niche markets, which requires additional internal control measures;
- Improving cash management, working capital reduction and other treasury related matters;
- Controls related to CSR and health and safety reporting.

Inherent to the range of activities and the decentralised governance model, differences in approach and the quality of the internal management control exist across the operating companies. The external auditor therefore issues a separate opinion for each operating company. The external auditor concludes that the quality of the internal control environment of the operating companies varies from normal to strong. None of the group companies was assessed as being weak. However, for one operating company the external auditor sees the need to improve the uniformity of working procedures between the operating companies, further automation of control measures and control of general overheads.

The external auditor concludes that the financial control of the project management activities was adequate at all operating companies. To achieve best-in-class project management with regard to the strategic choices and the current market circumstances, the external auditor advises the implementation of several measures for improvement. The tightened procedures regarding project selection and tendering in combination with the operational audit position are in line with the strategic choices of BAM and the current (market) developments.

The external auditor concludes that he can securely rely on the internal management measures for supporting processes such as procurement, payables, cash management and human resources management. The implementation of SEPA (Single Euro Payment Area) has been completed and no issues are expected. Timeliness of invoicing can be further improved at some operating companies.

With regard to the IT environment the external auditor sees possibilities for improving the operational performance by means of more centralised IT governance.
The external auditor concludes that the reporting process on CSR and health and safety are significantly improved. The auditor has made some recommendations regarding further improvement relating to efficient data collection, compliance with the Global Reporting Initiative 4.0 and CO_2 reporting.

Regarding the improvement measures taken with regard to risk management, the external auditor concludes that significant steps have been taken towards integrating risk management.

Assessment of risk management and monitoring systems
The risk management and monitoring systems worked properly during the year under review, and no defects have been identified in relation to these systems and their operation that could have potential material implications in the 2013 financial year and the current financial year. The project losses reported in the second quarter are no exception to this. However, these events, besides changing market conditions, have led to the decision by the

Wayss & Freytag Ingenieurbau and BAM Civiel (with third parties); BAM Infraconsult, BAM Wegen.
Sluiskil tunnel, traffic tunnel under the Ghent-Terneuzen canal.

Executive Board to tighten project selection and tendering procedures and to establish an operational audit position.
In light of the measures taken, among other things, we can reasonably state that there are no indications that the risk management and monitoring systems will not function properly during the 2014 financial year. No other significant changes are planned for these systems, except the further intensification of risk management, as detailed above. The Group cannot guarantee that no risks will materialise, neither does it mean that the risk management and monitoring systems require no further improvement.
The optimisation of internal risk management and monitoring systems remains a key focus for the Executive Board, and it may result in the systems being improved or expanded. The strengthening of risk management mentioned above is an example of this.

Based on the above, the Executive Board certifies, with regard to the financial reporting risks, that the internal risk management and monitoring systems provide a reasonable degree of security that the financial report is free of material misstatement. The Executive Board further states that the section on risk was discussed with the Audit Committee and the Supervisory Board.

Corporate social responsibility

Royal BAM Group plays a central role in society and wishes to make a contribution to creating a more sustainable society. The Group is aware that construction activities bring about ecological and social change, which can cause both positive and negative reactions. The projects delivered by BAM for its customers in markets such as housing, schools, health care and transport are fundamentally important for the quality of the living environment but they also have an effect on the natural environment and on society as a whole. This also means that future generations will be impacted by the Group's activities – both by the projects that BAM has undertaken and also by the resources and raw materials required for these projects.

BAM would like to continue to play a pioneering role in corporate social responsibility in the construction and property sector and to be acknowledged as a leading, sustainable European construction business. The Group's ambition is to provide customers with sustainable returns by offering socially responsible, sustainable solutions at all stages of the construction process.

In order to be certain that projects will have as little impact as possible on the natural environment and a maximum level of quality for the users, BAM is developing concepts based on the vision that it is possible to achieve a positive carbon footprint. For example, BAM is active in integrated area development in the knowledge that multiple functions combined within one area can have a neutral or even a positive effect on the local environment. In this way the Group is responding to the policymakers' ambition to have energy-neutral new build by 2020. Given the trend from energy consumption to energy neutrality, BAM expects that, as a result of technological innovations, an increasing number of energy-positive buildings will be built.

BAM prefers to develop the construction process using Building Information Modelling (BIM). This simulation allows the construction process to be carried out more efficiently and allows a more precise estimation of the materials necessary for construction. In addition, it provides opportunities for improved co-operation with subcontractors and suppliers by optimising lead times in the construction stage and verifying project objectives in the model. The models are also suited for further use during the management stage of the project.

The Group is also taking measures to improve its primary processes, including by using lean planning and lean construction methods. The use of BIM and lean construction methods helps to reduce the consumption of raw materials and to achieve a positive carbon footprint, not only in the production phase but also throughout the entire process chain. More efficient energy management in the built environment lowers operating costs in the occupancy phase and generates future value for the owner. These efforts are increasingly rewarded with BREEAM and LEED certificates, a proof of international recognition for BAM's sustainable structures. Lean, BIM and sustainability are therefore supplementary themes within operational excellence.

Operating companies and employees implement the principles of corporate social responsibility in a variety of areas fields on a daily basis, and incorporate the Group's expertise in sustainability into specific projects. An increased focus on sustainability requires an integrated approach, taking into account long-term life cycle costing (integrality). Against this background, BAM is working with numerous partners in the construction process on new and sustainable forms of co-operation. BAM's supply-chain partners are encouraged to apply innovative solutions to increase value for the client and the end user.

Concepts developed by BAM, such as Low-Energy Asphalt Concrete (Laag Energie Asfalt Beton, LEAB) provide clients with the opportunity to incorporate sustainable products. 2013 saw the start of a major European study called LE^2AP into increasing further the sustainability of asphalt. In addition, considerable efforts have been made in research into energy-neutral areas by processes based on GEN ('Gebieden Energie Neutraal' ('Energy-Neutral Areas'). These projects are in line with the objectives of governments, including the Dutch government, to make new developments energy-neutral in the long term. In 2013, as part of the 'Green Deal De Stroomversnelling', existing homes were modified to become 'nil-on-the-meter' homes, based on knowledge that has been developed within GEN.

BAM has invested in knowledge of the circular economy (the economic system, intended to maximise the reusability of products and raw materials). This has lead to the construction of the first 'circular' building in the Netherlands (City Hall Brummen) and the link to the CE100, which is a collective of one hundred companies around the Ellen MacArthur Foundation that launched the circular economy. The efforts in terms of determining raw material consumption, offer greater insight into the possibilities of further raw material recycling and a circular economy. This is in line with the European target to recycle 70 per cent of all construction and demolition waste by 2020.

BAM's efforts in the area of sustainability are being recognised more and more from outside the company. BAM has this year come in a joint fifth position in the Transparency Benchmark list published by the Ministry of Economic Affairs and a joint second position in the Benelux 150 of the Carbon Disclosure Project. BAM is the only construction company in the Benelux included in the Carbon Disclosure Leadership Index. The Dutch Association of Investors for Sustainable Development (VBDO) has once again declared BAM the sector winner in its research into responsible supply chain management and in fourth place overall. Nevertheless, BAM believes that further development of its sustainability policy is still needed.

The Group has drawn up the BAM Business Principles – based on its strategic agenda – in order to embed an awareness of sustainability issues in the organisation. These principles were agreed with representatives of the Group's main stakeholders.

BAM Business Principles
BAM has divided its business principles into twelve sustainability themes. The BAM Business Principles are the basis for developing and implementing policy and procedures. The principles relate to:
1. Clients: We do our utmost to exceed clients' expectations.
2. The community: We promote good contacts with the local community.
3. Employees: We believe in our employees.
4. Supply chain partners: We procure responsibly.
5. Energy: We strive to reduce our impact on climate change.
6. Raw materials: We are becoming more efficient in the use of materials.
7. Environment: We will limit our environmental impact.
8. Innovation: We innovate to identify balanced sustainable solutions.
9. Prosperity: We believe that sustainability results in economic value.

The objectives were drawn up based on a dialogue with stakeholders, including an annual 'multi-stakeholder dialogue session'. If these issues are to be tackled effectively, it is essential to maintain focus. The Group therefore prioritises the achievement of progress on: safety; reducing the Group's carbon footprint and waste management. There is also an extra focus on: responsible supply chain management; material use and integrity. These focal points were discussed with stakeholders this year in respect of the opportunities for improving BAM's policy in these areas.

BAM formulated KPIs and has set ambitious objectives for the priorities in the sustainability policy. BAM's Sustainability Report contains these details. Further progress on all of these areas during the year under review has been made.

Sustainability Report
BAM has been publishing a Sustainability Report since 2007. This allows the Group to report as transparently as possible about sustainability issues and corporate social responsibility. The Sustainability Report was prepared based on the most recent guidelines of the Global Reporting Initiative (GRI). In the opinion of Royal BAM Group, the report for 2013 satisfies GRI guideline 4, including the Construction and Real Estate Sector Supplement (CRESS). Like BAM's financial report, PwC has assessed the sustainability report and their assurance report has been included.

Interested parties can download the 2013 sustainability report from the BAM website www.bam.eu or request a hard copy from the Group. Please refer to this sustainability report for a more thorough explanation of BAM's achievements in relation to corporate social responsibility.

Human resources management

Building is also about building on people. BAM fully realises the importance of motivated and involved employees. The quality of our employees determines the quality of projects and thus market position and financial results.

The focus of BAM's HRM team is primarily determined by the strategic agenda 2013-2015. To be able to achieve the Group's ambition to be recognised as one of Europe's leading sustainable construction companies, the HRM discipline will continue to prove itself in house as an excellent business partner, focussing in particular on the following strategic themes:

- Offering good working conditions as well as an attractive and challenging working conditions package, for which professional human resources processes are essential;
- Attracting those talented employees – both new arrivals to the employment market and highly experienced professionals – who are best suited to the Group;
- Creating a learning and developing environment, in which opportunities are available for personal development – expertise and entrepreneurship – for employees at all levels;
- Managing performance by making clear agreements in respect of result areas, business objectives and the development of personal qualities, such as knowledge, experience and competencies;
- Developing strong teams by promoting team spirit, diversity and the necessary skills for excellent implementation of multidisciplinary complex projects.

BAM HR Services

BAM HR Services operates HR processes – such as personnel, remuneration – salary and pension administration – for the Group. For the time being, only Dutch operating companies can use the services of this business unit.

In 2013, all operating companies – with the exception of two – were connected to BAM HR Services. This improves efficiency considerably and in turn reduces costs. Moreover, operating companies and employees value the quality of the service. The remaining operating companies will transfer their HR processes to BAM HR Services in 2014.

Attractive to top talent

Despite persistently less-favourable labour market conditions in the Netherlands, during 2013 BAM once again systematically focused on attracting talent. This was achieved by means of: communication with the labour market; regular visits to educational institutions; participating in company fairs; as well as arranging guest lectures and company excursions. This approach allows BAM to employ the best graduates.
BAM organised its fifth Inhouse Day in November 2013 for approximately 250 selected students, who are taking courses relevant to BAM's avtivities. This again proved very successful. Also, every year a number of young business graduates take part in a strict selection procedure in order to gain entry to the Group's trainee programme, where they have the opportunity to familiarise themselves with various operating companies. A number of promising business professionals were once again selected as trainees and inducted into the programme in 2013. BAM also organised a training course and a project visit for the management committees of study societies sponsored by BAM.

Learning and development

BAM strives to create a learning culture and environment for employees, so that they can utilise all of their knowledge and skills (full potential) for the benefit of the company. The Group will support employees to enable them to develop in their own interests and in the interests of the company and the company's objectives.

The core of BAM's development approach is that the employee is responsible for his or her own development and that the manager or the organisation plays a supporting and facilitating role.
The personal development process of employees is specified in individual learning and development plans. These plans are evaluated annually between manager and employee. BAM offers employees various instruments for personal development that are available via the intranet site 'My BAM Career'. The Group works with various universities and has its own internal educational centres, such as the BAM Business School (in the Netherlands) and the BAM Nuttall Academy (in the United Kingdom), to continue to offer high-quality training and development programmes.

Performance management

BAM strengthens employee involvement by means of its performance management programme, during which – among other things – financial objectives are converted into individual contributions (and goals). Each year, performance reviews are held between manager and employee in order to evaluate the employee's performance over the past planning period.

The added value of performance management lies in its repetitive nature, which offers each employee and the company a learning environment. For 2014, BAM foresees further improvement in the performance management process, the instruments and the quality of implementation.

Diversity
From a gender-diversity perspective, it is not easy to participate in the historically male-dominated construction sector. However, BAM is not avoiding the challenge and is slowly but surely making progress. One of BAM's objectives is to have five women appointed as directors at senior management level by the end of 2014. By the end of 2013, the company had three women in such positions, namely the Chief Financial Officer, the Staff Director ICT and the Staff Director Human Resources.

Achieving greater diversity at the top management level at BAM begins with the Group's vision of the outside world and our own internal organisation. BAM is convinced that there are enough talented women within the organisation to strengthen the Group. The Group is prepared to find these employees, even if a search in an even more effective and focused manner is needed. BAM strives to achieve an equal number of male and female candidates in the recruitment process for senior management positions to support a balanced decision-making process in that way.

The Group consciously works on supporting the development of female employees. For a number of years now BAM has had for example 'senior circles', as well as various targeted workshops and meetings. With specific emphasis for female employees at job grade 10 and upward, with the potential to rise to higher positions, the Group has developed the BAM Female Empowerment Programme. The chair of the board of each operating company decides on participation. In 2013, fourteen women from various BAM companies completed this training course, which was held for the third time. Members of the management teams of the participating BAM companies held discussions with the participants on topics related to diversity.

BAM knows an active policy to interest women in a career with the Group. To this end, for example, BAM supports its own women's network: Female Capital BAM. The Executive Board holds frequent meetings with the women's network, during which obstacles are identified that can impede women in their career development at BAM and measures are discussed to tackle those obstacles. Additionally, BAM's recruitment and selection policy in particular focuses on attracting female university graduates to BAM.

Worker participation

European Works Council
The annual meeting of the European Works Council (EWC) took place in Bunnik in May 2013. During this meeting the chairman officially ended the agreement with the EWC and a joint study is now underway to establish how a new agreement, more geared towards the current times, can be implemented.

The Executive Committee of the EWC comprises Mr P.T.J. van den Broek (The Netherlands, chairman), Mr E. Borrezee (Belgium, vice-chairman) and Ms A. Krämer (Germany, vice-chairman). Ms E. Bout-Hieselaar provides the EWC with support as official secretary.

Central Works Council
In the Netherlands, during 2013, the Central Works Council (CWC) approved: the implementation of the BAM reference jobs; a change to the BAM remuneration policy (transition to a five-point assessment scale); the investment of the 2013 deposits (pensions); the implementation of the '61+ regulation' and the modification of the telephone scheme. The CWC has not approved the proposal to pay no variable remuneration in 2013. Also, the CWC issued positive advice on the consolidation of ICT workplace management, the strategic accommodation in general terms, the reappointment of Mr H.S. Scheffers as Supervisory Board member and the appointment of Mr J.-P. Hansen as Supervisory Board member.

In September 2013 the CWC, together with the director, organised a meeting to discuss the topic of co-determination (and the manner in which this is organised at the Dutch group companies). The invitees included the management board chairs of the Dutch operating companies, the chairmen and secretaries of the GWC or WC, and all CWC members. Thoughts were exchanged on a number of topics by means of propositions (prepared by the Steering Group of the CWC). The meeting resulted in a constructive and interesting discussion that will be continued in 2014.

The COR held its annual informal meeting with the Supervisory Board and the Executive Board. The CWC had formulated various propositions regarding synergy between the BAM operating companies, the structure of BAM and the benefit of and need for co-determination for BAM. All of this resulted in an openhearted and constructive discussion.

During the year under review the CWC was given a new Steering Group with Mr P.T.J. van den Broek as chairman, Mr J. Dijkstra as vice-chairman and Mr H. Vanmulken as Secretary. Because elections were held at various operating companies, new members have also joined the CWC. The CWC will be comprised as from the end of 2013 by: H.B.C.M. Ansems, N.R. Bosman, P.T.J. van den Broek (chairman), H.J. van der Donk, J. Dijkstra (vice-chairman), J.L.M. van

Gent, K.G. Geyteman, W.J. Heemskerk, A. van Heteren, A.T. Massa, M.F. Misset, J.P. Molenaar, F. Oudendorp, G.J. Pappot, C.J. Roffel, H. Sneep, A. Tichelaar, H. Vanmulken (Secretary), Ms W. Zwiggelaar. Ms E. Bout-Hieselaar supports the CWC as official secretary.

Research and development

BAM innovates continuously to find balanced, sustainable solutions that can be applied in the built environment. Innovation is essential to the development of the Group. Research and development are an integral part of the various phases of construction projects, in which added value is immediately delivered to the clients and other interested parties. The more than 150 submissions of BAM employees for the BAM innovation prize 2013 illustrate the company's major innovative capacity. To further encourage research and development at BAM, an inventory of all internal innovation projects was started in 2013. Promising projects will be supported in their further implementation. This approach improves the structure of the innovation process. An increasing number of these activities will be developed in cooperation with supply chain partners, from clients to subcontractors and suppliers. In 2013, for example, this concerned two initiatives from BAM Woningbouw: the launch of the BAM Wooncollectie for new build (a home collection of the most popular types of homes, plans and architectural styles) and the De Stroomversnelling project (in which homes after renovation generate as much energy as they use, resulting in an energy bill that is reduced to nil).

The fact that a great deal of attention is paid to finding practical solutions is typical of the construction sector. For the further development of various BAM products, BAM participates in research and development programmes run by the EU, such as the LE^{2}AP project of the EU subsidy programme Life+ (that is geared towards reducing CO_2 emissions during the laying of road surfaces) and the seventh EU Framework Programme for energy efficiency in buildings, including Hermos.

BAM places a great deal of focus on research and development while optimising the implementation of Building Information Modelling (BIM) in the construction and maintenance process, in which BAM can be considered to be at the forefront. This also applies to innovation in the implementation of lean.
BAM carries out more fundamental research in various product laboratories, such as the concrete laboratory and the asphalt laboratory in Utrecht. This laboratory conducts research into optimisation of production methods combined with materials testing. In the water lab the emphasis is on the development of intellectual property of water-related solutions for environmental issues.

More information and examples of research and development can be found in BAM's sustainability report.

Declaration in accordance with the Dutch Financial Supervision Act

In accordance with statutory obligations under Article 2:101(2) of the Netherlands Civil Code and Article 5:25c(2)(c) of the Dutch Financial Supervision Act, the members of the Executive Board declare that, in so far as they are aware:
- the financial statements provide a true and fair picture of the assets, liabilities, financial position and the result of both the parent company and the consolidated companies; and
- the annual report provides a true and fair picture of the situation on 31 December 2013 and the course of business during the 2013 financial year at the parent company and at the companies associated with the parent company, for which the data have been included in the parent company's financial statements, and the annual report describes the main risks facing the parent company.

Decision on Article 10 of the Takeover Directive

The following information and explanations relate to the provisions of the Decree of 5 April 2006 implementing Article 10 of Directive number 2004/25/EC of the European Parliament and the Council of the European Union dated 21 April 2004.

Capital structure
> Table 7 may be used as a reference for the company's capital structure. No rights apart from those arising under statute are attached to the shares into which the company's capital is divided, apart from the scheme specified in Article 32 of the Articles of Association concerning the application of the profit in relation to Class B and Class F preference shares.

A brief summary of Article 32 of the Articles of Association is provided below. From the profit realised in any financial year, an amount will first be distributed, where possible, on the Class B cumulative preference shares, calculated by applying the percentage stated below to the amount that must be paid up on those shares as at the start of the financial year for which the distribution is made. The percentage referred to above will be equal to the average of the Euribor rates for money market loans with a maturity of twelve months – weighted according to the number of days for which these rates prevailed – during the financial year for which the distribution is made, plus one percentage point. Euribor refers to the Euro Interbank Offered Rate as determined and published by the European Central Bank.

Subsequently, if possible, a dividend will be distributed on each financing preference share of a certain series and sub-series, with due consideration of the provisions of Article 32(6) of the Articles of Association, equal to an amount calculated by applying a percentage to the nominal amount of the financing preference share concerned at the start of that financial year, plus the amount of share premium paid in on the financing preference share issued in the series and sub-series concerned at the time of initial issue of the financing preference shares of that series and sub-series, less the amount paid out on each financing preference share concerned and charged to the share premium reserve formed at the time of issue of the financing preference shares of that series and sub-series prior to that financial year. If and to the extent that a distribution has been made on the financing preference shares concerned in the course of the year and charged to the share premium reserve formed at the time of issue of the financing preference shares of the series and sub-series concerned, or partial repayment has been made on such shares, the amount of the distribution will be reduced pro rata over the period concerned according to the amount of the distribution charged to the share premium reserve and/or the repayment with respect to the amount referred to in the preceding sentence.

The calculation of the dividend percentage for the financing preference shares of a certain series will be made for each of the series of financing preference shares referred to below, in the manner set forth for the series concerned.

Series FP1 to FP4
The dividend percentage will be calculated by taking the arithmetic mean of the yield to maturity on euro government loans issued by the Kingdom of the Netherlands with a remaining term matching as closely as possible the term of the series concerned, as published in the Euronext Prices Lists, plus two percentage points.

Series FP5 to FP8
The dividend percentage will be equal to the average of the Euribor rates for money market loans with a maturity of 12 months – weighted according to the number of days for which these rates prevailed – during the financial year for which the distribution is made, plus two percentage points.

The above percentages may be increased or reduced by an amount of no more than three hundred basis points.

The above percentages apply for the following periods: series FP1 and FP5: five years; series FP2 and FP6: six years; series FP3 and FP7: seven years and series FP4 and FP8: eight years. After a period expires, the percentage will be modified in accordance with the rules laid down in Article 32 paragraph 6(c) of the Articles of Association.

The Supervisory Board shall determine, on the basis of a proposal by the Executive Board, what part of the profit remaining after application of the above provisions will be added to the reserves. The part of the profit that remains thereafter is at the disposal of the General Meeting, subject to the provision that no further dividends will be distributed on the preference shares and with due consideration of the other provisions of Article 32 of the Articles of Association.

Please note that, as at the balance sheet date, neither preference shares B nor preference shares F had been issued.

Limits on the transfer of shares
The company has no limitation, under the Articles of Association or by contract, on the transfer of shares or depositary receipts issued with the company's co-operation, apart from the restriction on the transfer of preference shares contained in the Articles of Association. Article 13 of the company's Articles of Association stipulates that approval is required from the company's Executive Board for the transfer of Class B and Class F preference shares. The scheme is included in order to offer the company the facility – because of the specific purpose of issuing these shares, namely the acquisition of finance or achieving protection – of offering the holders of these shares an alternative in the event that they wish to dispose of their shares.

As regards the Class B preference shares, the company and Stichting Aandelenbeheer BAM Groep (BAM Group Stock Management Foundation) have agreed that the company will not proceed to issue these shares or to grant any rights to purchase them to anyone other than the said foundation without the foundation's permission. The foundation will not dispose of or encumber any Class B preference shares, nor renounce the voting rights relating to them, without permission from the company. Please refer to pages 197 et seq. of the Annual Report with regard to the reasons behind protecting the company and the manner in which this is done.

Substantial interests
The company is aware of the following interests in its equity, which are now reported under the provisions concerning the reporting of controlling interests under the Disclosure of the Financial Supervision Act. See > Table 8.

Special control rights
The shares into which the company's equity is divided are not subject to any special control rights.

Employee share plan or employee option plan
The company does not have any employee share or employee option plans.

Voting rights
Each share in the company provides entitlement to the casting of one vote at shareholders' meetings. There are no restrictions on the exercising of voting rights. The company's Articles of Association contain the usual provisions in relation to intimation for the purpose of being acknowledged as a proxy at shareholders' meetings. Where the company's Articles of Association mention holders of depositary receipts or depositary receipt holders, whether named or bearer, this is understood to mean holders of depositary receipts issued with the company's co-operation and also individuals who, under the terms of Articles 88 or 89, Book 2 of the Dutch Civil Code, have the rights accorded to holders of depositary receipts for shares issued with the company's co-operation.

Shareholders' agreements
The company is not aware of any agreements involving one of the company's shareholders and which might provide reasons for:
(i) restricting the transfer of shares or of depositary receipts issued with the company's co-operation, or
(ii) restricting the voting rights.

Appointment and dismissal of members of the Supervisory Board and members of the Executive Board
The company is obliged by law to operate a mitigated two-tier structure. The General Meeting appoints the members of the Supervisory Board, based on a recommendation from the Supervisory Board. The General Meeting also appoints the members of the Executive Board, with the Supervisory Board having the right of recommendation. The section headed 'Corporate governance' on page 67 et seq. of the report by the Executive Board provides a more detailed explanation of the appointment and dismissal of members of the Supervisory Board and members of the Executive Board.

Powers of the Executive Board
The company is managed by an Executive Board. The Executive Board's powers are those arising from legislation and regulations. A more detailed description of the Executive Board's duties can be found on page 67 et seq. of the Executive Board's report, in the section headed 'Corporate governance'. The Executive Board was authorised by the General Meeting held on 24 April 2013 to issue ordinary shares and Class F preference shares and/or to grant options to purchase these shares, subject to approval from the Supervisory Board. This authorisation is limited in duration to eighteen months. It is also limited in scope to 10 per cent of the issued capital, plus an additional 10 per cent, which additional 10 per cent may be used exclusively for mergers and acquisitions by the company or by operating companies. The General Meeting held on 24 April 2013 granted authority to the Executive Board for a period of eighteen months to repurchase shares in the company, within the limitations imposed by the law and the Articles of Association and subject to the approval of the Supervisory Board.

In principle, the General Meeting is asked to grant these authorisations every year. Resolutions to amend the Articles of Association, or to dissolve the company may only be passed by the General Meeting on the basis of a proposal put forward by the Executive Board and approved by the Supervisory Board.

Change of control provisions in important agreements
The Group's most important financial rules state that in the event of a change of control (including in the event that more than 50 per cent of the shares in Royal BAM Group are deemed to be held by one party), the banks may terminate further financing and the Group can be obliged to repay outstanding loans under these arrangements and to extend the capital base provided for outstanding bank guarantees.

A change of control clause is not unusual in important collaboration agreements over a longer period, where the parties include parts of the Group. Partly because of the total size of the Group, these clauses are not considered significant within the meaning of the Decree on Article 10 of the Takeover Directive.

Change of control clauses in contracts of employment
No agreement has been concluded with directors or employees of the company providing for a severance payment on termination of employment resulting from a public bid for the company.

3. Performance

In 2013 across the board, the group companies – given the market conditions – delivered less satisfying performances than in 2012.

Financial results [1]

- Result from continued activities before tax and for impairments 2013: €74.5 million (2012: €108.8 million).
- Operating revenue from continued activities in 2013 fell by 2.5 per cent to €7.0 billion (2012: €7.2 billion).
- Profit margin from continued activities before tax and for impairments: 1.1 per cent (2012: 1.5 per cent).
- Net result 2013 €46.2 million (2012: €183.8 million loss).
- Dividend proposal €0.05 in cash or in shares per ordinary share (2012: €0.10 in cash or in shares).
- Order book: €10.0 billion (year-end 2012: €10.7 billion).

State of affairs
In 2013 across the board, the Group companies – given the market conditions – delivered less satisfying performances than in 2012. The results were under particular pressure in the contracting Dutch markets and because of losses on a number of major projects outside the Netherlands. The course of business in the various sectors is explained elsewhere in this Annual Report.

Operating revenue
Royal BAM Group posted operating revenue from continued activities of €7,041 million in 2013, which is a decrease of €184 million (down 2.5 per cent) compared to 2012 (€7,225 million). Operating revenue fell in Construction and mechanical and electrical services and in Property, while it grew slightly in Civil engineering. The decrease is specifically an effect of the selective contracting policy and the poor market circumstances, especially in the Netherlands. The effects of currency fluctuations increased the fall in operating revenues.

Operating revenue from continued activities is divided across the sectors as follows:

(x €1 million)	**2013**	2012
Construction and mechanical and electrical services	**3,078**	3,334
Civil engineering	**3,970**	3,747
Property	**236**	381
Public-Private Partnerships (PPP)	**288**	288
Less: intercompany sales	**(531)**	(525)
	7,041	7,225

Operating revenue in the **Construction and mechanical and electrical services** sector fell, especially in the Dutch residential and non-residential construction business. The total reduction was 11 per cent compared to 2012. In Belgium and Germany operating revenue increased, while there was a decrease in the United Kingdom.

There was a more limited decrease in operating revenue in the **Civil engineering** sector in the Netherlands compared to 2012. This decrease was more than compensated for by the increase in operating revenues in the other home countries. The increases were especially sharp worldwide and in Ireland.

The decrease in **Property** largely affected the Netherlands, particularly due to the poor market conditions on the housing market. In the United Kingdom and Belgium the operating revenue decreased through the sale of less commercial property. In Ireland the operating revenue – just as in 2012 – was at zero.

The operating revenue in **PPP** remained the same as in the previous year.

Results
The Group's net result for the two years breaks down as follows:

(x €1 million)	**2013**	2012
Operating result from continued activities before amortisation/ depreciation, impairments and reorganisation costs	**172.0**	213.2
Amortisation and depreciation	**(88.6)**	(84.3)
Reorganisation costs	**(25.5)**	(35.3)
Impairment of property (loans)	**(42.0)**	(216.3)
Impairment of goodwill	**-**	(150.4)
Operating result from continued activities	**15.9**	(273.1)
Financial income	**45.3**	45.4
Financial expenditure	**(41.9)**	(32.9)
Result from associates	**13.1**	2.7
Impairment in associates and joint ventures	**12.0**	(31.4)
Result before tax from continued activities	**44.4**	(289.3)
Taxes	**(5.8)**	41.2
Net result from continued activities	**38.6**	(248.1)
Net result from terminated activities	**8.5**	65.0
Minority interest	**(0.9)**	(0.7)
Net result attributable to shareholders	**46.2**	(183.8)

[1] 2012 adjusted due to IFRS 11 and IAS 19 (revised).

The result before tax from continued activities was €44.4 million in 2013 and therefore considerably higher than in 2012 (minus €289.3 million). The improvement specifically relates to the Property sector, where in 2012 there was an impairment of €398 million of goodwill, on land and property positions and in participating interests and joint ventures. In 2013, these impairments on the company's own property and on property in joint ventures totalled €30 million (mainly on retail property in the Netherlands). The result in the Netherlands was negatively influenced by reorganisation costs of €25 million (2012: €35 million), while also being positively affected as a result of lower pension liability following changes in indexation. In the Construction and mechanical and electrical services sector the pre-tax result decreased in all countries, especially in the Netherlands. The decrease in the pre-tax result was limited in the Civil engineering sector. In Public-Private Partnership projects the result increased because of the sale of projects to the joint venture with PGGM.

The profit margin based on the pre-tax result from continued activities before impairments totals 1.1 per cent of the turnover (2012: 1.5 per cent). The net result for 2013 is €46.2 million and is therefore, due in particular to lower impairments in the Property sector, better than in 2012 (minus €183.8 million). The net result from discontinued activities adds €8.5 million to the net result.

Results by sector
The distribution of the result from continued activities before tax and before impairments across the various sectors is presented in > Table 1. The percentages relate to the result compared to the revenues.

Order book
The order book fell by €0.7 billion (6.6 per cent) in 2013 to €10.0 billion at year-end 2013 (2012: €10.7 billion). Due to a selective acquisition policy and difficult market circumstances, the level of new order acquisitions at €6.3 billion was lower than in 2012. The order book fell in 2013, especially in the Construction and mechanical and electrical services and Civil engineering sectors. Of the total order book, €5.7 billion is expected to be carried out in 2014 and €4.3 billion in later years. Therefore nearly 77 per cent of the expected operating revenue for 2014 is in the order book. This is the same situation both relatively and in absolute terms as at year-end 2012.
The aforementioned order book comprises the orders for the next five years. Additionally the Group has more than €2.0 billion in projects in the order book for post-2018. This mainly involves maintenance contracts for PPP projects and concession income.

Result per ordinary share
The number of ordinary shares ranking for dividend increased in 2013 owing to the stock option dividend and a 10 per cent share issue. The number was approximately 269.4 million at year-end 2013. At present, no further convertible preference shares remain outstanding.

The average number of outstanding ordinary shares in 2013 increased in relation to the previous year to 246 million shares. Including discontinued activities, the net result per ordinary share for 2013 ended up at €0.19 (2012: minus €0.77).

Dividend policy and proposed dividend for 2013
Royal BAM Group endeavours to achieve a dividend distribution on ordinary shares of between 30 per cent and 50 per cent of the net profit. A proposal will be made to the General Meeting of Shareholders to be held on 23 April 2014 in Amsterdam to declare a dividend for 2013 of €0.05 in cash or in shares per ordinary share (2012: €0.10 in cash or in shares). The dividend return on ordinary shares therefore amounts to 1.4 per cent, based on the closing price for 2013 (2012: 3.1 per cent).

Financial position *(in € million)*	**2013**	2012
Net cash position	**548**	552
Interest-bearing debts	**931**	834
Net debt position	**383**	280
Recourse net debt position	**(166)**	(154)
Non-current assets	**1,632**	1,694
Net operating capital (excluding cash and cash equivalents and current interest-bearing liabilities)	**2**	(128)
Shareholders' equity	**929**	729
Capital base	**1,053**	852
Balance sheet total	**5,316**	5,308
Solvency	**19.8 %**	16.1 %

The net cash position – namely the balance of cash and cash equivalents minus short-term credit from banks – was €548 million as at 31 December 2013 (year-end 2012: €552 million). This balance was positively influenced in the amount of €85 million by the 10 per cent share issue in 2013. Part of the cash and cash equivalents as at 31 December 2013 represents the Group's share in the €132 million in cash and cash equivalents held by joint ventures and other forms of partnership (year-end 2012: €110 million).

Interest-bearing debts stood at €931 million as at 31 December 2013 (year-end 2012: €834 million) and the net debt position was €383 million (year-end 2012: €280 million). The majority of the debt consists of non-recourse PPP loans and non-recourse project funding (€566 million), recourse PPP loans and recourse project funding (€157 million), a subordinated loan (€125 million) and a committed syndicated credit facility (€40 million). The increase in the level of debt was due mainly to the use of the bank facility and the growth of PPP loans on ongoing projects.

The recourse net debt position (excluding non-recourse debts), which is part of the leverage ratio in the bank covenants at Group level, stood at €166 million as at 31 December 2013, having increased compared to year-end 2012 (€154 million).

At year-end 2013 the Group had two credit facilities: the subordinated loan (€125 million), which matures in July 2017, and a bank facility (€500 million), which matures in January 2016. The banking facility was used at year-end 2013 for an amount of €40 million (year-end 2012: nil). In 2013, the Group complied with the covenants agreed with its lenders (2012: ditto). In January 2013, the option to extend for an additional year was implemented for the bank facility. This facility was therefore extended in the amount of €442.5 million for the period January 2016 to January 2017.

The fixed assets decreased in 2013 and stood at €1,632 million (2012: €1,694 million) as at 31 December 2013. The decrease relates largely to lower net investments in property, plant and equipment and lower deferred tax assets.

The operating capital (excluding cash and cash equivalents and current interest-bearing debts) as at 31 December 2013 totalled €2 million (year-end 2012: minus €128 million). The increase in the operating capital in 2013 was largely influenced by market circumstances, as a result of which it is increasingly difficult to obtain financing from customers. The possibilities in scaling down the portfolio have also been limited to date, which is another relevant factor.

The Group's shareholders' equity stood at €929 million as at 31 December 2013, having increased substantially compared to the position at year-end 2012 (€729 million). The principal changes in shareholders' equity are the net result for 2013 (€46 million), the share issue (€85 million), the positive effect of hedge accounting (€55 million) and actuarial gains (€38 million). The dividend distribution for 2012 and exchange rate decreases had a limited effect. Apart from the aforementioned shareholders' equity, the capital base only comprises the subordinated loan (€125 million).

Solvency based on the capital base stood at 19.8 per cent as at 31 December 2013, which is higher than the position at year-end 2012 (16.1 per cent). Solvency excluding public-private partnerships also increased, standing at 21.3 per cent as at 31 December 2013 (year-end 2012: 17.2 per cent). Recourse solvency, the ratio in accordance with the bank covenants, also increased to 25.0 per cent as at 31 December 2013 (year-end 2012: 23.5 per cent), which is well above the lower limit of 15 per cent.

Development of (other) balance sheet positions
The carrying amount of property, plant and equipment increased slightly to €356 million (2012: €377 million). In 2013, net investment amounted to €65 million (2012: €95 million) and amortisation amounted to €85 million (2012: €80 million). The decrease in the net investments related in particular to plant in the Civil engineering sector and disposals of company buildings and sites.

The carrying amount of the intangible fixed assets was €403 million at year-end 2013 (2012: €406 million). The decrease consists almost entirely of the impairment in goodwill as a result of a lower exchange rate for pound sterling. The values of the units generating cash flow are such that they do not represent a reason for impairment. The remaining goodwill totals €393 million.

The total PPP receivables increased in 2013 to €411 million (year-end 2012: €396 million). The increase primarily reflects the progress of current PPP activities (new loans granted minus repayments), involving a net amount of €136 million (2012: €190 million). On the other hand, there were decreases due to the inclusion of the receivables from two operational projects as assets held for sale. These projects are expected to transfer to the joint venture with PGGM in 2014 (€119 million).

The related (non-)recourse PPP loans increased by a slightly lesser degree and stood at €371 million as at 31 December 2013 (year-end 2012: €360 million). Therefore the net position as at 31 December 2013 was €40 million (year-end 2012: €36 million). The Group's total net investment in public-private partnerships was therefore €108 million (year-end 2012: €116 million).

Additionally, the Group still had net investment commitments as at 31 December 2013 in the amount of €126 million (2012: €118 million), €53 million of which is for the joint venture with PGGM. The Group currently has 38 PPP contracts in its order book (2012: 36), of which 31 (2012: 27) contracts are operational.

The book value of the participating interests and joint ventures increased by €135 million in 2013 (2012: €117 million). As at 31 December 2013, the Group had a total balance of minus €226 million on the balance sheet for projects in progress for third parties (year-end 2012: minus €426 million). The balance consists of €697 million (year-end 2012: €833 million) owed to customers and €471 million (2012: €407 million) receivable from customers.

As at 31 December 2013, gross investments in property development amounted to €1,028 million (year-end 2012: €911 million). The increase relates largely to the progress on projects under construction, the limited disposal opportunities to date as well as the partial takeover of a commercial property project. Additionally, there was a decrease due to impairments, especially on retail property in the Netherlands. Project financing for property development also increased in 2013 and stood at €352 million as at 31 December 2013 (year-end 2012: €303 million). From this funding, a total of €271 million is non-recourse (year-end 2012: €213 million) and €81 million is recourse (year-end 2012: €90 million). The net position (gross investment minus funding) as at year-end 2013 was €676 million (year-end 2012: €608 million).

The employee-related provisions, minus claims for pension rights, totalled €141 million at year-end 2013 (year-end 2012: €255 million). The decrease in the net obligation is due to the fact that the employer's contributions to the pension funds are higher than the pension costs calculated on an actuarial basis, as well as because of a change in the future indexation obligation and actuarial gains.

The total balance sheet position for provisions (long-term and short-term) decreased to €204 million (2012: €220 million). The decrease is linked in particular to the spending of provisions taken for reorganisation in the Netherlands.

The balance of the deferred tax positions on the balance sheet is a deferred tax asset of €178 million (year-end 2012: €195 million). The decrease is due specifically to lower deferred tax positions as a result of the lower pension obligations. There has also been a changed valuation of deferred tax claims as a result of the losses in the Netherlands and Germany.

The book value of the financial fixed assets decreased to €122 million in 2013 (2012: €181 million). The decrease is due mainly to repayment of loans issued.

The assets held for sale as at 31 December 2013 totalled €141 million (year-end 2012: €199 million). On the one hand, the assets increased as a result of the inclusion of four PPP projects that are expected to be transferred to the joint venture with PGGM in 2014, and on the other hand, the assets decreased due to the sale in 2013 of three PPP projects to the joint venture with PGGM.

The balance of assets and liabilities held for sale at year-end 2013 was positive €21 million (year-end 2012: minus €3 million).

Table 1 Sector results

(in € million)	**2013**			2012		
	Result	**Revenue**	**%**	Result	Revenue	%
Construction and mechanical and electrical services	**7.2**	**3,078**		50.4	3,334	
Civil engineering	**52.1**	**3,970**		58.0	3,747	
Property	**(15.4)**	**236**		(4.0)	381	
Public-Private Partnerships (PPP)	**14.4**	**288**		12.4	288	
Eliminations and other	**(1.5)**	**(531)**		0.3	(526)	
Total from continued activities	**56.8**	**7,041**		117.1	7,225	
Group costs	**(1.1)**			(0.8)		
One-off pension gain	**24.6**			-		
Group interest charge	**(5.8)**			(7.5)		
Result before tax and impairments	**74.5**		1.1	108.8		1.5
Impairment on Property loans	**(42.0)**			(216.3)		
Goodwill impairment	**-**			(150.4)		
Goodwill impairment in participating interests and joint ventures	**12.0**			(31.4)		
Taxes	**(5.8)**			41.2		
Net result of continuing operations	**38.6**			(248.1)		
Net result of discontinued operations	**8.5**			65.0		
Net result for the year	**47.1**			(183.1)		
Minority interest	**(0.9)**			(0.7)		
Net result attributable to shareholders	**46.2**			(183.8)		

BAM Deutschland.
Baden-Württemberg Ministry, Stuttgart.

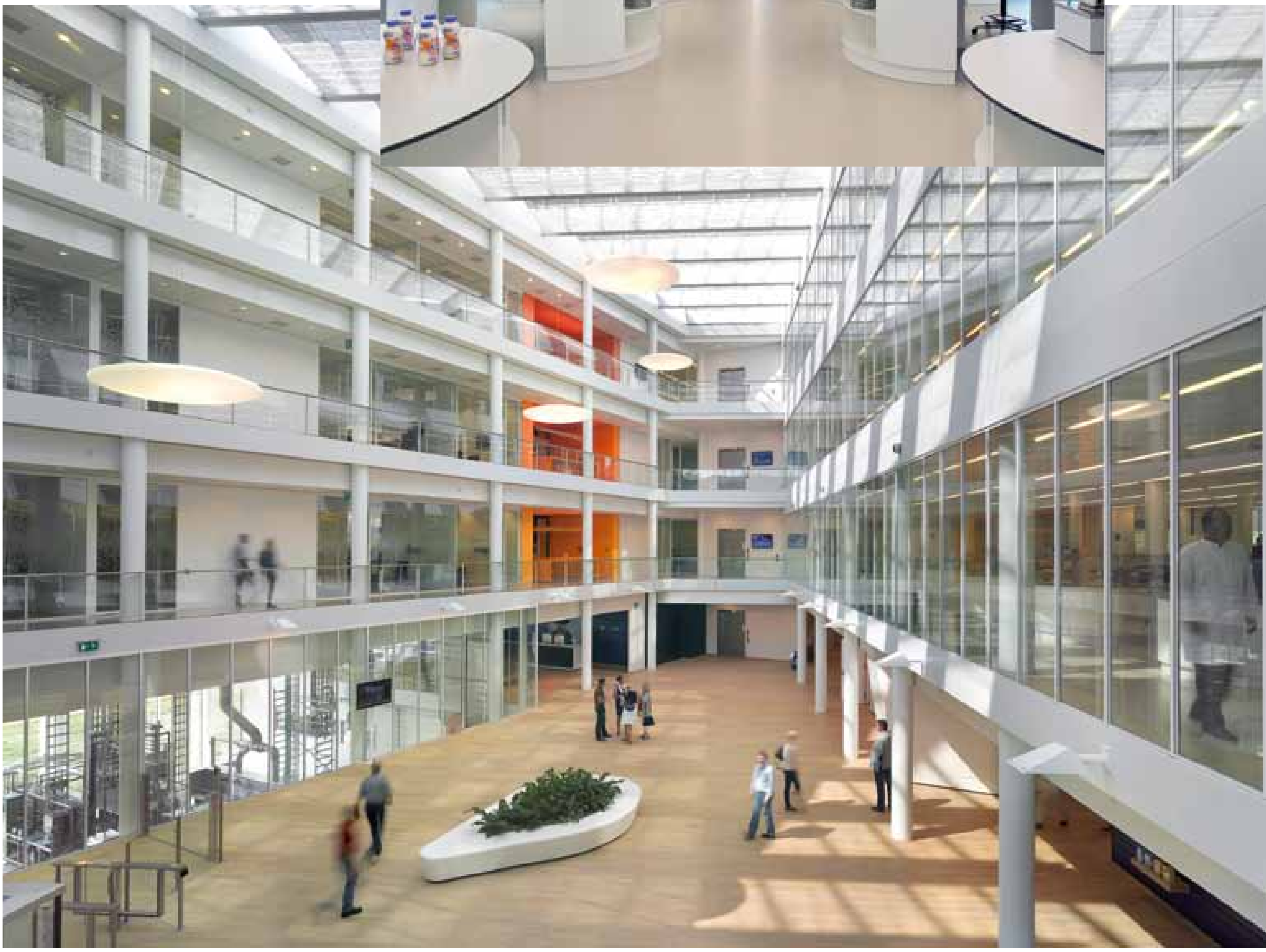
Construction and mechanical and electrical services

Royal BAM Group is active in the Construction and mechanical and electrical services sector in the Dutch, Belgian, British, Irish and German markets, as well as in Switzerland. In addition to carrying out non-residential construction work in all the home markets, BAM operating companies also carry out residential construction contracts (mainly in the Netherlands, Belgium and Germany). BAM International also carries out non-residential construction projects in the Middle East and Indonesia in particular.

Key figures for the Construction and mechanical and electrical services sector

(in € million)	**2013**	2012
Revenue	**3,078**	3,334
Profit (loss) before tax	**7.2**	50.4
Margin before tax	**0.2 %**	1.5 %
Order book (year-end)	**4,013**	4,416

BAM Utiliteitsbouw, BAM Techniek.
Innovation centre for Danone Baby and Medical Nutrition, Utrecht.



At Construction and mechanical and electrical services total revenue was down by €256 million (-8 %) to €3,078 million. This was mainly due to the Netherlands where revenue fell by 16 % caused by the further deterioration in market conditions in both residential and non-residential. There was also lower revenue in the UK. Revenues in Belgium and Germany were ahead of 2012. The sector result of €7.2 million was well below 2012 (€50.4 million). The results for both years include similar levels of restructuring costs. The main factors causing the fall in the result were lower activity levels and lower overhead recovery in the Netherlands, and part of the major losses on large projects in the first half of 2013.
The closing order book of €4,013 million was 9 % lower compared to year end 2012. The large majority of this fall came in the Netherlands and Belgium was somewhat lower. Order books in the UK and Germany were up due to a stronger order intake.

BAM Utiliteitsbouw, BAM Techniek.
Monarch II, The Hague, Sustainable office (BREEAM Excellent) in use as BAM house for BAM locations in The Hague.

BAM Woningbouw.
Protoptype reconstruction of rental home to energy-neutral home, Heerhugowaard (De Stroomversnelling).

Heilijgers.
Live-work facility Parana, Utrecht.

> BAM Utiliteitsbouw

Head office
Bunnik, the Netherlands
Regional offices
11, spread throughout the Netherlands
Projects
approximately 80 projects in progress
Employees
approximately 1,450

BAM Utiliteitsbouw focuses on commercial and technical developments, the planning and construction of non-residential projects in the Netherlands, as well as on maintenance and management of those projects.
With Vitaal ZorgVast, BAM Utiliteitsbouw offers experience and specialist knowledge for the development of sustainable healthcare facilities (including the new-build Zaans Medical Centre).
BAM Utiliteitsbouw also focuses on converting old office buildings for other designated uses and occupiers. Under the flag of Schakel & Schrale, BAM carries out numerous specialist restoration projects, including (with BAM Civiel) the recovery of the foundations of De Waag in the Amsterdam Nieuwmarkt.

In 2013, BAM Utiliteitsbouw completed the new headquarters of Capgemini in Leidsche Rijn, as well as – in a joint venture – the headquarters of network manager TenneT in Arnhem, Campus Hoogvliet, a fire station in Bergen op Zoom and the European headquarters of Hyundai at Zestienhoven business park/Rotterdam. Construction projects currently underway include: the municipal office and the station concourse in Delft, as well as the station concourse in Arnhem (in a joint venture). Among the projects in the order book are schools, swimming pools and medical facilities. In the cultural sector, BAM Utiliteitsbouw provided the spectacular expansion of the Museum de Fundatie in Zwolle. On many projects, synergies with other BAM companies were utilised, for example, with BAM Techniek and BAM Civiel; the Groninger Forum was completed in Groningen city centre with both sister companies.

> BAM Woningbouw

Head office
Bunnik, the Netherlands
Regional offices
9, spread throughout the Netherlands
Projects
approximately 50 projects in progress
Employees
approximately 1,450

BAM Woningbouw is the market leader in the Dutch residential construction market and offers a full service package (advice, development, construction, service and maintenance, and renovation). The company has its own successful housing concepts for both new build and renovation projects.

Together with AM, the construction of the first homes from the Smart Collection have started in the Tuinveld neighbourhood in ’s-Gravenzande. The BAM Wooncollectie for new build was developed following an extensive survey of more than 4,000 consumers, resulting in a home collection of the most popular home types, layout plans and architectural styles.
A100-metre-high residential tower for AM and third parties was completed in Rotterdam. In Tilburg, the De Havenmeester project was completed (new build of 198 apartments, eleven houses, commercial space and an underground car park).

The strong reputation for sustainability strengthened in the year; BAM Woningbouw renovated a rented housing unit in Heerhugowaard as a prototype for housing corporation Woonwaard as part of the De Stroomversnelling project in late 2013. This covenant between construction firms, housing corporations and government is intended to result in the renovation of 111,000 social rented homes without any cost increase for the tenants. In Kerkrade, a total of 153 houses were improved for HEEMwonen by means of a high-speed (10-day) renovation system, in occupied conditions and which included solar energy technology.

> Heilijgers

Office
Amersfoort, the Netherlands
Projects
approximately 20 projects in progress
Employees
approximately 110

Heilijgers’ principal sphere of operations for housing solutions for living and working is in the central Netherlands. The services include project development, construction, renovation and maintenance, and property management.

Heilijgers works for various industrial clients, such as Voestalpine Polynorm and Sapa HE Tubing in Harderwijk.

In 2013 Heilijgers was awarded, for the eighth consecutive year, the Keurmerk Klantgericht Bouwen (quality hallmark for customer-oriented construction). Based on the small number of handover defects per residence, Heilijgers is one of the best-performing quality mark holders.

Heilijgers has purchased the former office of the housing foundation De Key in Amsterdam Nieuw-West. The 3,000 m^2, six-storey building with basement is being converted into a residential building for 36 apartments.

In 2013, in Amersfoort, Heilijgers delivered the apartment complex Amaze. Other projects included the new build of the police station in the Heuvelrug district of Utrecht and the renovation of the Ornstein lab for Utrecht University.

Projects in progress included the restoration of the Penal Institution in Breda, the restoration of Koetshuis Sonnehaert for the Royal Netherlands Football Association (KNVB) in Zeist and Casa Parana in Utrecht, which offers accommodation for 44 former homeless people and house hunters. In addition, Heilijgers is building luxury apartments in Amersfoort in the Regent’s Park project, houses and apartments in ’t Hof in Zeist and has begun installing fire barriers in 240 residences in the Staatslieden neighbourhood of Zeist.

> BAM Materieel

Office
Lelystad, the Netherlands
Projects
Established partner for approximately 200 projects in progress
Employees
approximately 225

BAM Materieel handles the delivery of and advises on generic construction equipment on all BAM construction projects in the Netherlands. BAM's extensive stock of plant and equipment – with more than two million units – is situated in Lelystad.

The company devotes considerable attention to innovation, resulting, for example, in a newly developed and patented tunnel formwork. The formwork's characteristics are: ergonomic use, low transport and storage volume, hydraulic height and width adjustment and better positioning options.
This tunnel framework has been used successfully by BAM Woningbouw in Rijen, Beuningen and Leek and is suited not only for smaller projects (ten to twenty residences) but because of its flexibility, for projects with various floor heights, such as apartments over shops. Other innovations relate to matters such as combating and managing (quartz) dust.

In the second half of the year BAM Materieel completed the Process Excellence (ProExc) programme. As part of the programme, process improvements were implemented in all departments, resulting in optimum service and lower rents.

BAM Utiliteitsbouw called upon the expertise of BAM Materieel to create a safe working platform for the installation of the vaulted ceiling for the station concourse in Delft.

> Interbuild

Office
Wilrijk, Belgium
Projects
approximately 20 projects in progress
Employees
over 260

Interbuild carries out non-residential construction and apartment building in Flanders and in the Brussels region. The company is responsible for the realisation of various projects that are distinctive in terms of size and/or from an architectural perspective. An example of its current projects include: the DBM formula on the new Artesis University of Applied Sciences in Antwerp for 3,500 students; together with with sister company Galère, the 28-storey Tour Paradis in Liege; the iconic Nieuw Havenhuis in Antwerp (Zaha Hadid Architects) and, in Brussels, the NATO headquarters (with sister companies) and the principal seat of the European Council, Résidence Palace.

In early 2013, Interbuild set up BAM Facility Management in order to continue to be of service to clients after the delivery of a completed construction project. BAM FM provides both soft services, such as security, cleaning and catering, and hard services, such as structural, electrical and mechanical maintenance.

Interbuild works very well with its Belgian sister companies, an example of this good colaboration is the jointly owned equipment company BAM Mat.

Interbuild's reputation as a builder of high-quality apartment complexes was reinforced in late 2013 when it acquired contracts in Antwerp (Residentie Melopee with 32 apartments and project Nieuw Zuid with 77 apartments), as well as in Bilzen (Belisa with 98 apartments). Interbuild also focuses strongly now on the care sector (including the Les Azalées project in Brussels, where an office building is being converted into 162 service flats).

> Galère and > CEI-De Meyer

Galère and CEI-De Meyer are active in the Walloon and Flemish construction and property sectors, respectively and their activities are reviewed in greater detail under the Civil engineering sector on page 48.

BAM Materieel.
Patented tunnel lining for residential projects.

Interbuild.
North Light and Pole Star office blocks, Brussels.

Kaïros en Interbuild.
Apartment complex Genève Park, Brussels.

BAM Contractors.
Sutherland School of Law, University College Dublin.

BAM Construct UK.
On-X sport centre, Linwood, Scotland.

BAM Construct UK.
Laboratory for molecular biology, Cambridge.

> BAM Construct UK

Head office
Hemel Hempstead, United Kingdom
Regional offices
14 regional offices, located throughout England, Scotland and Wales
Projects
approximately 100 projects in progress
Employees
approximately 2,400

BAM Construct UK is active in non-residential construction, property development, design, engineering services and facilities management in England, Scotland and Wales

The company excels in the British non-residential construction market. BAM Construct UK is a leader in the application of Building Information Modelling (BIM) and is first to market in the United Kingdom in applying BIM across the entire construction lifecycle including management and operation of the completed asset. Increasingly, the construction, design and facilities management subsidiary companies collaborate to offer sustainable design and building techniques to clients. This has led to two important contracts to advise clients at pre-construction stage. The company's principal targets to reduce CO_2 emissions, waste and energy consumption are being achieved.

BAM Construct UK was awarded 60 projects in 2013 that demonstrate its range and versatility, including: a regional signalling centre in Basingstoke for Network Rail; an advanced manufacturing facility in Solihull for Rolls Royce AEC; the Graphene Institute in Manchester; and the Softbridge Building at St Anthony's College, Oxford University, as well as a range of commercial, leisure and education facilities throughout the United Kingdom.

> BAM Properties

The activities of BAM Construct UK's subsidiary company BAM Properties, which focuses on high-quality, sustainable property development of office and retail projects, are described in the section on the Property sector on page 59.

> BAM Contractors

The activities of BAM Contractors – with subsidiary companies BAM Building and BAM Property, which are active in the Irish non-residential construction and property sectors respectively – are reviewed in more detail under the Civil engineering sector on page 51.

> BAM Deutschland

Head office
Stuttgart, Germany
Regional offices
Berlin, Dresden, Düsseldorf, Stuttgart, Frankfurt on Main and Munich
Projects
25 projects in progress
Employees
approximately 750

BAM Deutschland is a leader in the non-residential construction market and is a turnkey provider for non-residential construction throughout Germany. BAM Deutschland has specialised subsidiaries for constructing multipurpose stadiums (BAM Sports, a partner that is also in great demand outside Germany) and facility management (BAM Immobilien-Dienstleistungen), which provide technical support to BAM clients, including after project handover.

BAM Deutschland is involved in various public-private partnership (PPP) projects, such as with the National Ministry of Education and Research in Berlin and a hospital project for the Main-Taunus District together with the construction of two clinics in Bad Homburg and Usingen. Also, the company was responsible for delivering the parliament building for the federal state of Brandenburg in Potsdam; this project involved the partial reconstruction of an historic city palace.

The contracts awarded in 2013 include: the residential and shopping complex PolygonGarden in Berlin-Friedrichshain; a state-of-the-art, sustainable office for the municipal Public Works Department in Frankfurt; the shopping centre SchlossGalerie in Rastatt and three education buildings for a university of applied sciences in Dusseldorf (with Wayss & Freytag Ingenieurbau providing the surrounding infrastructure). BAM Sports and BAM Deutschland are collaborating on the construction of the football stadium Arena Regensburg and the 'Stadion an der Gellertstraße' in Chemnitz. The capacity of each stadium is approximately 15,000 spectators.

> BAM Swiss

Head office
Basle, Switzerland
Projects
5 projects in progress
Employees
25

BAM Swiss has been active in the Swiss construction market since 2012. The company experienced a strong growth in 2013, which was crowned by the acquisition of the first large contract for a turnkey project for the Technical University ETH Zurich. The contract involves three buildings for housing a total of 497 students and has a contract value of more than €46 million.

This development demonstrates that, in a short space of time, BAM Swiss has proved an attractive partner for Swiss project developers, designers, consultants, joint-venture partners and principals, such as Armasuisse, ETH and Priora.

BAM Swiss is mainly active in the north of Switzerland, particularly in key economic areas around Basle, Zurich, and Winterthur as well as around Berne, Solothurn and Lucerne where more than half of the population lives.

In the municipality of Dietikon, just west of Zurich, BAM Swiss is constructing the residential complex Limmat Tower (a one-hundred-metre high building with 107 apartments and a building for 120 senior citizens that includes sheltered housing). For Swiss Life Versicherungs AG, BAM Swiss is constructing the office complex Tic Tric Trac in Zurich.

> BAM Techniek

Head office
Bunnik, the Netherlands
Regional offices
13, spread throughout the Netherlands
Projects
approximately 1,900 projects in progress
Employees
approximately 1,500

BAM Techniek designs, installs, operates and manages technical installations in non-residential construction, industrial, residential and civil engineering projects. The company specialises in sustainable energy systems, fire safety, industry, cleanrooms and operating rooms, ICT and technical management.

BAM Techniek works closely with sister companies on both new-build and maintenance projects. Examples include the laboratory for the Hubrecht Institute in Utrecht and the extensive renovation of The Base, a complex of offices, shops and facilities at Schiphol, where BAM Techniek is making a very short construction time and high ambitions for sustainability possible by means of modular building.

Interflow demonstrated the value of the innovative concept for modular new build during the expansion of the OR complex at Medical Centre Alkmaar. The advantages concern construction time, quality and minimum nuisance.

The Energy Systems business unit is increasingly taking on full responsibility for sustainable energy provision, from design and financing to long-term exploitation, such as in the Amstelveen residential area of Westwijk.

Contracts for fully integrated implementation of technical management and maintenance of buildings, equipment and land have been acquired for clients such as Isala klinieken in Zwolle and De Nieuwe Kolk in Assen. BAM Gebouwbeheer, a joint venture with BAM Utiliteitsbouw, has VGZ and the centre of excellence for blind and visually impaired people Koninklijke Visio as new clients.

BAM Techniek and BAM Utiliteitsbouw.
The Base (redevelopment of Triport) at Schiphol Centre.

BAM PPP, BAM Deutschland, BAM Immobilien-Dienstleistungen.
Landtag Brandenburg, Potsdam.

Civil engineering

Royal BAM Group operates in the Civil engineering sector in the Dutch, Belgium, British, Irish and German markets. BAM is also active in Luxembourg. BAM international also carries out specialised construction and civil engineering works worldwide.

Key figures for the Civil engineering sector

(x € million)	**2013**	2012
Revenue	**3.970**	3.747
Profit (loss) before tax	**52,1**	58,0
Margin before tax	**1,3 %**	1,5 %
Order book (year-end)	**5.090**	5.617

BAM Infratechniek Telecom.
Fiber to the Home, IJburg Amsterdam.

Revenue at Civil engineering of €3,971 was €224 million higher (6 %) compared to 2012. Revenue in the Netherlands fell by 5 % in the year as a whole; revenue was up in all other home countries and especially in BAM International which grew by 42 %.

The sector made an operational profit for the year of €52.1 million, down from €58.0 million in 2012. The result was impacted by part of the major losses on large projects in the first half of 2013. Restructuring costs in 2013 were lower than in 2012.

The total sector order book at end-2013 of €5,090 million was 9 % down on the end of 2012. Within this, the order book in the Netherlands fell by 20 % and there were also decreases in Belgium and Germany. The UK order book increased slightly. Ireland and International were both well up.

> BAM Civiel

Head office
Gouda, the Netherlands
Regional offices
Amsterdam, Breda, Elsloo, Ravenstein, Zuidbroek
Projects
approximately 140 projects in progress
Employees
approximately 614

BAM Civiel specialises in fully integrated solutions for multidisciplinary concrete construction projects in the road and rail, parking, water, industry and energy segments of the civil engineering market.

BAM Civiel has two specialist business units: BAM Speciale Technieken and BAM Civiel Prefab Beton and the concepts BAM Energie and BAM GO-Park.

In 2013, BAM Civiel delivered projects including the new city bridge 'De Oversteek' in Nijmegen. The construction consortium BAM Civiel and Max Bögl will handle the maintenance of this bridge for 25 years. Other completed contracts included the A12 motorway between Utrecht and Veenendaal, the 'Poortvrije Passages' (shopping arcades) under Amsterdam Central Station, the Brinklaan underground car park in Apeldoorn and a civic amenity site in Havelte.

In combination with sister companies, BAM Civiel is working on the following projects: OV SAAL (capacity expansion of the railway between Schiphol and Lelystad), the widening of the A4 between Leiden and Burgerveen and the doubling of the size of the N33 highway between Assen and Zuidbroek. BAM Civiel is working on the Sluiskil Tunnel in Terneuzen as part of the BAM-TBI consortium. Additionally, BAM Civiel is working on projects such as the repair of the foundation of de Waag in Amsterdam, the new Trambrug bridge in Breda and the expansion of the TenneT 380 kV high-voltage grid in the Randstad conurbation.

> BAM Infratechniek

Head office
Bunnik, the Netherlands
Regional offices
19, spread throughout the Netherlands
Projects
several tens of thousands per year
Employees
approximately 1,900

BAM Infratechniek handles the designing, laying and maintaining of cable and pipe networks for electricity, industry, mobility, specialist technologies, telecommunications and water.

BAM Infratechniek Mobiliteit is active in the traffic systems and tunnel systems markets. Completed projects included the renovation of six bridges across the Noord-Willemskanaal, under contract to the Municipality of Groningen and the equipment of the Tunnel van de Toekomst ('Tunnel of the Future') in Oss with the interactive 'PleasantPass' system that gives pedestrians and cyclists in tunnels a more pleasant and safer feeling. Together with Siemens Nederland, the company is handling the construction of traffic and tunnel systems in the Stadsbaantunnel Leidsche Rijn, as well as the maintenance for a period of three years.

BAM Infratechniek Telecom focuses on the market for telecom and data infrastructures. The company is among the parties selected by Reggefiber with whom a partnership has been entered into for the expansion of the fibre-optic network and handling of customer connections.

BAM Leidingen & Industrie serves the industrial pipe and storage systems markets. The specialities heat and cold storage systems and pipe renovation techniques carried out by BAM Nelis De Ruiter are among the most important niche markets. Digital registration of the locations of pipelines, fibre-optic measurement sensors and WION services (WION = Underground Grids [Information Exchange] Act) and electric transport are also among the company's important specialities.

> BAM Rail

Head office
Breda, the Netherlands
Regional offices
Dordrecht, Son, Rotterdam
Projects
More than 140 per year
Employees
approximately 750

BAM Rail offers a complete package of rail and associated services – both in the Netherlands and abroad – from engineering to full construction and maintenance of rail links. BAM Rail's largest customer is ProRail, the manager of the main rail network in the Netherlands. BAM Rail also works for regional and local public transport companies and national and local network managers in the United Kingdom, Ireland and Belgium. Services for the Belgian market are provided from BAM Track near Hasselt, while BAM Rail Ltd operates on the Irish market from its office near Dublin.

During the laying of the new Borders Railway in Scotland, BAM Rail, together with BAM Nuttall and BAM Contractors, demonstrates the power of the combined expertise that BAM can deploy in complex, multidisciplinary projects. The laying of the approximately fifty-kilometre long railway is proceeding steadily.

Under contract to ProRail, BAM Rail is renovating the major railway hub at Utrecht Central Station as part of a consortium. This major and complex rail project will improve the flow of trains.

BAM Rail together with other railway contractors and ProRail entered into a covenant regarding the further professionalisation of Performance Oriented Maintenance (POM) on the track.

In 2013 BAM Rail became the first railway contractor to receive the international Entity in Charge of Maintenance certificate from the Living Environment and Transport Inspectorate (ILT), according to which the BAM Rail equipment company satisfies all European guidelines for the maintenance of railway wagons.

BAM Leidingen & Industrie.
New supply pipelines to NuStar Energy L.P. oil supply terminal, Amsterdam.

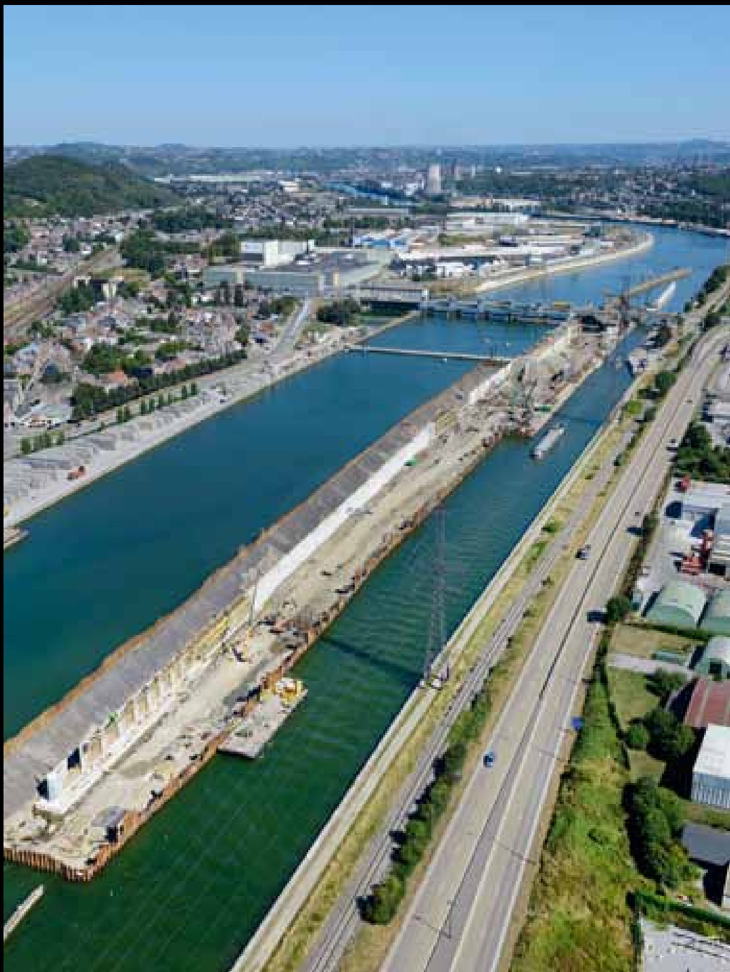
BAM Civiel, BAM Rail, BAM Infraconsult.
OV SAAL (railway expansion Schiphol, Amsterdam, Almere, Lelystad), Zuidtak Oost.

BAM Civiel, BAM Infratechniek, BAM Rail, BAM Wegen, BAM Infraconsult, Betonac.
Chemelot rail terminal, Geleen.

BAM PPP, BAM Civiel, BAM Wegen, BAM Infraconsult.
Doubling of the N33 motorway between Assen and Zuidbroek.

BAM Wegen.
Renovation and improvement of takeoff and landing runway at Leeuwarden Airbase.

Galère.
New navigation lock in the Maas near Ivoz-Ramet, Belgium.



> BAM Wegen

Head office
Utrecht, the Netherlands
Regional offices
13 offices in the Netherlands
Projects
approximately 2,000 projects per year
Employees
approximately 1,300

BAM Wegen enables the optimum availability of infrastructure in the Netherlands with innovative products and efficient, solution-oriented methods. With six regional offices and seven specialist subsidiaries, BAM Wegen is active nationally as a specialist in the laying and maintenance of roads. BAM Wegen is a leader in the area of sustainable production and processing of asphalt.

The projects completed in 2013 included the renovation and improvement of the takeoff and landing runway at Leeuwarden airbase under contract to the Ministry of Defence, the laying of turbo roundabouts on the N290 and N258 highways in Hulst and the application of the innovative integral seam during the asphalting of the new city bridge De Oversteek in Nijmegen. The large-scale approach to the N33 between Assen and Zuidbroek is proceeding very smoothly.

Subsidiary Nootenboom Sport laid the main field for the European Championship Hockey 2013 on the property of Braxgata Hockey Club in Boom, Belgium.

The Directorate-General for Public Works and Water Management and BAM Wegen entered into an agreement for the integral and variable maintenance of portions of a number of national highways in South Holland. The agreement has a term of two years. BAM Wegen will start work in March 2014.

The City of Amsterdam and BAM Wegen signed a Social Return Covenant to lead residents of the Greater Amsterdam region who are at a great distance from the labour market back into work.

> BAM Infraconsult

Head office
Gouda, the Netherlands
Regional offices
8 offices in the Netherlands, as well as in Jakarta, Singapore, Perth and Dubai
Projects
More than 500 projects per year
Employees
approximately 340

BAM Infraconsult is the consultancy and engineering office for Royal BAM Group's civil engineering sector. BAM Infraconsult is leading the design for urban infrastructure, large-scale line infrastructure projects and harbour and coastline work. The work includes the tender, design, construction and management phases of projects, during which along with the design, other services are also provided, such as the tendering strategy, risk management, systems engineering and environmental, licensing and traffic management.

In the year under review BAM Infraconsult became the first engineering firm to achieve level 3 on the ProRail Safety Ladder.

The company contributed to the Flood Proof Holland testing and demonstration grounds in Delft, which opened in 2013.
The BoxBarrier developed by BAM Infraconsult is one of the items being tested at the testing grounds. This innovation was also the subject of a very successful presentation at the Erasmus Huis of the Dutch embassy in Jakarta.

Among the large-scale projects in the Netherlands that BAM Infraconsult worked on in 2013 are the Sluiskil tunnel, the OV SAAL railway widening scheme, the widening of the N33 highway and the conversion of the N261 highway. Together with BAM International, work was carried out on various large marine construction projects in Australia, Southeast Asia, the Middle East, Africa and America. In BAM's home countries, BAM Infraconsult worked on projects such as the design of a large quay wall for BAM Nuttall in Liverpool.

> Betonac

Head office
Sint-Truiden, Belgium
Projects
approximately 30 projects in progress
Employees
approximately 300

Betonac specialises in the construction of concrete and asphalt roads and the construction of major civil engineering works.

In 2013 Betonac acquired contracts such as those for the structural maintenance of the E314/A2 motorway between Leuven and Lummen (with Cofely Fabricom) and for the structural renovation and widening of the E42/A15 motorway between Saint-Georges and Andenne (with Aswebo). For this project more than fourteen kilometres of concrete central reservation ('Delta Bloc') was constructed, which was the first safety barrier to satisfy the latest European safety standard. Concrete safety barriers were also constructed on the A26 motorway and the E40/E314 highway.

Together with CEI-De Meyer, two railway bridges over the Albert Canal in Merksem were renovated. Subsidiary BAM Track is handling the re-laying of the tracks over these bridges. In As, a 157-meter-long bicycle bridge was constructed to take bicycle traffic safely over the N75.

In Liege, Betonac, in joint venture with Galère, is rearranging the layout of the left Maas bank and in Charleroi the Samber is being renovated.
The company is working intensively for Infabel, for example on the remediation of the Bilzen-Tongeren railway line and for Line 15 (Antwerp-Hasselt, including an underpass, platforms and bicycle sheds).

As a market leader in the placement of acoustic barriers, the company erected 4 and 5 kilometres of acoustic barriers on the E40 at Erembodegem and at the interchange in Lummen, respectively.

> Galère

Office
Chaudfontaine, Belgium
Projects
approximately 150
Employees
approximately 1,000

Galère realises buildings and infrastructure projects, both for the government and the private sector. The emphasis is on large-scale infrastructure projects, but the company is also active in specialised submarkets. Galère has a leading position in French-speaking Belgium and is active in Wallonia, Brussels and – through subsidiary BAM Lux – in the Grand Duchy of Luxembourg.

In 2013, Galère completed various large projects, such as the restoration of the theatre in Luik, the construction of a research centre at AGC Glass Europe in Gosselies, an archive building in Namen and an administrative centre for the municipality of Wanze. Civil projects that were completed include a pumping station in Ampsin, a sewer water purification plant in Dinant and the layout of public spaces in Mons.

Projects in progress include the refurbishment of the left bank of the Maas in Liege and the construction of a new navigation lock in the Maas near Ivoz-Ramet. In a consortium with CEI-De Meyer, Galère is working on the rail infrastructure in Rixensart and at the Schuman-Josaphat tunnel in Brussels.

In Liege, Galère built Tour Paradis as part of a consortium with Interbuild. This 28-storey office tower will house the federal government agency for Finance.

> BAM Technics

Office
Louveigné, Belgium
Projects
approximately 100 (Balteau),
approximately 200 (Balteau ie)
Employees
approximately 300

BAM Technics combines the activities of Balteau (water purification) and Balteau ie (electrical engineering).

Balteau has a leading position in the Wallonian drinking water and wastewater treatment market. The company is expanding its activities to include industrial projects and hydraulic installations for waterways (electromechanics for sluices and dams). Balteau has also set up successful drinking water projects in several countries around the world, including Cameroon.

Contracts awarded in 2013 included the construction of water purification plants in Gouvy and Villeroux, a pumping station for wastewater removal in Namen (Namur) and the renovation of the nitrogen-treatment water purification station at Brussels South Charleroi Airport.

Balteau ie collaborates on a large number of projects with Galère and Balteau, CEI-De Meyer and Interbuild.

Balteau ie's responsibilities include all electrotechnical activities, including audio and video systems in a new – partially underground – museum located on the site of the Battle of Waterloo, just south of Brussels. The new contracts also include electrotechnical installation work for the provincial training centre in Seraing, the Episcopal seminary and the De Tuinen van Ravel apartment complex, both located in Liege, along with the development and installation of tourist information on audiovisual IT displays at Brussels South Charleroi Airport.

> CEI-De Meyer

Head office
Brussels, Belgium
Regional office
Eke (Nazareth)
Projects
approximately 40 projects in progress
Employees
approximately 450

CEI-De Meyer, one of Belgium's leading construction companies, is active in the civil engineering sector with numerous (large-scale) projects in the civil and industrial construction sectors (including ground, dredging and foundation works), but is also involved in public and residential construction projects. The latter category includes the projects completed in 2013, such as the service centre in Boom, the Militza service flats in Bruges, offices for Floreal-Germinal and the academic residence of the Free University of Brussels (VUB) in Brussels. Currently in progress are projects such as the connector at Brussels Airport (Zaventem) and the hospitals in Kortrijk and Knokke-Heist, as well as – with sister companies – the headquarters of NATO in Brussels.

Completed civil engineering works include a number of sub-phases of the regional Expresnet and the Liefkenshoek rail tunnel. The work on the Deurganckdok sluice near Antwerp is proceeding apace. Measuring 500 x 68 metres and with a still depth of 17.8 metres, this will be the largest sluice in the world. CEI-De Meyer and Betonac are constructing the sluice along with third parties. The finishing work on the Schuman-Josaphat project in Brussels is proceeding steadily.

One event that was spectacular from a technical point of view was the putting in place of two steel bridges, each measuring 117 metres in length, across the Albert Canal in Merksem.

Betonac.
Lummen acoustic barriers.

CEI-De Meyer en Betonac.
Two 117-metre-long railway bridges over the Albert Canal.

Balteau.
Sewer water purification installation AIDE, Aywaille, Belgium.

BAM Nuttall, Wayss & Freytag Ingenieurbau (with third parties).
Two railway tunnels between the Royal Oak Portal and
Farringdon Crossrail stations, London.

BAM Nuttall.
Renovation of Nab Tower,
The English Channel.

BAM Contractors.
13.5 kilometre long N22/N69 bypass around Tralee, Ireland.

> BAM Nuttall

Head office
Camberley, United Kingdom
Regional offices
approximately fifteen, spread throughout England, Scotland and Wales
Projects
approximately 100 projects in progress
Employees
approximately 3,000

As one of the largest civil engineering construction companies in the United Kingdom, BAM Nuttall operates in all sectors of the British civil engineering market on a national and a regional basis, through a network of business units, divisions and subsidiaries.

BAM Nuttall is working closely with other Group companies in the UK on projects such as the redevelopment of King's Cross in central London (with BAM Construct UK). On the Borders Rail project in Scotland, BAM Nuttall is working with BAM Rail and BAM Contractors.

Other contracts awarded in 2013 include the construction of a railway overpass (dive-under) in Acton, West London and the construction of a new container terminal in the Mersey estuary near Liverpool. A recent award is a five-year contract with Network Rail, the Southern Multifunctional Framework for CP5 in the Sussex region. The scope includes stations, civils and enhancements.

In the year under review BAM Nuttall received the Investors in People Gold Award (which is presented to companies and organisations which demonstrate exceptional commitment to staff training and development), as well as national Apprentice of the Year Award and a Guardian Sustainable Business Award.

> BAM Contractors

Head office
Kill, Kildare, Ireland
Regional offices
Cork, Dublin, Galway, Waterford and Belfast
Projects
approximately 60 projects in progress
Employees
approximately 600

BAM Contractors is a leading construction company in Ireland. Together with BAM Civil, the company operates in the civil engineering sector and, together with BAM Building, in the non-residential sector. Activities also include rail infrastructure, facility management and property development (BAM Property). BAM Contractors is actively involved in the successful realisation of various Irish educational and motorway projects in public-private partnership.

In 2013 BAM Contractors acquired various significant projects, such as the N7/N11 Newlands Cross and Arklow to Rathnew PPP road project, the CRF-TRF research centres project for the National University of Ireland, Galway and the project to construct a national detention centre for youth in Lusk, near Dublin. Together with its sister company, Wayss & Freytag Ingenieurbau, BAM Contractors is constructing the 4.9 kilometres long Corrib gas tunnel under Sruwaddacon Bay for Shell Ireland.

BAM Contractors and its sister companies are also involved in projects outside Ireland, including joint ventures with BAM International in Jordan and the United Arab Emirates and with BAM Nuttall in Scotland. In cooperation with BAM Rail, BAM Contractors carried out improvements to the railway line between Coleraine and Derry in Northern Ireland in 2013.

BAM Contractors' reputation for sustainability was highlighted by the sponsorship relationship with Chambers Ireland for the presentation of the 2013 Corporate Social Responsibility Awards.

> Wayss & Freytag Ingenieurbau

Head office
Frankfurt am Main, Germany
Regional offices
Berlin, Düsseldorf, Hamburg, Kamsdorf, Munich, Stuttgart
Projects
approximately 80 projects in progress
Employees
approximately 900

Wayss & Freytag Ingenieurbau carries out infrastructure and energy projects in Germany. Thanks to its extensive experience and expertise in the field of tunnel (including bore-tunnel) technology, the company is able to contribute in Europe to the implementation of a variety of major tunnel projects. Wayss & Freytag Ingenieurbau also works closely with its sister companies.

In 2013 Wayss & Freytag Ingenieurbau was, for example, involved in tunnelling projects in the Netherlands (Sluiskil tunnel), Belgium (Liefkenshoek rail link), the United Kingdom (Crossrail, London) and Ireland (Corrib tunnel). In Germany, the company is responsible for the construction of a 35-kilometre-long tunnel for wastewater removal. This project – known as the Emscher canal project – is to be completed in 2017.

After the first traffic tunnel under the Kö-Bogen office and retail complex in Düsseldorf city centre became operational in January 2013, Wayss & Freytag Ingenieurbau and another party won a contract in February (as part of a consortium) to construct the second tunnel.

By making smart use of a temporary auxiliary bridge, Wayss & Freytag Ingenieurbau was able to achieve a time saving of approximately two years during the construction of a new permanent crossing over the Elbe-Lübeck canal in Lauenburg, near Hamburg.

> BAM International

Head office
Gouda, the Netherlands
Regional offices
Dubai, Dar es Salaam, Accra, Jakarta, Perth, Dubai, Panama
Projects
approximately 20 projects in progress
Number of employees
approximately 3,000

BAM International operates in the areas Africa, Asia, Australia, Africa, the Middle East/Gulf States and the Americas in the civil engineering, infrastructure, industrial and non-residential sectors.
BAM International has embarked on a major expansion programme globally.

In Tanzania the 200 kilometres of the TANZAM Highway Road Rehabilitation Project were completed and the design and construct of Terminal 3 at the Julius Nyerere International Airport in Dar es Salaam began.

BAM completed a fuel unloading/layover facility in Pepel, Sierra Leone, as well as a container terminal in Monrovia, Liberia.

In Indonesia, BAM started constructing the superstructure of the new USA embassy building in Jakarta, as well as a second line of a cement plant in Tuban, East Java.

In Malaysia the 1.8-km long jetty for iron ore export reached substantial completion.

The Australian joint venture BAM Clough has taken acceptance of its new built jack-up barge, IB-914. This new built piece of equipment is being deployed on its large marine LNG projects.

BAM completed the fast-track construction of the Hazza Bin Zayed Stadium, in Al Ain, Abu Dhabi in January 2014. In Aqaba, Jordan, BAM completed a container terminal and was awarded the contract to design and build the Aqaba New LNG Terminal.

BAM International has returned to the area Americas with the design and construction of a container terminal in Moín, Costa Rica.

Wayss & Freytag Ingenieurbau.
Kö-Bogen, Düsseldorf.

BAM International (with third parties), BAM Infraconsult.
Jetty for iron ore transport for mining company Vale, Lumut, Malaysia.

BAM International (with third parties).
Renovation of 22 kilometre long stretch of TANZAM Highway, Tanzania.

Property

BAM owns property companies in the Netherlands, the United Kingdom, Ireland and Belgium. In principle, the project development is at the service of BAM's own construction activities. BAM develops houses with ground-level access with area and project developer AM in the Netherlands only.

Key data for the Property sector

(x € million)	**2013**	2012
Revenue	**236**	381
Profit (loss) before tax and impairments	**(15,4)**	(4,0)
Margin before tax	**-**	-
Order book (year-end)	**983**	900

AM Real Estate Development,
BAM Utiliteitsbouw, BAM Techniek.
Headquarters of Capgemini, Utrecht.

In Property, total revenue fell by 38 % to €236 million. As expected, there was a further decline of the number of homes sold in 2013 in the Netherlands to 1,365 compared to 1,906 in 2012 and 2,230 in 2011. Revenue in Belgium was lower due to the absence of one large transaction as in 2012.

The Dutch housing market is developing broadly in line with BAM's assumptions as per Q2 2012; the signs of recovery in some parts of the second hand house market are not yet evident in BAM's results.
The worsening in the Dutch commercial property market, especially retail, which BAM first reported at Q2 continued in the second half. There were operational losses related to non-prime offices in the UK and mainly retail property in the Netherlands. There were non-cash impairments of €30 million in the year in Property, of which €28 million related to Dutch retail property on a total retail portfolio (before impairment) of approximately €125 million. The main reason for this was the

lower than expected rental levels for non-prime retail after redevelopment.

Total investment in the stock of property of €1,028 million at 31 December 2013 was €117 million higher compared to 31 December 2012. Within this, investments in the Netherlands increased by €100 million to €806 million. This was predominately due to the consolidation of some projects and construction progress on commercial property, less the impairment. Progress on the divestment programme was disappointing, reflecting difficult market conditions.

The investments included stock of 161 completed but unsold homes (2012: 155), of which 86 (2012: 54) are rented out, approximately 34,200 m^2 of finished but unlet commercial property (2012: 35,300 m^2) and approximately 77,000 m^2 of finished and let commercial property (13,500 m^2), in total representing €248 million of investments. There were 226 unsold homes under construction (2012: 374).

> AM

Office
Utrecht, the Netherlands
Projects
More than 100 projects in progress
Employees
approximately 150

When devising and developing inspiring and sustainable living environments, AM actively considers all stakeholders in an open planning process to ensure that optimum use is made of locations. In cooperation with governmental agencies, investors, housing corporations, social organisations and consumers, this creates unique and high quality areas in which to live, work, shop and enjoy recreational activities.

Among the projects completed in 2013 were the first phase of De Studio (student and starter homes in the former GAK office in Amsterdam), the apartment buildings 100hoog and Calypso in Rotterdam, the Brouwerspoort city centre in Veenendaal and the De Banne and Nieuw Waterlandplein urban district centres, both in Amsterdam-Noord. Sales progressed well (often followed by the almost immediate start of construction work) on projects such as Deo Neo (Haarlem), De 7 Gevels (Woerden), Woonwenswoningen (Vleuten), Hoogh Waalre, Op Enka (Ede) and Carolus (Den Bosch). AM and BAM Woningbouw gave the signal in Tuinveld in 's-Gravenzande for work to start on construction of the first homes from the jointly developed BAM Wooncollectie for new build.

In 2013 AM also acquired contracts for notable new projects. Together with Bouwinvest they are developing an apartment building with 197 rental homes on the Zuidas and, together with MN, a 75-metre-tall residential tower with 150 rental homes on Overhoeks, both in Amsterdam. On the Ringvaart in Hillegom, AM is developing a new residential neighbourhood with approximately 320 residences. They also entered into an agreement with the municipality of Bloemendaal for the redevelopment of the Marine hospital property. In Vianen AM is participating in the development of Hoef en Haag (1,800 residences).

> AM Real Estate Development

Office
Amsterdam, the Netherlands
Projects
approximately 5 projects per year in progress
Employees
approximately 30

AM Real Estate Development focuses on the development of commercial property and is working on the development/ redevelopment and improvement of offices, shopping centres and multifunctional projects in the Netherlands and in the Randstad conurbation in particular. AM Real Estate Development plays a role as process coordinator in the development market with small teams offering added value. The company works successfully under the flag of IPMMC as a consultant and delegated developer.

Projects in which the company functions as a delegated developer, consultant or project manager include the redevelopment of the Kerkelanden shopping centre in Hilversum for Dela Vastgoed (expansion of retail space, 48 apartments and renovation of the public space), as well as the Nieuw Zaailand project. This involves a partnership with parties including the Municipality of Leeuwarden for a new city-centre area with cultural facilities, houses, shops and parking. Together with the Municipality of Breda, AM Real Estate Development is working on the development of a World Trade Center in Breda. The company is also involved in the development of a WTC in Utrecht under contract to CBRE.

As a developer, AM Real Estate Development was responsible for the head office of Capgemini in Utrecht that was completed in 2013 and for the redevelopment of the Groot Ziekengasthuis hospital (GZG) site in 's-Hertogenbosch (in cooperation with Heijmans and the municipal authority). This project was awarded the LEEGaward 2013 in recognition of the successful temporary re-designation of the site, which has grown to become a creative breeding ground.

AM (with third party) and BAM Woningbouw.
Renovation of De Banne city centre area (200 owner-occupied rented and care residences, commercial spaces and district centre), Amsterdam.

Kaïros, Interbuild.
Flemish Administrative Centre, Ghent.

AM, BAM Woningbouw, BAM Utiliteitsbouw.
Tricotage (87 apartments, shops, catering, underground car park) in Brouwerspoort city centre area, Veenendaal.

BAM Properties, BAM Construction.
Artist's impression CONNECT110NS, Glasgow.

AM, BAM Woningbouw.
The 100hoog apartment buildings in Rotterdam.

> Kaïros

Head office
Wilrijk, Belgium
Projects
approximately 12 projects in progress
Employees
approximately 10

Kaïros is active in the high-end development market and is one of the largest players in Belgium. Initially Kaïros specialised mainly in developing offices, but the company is now also successful as a developer of residential projects, projects in the care sector and specific projects, such as archives and schools.

A unique office that Kaïros completed in late 2013 was the Flemish Administrative Centre in Ghent. The 37,000 m^2 of office space, an example of contemporary architecture, will house several thousand public servants from various services in a sustainable environment and satisfies the demand for efficient office space near the railway network in Ghent.

In the residential market the development in Evere has continued: 356 apartments, centrally located wit outstanding links to central Brussels. The prestigious project Oree Gardens, 45 loft apartments situated in the residential neighbourhood St.-Pieters-Woluwe, is proceeding according to plan and offers exclusive living space in the higher price class.

In Brussels – in the immediate vicinity of the Muntschouwburg – Kaïros is working on a mixed project, consisting of the new headquarters of fashion house H&M, an office for Randstad, as well as fourteen apartments.

In the care sector, 500 flats for seniors and three corresponding service centres were completed in the Antwerp region. Plans are now in place for an additional sixty flats for seniors.

> BAM Properties

Head office
Glasgow, Scotland
Regional offices
Bristol, London
Projects
approximately 10 projects in progress
Employees
approximately 10

BAM Properties is a subsidiary of BAM Construct UK. The company focuses on the realisation of lease and sale transactions based on the fair market value of projects with the aim of contributing to the Group's objective of reducing the pressure on operating capital. Within this framework, the company seeks to find alternative uses for properties and applies for planning permission and other permits for specific projects in the portfolio which are expected to help generate value. The company remains selective in taking on new development projects, attempting to find high-quality sustainable development opportunities in prime locations.

At the end of the year under review, BAM Properties sold an office (approximately 1,500 m^2) in Glory Park, Woburn Green near High Wycombe to the investment company F&C UK Property Fund. The company has completed various lease transactions in a variety of locations, including the Lydiard Fields office park in Swindon and FORE in Solihull.

In 2013, BAM Properties also succeeded in engaging the Bodies LLP legal firm as lessee for two floors in a high-end office and retail development at 110 Queen Street in the centre of Glasgow. The project, known as CONNECT110NS, is one of the largest office developments to be built outside London for many years.

Public-Private Partnerships

BAM PPP is responsible for Royal BAM Group's presence in the European Public-Private Partnerships (PPP) market: its results reflect the returns from investment activities only.

Operating from offices in Bunnik, Birmingham, Brussels, Dublin, Frankfurt am Main and Glasgow, BAM PPP operates in the roads, rail, education, health care, judicial and general accommodation sectors and employs around 100 staff.

Key figures for the PPP sector

(x € million)	**2013**	2012
Result before tax	**14.4**	12.4
Average net assets investments	**125**	112
Return on investment [1]	**11.5 %**	11.1 %
Revenue	**288**	288
Margin before tax	**5.0 %**	4.3 %
Order book (year-end)	**547**	649

[1] pre-tax.

BAM PPP, BAM Deutschland, BAM Immobilien-Dienstleistungen.
Prison, Bremervörde.

BAM PPP, BAM Utiliteitsbouw, BAM Speciale technieken, BAM Techniek, BAM Accommodatie Asset Management.
(Artist's impression) Supreme Court, The Hague.

At the end of 2013 the number of PPP projects in the portfolio was 38 of which BAM PPP retains interest in 31; the remaining 7 contracts involve a very limited amount of shareholders' equity and are managed by sister companies that are also responsible for the construction and maintenance work under the contract.

Two projects reached financial close in 2013:

- High court new development, The Hague, Netherlands
- N11/N7 roads project in Ireland

BAM PPP's projects are spread across BAM's European markets with revenue based mainly on the availability criterion. The ratio of accommodation to civil engineering projects is also balanced, although civil engineering projects are often greater in size.

The joint venture with PGGM made good progress during 2013, with a further 3 existing projects being transferred to the partnership and 2 new projects reaching financial close. The joint venture provides BAM PPP with the twin benefits of a strong position from which to pursue further projects and a stable platform within which equity can be made available for new investments.

Strategy
BAM PPP harnesses the strengths, experience and expertise within Royal BAM Group, coordinating the provision of lifecycle solutions for the benefit of public-sector clients. The company focuses on BAM's European home markets where the Group has proven construction and maintenance skills and expertise.
Its strategy aims to grow the portfolio to provide short-term construction turnover, long-term Facility Management and lifecycle turnover, equity investment returns and asset management income.

Market
The PPP markets continue to offer an attractive supply of bidding opportunities for the period up to mid-2015. Competition continues to be intense and is demonstrated by the increased number of competitors at the prequalification stage. The bidding opportunities are spread reasonably evenly across all markets with the exception of the UK. The Irish market continues to pick up and indications suggest that the wider funding market will resume its support of Irish-based projects. The availability of long-term debt is currently not an area of concern.

BAM PPP Portfolio financial performance
At year-end 2013, shareholders equity invested by BAM PPP totalled €108 million (year-end 2012: €115 million), of which BAM PPP invested €31 million during the past financial year. BAM PPP does not invest in projects until their structural completion, with the shareholders' equity part being financed with a bridging loan.

Committed equity is €126 million, of which €53 million by the joint venture.

The invested and committed equity totalled €234 million. It is expected that next year the last of the existing projects will be transferred to the joint venture in accordance with the agreement. New projects will mainly be undertaken by the joint venture.

The future asset flow is based on the expected inflow of cash from the concessions portfolio for the shareholders' equity (dividend and repayment). The discounted value of this future cash inflow is the Director's valuation and totals €319 million (2012: €330 million).

A comparison of the Directors' valuation and the discounted value of the invested and committed equity results in an unrealised value of the portfolio of €94 million (€96 million 2012).

Business development
The current portfolio provides BAM PPP with returns on equity investments, in addition, as at year-end 2013, to an order book of construction turnover of €225 million and Facility Management and lifecycle turnover for BAM sister companies of €2.4 billion. BAM PPP has in the pipeline 23 active bids, providing potential equity investments of €349 million, potential construction turnover of €3.0 billion and potential Facility Management turnover (excluding lifecycle) of €3.0 billion.

Director's valuation
The Directors' valuation is intended to illustrate movements in the value of the PPP portfolio during the year taking account of the impact of intervening transactions, through the application of a consistent methodology. The valuation is based on the forecast returns of the projects, based on current projections and may differ significantly from the book value of the investments shown in the accounts. Cash flows accruing from projects are calculated on the basis of financial models, based on contractual terms with clients and have been approved by external lenders. The valuation is calculated using the widely acknowledged discounted cash flow basis, discounting all future cash flows to BAM PPP at an appropriate discount rate. All future cash flows are converted into Euros. All projects that have reached financial close are taken into account; projects for which BAM PPP is the preferred bidder have been excluded.

BAM PPP Portfolio financial performance 2013 *(in € million)*

	Nominal	Discounted
Invested equity	108	
Committed equity	126	
Total invested and committed equity (a)	234	225
Future equity cash flows (b)	1,078	319
Implied forecast unrealised value in the portfolio (b) - (a)		94

Discount rates
BAM PPP applies discount rates based on the company's knowledge of the market, the agreed transfer mechanism with PGGM, through the joint venture, and the use of a simple project phase analysis. A higher discount rate is applied from financial close through to construction completion before stepping it down once into operations due to the reduced risk and greater certainty of future cash flows. BAM PPP believes this approach is preferable to using and adjusted market risk free rate approach as we have the benefit of up-to-date market information based on our discussions and agreement with PGGM.

Sensitivities
The > Table below shows the sensitivity of the Directors' valuation if all the project discount rates applied are changed simultaneously by plus or minus 1 % and 2 %.

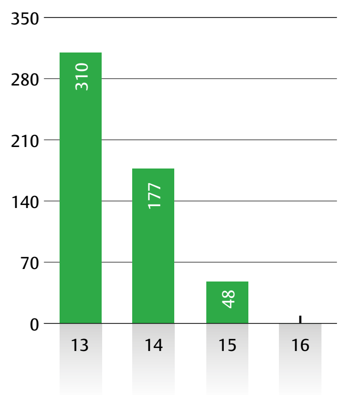
Directors' valuation 2013 *(in € million)*

Valuation as at December 2012	330
Dividends and distributions received since December 2012	(11)
Divestments since December 2013	(53)
Exchange rate movements	(1)
Rebased December 2012 valuation	265
Valuation at December 2013	319
Increase/(decrease) in portfolio valuation	54
New projects added	25
Revaluation 2013 [1]	29
Increase/(decrease) in portfolio valuation	54

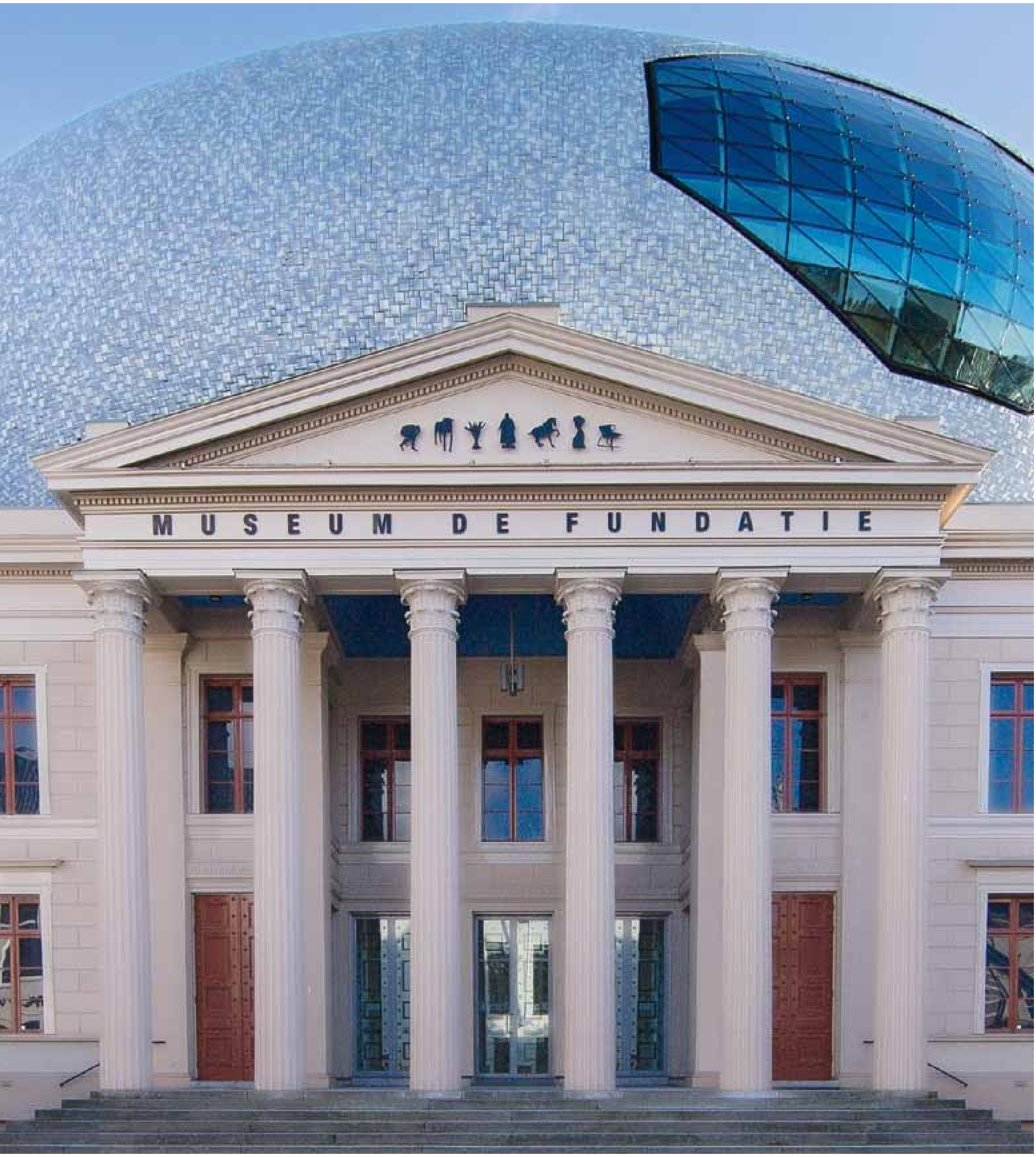
[1] The revaluation 2013 consists of a combination of factors including:
- The discount unwind (over time, the discounted value increases given that the future value is a year closer);
- The impact of changes in discount rates applied as projects move into operations;
- Operational performance gains as a result of factors such as the impact of macro-economic changes, higher inflation, better performance, successful asset management, changes in demand and revisions to costs.

Discount rate adjustment	Portfolio valuation	Difference in valuation
	(€ million)	*(€ million)*
+2 %	276	(43)
+1 %	296	(23)
0 %	319	-
-1 %	346	27
-2 %	378	59

Construction revenue secured through PPP projects *(€ million)*



BAM Utiliteitsbouw, BAM Techniek.
De Fundatie Museum, Zwolle.
Architect: Bierman Henkett architecten.



Outlook

Royal BAM Group started 2014 with an overall order book worth €10.0 billion (year-end 2012: €10.7 billion). The decrease primarily involves the civil engineering activities in Germany, Belgium and the Netherlands and the construction activities in the Netherlands. Of the total order book, it is expected that €5.7 billion will be carried out in 2014 and €4.3 billion in subsequent years. This means that almost 77 per cent of the anticipated turnover for 2014 is assured. This percentage is almost the same as the percentage at year-end 2012. Taking into account market circumstances and how the markets are expected to develop, the size and quality of the order book provide a solid basis for 2014.

Royal BAM Group has confidence in the future, based on the strategic priorities that have been set out for further internal improvements to become the 'best in class' in the activities and service provision of the BAM companies. This will contribute to maintaining and improving the Group's position in the markets in the face of increasingly fierce competition. It also provides the necessary basis for the planned growth initiatives in multidisciplinary projects, services and international niche markets.

Euroconstruct's forecasts (December 2013) of construction volumes in 2014 indicate a positive trend in our home countries in the Construction and mechanical and electrical services sector. In Germany, Belgium and Ireland there has been an increase in volumes in both residential and non-residential construction.

The United Kingdom is still anticipating the non-residential construction sector to shrink. According to Euroconstruct, the prospects for the Netherlands are still negative for residential construction, but more positive for non-residential construction, based on the number of permits issued in 2013. For 2014, BAM does not yet expect a real recovery for residential construction and expects continued contraction in non-residential construction.

Based on the prognoses from Euroconstruct (December 2013) the picture is mixed for the Civil engineering sector. The markets are showing a decrease for 2014 in the Netherlands and Belgium. In the United Kingdom, Ireland and Germany, the markets are expected to increase. An increase in the Netherlands and Belgium is not expected until 2015.

BAM PPP is currently working on 23 tenders. The number of new projects being tendered under this contract type remains large given the current economic climate. In line with the strategic plan, the Group expects to be able to make further investments in PPP contracts. BAM also expects to transfer a number of PPP contracts to the BAM PPP-PGGM joint venture again in 2014.

Outside the home markets, BAM has established offices in Switzerland and Luxembourg and has further strengthened the market positions of BAM International in growth markets outside Europe (Australia, Indonesia, Africa and the Middle East). In the coming years continuing growth in these markets is expected.

Bunnik, the Netherlands, 19 February 2014
Executive Board

4. Governance

Corporate governance

The Supervisory Board and the Executive Board are responsible for the company's corporate governance structure and for compliance with that structure. The main aspects of this corporate governance structure are set out in the Annual Report every year and are published on the company's website. The Supervisory Board and the Executive Board subscribe to the principles and best practice provisions of the Dutch corporate governance code (hereafter: 'the Code'). They have a qualifying comment in respect of some of the provisions of the Code, and best practice provisions II.2.13 (performance criteria, variable remuneration) and II.2.8 (maximum severance payment) are not applied in full. See also the explanation given below of how the company complies with the Dutch corporate governance code. The full text of the Code can be found at www.commissiecorporategovernance.nl.

Executive Board

The Supervisory Board and the Executive Board share the premise of the Code that the Executive Board, apart from looking after the day-to-day management of the company, is also responsible for formulating and achieving corporate objectives, for corporate strategy with its associated risk profile and for corporate social responsibility. The Executive Board accounts for its activities to the Supervisory Board and to the General Meeting. In performing its duties, the Executive Board is guided by the interests of the company and the related enterprise, weighing the justifiable interests of the various stakeholders against each other. The Code's best practice provisions evolving from this premise are supported.

The members of the Executive Board jointly manage the company and are jointly and severally liable for that management. Subject to the approval of the Supervisory Board, the members of the Executive Board share out their activities. The chairman manages the Executive Board. The Chief Financial Officer (CFO) is specifically charged with financial tasks. The chairman and other members of the Executive Board manage the companies that are entrusted to their supervision. Most of the key managerial positions fall under the responsibility of the chairman of the Executive Board. The Chief Financial Officer is responsible for the key managerial positions in Finance, Risk Management, Insurance, ICT and – together with the chairman – for Investor Relations.

The Executive Board ensures proper provision of information to the Supervisory Board. In the Annual Report, the Executive Board describes the principal risks related to the company's strategy, the organisation and operation of internal risk management and control systems in relation to the principle risks during the financial year and any significant shortcomings in the internal risk management and control systems that were identified during the financial year, any significant changes that were made and any significant improvements that are planned.

The Group has implemented general risk management measures in the form of standards and values that have been made explicit, internal procedures and instructions and a system of budgeting, reporting and internal (and external) control. Besides general risk-management measures, the Group has also implemented specific measures focused primarily on risks relating to market, reputation, safety, projects, currency, credit, debtors, interest and liquidity positions. These risks are discussed in greater detail on page 9 and page 126 of the Annual Report, along with the risk management measures that the Group has taken. The risk section in the Annual Report contains a statement by the Executive Board on the risks of financial reporting, as referred to in provision II.1.5 of the Code.

The Executive Board is subject to a set of rules approved by the Supervisory Board, laying down the details of how the Executive Board operates and its relationship with the Supervisory Board, the shareholders and the Central Works Council. The Executive Board rules have been published on the company's website. The company also operates a code of conduct and a whistleblowers' scheme, both of which are published on the company's website.

The company's Executive Board can consist of two or more members. The Executive Board currently consists of four members, on the understanding that the intention is to expand this number to five in 2014, which is a number that the Supervisory Board considers appropriate in today's circumstances, especially given the size and international nature of the Group.
A mitigated two-tier regime applies to the company. Members of the Executive Board are appointed by the General Meeting. The Supervisory Board has the right to make a (binding) proposal as regards nominees for appointment. However, the General Meeting can render a proposal non-binding, in line with best practice provision IV.1.1 of the Code, in which case the General Meeting is then free to fill the vacant seat on the Executive Board as it deems fit, in accordance with the formalities stated in the company's Articles of Association. Decisions by the General Meeting regarding candidates proposed by the Supervisory Board for membership of the Executive Board require a simple majority of the votes cast. Decisions by the General Meeting about candidates for membership of the Executive Board who are not proposed by the Supervisory Board require a simple majority of the votes cast, but that majority must represent at least one third of the issued capital. The General Meeting can suspend or dismiss members of the Executive Board.

The Supervisory Board has the power to suspend members of the Executive Board. Decisions to suspend or dismiss a member of the Executive Board can only be taken by an absolute majority of the votes, providing that majority represents at least one third of the issued capital, unless the proposal to suspend or dismiss is put forward by the Supervisory Board, in which case the decision can be taken by an absolute majority of the votes without the requirement for a quorum. The Supervisory Board appoints one of the members of the Executive Board as chairman and can appoint one of the members of the Executive Board as vice-chairman.

Pursuant to the Code, members of the Executive Board are appointed for a period of no more than four years. They retire after the conclusion of the first Annual General Meeting, to be held in the fourth year after the year in which they were appointed. Members of the Executive Board can be re-appointed for a further period of four years. The contractual agreements with members of the Executive Board who were appointed before the Code came into effect will be honoured; their appointment is for an indefinite period. Information about the term of the agreements of members of the Executive Board is available in the remuneration report.

The main elements of the contracts with members of the Executive Board are published on the company's website, in accordance with the Code. The Code's provisions relating to the amount of the remuneration payable to members of the Executive Board and the composition of the remuneration package as well as the disclosure of these details are supported. The Supervisory Board draws up a proposal – prepared by the Remuneration Committee – regarding the company's remuneration policy. This remuneration policy is put forward for approval at the General Meeting of Shareholders. The Supervisory Board also compiles an annual remuneration report, once again prepared by the Remuneration Committee. The remuneration report confirms the manner in which the remuneration policy has been followed in practice during the financial year. It also contains details of the total remuneration of the members of the Executive Board, subdivided into the various elements, and a summary of the remuneration policy adopted by the shareholders for the coming financial year and the subsequent financial years.

As part of the report by the Supervisory Board, the remuneration report is included in the Annual Report and it is also published on the company's website. The Supervisory Board determines the remuneration of the members of the Executive Board, within the framework of the remuneration policy, based on a recommendation by the Remuneration Committee.

The premise when determining the variable portion of the remuneration for members of the Executive Board is that it should be linked to predefined objectives that are assessable and that can be influenced, with a responsible balance between short-term and long-term focus. The Supervisory Board analyses the possible results of the variable remuneration components and the consequences for the directors' remuneration. The Supervisory Board determines the level and structure of this remuneration on the basis of scenario analyses, taking into account remuneration ratios within the Group, and in doing so considers financial and non-financial indicators which are relevant to the Group's objectives. Apart from an annual variable component, the remuneration package of members of the Executive Board also includes a remuneration plan that rewards long-term improvements.

In the information on variable remuneration to be stated in the remuneration report, the company strives to achieve a proper balance between transparency on the one hand and not revealing information that may help competitors on the other hand. In cases where the variable remuneration is awarded on the basis of inaccurate (financial) data, the Supervisory Board can adjust the variable remuneration accordingly and the company is entitled to reclaim (any part of) the variable remuneration paid to a director on the basis of incorrect (financial) information.
The Supervisory Board also has the power to amend the existing conditional awards of the variable remuneration by quantified performance criteria if, in its opinion, applying the award without amendment would have an unreasonable or unintended outcome. These matters have all been incorporated into the agreements with members of the Executive Board since the introduction of the Code.

The payment for members of the Executive Board if they are dismissed during or after the expiry of the first term of appointment is a maximum of one year's salary or, if this is clearly unreasonable, a maximum of twice the annual salary. If the new member of the Executive Board comes from within the company, the company reserves the right to take rights accumulated within the Group into account when determining the level of severance pay. This provision was made because of the fact that long periods of employment at the same company are not unusual in the construction industry. Reducing rights accrued in that way may be considered undesirable or unreasonable in certain circumstances. The employment contracts of members of the Executive Board appointed before 1 January 2004 do not include a provision regarding severance pay. In such an event, the Supervisory Board will assess the amount of the severance pay, taking into account the circumstances of the case, current practice, prevailing legislation and the requirements of good corporate governance.

The company has a long-term benefit plan for members of the Executive Board in the form of a benefit component consisting of 'phantom shares'. The company does not have any share or options plans, and there is no serious intention to introduce such plans. If the company ever decides to introduce them, the Code's recommendations will be followed.

The company does not provide any personal loans or guarantees to members of the Executive Board, managers or any other employees. The Group has the usual indemnity and insurance arrangements in relation to normal company business, and these arrangements cover members of the Executive Board, managers and other employees.

Principles and best practice provisions relating to conflicts of interest are supported. Any form or appearance of conflicting interests between the company and members of the Executive Board must be avoided. Decisions to enter into transactions that involve conflicts of interest on the part of members of the Executive Board and that are of material importance to the company and/or the Executive Board member in question must be approved by the Supervisory Board. The Executive Board's rules set out in detail what action should be taken in the event of possible conflicts of interest. These rules govern such matters as what situations might constitute conflicts of interest, the manner in which members of the Executive Board are to report conflicts of interest, the impartiality of the Executive Board member concerned during participation in discussions and in relevant decisions and the Supervisory Board's approval procedure.

Supervisory Board

The duty of the Supervisory Board is to exercise supervision of the Executive Board's policies and the general affairs of the company and the related enterprise. The role of the Supervisory Board is also to advise the Executive Board. The Supervisory Board, too, is guided by the interests of the company and the related enterprise, weighing the justifiable interests of the various stakeholders against each other. The Supervisory Board also considers corporate social responsibility in its assessments. The principles and best practice provisions relating to the Supervisory Board are supported.

At its periodic meetings with the Executive Board, the Supervisory Board discusses a number of subjects, including the general state of affairs (e.g. safety, order book, major tenders, special projects, problem areas, major claims and legal proceedings) and financial reporting based on the operational plan for the year in question (half-yearly and annual reports and interim statements, balance sheet and income statement, cash and cash equivalents, capital investment and warranties).

The agenda for Supervisory Board meetings also includes subjects such as major investments (both as regards acquisitions and disposals and as regards fixed assets), management development, human resources, corporate social responsibility, the relationship with shareholders, the dividend proposal, interim statements and half-yearly reports, the auditor's report, the external auditor's management letter and follow-ups to that management letter, setting the operational plan with the operational and financial goals for the following financial year (set once a year) and approval of the strategic agenda and the related parameter conditions (every third year).

At least once a year, the Supervisory Board discusses the strategy and the principal risks connected to the business, the Executive Board's assessment of the organisation and operation of the internal risk management and control systems, as well as any significant changes to those systems. A statement that these discussions took place is included in the report by the Supervisory Board.
The Supervisory Board is subject to a set of rules laying down the details of how it operates and its relationship with the Executive Board, the shareholders and the Central Works Council. The Supervisory Board's rules can be found on the company's website.

The Supervisory Board must consist of at least five members. The Supervisory Board currently consists of six members, which is a number that the Supervisory Board considers appropriate in today's circumstances, especially given the size and international nature of the Group. The members of the Supervisory Board are appointed by the General Meeting on the recommendation of the Supervisory Board, that recommendation being made on the basis of the profile. The Board discusses the profile with the General Meeting and with the Works Council when the profile is first drawn up (and in the event of any changes). The General Meeting and the Works Council are entitled to recommend candidates for inclusion in the proposal made by the Supervisory Board.

The General Meeting can reject the candidates put forward by the Supervisory Board, in which case the Supervisory Board must draw up a new proposal. The Works Council has an extended right of recommendation in respect of one third of the membership of the Supervisory Board. If the Supervisory Board rejects the recommended candidate or candidates, the Board and the Works Council consult with each other and the Works Council makes a new recommendation. If the Supervisory Board and the Works Council fail to reach agreement, then the matter is submitted to the Enterprise Chamber of the Amsterdam Court of Appeal for a ruling. If the Supervisory Board adopts the Works Council's recommendation, the General Meeting may still reject it. The General Meeting may dismiss the entire Supervisory Board once the Works Council has had the opportunity to give its opinion. The General Meeting determines the Supervisory Board members' remuneration. In relation to the independence of Supervisory Directors, as detailed in best practice provision III.2.1, it should be pointed out that all of the current members of the Supervisory Board qualify as being independent within the meaning of the Code.

The Supervisory Board has created a profile, which was discussed with the shareholders at the Annual General Meeting on 21 April 2009. This profile is available for shareholders to examine at the company's office and it is also published on the company's website. The composition of the Supervisory Board must be balanced and in line with this profile.

The members of the Supervisory Board must have the experience needed to perform well in a large multinational construction company. Each member must be capable of assessing the main aspects of the overall policy and of behaving in a critical and independent manner with regard to the other members of the Supervisory Board and the members of the Executive Board. The members of the Supervisory Board must carry out the tasks of the Supervisory Board as specified by law and by the company's Articles of Association and they must be able to give the Executive Board solicited and unsolicited advice.

Other, specific criteria applied by the Board to its composition are a general, broad-based understanding of business, knowledge of the construction industry, experience in the management of large, preferably international companies and expertise relating to issues with a social dimension and concerning society at large.

The Supervisory Board appoints one of its members to be chairman, and another to be vice-chairman to act in the chairman's place as the occasion demands. The Board has among its members a financial expert with experience in both the financial and accounting disciplines at a large legal entity. The company will be responsible for an induction programme for directors appointed to the Supervisory Board for the first time as referred to in provision III.3.3. This provision is also fulfilled by arranging working visits to the Group's operating companies and through presentations by operating company managers for the Supervisory Board. Principles and best practice provisions relating to conflicts of interest are supported. The matters set out above in connection with the Executive Board apply equally to the members of the Supervisory Board. The Supervisory Board rules set out in detail what action should be taken in the event of possible conflicts of interest.

The company has prepared rules as regards ownership of and transactions in shares by members of the Supervisory Board and members of the Executive Board, if those shares are issued by other companies. These rules are included in the BAM rules on ownership of and transactions in shares.
If the transactions are not undertaken by an independent third party, members of the Supervisory Board and of the Executive Board report their ownership of and transactions in shares issued of a number of listed companies which operate in sectors where the Group operates or in associated sectors.

The company does not issue any personal loans or guarantees to members of the Supervisory Board. The Group has taken out the usual professional indemnity insurance, for example to cover members of the Supervisory Board.

Supervisory Board Committees
The Supervisory Board has three permanent committees, namely an Audit Committee, a Remuneration Committee and a Selection and Appointments Committee. The rules and the composition of these committees can be found on the company's website. The composition and role of these committees are in line with the relevant provisions of the Code. It is the task of the committees to support and advise the Supervisory Board concerning the activities that are the committees' responsibility and to prepare the Supervisory Board's decisions regarding those activities. The Supervisory Board as a whole remains responsible for the way in which it performs its tasks and for the preparatory work carried out by the committees. The committees submit reports on all their meetings to the Supervisory Board.

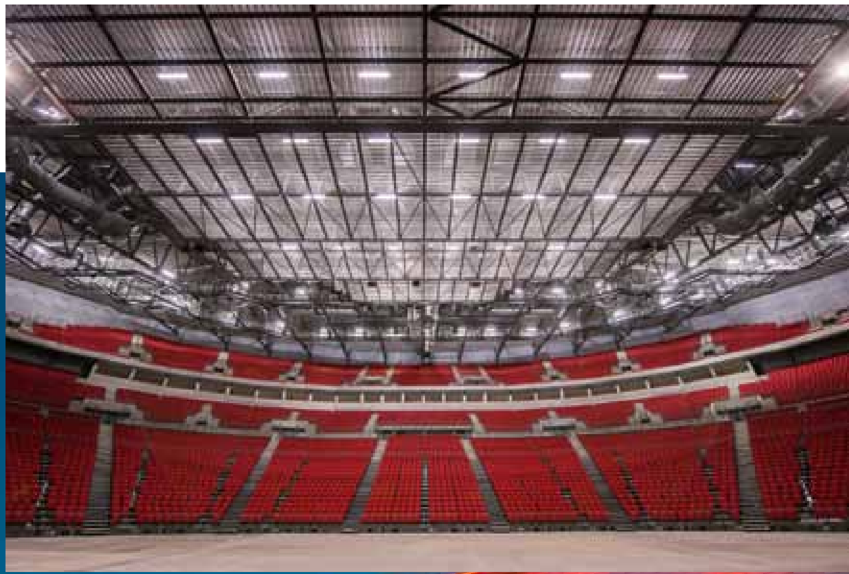
The Audit Committee's assessments include:
- The operation of the internal risk management and control systems;
- The provision of financial information by the company, including the financial statements, the half-yearly figures and the interim statements and the process through which this information is generated;
- Compliance with recommendations and the follow-up to comments by the external auditor;
- The audit process and the audit plan;
- The relationship with the external auditor;
- The process through which the company monitors compliance with laws and regulations and with its own code of conduct;
- Policy in respect of tax planning;
- The impairment review;
- The valuation of real estate;
- The application of ICT;
- Group financing;
- The financial and administrative organisation.

The Audit Committee also assesses whether the Group needs an internal auditor and makes a recommendation accordingly to the Supervisory Board.

One of the tasks of the Remuneration Committee is to make proposals to the Supervisory Board with regard to company remuneration policy, as well as the remuneration structure, the level of remuneration and the terms and conditions of employment of members of the Executive Board and the remuneration of the members of the Supervisory Board. The Committee also consults the chairman of the Executive Board about the policy on terms and conditions of employment for operating company managers and executives of equivalent rank. The Remuneration Committee also proposes a remuneration report on the way in which remuneration policy has been implemented in practice.

One of the tasks of the Selection and Appointments Committee is to make proposals to the Supervisory Board with regard to:
- Selection criteria and appointment procedures with regard to members of the Supervisory Board and members of the Executive Board;

BAM Construct UK.
Leeds Arena, music theatre for 13,500 attendees. Developer: Leeds City Council.



- The size and composition of the Supervisory Board and the Executive Board and a profile of the Supervisory Board;
- Assessment of the performance of individual members of the Supervisory Board and members of the Executive Board;
- (Re-)appointment of members of the Supervisory Board and members of the Executive Board;
- An Executive Board member's acceptance of membership of the Supervisory Board of another listed company;
- Possible conflicts of interest arising in connection with the acceptance of other positions by members of the Supervisory Board.

The Committee also monitors the Executive Board's policy on selection criteria and appointment procedures for senior management.

Shareholders
The company supports the principles and best practice provisions in Chapter IV of the Code with regard to the shareholders and the General Meeting of Shareholders. Principle IV.2 and the ensuing best-practice provisions concern the issue of depositary receipts for shares. No depositary receipts for shares in the company have been issued with the company's co-operation. Royal BAM Group does not have any provisions limiting voting rights. One vote may be cast for every share held. The company's capital consists of ordinary shares and Class B and F preference shares (not issued at present). The ordinary shares are listed on NYSE Euronext in Amsterdam. Ordinary share options are also traded on the Amsterdam option exchange of NYSE Liffe.

The Supervisory Board and the Executive Board believe it to be very important that as many shareholders as possible take part in the decision-making process in shareholders' meetings. Notices convening shareholders' meetings, agendas and documentation to be discussed are published no later than 42 days prior to the meeting and placed on the company's website. The website also includes an anonymous list, broken down by agenda item, of the votes cast by proxy received by the company prior to the meeting. Remote voting and voting by proxy also play a role in increasing shareholder participation. The Act of Parliament to promote the use of electronic communication media enables shareholders to participate in meetings of shareholders and to cast their votes at such meetings without being physically present. The company has incorporated the facilities offered by law for using electronic communication media into the Articles of Association. The company considers that the manner in which shareholders take part in their meetings and cast votes at such meetings requires a meticulous procedure. The use of electronic means of communication therefore depends greatly on the degree of certainty that these means of communication will work properly.

In addition, voting by proxy continues to provide shareholders with a good mechanism for allowing their voice to be heard in meetings that they are unable to attend, so that the company can note their views. When shareholders' meetings are convened, the company invites shareholders to use their option to vote by proxy, and ensures that voting instruction forms can be obtained and that these forms are also available electronically.

Shareholders are also advised of their option to give a proxy electronically. The company offers its shareholders the opportunity to give a proxy, with voting instructions, to an independent third party before the meeting takes place. The company also offers shareholders the possibility of voting in advance of the meeting. As a rule, voting takes place electronically at the meeting itself.

The company invites shareholders to submit any questions to the company prior to the meeting, which will then be answered by the company at the meeting.

Prior approval from the General Meeting is required for decisions concerning any important changes in the identity or nature of the company or the business, including the entire or near-entire transfer of ownership of the business, entry into long-term partnerships that have a significant effect on the company and acquiring or disposing of a participating interest worth at least a third of the amount of the assets recognised on the consolidated balance sheet. In the event that a serious private bid has been announced for part of the business or a participating interest, and that bid is worth at least a third of the amount of the assets recognised on the consolidated balance sheet, the Executive Board will publicly announce its standpoint in respect of the bid, together with its reasons, as soon as possible.

Resolutions to amend the company's Articles of Association may be adopted by the General Meeting by a simple majority of the votes cast in response to a proposal by the Executive Board with the approval of the Supervisory Board. Material amendments to the Articles of Association will each be submitted separately to the General Meeting.

Shareholders are entitled to put items on the agenda of shareholders' meetings. Shareholders who on their own or jointly represent at least:
(i) 1.0 per cent of the issued capital, or
(ii) shares worth €50 million, can place items on the agenda of the General Meeting if the company receives a written request to that effect ('written' can mean an electronic message), including reasons to substantiate the request, not later than sixty days before the day of the meeting.

In addition, shareholders who represent at least 10 per cent of the company's issued capital are entitled to call a shareholders' meeting.

The General Meeting is asked each year to authorise the Executive Board – subject to the approval of the Supervisory Board – to issue shares or share options. This authorisation is limited in time to a period of eighteen months. It is also limited in scope in respect of ordinary shares and Class F preference shares to 10 per cent of the issued capital, plus an additional 10 per cent, which additional 10 per cent may be used exclusively for mergers and acquisitions by the company or by operating companies. The General Meeting of Shareholders is also asked – subject to the approval of the Supervisory Board – to exclude or limit pre-emptive rights to issued shares and to exclude or limit the issuing of ordinary share options.

The Shareholders' Meeting is asked each year to authorise the Executive Board for a period of eighteen months to repurchase shares in the company, within the limitations imposed by the law and the Articles of Association. Every request for the granting of such an authorisation is put separately to the shareholders. The company's policy on reserves and dividends and a proposal to pay a dividend are discussed as separate agenda items at the General Meeting.

A proposal for approval or authorisation by the General Meeting will be accompanied by a written explanation including all relevant information. The agenda for shareholders' meetings will state which of the agenda items are for discussion and which items will be put to a vote.

Reports on shareholders' meetings are provided to shareholders, as stipulated in the Code. Within fifteen calendar days after each shareholders' meeting, the results of the votes, broken down by agenda item, are published on the company's website. As regards the provision of information as stated in Principle IV.3 of the Code, the Supervisory Board and the Executive Board endorse the importance of providing transparent and equal information. The company endeavours to do so, subject to exceptions under the law.

Press and analysts
All press and analysts' meetings and conference calls in connection with the publication of the annual and half-year results and interim statements are open to everyone via the internet or by telephone. Shareholders' meetings are open to the press and via webcast. All dates and locations of roadshows, seminars and the like are published on the company's website.

Financial presentations given to third parties are published on the company's website where there is a material difference between these and previously published presentations. For six weeks prior to the publication of each annual report and three weeks prior to the publication of each interim statement and half-yearly report the company will be extremely reticent about conducting any conversations with investors, analysts or members of the press about the overall course of business at the company. The company does not review analysts' reports or valuations by analysts in advance, nor add comments or correct them, except for matters of fact.

The company does not pay any fees to parties for carrying out investigations for analysts' reports, nor for writing or publishing such reports, with the exception of credit rating firms. As a rule, the chairman and/or the Chief Financial Officer, with the assistance of the Investor Relations Manager or the Public Relations Director, will speak to investors, analysts or the press. These directors and officers are fully up to date regarding all relevant information – whether or not it is already known on the market – and they ensure that the information is provided in a clear and unambiguous manner. Should any price-sensitive information be provided by mistake during any contact with shareholders, investors, analysts or the press, a press release will be issued immediately.

The company has a general policy on bilateral contacts with shareholders, investors, analysts and the press. This policy has been published on the company's website.

Anti-takeover measures
The Executive Board can invoke a response period as specified in provision II.1.9 of the Code. The Supervisory Board will be involved closely and in good time in the process concerning any offer for shares in the company, and the Executive Board and the Supervisory Board will immediately discuss any request from a competing third-party bidder to examine company information.

As regards the protective provisions against undesirable developments that might affect the independence, continuity and/or identity of the Group, the company has the facility for issuing Class B preference shares.

A call option was issued to Stichting Aandelenbeheer BAM Groep (BAM Group Stock Management Foundation) in 1993 for Class B preference shares. The company gave this foundation the right of investigation in 2008. Information relating to protective measures is provided on page 197 of the Annual Report.

Financial reporting and the role of the auditor
The principles and best practice provisions relating to financial reporting are supported. The Executive Board is responsible for the quality and completeness of the financial reports that are published. The Supervisory Board ensures that the Executive Board carries out this responsibility.

The principles and best practice provisions regarding the role, appointment, remuneration and assessment of the performance of the external auditor are also supported. It should be emphasised that the external auditor will be present at the Annual General Meeting to answer questions from shareholders about the financial statements.

The Audit Committee assesses the functioning of the internal audit and management systems each year. Based on this assessment and on a proposal by the Audit Committee, the Supervisory Board makes a recommendation to the Executive Board and includes this recommendation in the report by the Supervisory Board. To strengthen the company's risk management position, the company has had an internal operational audit position since late 2013.

The external auditor attends the meetings of the Supervisory Board at which the financial statements and the half-yearly figures are discussed. The external auditor reports the same information from his findings in respect of the financial statements to both the Executive Board and the Supervisory Board. The external auditor is also present when the Audit Committee discusses the financial statements, the half-yearly figures and the interim statements. The external auditor may also attend other meetings of the Audit Committee, subject to asking the chairman of the Audit Committee for permission to attend in advance.

The external auditor receives the financial information on which the annual and half-yearly figures and interim statements are based and is given the opportunity to react to that information. The partner in the external audit company who performs the required audits is allowed to audit the Group's financial statements for a maximum of seven consecutive years.

The Supervisory Board and the Executive Board are convinced that Royal BAM Group's corporate governance is well organised.

The corporate governance structure described above was discussed with the shareholders during the General Meeting on 21 April 2009. The company will always submit any substantial changes in the main features of the corporate governance structure to the General Meeting for discussion purposes.

Report of the Supervisory Board to shareholders

Please find below our report for the financial year 2013. The past year was again characterised by economic conditions that continued to be extremely difficult. The Dutch residential and non-residential construction sectors in particular are suffering difficult times. The Supervisory Board and the Executive Board have spoken regularly about the effects of the crisis on the Group and about the measures to be taken.
The Group was also confronted with losses on a number of large projects abroad. That led to a downward adjustment of the profit forecast for the financial year 2013 when the half-yearly figures were published.

Declining turnover figures have led to reorganisations and downsizing once again in 2013. This is a very painful development, especially for those employees who have lost their jobs as a result. Unfortunately, given the need to ensure continuity, the measures taken are unavoidable.

Accordingly, over the past year it has been the economic crisis – and the best way for the Group to cope with it – that has once again demanded the most attention from the Supervisory Board and the Executive Board. Additionally, the report focuses its attention on the implementation of the strategic agenda 2013-2015 prepared by the Executive Board.

In 2014 once again, the focus of the Executive Board is on guiding the Group through the economic crisis as effectively as possible. There will also be a major focus on the implementation of the Strategic Agenda and on showing the results of this work.

The above topics and other work performed by the Supervisory Board are addressed in more detail in this report.

Bouwbedrijf Pennings.
Renovation and extension of Meubelplein Ekkersrijt, Eindhoven.

The Supervisory Board's activities

Strategy and operational plan

In the strategic agenda formulated in 2012, the central focus is on achieving operational improvement and targeted growth initiatives in services, multidisciplinary projects and international niche markets, all geared towards positioning BAM as the 'best-in-class' construction company.
The Supervisory Board believes that this is a realistic strategy, with well-chosen spearheads. In light of the economic situation, the financial objectives can be considered ambitious. In fact, the strategy is geared towards positioning the Group well for the period after the current economic crisis.
In 2013 the Supervisory Board discussed with the Executive Board a number of times about the progress that is being made with the implementation of the strategy. The Supervisory Board is of the opinion that the Executive Board has identified the right key indicators and has developed a good method to follow the progress of the implementation, to modify this method if necessary and to make it possible to measure the final results.
The Supervisory Board has also approved the 2014 Operational Plan, which sets out the Group's financial targets, the strategy aimed at achieving these targets and the parameters used for this strategy. At the request of the Supervisory Board, the Executive Board gave more details about the sensitivity of the Operational Plan.

Losses on large projects

Over the course of the financial year the Group was also confronted with losses on a number of large projects abroad.

Both in the Supervisory Board and in the Audit Committee, detailed discussions were held with the Executive Board on a number of occasions regarding this disappointing state of affairs. The projects in question were reviewed in detail during these discussions. The Supervisory Board discussed these projects and the reasons for the losses suffered in detail and concluded that the state of affairs at the projects involved is mainly caused by specific circumstances regarding these projects and problems experienced by supply chain partners (subcontractors and suppliers).

The Supervisory Board has taken note of and consented to the additional measures, including the introduction of the central operational auditor position, which the Executive Board decided to do in order to limit the consequences of these unfavourable developments and to prevent such developments in the future where possible.

Financial

During the financial year, the Supervisory Board and the Executive Board regularly discussed the Group's financial position and the way in which the Group should be financed. The Supervisory Board also exchanged views on several occasions with the Executive Board regarding the operating capital, the liquidity level, the terms and conditions of the current financing covenants, the Group's solvency level and the Group's financing requirement for the longer term.
In November of the financial year the Supervisory Board granted its approval for a so-called sub-10 emission of ordinary shares to strengthen the balance.

There has been a great deal of discussion regarding the negative development of the cashflow and the opportunities that the Group has to buck this trend. Construction companies are increasingly confronted with decreasing prefinancing by clients, with the effect that companies themselves are expected to have adequate cash and cash equivalents to carry out projects.
Based on the stress scenarios prepared by the Executive Board, discussions were held regarding the Group's balance sheet position and the opportunities to improve the cashflow and the operating capital. The Supervisory Board is pleased to note that in 2013 the Group remained well within the agreed financing covenants.

The Executive Board has also discussed with the Supervisory Board the extent of the Group's pension commitments, the effect on the balance sheet of the new methodology (introduced at the start of the 2013 financial year) used to account for changes in the net pension commitments and the implementation of IFRS 11.

Risk profile

As usual, the Supervisory Board's quarterly meetings included a discussion on the course of business and prospects for both the Group as a whole and for the respective sectors and individual operating companies, on the basis of written reports and accompanying presentations. These discussions covered the main risks involved in the business, the internal management and control systems and the results from the Executive Board's assessment of these systems. The implications of the matters addressed in these contexts at the meetings of the Supervisory Board are discussed elsewhere in the Annual Report, including on page 9 et seq.

The Board has satisfied itself that the Group has internal risk management and internal control systems, financial reporting manuals and procedures for drawing up such reports, as well as an established monitoring and reporting system.
In this context, the Supervisory Board has established that the Executive Board is continuing to monitor the operational activities of the Group's divisions just as closely as before. It is considered to be of great importance in this regard that each quarter the Executive Board extensively discusses the figures for each Group company with that company's management team so that the way in which the figures should be interpreted is understood, as are

BAM Utiliteitsbouw.
Development and construction of the Hyundai Engine (Europe) Service Center office, Zestienhoven business park, Rotterdam. Architect: Siebold Nijemhuis Architect.

the challenges that the individual Group companies are facing. The Supervisory Board has determined with approval that, in the framework of a further intensified risk management, over the course of the financial year the Executive Board tightened the internal procedure for obtaining the approval of the Executive Board before Group companies submit tenders for large and high-risk projects.
Based in part on the disappointing development on a number of large projects, the Supervisory Board has welcomed the decision of the Executive Board to create an operational audit function at a central level. With this position there will be even greater focus on the supervision of the effectiveness and efficiency of the primary corporate processes in particular, on the compliance with policy guidelines and procedures and on the effectiveness of the risk-management measures taken, as well as possible areas for improvement.

Over the past years, the risk management of the Group has been strengthened. With the support of the central risk management position at Group level, a uniform evaluation method has been introduced, which has been embedded in the existing managerial measures implemented by the Group companies. Incorporating the above into the existing reporting system implements in practice the efforts to further intensify the management and control of operational risk.
The Supervisory Board obtained information from the central risk manager about his activities and the progress that has been made.

The financial audit process is carried out by an external accountancy firm that is assisted by the executive officers of the Group and by the Group systems deployed. This is inspired by the project-based nature of a construction group's activities and the large number of projects being carried out by parts of the Group active at home and abroad. Also during 2013, the collaboration – stipulated in clearly-defined arrangements – between the external accountancy firm and the BAM employees involved in this work proceeded satisfactorily.

This above led the Supervisory Board to recommend that the Executive Board continue the current method of carrying out the audit process and further expand the positions of the central risk manager and the operational audit director.

Corporate social responsibility
The Supervisory Board discussed the importance of corporate social responsibility (CSR) for the Group with the Executive Board and agrees with the list of CSR factors identified by the Executive Board as being most relevant for BAM. One of these aspects concerns integrity. The Supervisory Board has determined that this topic will remain high on the agenda.
The Supervisory Board was pleased to note that the Group is very active in corporate social responsibility and is a pioneer in this field in the Construction sector. The Board noted again the importance of getting the other partners in the construction chain involved in this development too.

In the past year, the Group's efforts in the field of corporate social responsibility again included a regular focus on the progress being made by the Group in safety matters and on the proposed steps for achieving further improvements in this field. Evidently, it is difficult to carry on achieving improvements in the way we have in past years.
It was with regret that a number of fatal accidents were recorded on the Group's projects. The Supervisory Board has ordered the Executive Board to obtain detailed information on the cause of fatal and serious accidents and, together with the Executive Board, it considers the achievement of a higher safety level to be an important challenge for the Group. The Supervisory Board fully supports and encourages the Executive Board's approach to further increase management's dedication to safety and to give even more concrete definitions of the required safety behaviour. The Group's sustainable business practices are looked at in more detail from page 19 onwards of this Annual Report.

Other activities
Each of the Supervisory Board's meetings featured a report on what had been discussed in meetings of the Board's committees. In addition, the Executive Board reported in each case on the state of affairs, the financial situation and market developments for the operating companies and the risks they face, each report being based on the operational plan for the relevant financial year. Matters also discussed included the Annual Report and financial statements for 2012, the half-yearly reports and interim statements for 2013, the reserve and dividend policy and the dividend proposal for 2012, corporate governance, the various effects of IFRS (International Financial Reporting Standards) on the Group's financial reports, the Group's existing anti-takeover measures, management development and the quality of management, and the most important claims as well as legal proceedings involving parts of the Group.

During the financial year, the Supervisory Board again arranged to be regularly updated by the Executive Board on the general course of business at the operating companies. These updates also focused on the developments in the Group's markets. The Supervisory Board also received regular reports on the state of affairs regarding certain major projects that parts of the Group were involved in, and was also informed about certain proposed bids made by BAM International in respect of large-scale projects.

During the annual visit to a number of the Group's operating companies over several days in September 2013, the Supervisory Board and the Executive Board exchanged views with the management teams of the British operating companies. The directors gave a brief presentation on their companies, their markets and the challenges they currently face. The visitors also met with a number of employees from the levels beneath the management team. The Supervisory Board is of the opinion that these operating companies are well positioned in their highly competitive markets.

The Supervisory Board was informed by a Board member of the Belgian Group companies regarding the state of affairs at these companies and in their markets.

Moreover the members of the Supervisory Board were informed by the Executive Board regarding the Group's accommodation plans in the Netherlands, including the introduction of regional BAM houses, geared towards greater efficiency, flexibility and reducing costs.

This year, delegations from the Supervisory Board, consisting of different members on each occasion, again took part in two consultation meetings with the Central Works Council. The usual informal annual meeting of the Supervisory Board and the Executive Board with the Central Works Council was held in May 2013.

Performances
The performances of the Supervisory Board and its individual members are assessed periodically using a written questionnaire sent to survey the members of the Supervisory Boards, supplemented by discussions between the chairman and each Board member. This assessment was carried out for the past financial year too. The results of this assessment were first discussed by the Supervisory Board without the Executive Board being present and were then shared with the chairman of the Executive Board.

The Supervisory Board is of the opinion that the individual members of the Board, as well as the Board as a whole, are functioning properly. Attention for the prompt provision of management information would be desirable to enable further optimisation. Moreover the Supervisory Board feels that it is important to set aside more time for the introduction of new Supervisory Board members, as well as the permanent education to sitting Supervisory Board members. Finally the Supervisory Board members attached great importance to regular contact with the senior management of the operating companies, staff departments and the external auditor.

The assessment by he Supervisory Board of the performance of the Executive Board and of its individual members has been made based on interviews with each member of the Executive Board that were carried out by the Remuneration Committee. The results were discussed by the Supervisory Board without the Executive Board being present.

The Supervisory Board acknowledges that in 2013 the Executive Board again had to perform in difficult economic conditions. Given these circumstances, the Executive Board saw itself forced to take a number of restructuring measures with far-reaching implications. However painful these measures may be for the employees concerned, they are unavoidable with regard to ensuring the continuity of the business. The Supervisory Board believes that in the past year the Executive Board acted effectively in the past financial year and has learned lessons from the setbacks on a number of large projects.

Remuneration

The Supervisory Board has compiled the remuneration report prepared by the Remuneration Committee. The remuneration report is included on page 86 of the Annual Report as part of the Report by the Supervisory Board. There are no plans to modify the remuneration policy, which will therefore continue unchanged in 2014. The Supervisory Board believes that the remuneration package is well-balanced. In addition to the fixed remuneration and annual variable benefit component, there is room in the remuneration package for the members of the Executive Board for a remuneration component that rewards long-term improvement. A long-term benefit plan has been chosen that rewards the Executive Board members for positive development of the BAM share price compared to alternative investments by shareholders in comparable enterprises. This long-term benefit plan was approved by the General Meeting on 20 April 2011 and is explained in more detail on page 88 of the Annual Report.

Meetings

In the year under review, the Supervisory Board met on seven occasions in the presence of the Executive Board. Six of these meetings were ordinary meetings. Additionally, the Supervisory Board and the Executive Board discussed the progress being made with the implementation of the strategic agenda 2013-2015. Almost all of these meetings were attended by the complete Supervisory Board and the complete Executive Board. The Supervisory Board met on four occasions without the Executive Board being present. The new member who joined during financial year 2013 completed the usual induction programme, during which new members become acquainted with a number of key officers at staff departments and group companies.

The meetings held without the Executive Board being present were devoted to such matters as internal deliberations about decisions that the company had to take in this financial year and the performance and the composition of the Executive Board and of the individual members of that Board, as well as the payment, including the determination of the variable portion of that remuneration. There were also discussions about the Supervisory Board's own performance (both as a whole and of the individual members) and that of the Board's individual committees. Matters discussed here included the composition of and profile of the Supervisory Board, the decision-making process, the quality of the supervisory process and of the supervision itself and the relationship with the Executive Board.

The Supervisory Board's committees

The Supervisory Board has a set of rules governing the composition, duties and procedures of the Board and its dealings with the Executive Board, the General Meeting and the Central Works Council. The rules of the Supervisory Board and those of the Supervisory Board committees mentioned below, as well as the composition of the committees, can be found on the company's website.

The Supervisory Board has three permanent committees, namely an Audit Committee, a Remuneration Committee and a Selection and Appointments Committee. It is the task of these committees to support and advise the Supervisory Board concerning the activities that are the committees' responsibility and to prepare the Supervisory Board's decisions regarding those activities. The Supervisory Board as a whole remains responsible for the way in which it performs its tasks and for the preparatory work carried out by the committees.

The committees submitted reports on all their meetings to the Supervisory Board.

The Audit Committee
In the financial year the Audit Committee was composed of Messrs Noy, Scheffers and Wester, with Mr Scheffers acting as chairman.

The composition of the Audit Committee is in line with the provisions of the Dutch corporate governance code. The Audit Committee supports the Supervisory Board in the performance of its tasks, especially as regards financial and accounting matters, and it drafts proposed decisions of the Supervisory Board in respect of matters covered by its remit.

The Committee met four times over the past financial year. The external auditor was present for at least part of all four of these meetings. The chairman and the Chief Financial Officer of the Executive Board also attended all the Audit Committee's meetings.

The principal topics addressed at these Audit Committee meetings were the financial reporting of the 2012 annual figures, the 2013 half-yearly figures and interim statements, the 2012 management letter and the 2013 interim management letter, the follow-up to the external auditor's recommendations, the risks and risk management and control systems, including those concerning project development, the dividend policy and the Group's tax planning. The following topics were also addressed: the activities and fee of and the relationship with the external auditor, as well as the audit plan for 2013. Also discussed was the 2014 operational plan; the Group's funding and solvency; the ratios in the funding agreements; the impairment review; banking relationships; the valuation of real estate; the movement of the operating capital and liquidity level; the losses within the Group that can be offset against tax; the development and control of the costs of the central executive departments; the financial and administrative organisation; and some effects of IFRS on Financial reporting. The Audit Committee also held discussions with the Executive Board on several occasions about the refinancing of the Group, including the 'sub-10' share emission at the end of the financial year.

Special attention was also given in the financial year 2013 to the consequences that the economic crisis is having on the Group, including the opportunities to reduce the capital invested in property development projects which were discussed with the Executive Board.

Moreover the Audit Committee was briefed by the external auditor on relevant developments in accountancy.
The Audit Committee exchanged views with the chairman and the Chief Financial Officer of the Executive Board about the consequences of the entry into force of the amended Management and Supervision (Public and Private Companies) Act ('Wet op het accountantsberoep') for the Group, particularly the compulsory change of accountancy firm.

The Audit Committee met with the external auditor on one occasion without the Executive Board being present and reported to the Supervisory Board on the relationship with the external auditor. The Audit Committee believes that the relationship with the external auditor is sound. The Audit Committee also spoke to the Executive Board about risk management and was pleased to find that the Group is further intensifying risk management, including by means of the appointment at a central level of an operational audit position.

The Remuneration Committee
In the financial year, the Remuneration Committee was composed of Ms Mahieu and Mr Elverding, with Ms Mahieu being the chairwoman. The composition of the Remuneration Committee is in line with the provisions of the Dutch corporate governance code.

One of the tasks of the Remuneration Committee is to make proposals to the Supervisory Board with regard to company remuneration policy, the level of remuneration and the terms of employment of members of the Executive Board and the remuneration of the members of the Supervisory Board.
The Committee submitted a proposal to the Supervisory Board relating to the remuneration of members of the Executive Board and criteria for the variable benefit in 2014. In addition, The Remuneration Committee also proposed a remuneration report on the way in which remuneration policy has been implemented in practice.

BAM Deutschland, BAM Immobilien-Dienstleistungen.
Construction and 25-year maintenance of Gymnasium Corvinianum, Northeim.

In the financial year, the Committee also consulted the chairman of the Executive Board about the policy on terms and conditions of employment for directors of operating companies and executive officers of equivalent rank.

The Remuneration Committee did not use the services of an external independent remuneration adviser during the financial year.

The Remuneration Committee met three times during the past financial year. The chairman of the Executive Board was present at these meetings. The Committee members consulted with each other a number of times outside the context of a formal meeting. The Committee held individual performance evaluation interviews with the members of the Executive Board as part of the assessment of the Executive Board.

The Selection and Appointments Committee
During the financial year, the Selection and Appointments Committee was composed of Messrs Elverding and Scheffers, with Mr Elverding being the chairman. One of the tasks of the Selection and Appointments Committee is to make proposals to the Supervisory Board regarding selection criteria and appointment procedures, and regarding the size, composition, appointments and reappointments to and assessment of the performance of the Supervisory Board and the Executive Board. The Committee also monitors the Executive Board's policy on selection criteria and appointment procedures for senior management.

The Selection and Appointments Committee met three times in the past financial year. The Committee members also consulted with each other a number of times outside the context of a formal meeting. On those occasions, the members discussed the current and future size and composition of the Supervisory Board and the Executive Board.

The Committee prepared the proposal for the appointment of Mr Hansen as a member of the Supervisory Board, and the reappointment of Mr Scheffers, and the proposal for the reappointment of Mr Rogers as a member of the Executive Board.

Composition of the Supervisory Board

On 24 April 2013 the General Meeting of Shareholders reappointed Mr H. Scheffers as a supervisory director for a period of four years. On 20 November 2013, in an Extraordinary General Meeting of Shareholders, Mr J.-P. Hansen was appointed as a supervisory director for a period of four years to fill the vacancy created by Mr Baar's retirement following the General Meeting of Shareholders on 24 April 2013.

During the financial year, until the General Meeting of Shareholders of 24 April 2013, the Supervisory Board consisted of six members, after which there were five members. With the appointment of Mr Hansen, as of 20 November 2013 the Board once again consists of six members.

A profile of the Supervisory Board has been drawn up, which is available for shareholders to examine at the company's office and which is also published on the company's website. This profile was discussed with shareholders in the General Meeting on 21 April 2009 in the context of the amendments to the Dutch Corporate Governance Code made in late 2008. The Supervisory Board believes that the Board's composition is in line with this profile, subject to the comment detailed in the following paragraph. More details about the profile can be found in the section on corporate governance on page 67 of the Annual Report.

The Management and Supervision (Public and Private Companies) Act came into force on 1 January 2013. Amongst other changes, this Act introduces provisions relating to a more balanced participation of women and men in the management of companies. The company itself and a number of major Group companies are classed as companies governed by these provisions. The Act stipulates that participation can be said to be well-balanced if at least 30 per cent of the seats on the Supervisory Board and Executive Board (and on the boards of major Group companies) are occupied by men and at least 30 per cent by women and that companies should strive to achieve this well-balanced participation.
The six-person Supervisory Board has one woman member and the four-person Executive Board has one woman member, so the Group can be said to have taken steps in the right direction recently, but it has not yet reached the desired target figure. In particular, those Group companies that still do not have any women directors need to take the necessary steps in this direction. Additional attention will be given to this in case of vacancies on boards, the Executive Board and the Supervisory Board.

Both the Supervisory Board and the Executive Board agree with the importance of having balanced participation in the Group's managerial bodies. Some time ago, the company launched a number of initiatives to this end. These are set out on page 22 of the Annual Report. The Supervisory Board encourages the Executive Board to continue to give its strong support to these initiatives.

The retirement schedule for the members of the Supervisory Board is shown on page 95 of the Annual Report and is also published on the company's website. In accordance with the Dutch Corporate Governance Code (hereafter: the Code), Supervisory Board members can in principle serve a maximum of three four-year terms of office. Their reappointment for another term of office will naturally be submitted to the shareholders on each occasion.

The particulars of the members of the Supervisory Board are stated on pages 94 and 95 of the Annual Report and are an integral part of this report. The remuneration of Supervisory Board members is stated on page 86 of the Annual Report.

The Supervisory Board members do not have any other relationships of a business nature with the company. In the opinion of the Supervisory Board, the Code's requirements with regard to independence have been met.

None of the Supervisory Board members has more than five memberships of Supervisory Boards at Dutch listed companies, this being in line with the Code. Where a Supervisory Board member does fulfill more than five 'demanding' supervisory positions as referred to in the Management and Supervision (Public and Private Companies) Act, this is permitted by this Act's transitional arrangement.

The Supervisory Board is not aware of any conflicts of interest between the company and members of the Supervisory Board, or between the company and natural persons or legal entities that hold at least 10 per cent of the shares in the company.

Composition of the Executive Board

On 24 April 2013 the General Meeting of Shareholders reappointed Mr M.J. Rogers as a member of the company's Executive Board. Mr Rogers was reappointed for a period of four years.

During the financial year the Executive Board consisted temporarily of five members. Following Mr Ruis's retirement on 24 April 2013, the Executive Board now once again consists of four members.

The retirement schedule for the members of the Executive Board is shown on page 96 of the Annual Report and is also published on the company's website.
Members of the Executive Board are appointed for a period of four years. They retire at the end of the first Annual General Meeting to be held in the fourth year after the year in which they were appointed. The contractual agreements with members of the Executive Board who were appointed before the Code came into effect will be honoured; their appointment is for an indefinite period.

The remuneration of the members of the Executive Board is stated on page 91 of the Annual Report.

None of the members of the Executive Board holds more than two 'demanding' supervisory positions as referred to in the Management and Supervision (Public and Private Companies) Act. No position of chair of a supervisory body is held. The above is in line with the Management and Supervision (Public and Private Companies) Act and the Code.

The Supervisory Board has no evidence of any conflicts of interest between the company and members of the Executive Board.

Shareholders and investor relations

The Annual General Meeting was prepared and the events at the meeting were discussed afterwards. The Supervisory Board was very pleased that the General Meeting went well and that a thorough, substantive discussion with the shareholders present had again taken place. The Supervisory Board has approved the use of electronic communication media for the General Meeting.

The Supervisory Board takes cognisance of an overview of the Group's investor relations activities on a regular basis. As regards contacts with shareholders, the Supervisory Board believes that this contact should primarily take place in shareholders' meetings. The Supervisory Board believes that a high level of shareholder attendance at those meetings is extremely important and that contact between the company and shareholders outside of shareholders' meetings can be important – for both the company and the shareholders. The Supervisory Board will ensure that the company accepts shareholders' requests for talks in those cases where talks are considered important. The company itself can also take the initiative and request talks with a shareholder. The company has a general policy on bilateral contacts with shareholders, investors, analysts and the press. This policy is published on the company's website.

The Supervisory Board has discussed the dividend policy and dividend proposal for the financial year 2012. As for previous years, the decision has been taken to propose to the General Meeting an optional dividend for 2012.

External auditor

Both in its discussion of the 2012 annual figures and its discussion of the 2013 half-yearly figures, the Supervisory Board – as usual – called on the external auditor to provide additional information. The Board noted that the external auditor had received the financial information on which the interim statements, the half-yearly figures, the annual figures and the other interim Financial reports were based and that he had been given the opportunity to respond to that information.

The Supervisory Board also took cognisance of the reports by the external auditor and discussed these documents with the external auditor and the Executive Board. The Supervisory Board also discussed the follow-up to the external auditor's findings with the Executive Board.

The external auditor was in attendance at the Annual General Meeting of Shareholders of 24 April 2013.

As part of its consideration of the 2013 Annual Report and Financial Statements, the Supervisory Board assessed the relationship with the external auditor, based on a report from the Executive Board and the Audit Committee. Given the Board's good experience with the external auditor and the external auditor's expertise with regard to the construction industry in general and the Group in particular, the Supervisory Board sees no reason to propose to the shareholders that the external auditor be changed.

It is therefore proposed to the General Meeting of 23 April 2014 that PricewaterhouseCoopers Accountants N.V. be reappointed as external auditor responsible for auditing the Group's 2014 financial statements.

On the advice of the Audit Committee, the Supervisory Board approved the Executive Board's proposal to implement the compulsory change of external auditor, in accordance with the amended Management and Supervision (Public and Private Companies) Act as of 1 January 2013, starting from the financial year 2016.

Corporate governance

The company's corporate governance structure and its compliance with that structure were discussed with the shareholders in the General Meeting on 21 April 2009. The Supervisory Board and the Executive Board reviewed the corporate governance structure during the financial year and decided that there is no reason to change it. However, the rules governing the Supervisory Board and the rules governing the Executive Board have been brought into line with the new legislation on conflicts of interest. The Supervisory Board and the Executive Board are convinced that Royal BAM Group's corporate governance is well organised. Please refer to the corporate governance statement from page 67 on of the Annual Report concerning the company's compliance with the Code.

Final comments

The 2013 financial statements, duly prepared by the Executive Board, will be submitted to the General Meeting for approval. The financial statements have been audited by the Group's external auditor, PricewaterhouseCoopers Accountants N.V.; the unqualified auditor's report is included on page 199 of the Annual Report. The Supervisory Board has discussed the Financial statements with the Executive Board in the presence of the external auditor. The Supervisory Board is of the opinion that the financial statements, the report by the Supervisory Board and the report by the Executive Board form a good basis on which to hold the Executive Board accountable for the management policies pursued and the Supervisory Board accountable for its supervision of the management policies pursued. The members of the Supervisory Board have signed the financial statements in accordance with their statutory obligations under Article 2:101, paragraph 2 of the Dutch Civil Code.

The General Meeting of Shareholders to be held on 23 April 2014 will be invited to declare a dividend for the financial year 2013 of €0.05 in cash per ordinary share or in shares (2012: €0.10 in cash or in shares).

Looking back on the financial year 2013, it may be stated that the construction sector again felt the consequences of the economic crisis in all the Group's home markets. Royal BAM Group was also faced with persistent difficult economic conditions during the past financial year.

It is expected that the market conditions in the construction sector in the Group's home countries will once again remain difficult in 2014. However, interesting opportunities can always be found, even during times of economic crisis. Given the Strategic Agenda 2013-2015, the Supervisory Board is convinced that the Group is capable of capitalising on these opportunities. This is why all our attention and energy must be devoted to the realisation of this Strategic Agenda. This will not only enable the Group to come through the economic crisis successfully but will even mean it can raise its profile as a result. The Supervisory Board feels sure the Group can do this, in view of the fact that the management and the employees are very much involved in these efforts. It is very grateful to them for the commitment they have demonstrated.

Bunnik, the Netherlands,
19 February 2014
Supervisory Board

BAM Wegen, BAM Rail (with third party).
Quay wall: BAM Civiel and BAM Infraconsult.
Container terminal Rotterdam World Gateway, Tweede Maasvlakte.

Remuneration report

The following remuneration report from the Supervisory Board describes how the remuneration policy has been put into practice during the past financial year. The report includes summaries of information concerning remuneration received in 2013 and also contains a summary of the remuneration policy provided by the Supervisory Board for the coming financial year and subsequent years.

Remuneration

The Remuneration Committee is a permanent committee of the Supervisory Board consisting of at least two members of the Supervisory Board. The Remuneration Committee is subject to rules established by the Supervisory Board. It currently consists of Ms Mahieu (chairwoman) and Mr Elverding and met three times during the past financial year.

The Remuneration Committee did not use the services of external remuneration advisers during the financial year. The salary and the terms of employment were not modified in 2013, other than the indexation in January 2013 described below.

Annual salary of members of the Executive Board
During the year under review the members of the Executive Board found no reasons for proposing any amendments to the remuneration structure as explained in greater detail in the remuneration policy.

The fixed salaries of the members of the Executive were indexed as of 1 January 2013 at 1.75 per cent, with rounding to the nearest ten-thousandth. As regards this indexation, the Supervisory Board considered that the salaries of the Dutch members of the Executive Board had not been increased in the last four years; and that index-linking these salaries brings them in line with the upward trend of executive salaries in the Netherlands as well as in line with increases under the UTA collective labour agreement (CAO).

A summary of the remuneration of the individual members of the Executive Board can be found in > Tables 2 and 3. No other compensation was awarded to members of the Executive Board in the financial year other than the compensation indicated in > Tables 2 and 3. No remuneration was awarded to former members of the Executive Board in the past financial year.

Annual variable remuneration and long-term remuneration for the members of the Executive Board
The members of the Executive Board were awarded no variable remuneration for 2013 in relation to the financial objectives (maximum amount of variable remuneration is 40 per cent). The individual non-financial objective for the members of the Executive Board consisted of a joint sustainable enterprise objective. This objective was to reduce the number of safety incidents, to increase safety awareness, to cut CO_2 emissions and to reduce waste. Due to the company's below-par financial performance, the Supervisory Board decided this year in consultation with the Executive Board not to offer remuneration based on this component either.

The conditional phantom share awards stated in > Table 3 were given to the members of the Executive Board under the long-term benefit plan.

The company has not awarded any options or shares to members of the Executive Board, members of operating company management teams or employees. The remuneration of the Executive Board members is not affected by a change of control at the company. No loans were issued to members of the Executive Board.

The Supervisory Board did not see any reason during the Financial year to use its extraordinary powers to adjust or reclaim variable or long-term remuneration that had already been awarded.

Remuneration of the Supervisory Board members
The annual remuneration for the members of the Supervisory Board, in accordance with the policy adopted at the shareholders' meeting on 7 May 2008, is €50,000 for the chairman, €45,000 for the vice-chairman and €40,000 for the other members of the Board, with a bonus of €5,000 for each member who is on any of the Committees set up by the Supervisory Board, with a maximum of one bonus per member. The chairman and the other members of the Supervisory Board receive an annual fixed expenses allowance of €3,280 and €1,640 respectively. A quarter of the annual remuneration and the annual fixed expenses allowance is paid out during the course of each quarter.

The Supervisory Board considers that the remuneration of members of the Supervisory Board is at a level which is currently properly comparable with businesses of a similar size and nature to the Group.

The company has not awarded any options or shares to members of the Supervisory Board. The remuneration of the Supervisory Board members is not affected by the company's results, or by any change of control at the company. No loans were issued to members of the Supervisory Board.

Remuneration policy

The Supervisory Board draws up the company's remuneration policy on the basis of advice from its Remuneration Committee. Royal BAM Group's General Meeting formally adopts the remuneration policy. Once the remuneration policy has been adopted, the Supervisory Board determines the remuneration for the individual members of the Executive Board, again on the basis of recommendations by its Remuneration Committee. The Remuneration Committee's regulations are published on Royal BAM Group's website. The members of the Executive Board received remuneration in the past financial year in line with the remuneration policy adopted by the General Meeting on 8 May 2007 and amended by the General Meeting on 20 April 2011 because of the introduction of a new long-term benefit plan.

Points of departure
The remuneration policy is geared to attracting and retaining qualified people and motivating them to achieve Royal BAM Group's objectives. Particular emphasis is placed on experience of the Group's (international) activities and the necessary management qualities.

The policy is also aimed at safeguarding growth in the value of the enterprise, motivating individuals and increasing the attractiveness of the enterprise for highly qualified executives, including those from other industries, so as to interest them in the Group as an employer. The remuneration level and structure are based partly on the development of results, as well as other developments that are relevant to the company, including non-financial indicators which are relevant for the company's long-term objectives.

In order to achieve these points of departure, remuneration is set at a competitive level for the relevant national general remuneration market for directors and other senior managers of large companies. In the case of members of the Executive Board, the equivalent remuneration possibilities in their country of residence are also taken into account. The Supervisory Board will regularly check the remuneration package to ensure that it complies with the assumptions underlying the remuneration policy. The remuneration policy will also be checked regularly; changes in the policy will be put forward for adoption at the General Meeting.

Remuneration package
The total remuneration of the members of the Executive Board of the Group consists of an annual salary, variable remuneration, a remuneration plan that gives long-term rewards for improvements, a pension and other secondary conditions. It was decided to use the median of the aforementioned remuneration market for this total remuneration. The company does not distribute shares to members of the Executive Board or to anyone else working in the Group, nor are they given any entitlements to shares (i.e. share options). The company does not have any remuneration rules that are related to a change of control at the company. The way in which the remuneration package is made up – a fixed salary and limited short and long-term variable remuneration elements – provides a payment ceiling. Each year, using scenarios prepared by the Remuneration Committee, the Supervisory Board analyses the level of this ceiling and the make-up and interrelationship of the elements in the remuneration package, taking into account the relevant remuneration market and the remuneration ratios within the Group.

Fixed annual salary
Upon appointment, the annual salary of the individual member of the Executive Board originating from the BAM organisation is usually less than the standard salary for this Board appointment. The Supervisory Board determines the development of the member's salary, the principle being that the difference between starting salary and the standard salary will be bridged in several years if the Board Member fulfills his or her duties properly.

The annual evaluation and change in the annual salary generally take place on 1 January of each year. The evaluation considers personal performance, the results of the past year, the extent to which the Board Member's current salary is less than the standard salary and general changes in the remuneration market.

Annual variable remuneration
Each member of the Executive Board is eligible for annual variable remuneration, with the level depending on the achievement in the year concerned of targets agreed beforehand between the Supervisory Board and the Executive Board that support the execution of Royal BAM Group's strategic agenda. A responsible balance is struck between short-term and long-term focus. The variable remuneration actually achieved is set by the Supervisory Board on the advice of the Remuneration Committee, at which point an assessment is also made of the possible results of the variable remuneration elements and their consequences for the total remuneration of members of the Executive Board.

The maximum annual variable remuneration is 60 per cent of the fixed part of the Board member's annual salary, a percentage which the Supervisory Board considers at this point to be properly proportionate to the fixed element of the remuneration package. When this percentage is being set, it is designed to be in line with the relevant remuneration market and the levels of variable remuneration appropriate for senior officials of the Group.

The annual variable remuneration depends on the achievement of previously set, measurable targets which are assessable and which can be influenced. The portion of the variable remuneration that is related to financial targets is a maximum of 40 per cent of the fixed part of the Board member's annual salary. The annual result and the cash flow of the Group are an equally determining factor in this regard. If the agreed objectives are achieved, the variable remuneration is 40 per cent and proportionately less if this is not the case. If the annual result is a great deal less than the budgeted figure, this part of the Board Member's remuneration is not paid out.

A maximum of 20 per cent of the annual salary is related to non-financial targets that are derived from the Royal BAM Group strategic agenda. The strategic agenda defines, among other things, objectives that stimulate long-term value creation for the shareholders, such as further growth in specific market segments, corporate social responsibility, product development, risk management (including safety), staff development and knowledge management. The position in relation to these topics is also that they are formulated and evaluated as far as possible in assessable terms. The variable remuneration consists of an annual cash payment and is paid out in the following year.

In cases where the variable remuneration is awarded on the basis of inaccurate (financial) data, the Supervisory Board can adjust the variable remuneration accordingly, and the company is entitled to reclaim (any part of) the variable remuneration paid to a director on the basis of incorrect (financial) information.

In the case of new awards of variable remuneration to directors, based on quantified performance criteria, the Supervisory Board has the right to amend the awards in relation to the level of previous years if it considers that there would be an unreasonable outcome, partly based on the remuneration policy adopted by the shareholders.

The Supervisory Board also has the power to amend the existing conditional awards of variable remuneration with quantified performance criteria if, in its opinion, applying the award without amendment would have an unreasonable and unintended outcome. These matters have all been incorporated into the employment agreements of Executive Board members since the introduction of the Dutch Corporate Governance Code.

Long-term benefit
A remuneration element that gives long-term rewards for improvements has also been incorporated in the remuneration policy for members of the Executive Board.

This long-term benefit plan is based on remuneration in the form of conditionally awarded phantom shares. These include a dividend right, to which the same conditions apply as to the phantom shares. They are reinvested. Three years after the conditional award, the phantom shares become unconditional, if the level of performance achieved is sufficient. The unconditional phantom shares are then subject to a transfer restriction for another two years. The cash equivalent will only be paid out at the end of this period. A long-term benefit therefore remains valid for five years. The award consists of phantom shares, i.e. no shares or options are issued.

The amount of the unconditional long-term benefit depends on the extent to which the target performance level is achieved. The target performance is development in the value of BAM shares (i.e. improved share price plus dividend) as compared to the average development in the value of shares in the following companies which are similar to BAM: Balfour Beatty, Ballast Nedam, Bilfinger, Heijmans and Skanska.

Performance is assessed over a three year period (referred to as the 'performance period'), starting on 1 January of the year in which the long-term benefit is awarded. The development in the share value (TSR, i.e. Total Shareholder's Return) of both BAM and the peer group (i.e. an average) is recorded at the end of each quarter in the performance period. The development is then calculated based on the average of all end of quarter TSRs recorded during the performance period. Consequently, BAM's TSR is not absolute, but relative, as it involves comparison with a peer group.

The Supervisory Board may decide in due course that future performance should not be linked to the Total Shareholder's Return alone, but also to other criteria such as sustainability as soon as those criteria are sufficiently measurable. The Supervisory Board can also opt to change the peer group's composition if it decides that one of the peer group companies is no longer comparable to BAM. Any companies to be added to the peer Group must be deemed comparable to BAM by the Supervisory Board.

The phantom shares awarded conditionally to the Executive Board members are taxed when they become unconditional (i.e. three years after the award). The Executive Board members have to pay the tax themselves. The company will not provide any loans, nor can a long-term benefit be paid out in part or in full for the purposes of paying the tax due on the long-term benefit. The long-term benefit is not paid out until two years after it becomes unconditional.

In practice, each Executive Board member is awarded a conditional long-term benefit (i.e. a number of phantom shares) every year on the sixth day after the Annual General Meeting. The number of conditional phantom shares awarded is equal to 50 per cent of the member's fixed annual salary divided by the average closing price of BAM shares over the five trading days preceding the award date.

The conditionally awarded long-term benefit (i.e. the phantom shares) becomes unconditional three years after the date of the conditional award.

The number of phantom shares awarded unconditionally depends on the extent to which BAM's Total Shareholder's Return exceeds the peer group Total Shareholder's Return (as a percentage) for the performance period.

The graduated scale shown below applies. If BAM outperforms the peer group by the percentages indicated, the corresponding awards are given:
< 0 percent: 0 per cent award
0-5 percent: 35 per cent award
5-10 percent: 45 per cent award
10-15 percent: 55 per cent award
15-20 percent: 65 per cent award
20-25 percent: 75 per cent award
25-30 percent: 85 per cent award
> 30 percent: 100 per cent award
(i.e. the percentage indicated of the number of phantom shares conditionally awarded three years previously).

This number of phantom shares is now an unconditional award, but a transfer restriction then applies for a two year period known as the 'lock-up period'. During the lock up period, the long-term benefit amount depends only on the development of the value of BAM shares (i.e. share price plus dividend) and is therefore no longer affected by the peer group's performance.

The company will pay out on the phantom shares that have become unconditional on the first working day after the lock-up period (i.e. five years after the conditional award). This payout is in cash at a value per phantom share that is equal to the average current rate of the BAM share during the five trading days preceding the date of the payout.

The cash amount per long-term benefit paid to an Executive Board member will never exceed one and a half times the fixed salary of the Executive Board member on the day of the payout.

The authority to implement the long-term benefit plan is vested in the Supervisory Board. The Supervisory Board can at all times change or terminate the scheme. If the Supervisory Board decides to terminate or make material changes to the long-term benefit plan, the next General Meeting will be asked to adopt a resolution to that effect. In exceptional circumstances and in accordance with the requirements of reasonableness and fairness, the Supervisory Board can decide to make a long-term benefit unconditional or lift the transfer restriction. In exceptional circumstances (e.g. divisions, mergers, changes in company control), the Supervisory Board is authorised to withdraw conditional and unconditional long-term benefits in exchange for a cash payment at market value.

If BAM's capital changes, the Supervisory Board will modify the long-term benefits (both before and after they become unconditional), such that the market value of the long-term benefits after modification is as close as possible to the market value before modification.

The Supervisory Board is authorised to change the number of phantom shares to be awarded conditionally or unconditionally, if the Supervisory Board determines that failure to do so would lead to unreasonable results, including with respect to the remuneration policy adopted by the General Meeting.

The Supervisory Board's special powers – as stated in the last three paragraphs of the section 'Annual variable remuneration' – also apply to the long-term benefit plan.

Only Executive Board members are eligible for the long-term benefit plan. A long-term benefit only becomes unconditional for an Executive Board member if that member is an Executive Board member on the date when the long-term benefit becomes unconditional. If the person concerned is no longer an Executive Board member as of that date due to no fault of his/her own, he/she is entitled to the long-term benefit pro rata. The long-term benefits of former Executive Board members in this situation are also subject to a two-year lock-up period. Former Executive Board members who are no longer members because of other reasons as of the date when the long-term benefits become unconditional will lose their right to long-term benefits which are still conditional. However, they do retain their right to long-term benefits that are unconditional, subject to the two-year lock-up period.

The Supervisory Board can decide that Executive Board members appointed after the conditional award date and before 31 December of the award year will receive part of the long-term benefit awarded to Executive Board members in the year concerned.

At the request of the Supervisory Board, the company's external auditor will check the calculations carried out and conclusions reached in connection with the long-term benefit plan, in which case the external auditor's assessment will be binding.

Pension
With respect to pensions, the sector regulations will be adopted wherever possible, with surplus schemes based on defined contributions and contributions from the participants. Members of the Executive Board are subject to the new pension scheme and transitional arrangements with effect from 1 January 2006, as applicable from that date within the Group for all comparable employees following the introduction of the Act of Parliament concerning early retirement, pre-pension and life-course savings schemes (wet VPL). The costs of trend-based indexation of underlying pension rights have been included in the pension contributions with effect from 2009. The company does not have any early retirement schemes.

Other secondary conditions of employment
As for all the other employees, the Group has a competitive package of secondary conditions of employment for the members of the Executive Board. This package includes such matters as healthcare and disability insurance, personal accident insurance, a car scheme and directors' liability insurance. The Group does not give loans, warrants and the like to members of the Executive Board or to other employees, except for the arrangements set out below.

Current and former members of the Supervisory Board and current and former members of the Executive Board are covered by the indemnity, under the Articles of Association, against claims made against them in respect of actions or omissions after 1 January 2005 in the performance of the duties of their position, unless said actions or omissions constituted willful, deliberately reckless or seriously culpable conduct and/or consisted of traffic offences. This facility also applies to all employees and former employees of Royal BAM Group.

The company has taken out directors' and officers' liability insurance under standard market terms and conditions for the members of the Supervisory Board, the members of the Executive Board, the members of the operating company management teams and all other directors and officers in Royal BAM Group.

Period of appointment and contracts of employment
Members of the Executive Board are appointed for a period of four years. The contractual agreements with members of the Executive Board who were appointed before the Dutch Corporate Governance Code came into effect will be honoured; their appointment is for an indefinite period.

The contracts of employment of Messrs N.J. de Vries, R.P. van Wingerden and M.J. Rogers are for an indefinite period. The employment agreement of Ms T. Menssen has been entered into for a period of four years. The members of the Executive Board have a notice period of six months for the company and three months for the member. The company regards a notice period of three months as suitable for a director. The notice period for the company is twice the length of the notice to be given by the director in line with the statutory rules on notice periods in employment contracts. On Mr Rogers' appointment, the rules set out in his employment contract with BAM Construct UK were continued.

The relationship between the members of the Executive Board and the company changed as of 1 January 2013 with the introduction of the Management and Supervision (Public and Private Companies) Act (Wet bestuur en toezicht). As such, the employment relationship between new members of the Executive Board and the company will not be classified as a a contract of employment. As of the above-mentioned date new Executive Board members will be appointed by means of an agreement of assignment.

If the company terminates the contract of a Board member appointed after 1 January 2004, the maximum severance payment will be one year's salary. If that is clearly unreasonable for a member of the Executive Board who is made redundant during or following the expiry of his first term on the Board, that Board member will be eligible for a severance payment of a maximum of twice his annual salary.

The Supervisory Board can decide on a higher payment if the Board member concerned has been employed by Royal BAM Group for a long period of time. This provision was made because of the fact that long periods of employment at the same company are not unusual in the construction industry. Reducing rights accrued in that way may be considered undesirable or unreasonable in certain circumstances.

The employment contracts of members of the Executive Board appointed before 1 January 2004 do not include a provision regarding severance pay. If such a member is made redundant, the Supervisory Board will determine the amount of the severance pay taking into account the circumstances of the case, current practice, prevailing legislation and the requirements of good corporate governance. See > Table 6.

The company has no other remuneration rules, beyond the remuneration package mentioned above, in relation to payments on the departure of members of the Executive Board or members of the Supervisory Board, nor are there any other rights to one-time payments.

Securities rules

The company has rules relating to the possession of and trading in securities; these rules also include regulations for members of the Executive Board and the Supervisory Board relating to the possession of and trading in securities other than those issued by the company. These rules are published on the company's website.

Remuneration policy for 2014 and subsequent years

The remuneration policy described above will remain in effect in the financial year 2014 and subsequent years. No material changes are planned in the remuneration policy in the coming period.

Bunnik, the Netherlands, 19 February 2014
Supervisory Board

Table 2 Fixed annual salary, annual variable remuneration, pension premiums and other benefits *(x €1,000)*

	Gross salary		Variable remuneration [3]		Pension premiums [4]		Other Benefits [5]		Crisis levy	
	2013	2012	**2013**	2012	**2013**	2012	**2013**	2012	**2013**	2012
N.J. de Vries	**620**	610	**-**	107	**133**	142	**63**	46	**90**	126
T. Menssen	**470**	115 [1]	**-**	20	**30**	5	**8**	2	**51**	-
M.J. Rogers [2]	**509**	517	**-**	90	**102**	103	**71**	57	**-**	-
J. Ruis	**153**	460	**-**	81	**55**	112	**17**	18	**12**	88
R.P. van Wingerden	**470**	460	**-**	81	**59**	62	**49**	37	**61**	87

[1] As of 1 October 2012 (based on 2012 annually salary of €460,000).
[2] Gross salary 2013 based on £428,000 (2012: £420,000). Variable remuneration based on £73,000.
[3] This is the variable remuneration to be paid on an annual basis; see > Tables 3, 4 and 5 for the long-term benefit plan.
[4] The pension premiums are the gross pension costs recognised in the income statement.
[5] Consists of the annual expenses allowance, the insurance premium and costs involved in the granted phantom shares.

Table 3 Long-term benefit 2011/2014 [1], Conditional phantom shares *(value in €)*

	As to the award date		Ultimo 2013			
	number	value	number	value [2]	TSR-performance	graduated scale
N.J. de Vries	56,027	305,000	61,484	-	-0.2 %	0 %
T. Menssen	-	-	-	-	-	-
M.J. Rogers	43,483	236,713	47,719	-	-0.2 %	0 %
R.P. van Wingerden	42,250	230,000	46,365	-	-0.2 %	0 %

[1] Awarded on 2 May 2011; award becomes unconditional on 2 may 2014; lock-up period up to and including 2 May 2016.

[2] Potential value based on the table used to calculate the closing price of BAM ordinary shares at year-end 2013 (3,783) and on the table used to calculate the number of phantom shares that become unconditional three years after the award. The Total Shareholder's Return performance used in the calculation was based on the quarterly average for 2012 and 2013. The ultimate TSR performance will be determined based on the quarterly average for the years 2011, 2012 and 2013. The long-term benefit paid out in cash will never be more than one and a half times the fixed annual salary on the day of payment.

Table 4 Long-term benefit 2012/2015 [1], Conditional phantom shares *(value in €)*

	As to the award date		Ultimo 2013			
	number	value	number	value [2]	TSR-performance	graduated scale
N.J. de Vries	112,132	305,000	115,064	152,350	1.1 %	35 %
T. Menssen	-	-	-	-	-	-
M.J. Rogers	94,983	258,353	97,465	129,050	1.1 %	35 %
R.P. van Wingerden	84,559	230,000	86,770	114,888	1.1 %	35 %

[1] Awarded on 4 May 2012; award becomes unconditional on 4 May 2015; lock-up period up to and including 4 May 2017.

[2] Potential value based on the table used to calculate the closing price of BAM ordinary shares at year-end 2013 (€3,783) and on the table used to calculate the number of phantom shares that become unconditional three years after the award. The Total Shareholder's Return performance used in the calculation was based on the quarterly average for 2013. The ultimate TSR performance will be determined based on the quarterly average for the years 2012, 2013 and 2014. The long-term benefit paid out in cash will never be more than one and a half times the fixed annual salary on the day of payment.

Table 5 Long-term benefit 2013-2016 [1], Conditional phantom shares *(value in €)*

	As to the award date		Ultimo 2013			
	number	value	number	value [2]	TSR-performance	graduated scale
N.J. de Vries	91,381	310,000	91,381	-	-0.1 %	0 %
T. Menssen	69,272	235,000	69,272	-	-0.1 %	0 %
M.J. Rogers	75,003	254,441	75,003	-	-0.1 %	0 %
R.P. van Wingerden	69,272	235,000	69,272	-	-0.1 %	0 %

[1] Awarded on 3 May 2013; unconditional on 3 May 2016; lock-up period up to and including 3 May 2018.

[2] Potential value determined on the basis of the closing price of BAM ordinary shares at year-end 2013 (€3,783) and on the table used to calculate the number of phantom shares that become unconditional three years after the award. The Total Shareholder's Return performance used in the calculation was based on the quarterly average for 2013. The ultimate TSR performance will be determined based on the quarterly average for the years 2013, 2014 and 2015. The long-term benefit paid out in cash will never be more than one and a half times the fixed annual salary on the day of payment.

Table 6 Contracts of employment/appointments of members of the Executive Board

	Year employed	Date of appointment	Period of appointment	Contract type	Notice period for company	Notice period for director	Severance payment
N.J. de Vries	1977	28.05.1998	unlimited	Indefinite	6 months	3 months	not agreed
T. Menssen	2012	01.10.2012 [1]	4 years	4 years	6 months	3 months	1 year’s salary
M.J. Rogers	1979	21.04.2009 [1]	4 years	Indefinite	6 months	3 months	min. €600,000.–; max. 2 year’s salary
R.P. van Wingerden	1988	07.05.2008 [1]	4 years	Indefinite	6 months	3 months	max. 2 year’s salary

[1] First appointment.

Particulars of the Supervisory Board members

P.A.F.W. Elverding (1948), *chairman*
Mr Elverding graduated from the University of Amsterdam. After completing his law degree in 1972, Mr Elverding began his career in the health care sector. He then went on to work at Akzo Chemie Nederland and De Bijenkorf in various human resources positions. In 1981, he joined the management team of De Bijenkorf, assuming responsibility for human resources. In 1985, Mr Elverding joined DSM, serving in various management positions in different parts of the DSM Group with responsibility for human resources and general affairs. He was appointed to the DSM Executive Board in 1995 and became chairman of the Executive Board in 1999. Mr Elverding retired in 2007. Mr Elverding is a Dutch national. He does not own any shares in the Company's capital.
Other offices: chairman of the Supervisory Board of Q-Park; vice-chairman of the Supervisory Board of ING; vice-chairman of the Supervisory Board at SHV Holdings; member of the Supervisory Board of Royal FrieslandCampina; member of the Board of Stichting Instituut GAK.
Mr Elverding was appointed to the Supervisory Board in 2011 and in November 2011 as chairman of the Supervisory Board.

H.S. Scheffers (1948), *vice-chairman*
Mr Scheffers trained as a chartered accountant. He was employed from 1974 until 1993 at Koninklijke Bunge, where he successively held the positions of internal auditor, European Controller and President Northern Europe. He was subsequently employed as an Executive Board member at LeasePlan Corporation from 1993 until 1999. He joined SHV Holdings in 1999, where he was CFO on the Executive Board until he retired in 2007. Mr Scheffers is a Dutch national. He does not own any shares in the Company's capital.
Other offices: chairman of the Supervisory Board of Aalberts Industries; vice-chairman of the Supervisory Board of Flint Holding; member of the Supervisory Board of Heineken; member of the Supervisory Board of Royal Friesland Campina; member of the Board of Directors of Stichting Administratiekantoor Aandelen KAS BANK.
Mr Scheffers was appointed to the Supervisory Board in 2009, reappointed in 2013 and in November 2011 appointed as vice-chairman of the Supervisory Board.

J.-P. Hansen (1948)
Mr Hansen graduated from Luik University as an electromechanical civil engineer. After several years working for the Belgian government, he continued his career in de electricity and gas sector. From 1992 to 1999 and again from 2005 to 2010 Mr Hansen was a delegated Board member (CEO) at Electrabel. From 1999 to 2004 he was chairman of the Executive Board of Electrabel. He held the position of member of the Executive Board of GDF SUEZ until February 2013.
Mr Hansen is a Belgian national and holds no shares in the capital of the company.
Other offices: member of the Supervisory Board of Electrabel; member of the Supervisory Board of CMB (Compagnie Maritime Belge); member of the Supervisory Board of Groep De Boeck; member of the Supervisory Board of ORES (Opérateur de Réseaux d'énergies); member of the Supervisory Board of Ifri (Institut français des relations internationales); government commissioner responsible for the restructuring of NMBS.
Mr Hansen was appointed to the Supervisory Board in 2013.

Ms C.M.C. Mahieu (1959)
Ms Mahieu studied Economics at the University of Amsterdam, where she graduated in 1984. She began her career at Royal Dutch Shell, where she held various management positions dealing with human resources, communication and corporate strategy. After several years as a consultant (at Spencer Stuart, for example), Ms Mahieu joined Royal Philips Electronics as Senior vice-President Corporate Human Resources in 2003. She took up her current position as Executive vice President and Global Head of Human Resources at Aegon in September 2010. Ms Mahieu is a Dutch national. She does not own any shares in the Company's capital.
Other offices: member of the Supervisory Board of the Jeugdformaat; member of the Supervisory Board of Bakkersland; Board member Duisenburg School of Finance.
Ms Mahieu was appointed to the Supervisory Board in 2011.

From the left: P.A.F.W. Elverding, H.S. Scheffers, J.-P. Hansen, C.M.C. Mahieu, H.L.J. Noy and K.S. Wester.

H.L.J. Noy (1951)
Mr Noy completed his studies at Eindhoven University of Technology at the end of 1974. Mr Noy worked for ARCADIS throughout his entire career. Starting in 1975, he occupied various positions within the company, which at that time still operated under the name Heidemij. From 1989 to 1994, he was a member of the Management Board of the consultancy department of the Dutch division, the last two years as chairman of the Board. In 1994, Mr Noy was appointed as a member of the Executive Board and in 2000 as CEO and chairman of the Executive Board of ARCADIS until he stepped down in May 2012. Mr Noy is a Dutch citizen and is 60 years of age. He does not own any shares in the Company's capital.
Other offices: chairman of the Supervisory Board of Fugro; member of the Executive Committee of Stichting Administratiekantoor TKH Group; member of the Executive Committee of Stichting ING Aandelen; member of the Board of the Netherlands Association of Securities-Issuing Companies (VEUO); extraordinary member of the Dutch Safety Board.
Mr Noy was appointed to the Supervisory Board in 2012.

K.S. Wester (1946)
Mr Wester studied civil engineering at Delft University of Technology. After graduating in 1969, he worked briefly for Fugro as a geotechnical engineer, after having performed military service. He then commenced employment at Costain Blankevoort and later at Ballast Nedam, working in the United Kingdom, the United Arab Emirates and Kuwait. In 1981, he returned to Fugro, where he held various management positions before being appointed to the Fugro Executive Board as a member under the Articles of Association in 1996 and going on to become chairman of the Executive Board in 2005 (a position he held until his retirement in 2012). Mr Wester is a Dutch national and does not own any shares in the company.
Other offices: chairman of the Supervisory Board ACTA, chairman of the Supervisory Board of Iv-Groep; member of the Supervisory Board of Novek.
Mr Wester was appointed to the Supervisory Board in 2011.

Retirement schedule for the Supervisory Board

As of January 2014	*Year of appointment*	*Year of re-appointment*	*Year of retirement*	*Current term* [1]
P.A.F.W. Elverding	2011		2015	1
H.S. Scheffers	2009	2013	2017	2
J.-P. Hansen	2013		2017	1
C.M.C. Mahieu	2011		2015	1
H.L.J. Noy	2012		2016	1
K.S. Wester	2011		2015	1

[1] Members of the Supervisory Board are appointed/reappointed for a maximum of four years.

Particulars of the Executive Board

From the left: N.J. de Vries, T. Menssen, M.J. Rogers and R.P. van Wingerden.

N.J. de Vries (1951), *chairman*
Mr De Vries completed an architecture foundation course in 1971. He went on to earn a degree in civil engineering from Delft University of Technology in 1977. In 1977 Mr De Vries joined BAM as a planning engineer after which he held positions as project manager, works manager and branch director. In 1986 he was appointed deputy director and in 1990 director of BAM Utiliteitsbouw, which was followed in 1995 by his appointment as sector director of civil engineering for Royal BAM Group. Mr De Vries has been a member of the Executive Board of Royal BAM Group since 1998. He was appointed as chairman of the Executive Board in October 2010. He is a Dutch national.
Other offices: member of the Board of Vereniging van Nederlandse aannemers met belangen in het buitenland (NABU); member of the Board of Directors of the International Chamber of Commerce Nederland; member of the Board of Directors of Nederlands-Duitse Handelskamer; member of the Board of Directors of Stichting Raad van Arbitrage voor de Bouw.

Ms T. Menssen (1967)
Mrs Menssen graduated from the Technical University of Eindhoven in 1990 with a degree in mechanical engineering. She then received a master's degree in Business Administration from the Technical University of Twente. In 1992 Mrs Menssen joined Unilever, she held various management positions until 2006. In 2006 Mrs Menssen was appointed member of the management board of Havenbedrijf Rotterdam (Rotterdam Port Authority), first as CFO and from 2010 as COO. She is a Dutch national and does not hold any shares in the company's capital.
Other offices: member of the Supervisory Board of PostNL; member of the Supervisory Board of Vitens; member of the Supervisory Board of the Rotterdam Maritime Museum; member of the Supervisory Board of the Rotterdam Philharmonic Orchestra; member of the Monitoring Committee of Talent naar de Top.

M.J. Rogers (1955)
Mr Rogers gained a Higher National Diploma in Building Studies at the Hertfordshire College of Building. He is a Fellow of the Chartered Institute of Building (FCIOB) and a Fellow of the Institution of Civil Engineers (FICE). Mr Rogers spent the early part of his career with medium-sized construction and civil engineering companies in the United Kingdom before joining BAM in 1979. Mr Rogers' initial position was planning engineer working on major pharmaceutical and industrial projects, prior to moving into project management in 1981. He was appointed as a construction director in 1989 before becoming an associate director in 1992 and regional director in 1995. He was promoted to the main board of BAM Construct UK in 2001 and became managing director in 2002. In 2007 he became CEO of BAM Nuttall. Mr Rogers became a member of the Executive Board of Royal BAM Group in 2009. He is a British national.
Other offices: member of the CBI Construction Council; member of the South East Regional Council.

R.P. van Wingerden (1961)
Mr Van Wingerden graduated as a civil engineer from Delft University of Technology in 1988. He joined the Group as a project surveyor in 1988 and subsequently worked in a variety of (project) management roles for operating companies in the Netherlands and elsewhere (including Taiwan and Hong Kong). He completed his MBA Cum laude at Twente School of Management in 1994. He was appointed Director of HBG Bouw en Vastgoed in 2000, became Director at BAM Utiliteitsbouw in 2002, and was appointed chairman of the Board of BAM Woningbouw in 2005. Mr Van Wingerden has been a member of the Executive Board of Royal BAM Group since 2008. He is a Dutch national.
Other offices: member of the Board of Governors of the Dutch Construction and Infrastructure Federation (Bouwend Nederland); member of the independent construction industry platform Vernieuwing Bouw; chairman of the Supervisory Board of EN (Gebieden Energieneutraal); member of the Supervisory Board of Royal Saan; member of the Board of Nationaal Renovatie Platform, member of the Executive Committee of Universiteitsfonds Delft.

Retirement schedule for the Executive Board

As of January 2014	*Year of appointment*	*Year of re-appointment*	*Period of appointment* [1]
N.J. de Vries	1998		unlimited
T. Menssen	2012		four years
M.J. Rogers	2009	2013	four years
R.P. van Wingerden	2008	2012	four years

[1] New members of the Executive Board have been appointed (re-appointed where applicable) for a maximum four-year period since 2004.

BAM Civiel (with third party), BAM Infratechniek, BAM Wegen, BAM Infraconsult.
De Oversteek city bridge, Nijmegen.
Architect: Chris Poulissen.

5. Financial statements 2013

Financial statements 2013

Consolidated balance sheet as at 31 December

(x €1,000)

		2013	2012 (restated)	1 January 2012 (restated)
8	Property, plant and equipment	**356,424**	376,959	361,896
9	Intangible assets	**403,283**	405,990	549,947
10	PPP receivables	**406,476**	357,973	288,689
11	Associates/Joint ventures	**134,866**	117,086	129,031
12	Other financial assets	**121,567**	181,219	244,230
20	Derivative financial instruments	**1,313**	625	802
21	Pension plan assets	**7,528**	2,926	2,270
23	Deferred tax assets	**200,268**	251,072	140,554
	Non-current assets	**1,631,725**	1,693,850	1,717,419
13	Inventories	**1,049,451**	944,906	1,055,713
14	Trade and other receivables	**1,937,222**	1,913,518	2,024,860
	Income tax receivable	**7,021**	2,094	38,109
20	Derivative financial instruments	**1,996**	787	3,553
15	Cash and cash equivalents	**548,277**	553,931	940,252
35	Assets held for sale	**140,737**	199,254	149,837
	Current assets	**3,684,704**	3,614,490	4,212,324
	Total assets	**5,316,429**	5,308,340	5,929,743
16	Share capital	**833,268**	735,401	714,694
17	Reserves	**(411,476)**	(492,551)	(421,954)
	Retained earnings	**507,322**	485,768	706,253
	Equity attributable to the Company's shareholders	**929,114**	728,618	998,993
	Non-controlling interest	**3,549**	3,585	3,360
	Group equity	**932,663**	732,203	1,002,353
19	Borrowings	**706,502**	640,494	1,138,626
20	Derivative financial instruments	**43,159**	79,570	67,668
21	Employee benefit obligations	**148,774**	257,662	215,451
22	Provisions	**103,087**	160,312	165,385
23	Deferred tax liabilities	**22,636**	55,972	58,846
	Non-current liabilities	**1,024,158**	1,194,010	1,645,976
19	Borrowings	**224,809**	193,727	159,968
24	Trade and other payables	**2,889,914**	2,902,526	2,963,570
20	Derivative financial instruments	**2,093**	3,170	1,988
22	Provisions	**100,439**	59,971	54,330
	Income tax payable	**22,215**	20,571	16,777
35	Liabilities held for sale	**120,138**	202,162	84,781
	Current liabilities	**3,359,608**	3,382,127	3,281,414
	Total equity and liabilities	**5,316,429**	5,308,340	5,929,743
18	**Capital base**	**1,053,114**	852,118	1,198,993

The notes on pages 105 to 184 are an integral part of these consolidated financial statements.

Consolidated income statement

(x €1,000)

Note		2013	2012 (restated)
	Continuing operations		
6	**Revenue**	**7,041,598**	7,225,384
	Raw materials and consumables	**(1,380,176)**	(1,433,800)
	Subcontracted work and other external charges	**(3,829,991)**	(3,806,076)
25	Personnel expenses	**(1,409,406)**	(1,478,804)
8,9	Amortisation and depreciation	**(88,596)**	(84,255)
26	Impairments	**(42,026)**	(366,780)
	Other operating expenses	**(275,425)**	(330,343)
	Exchange rate differences	**(87)**	1,545
	Total operating expense	**(7,025,707)**	(7,498,513)
	Operating result	**15,891**	(273,129)
28	Finance income	**45,255**	45,471
28	Finance expense	**(41,900)**	(32,919)
	Finance result	**3,355**	12,552
11	Share in result associates and joint ventures	**13,110**	2,676
11,26	Share in impairments associates and joint ventures	**12,026**	(31,368)
	Share in result associates and joint ventures (after tax)	**25,136**	(28,692)
	Result before tax	**44,382**	(289,269)
29	Income tax	**(5,778)**	41,169
	Net result of continuing operations	**38,604**	(248,100)
35	**Net result of discontinued operations**	**8,526**	65,000
	Net result	**47,130**	(183,100)
	Attributable to:		
	Shareholders of the company	**46,157**	(183,840)
	Non-controlling interest	**973**	740
		47,130	(183,100)

Earnings per share for net result attributable to shareholders of the Company

(in € per share)

Note		2013	2012 (restated)
	Basic		
	Continuing operations	**0.15**	(1.04)
	Discontinued operations	**0.04**	0.27
30	**Total**	**0.19**	(0.77)
	Fully diluted		
	Continuing operations	**0.15**	(1.04)
	Discontinued operations	**0.04**	0.27
30	**Total**	**0.19**	(0.77)

The notes on pages 105 to 184 are an integral part of these consolidated financial statements.

Consolidated statement of comprehensive income

(x €1,000)

		2013	2012 (restated)
	Net result for the year	**47,130**	(183,100)
20	*Items that may be reclassifed to profit or loss*		
	Fair value cash flow hedges [1]	**45,647**	(20,131)
	Fair value cash flow hedges joint ventures [1]	**9,589**	1,353
	Currency translation differences [1]		
	- Subsidiaries	**(11,584)**	9,596
	Items that will not be reclassifed to profit or loss		
21	Unrecognised actuarial gains and losses	**37,801**	(61,498)
	Other comprehensive income	**81,453**	(70,680)
	Total comprehensive income	**128,583**	(253,780)
	Attributable to:		
	Shareholders of the company	**127,232**	(254,437)
	Non-controlling interest	**1,351**	657
		128,583	(253,780)
	Attributable to sharholders of the company arises from:		
	Continuing operations	**118,706**	(319,179)
	Discontinued operations	**8,526**	64,742
		127,232	(254,437)

[1] After tax.

The notes on pages 105 to 184 are an integral part of these consolidated financial statements.

Consolidated statement of equity

(x € 1,000)

Note		Equity attributable to the Company's shareholders: Share capital	Reserves	Retained earnings	Total	Non-controlling interest	Group equity
	At 1 January 2012 (as previously reported)	714,694	(258,539)	706,253	1,162,408	735	1,163,143
	Effect of changes in accounting policies	-	(163,415)	-	(163,415)	2,625	(160,790)
	At 1 January 2012 (restated)	714,694	(421,954)	706,253	998,993	3,360	1,002,353
20	Fair value cash flow hedges	-	(18,663)	-	(18,663)	(115)	(18,778)
21	Unrecognised actuarial gains and losses	-	(61,498)	-	(61,498)	-	(61,498)
	Currency translation differences - Subsidiaries	-	9,564	-	9,564	32	9,596
	Net result recognised directly in equity	-	(70,597)	-	(70,597)	(83)	(70,680)
	Net result for the year	-	-	(183,840)	(183,840)	740	(183,100)
	Total comprehensive income	-	(70,597)	(183,840)	(254,437)	657	(253,780)
31	Dividend paid	20,707	-	(38,192)	(17,485)	(432)	(17,917)
	Other movements	-	-	1,547	1,547	-	1,547
		20,707	-	(36,645)	(15,938)	(432)	(16,370)
	At 31 December 2012 (restated)	735,401	(492,551)	485,768	728,618	3,585	732,203
20	Fair value cash flow hedges	-	54,824	-	54,824	412	55,236
21	Unrecognised actuarial gains and losses	-	37,801	-	37,801	-	37,801
	Currency translation differences - Subsidiaries	-	(11,550)	-	(11,550)	(34)	(11,584)
	Net result recognised directly in equity	-	81,075	-	81,075	378	81,453
	Net result for the year	-	-	46,157	46,157	973	47,130
	Total comprehensive income	-	81,075	46,157	127,232	1,351	128,583
16	Issue of shares	84,534	-	-	84,534	151	84,685
31	Dividend paid	14,331	-	(24,153)	(9,822)	(597)	(10,419)
	Other movements	(998)	-	(450)	(1,448)	(941)	(2,389)
		97,867	-	(24,603)	73,264	(1,387)	71,877
	At 31 December 2013	**833,268**	**(411,476)**	**507,322**	**929,114**	**3,549**	**932,663**

The notes on pages 105 to 184 are an integral part of these consolidated financial statements.

Consolidated cash flow statement

(x € 1,000)

Note		2013	2012 (restated)
	Net result for the year including discontinued operations	**47,130**	(183,100)
	Adjustments for:		
29	- Taxation	**5,778**	(41,169)
8	- Depreciation of property, plant and equipment	**85,430**	80,171
9	- Amortisation of intangible assets	**3,166**	4,084
8	- Impairment of property, plant and equipment	**500**	-
9,26	- Impairment of intangible assets	**-**	150,431
12,26	- Impairment of non-current receivables	**5,622**	40,274
13,26	- Impairment of inventories	**35,904**	176,075
11,26	- Share in impairment in associates and joint ventures	**(12,026)**	31,368
34	- Result discontinued operations	**(8,526)**	(65,000)
35	- Result on sale PPP projects	**(8,800)**	(3,500)
	- Result on sale of property, plant and equipment	**(2,864)**	(7,846)
28	- Finance income	**(45,255)**	(45,471)
28	- Finance expense	**41,900**	32,919
11	- Share in result associates and joint ventures	**(13,110)**	(2,676)
21,22	Changes in provisions	**(82,974)**	(14,964)
	Changes in working capital (excluding net liquidities)	**(148,017)**	(88,209)
	Cash flow from operations	**(96,142)**	63,387
	Interest paid	**(58,503)**	(49,795)
	Income tax paid	**(6,364)**	(15,739)
	Net cash flow from ordinary activities	**(161,009)**	(2,147)
10	PPP receivables granted	**(262,892)**	(270,578)
10	Repayment of PPP receivables	**126,412**	80,848
	Net cash flow from operating activities	**(297,489)**	(191,877)
	Acquisition of subsidiaries	**(1,677)**	(825)
8	Investments in property, plant and equipment	**(90,777)**	(106,451)
9	Investments in intangible assets	**(3,705)**	(5,995)
12	Non-current receivables granted	**(8,210)**	(66,203)
11,12	Investments in financial fixed assets	**(13,788)**	(24,118)
12	Repayment non-current receivables	**19,247**	62,119
35	Divestments of discontinued operations	**-**	145,000
35	Divestments of PPP projects	**49,000**	13,000
8	Divestments of property, plant and equipment	**28,395**	21,801
9	Divestments of intangible assets	**243**	92
11,12	Divestments of financial assets	**8,469**	2,558
	Interest received	**45,138**	44,779
11	Dividend received from associates and joint ventures	**13,022**	14,059
19	**Net cash flow from investing activities**	**45,357**	99,816
16	Net proceeds from issue new shares	**84,534**	-
19	New non-current borrowings	**464,597**	364,252
19	Repayment of non-current borrowings	**(277,493)**	(641,892)
31	Dividend paid	**(9,822)**	(17,485)
	Dividend paid to non-controlling interests	**(597)**	(432)
	Increase non-controlling interest that does not involve loss of control	**151**	-
	Net cash flow from financing activities	**261,370**	(295,557)
	Increase/decrease net cash position	**9,238**	(387,618)
15	Net cash position at the beginning of the year	**552,417**	938,129
35	Movement net liquidities assets and liabilities held for sale	**(9,995)**	(2,809)
	Exchange rate difference on net cash position	**(3,529)**	4,715
15	**Net cash position at the end of the year**	**548,131**	552,417

The notes on pages 105 to 184 are an integral part of these consolidated financial statements.

Notes to the consolidated financial statements

1. General information

Royal BAM Group nv (´the Company´) was incorporated under Dutch law, and is domiciled in the Netherlands. The consolidated financial statements for the year 2013 cover the Company and its subsidiaries (referred to together as ´the Group´), and its share in joint operations.

Royal BAM Group is a public limited liability company with a listing on the NYSE Euronext Amsterdam.

These consolidated financial statements cover the year 2013 and were approved for publication by the Executive Board on 19 February 2014. The 2013 annual report was approved by the Supervisory Board on 19 February 2014 and will be submitted for adoption to the annual General Meeting of Shareholders on 23 April 2014.

2. Company profile

This section presents a summary of the Group’s activities from an accounting perspective. It should be borne in mind that the information set out here is limited to that subject and that it does not form a part of the summary of significant accounting policies as described in section 3.

The Group’s activities can be summarised as follows:
- Construction contracts for projects with third parties;
- Projects for the Group’s own risk (property development);
- Public-Private Partnership (PPP) projects;
- Rendering of services and other activities.

The majority of the Group’s activities consist of construction contracts with third parties. Revenues and results from these contracts are accounted for in the income statement based on the progress of work. Construction contracts are presented in the balance sheet as receivables from or payables to customers, depending on the balance of cost incurred (including results recognised) and invoiced instalments. Please refer to Notes 3.10, 3.11, 3.21 and 3.22.

Projects initiated at the Group’s own risk (property development) are treated as inventory on the balance sheet. Revenue, costs and (net) result are recognised in the income statement from the moment the beneficial ownership of projects is (continuously and/or partially) transferred to third parties. From that moment on, the projects on the balance sheet are also presented as receivables from or payables to customers, consistent with construction contracts with third parties. Non-recourse and other borrowings for projects are recorded separately, under borrowings. Please refer to Notes 3.9, 3.11, 3.16, 3.21 and 3.22.

Activities under public-private partnerships include projects in the context of which (public) facilities and services are provided to third parties. Income received relates predominantly to the availability of facilities and, in some cases, to their actual use. These projects are accounted for on the balance sheet as financial fixed assets (PPP receivables) and intangible assets (PPP concessions), respectively. (Non-)recourse PPP loans for these projects are recorded separately, under borrowings. If income depends on the availability of a facility, cash inflows will consist of payments and interest income with regard to PPP receivables and (deferred) concession revenue. If income depends on the actual use of a facility, cash inflows will consist of payments actually received for using the facility. Cash outflows consist of repayments of and interest expense for borrowings and the cost of concession activities. The interest result, concession result and depreciation expense are accounted for in the income statement. During their construction phase, PPP projects are treated as construction contracts and construction revenue is recognised. Please refer to Notes 3.7, 3.16, 3.22.

Rendering of services consists predominantly of (maintenance) activities for third parties. Revenue and results are recognised in the income statement. Please refer to Notes 3.10 and 3.22.

If it is probable that total contract cost will exceed total contract revenue, the expected loss will be fully recognised as an expense.

Acquisition costs for new projects are initially recognised in the income statement. If there is adequate certainty that a project will be awarded to the Group, the costs will be subsequently capitalised.

3. Summary of significant accounting policies

3.1 General

The consolidated financial statements of the Group have been prepared in accordance with the International Financial Reporting Standards (IFRS) as endorsed by the European Union. The financial statements are prepared in the Dutch and English language. The Dutch version is leading.

The company financial statements of Royal BAM Group nv have been prepared in accordance with the statutory provisions set out in Title 9 of Book 2 and Section 402 of Book 2 of the Netherlands Civil Code. These financial statements have also been prepared in accordance with the facility detailed under Section 362(8) of Book 2 of the Netherlands Civil Code, by which the company financial statements be based on the accounting policies as adopted in the consolidated financial statements.

The consolidated financial statements have been prepared based on the historical cost convention. All non-current assets and financial instruments valued at amortised cost are subject to impairment testing and adjusted downwards, if required.

Derivatives are stated at fair value. Financial liabilities are initially recognised at fair value and subsequently stated at amortised cost.

Application of new and revised International Financial Reporting Standards (IFRSs)
In 2013, the Group applied a number of new and revised IFRSs issued by the International Accounting Standards Board (IASB) that are (mandatorily or by early adoption) effective for an accounting period that begins on or after 1 January 2013.

Amendments to IAS 1 'Presentation of items of Other Comprehensive Income'
The amendments to IAS 1 require items of other comprehensive income to be grouped into two categories in the other comprehensive income section: (a) items that will not be reclassified subsequently to profit or loss and (b) items that may be reclassified subsequently to profit or loss when specific conditions are met. Income tax on items of other comprehensive income is required to be allocated on the same basis. The amendments have been applied retrospectively. Other than the above mentioned presentation changes, the application of the amendments to IAS 1 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

IAS 19 'Employee Benefits' (as revised in 2011)
In 2013, the Group applied IAS 19 Employee Benefits (as revised in 2011) and the related consequential amendments for the first time.

IAS 19 (as revised in 2011) changes the accounting for defined benefit plans and termination benefits. The most significant change relates to the accounting for changes in defined benefit obligations and plan assets. The amendments require the recognition of changes in defined benefit obligations and in the fair value of plan assets when they occur and hence eliminate the 'corridor approach' permitted under the previous version of IAS 19 and accelerate the recognition of past service costs. All actuarial gains and losses are recognised immediately through other comprehensive income in order for the net pension asset or liability recognised in the consolidated statement of financial position to reflect the full value of the plan deficit or surplus.

Furthermore, the interest cost and expected return on plan assets used in the previous version of IAS 19 are replaced with a 'net interest' amount under IAS 19 (as revised in 2011), which is calculated by applying the discount rate to the net defined benefit liability or asset. These changes have had an impact on the amounts recognised in profit or loss and other comprehensive income in prior years (see the tables on pages 109 up to and including 112 for details). In addition, IAS 19 (as revised in 2011) introduces certain changes in the presentation of the defined benefit cost including more extensive disclosures.

Specific transitional provisions are applicable to first-time application of IAS 19 (as revised in 2011). The Group has applied the relevant transitional provisions and related the comparative amounts on a retrospective basis (see the tables on pages 109 up to and including 112 for details). In accordance with IAS 1, the Group has presented a third consolidated balance sheet at 1 January 2012. The impact on the balance sheet at 31 December 2013, income statement, other comprehensive income and earnings per share of 2013 cannot be reliably determined.

Amendments to IFRS 7 'Disclosures – Offsetting Financial Assets and Financial Liabilities'
The Group has applied the amendments to IFRS 7 Disclosures – Offsetting Financial Assets and Financial Liabilities for the first time in 2013. The amendments to IFRS 7 require entities to disclose information about rights of offset and related arrangements for financial instruments under a master netting agreement.

New and revised Standards on consolidation, joint arrangements, associates and disclosures
In May 2011, a package of five standards on consolidation, joint arrangements, associates and disclosures was issued, comprising IFRS 10 Consolidated Financial Statements, IFRS 11 Joint Arrangements, IFRS 12 Disclosure of Interests in Other Entities, IAS 27 (as revised in 2011) Separate Financial Statements and IAS 28 (as revised in 2011) Investments in Associates and Joint ventures. Subsequent to the issue of these standards, amendments to IFRS 10, IFRS 11 and IFRS 12 were issued to clarify certain transitional guidance on the first-time application of the standards.

The Group applied the above standards for the first time in 2013.

The impact of the application of these standards is set out below.

Impact of the application of IFRS 10
IFRS 10 replaces the parts of IAS 27 that deal with consolidated financial statements and SIC-12 Consolidation – Special Purpose Entities. IFRS 10 changes the definition of control such that an investor has control over an investee when a) it has power over the investee, b) it is exposed, or has rights, to variable returns from its involvement with the investee and c) has the ability to use its power to affect its returns. All three of these criteria must be met for an investor to have control over an investee. Previously, control was defined as the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Additional guidance has been included in IFRS 10 to explain when an investor has control over an investee. The change in the definition of control under IFRS 10 has had no material impact on the composition of the Group.

Impact of the application of IFRS 11
IFRS 11 replaces IAS 31 Interests in Joint Ventures, and the guidance contained in SIC-13 Jointly Controlled Entities - Non-Monetary Contributions by Venturers, has been incorporated in IAS 28 (as revised in 2011). IFRS 11 deals with how a joint arrangement of which two or more parties have joint control should be classified and accounted for. Under IFRS 11, there are only two types of joint arrangements - joint operations and joint ventures.

The classification of joint arrangements under IFRS 11 is determined based on the rights and obligations of parties to the joint arrangements by considering the structure, the legal form of the arrangements, the contractual terms agreed by the parties to the arrangement, and, when relevant, other facts and circumstances.

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint operators) have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint venturers) have rights to the net assets of the arrangement. Previously, IAS 31 contemplated three types of joint arrangement - jointly controlled entities, jointly controlled operations and jointly controlled assets. The classification of joint arrangements under IAS 31 was primarily determined based on the legal form of the arrangement. Previously, jointly controlled entities were recognised by using proportional consolidation.

The initial and subsequent accounting of joint ventures and joint operations is different. Investments in joint ventures are accounted for using the equity method (proportionate consolidation is no longer allowed). Investments in joint operations are accounted for such that each joint operator recognises its assets (including its share of any assets jointly held), its liabilities (including its share of any liabilities incurred jointly), its revenue (including its share of revenue from the sale of the output by the joint operation) and its expenses (including its share of any expenses incurred jointly). Each joint operator accounts for the assets and liabilities, as well as revenues and expenses, relating to its interest in the joint operation in accordance with the applicable Standards.

The change in accounting for joint arrangements has had a material effect on the information in the Group's consolidated statement of financial position. Comparative amounts have been restated to reflect the change in accounting for the Group's joint arrangements. In accordance with IAS 1, the Group has presented a third consolidated balance sheet at 1 January 2012.

Impact of the application of IFRS 12
IFRS 12 is a new disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the application of IFRS 12 has resulted in more extensive disclosures in the consolidated financial statements (see Notes 11 and 37 for details).

IFRS 13 'Fair value measurement'
The Group applied IFRS 13 for the first time in 2013. IFRS 13 establishes a single source of guidance for fair value measurement and disclosures about fair value measurements. The scope of IFRS 13 is broad; the fair value measurement requirements of IFRS 13 apply to both financial instrument items and non-financial instrument items for which other IFRSs require or permit fair value measurements and disclosures about fair value measurements, except for share-based payment transactions that are within the scope of IFRS 2 Share-based Payment, leasing transactions that are within the scope of IAS 17 Leases, and measurements that have some similarities to fair value but are not fair value (e g. net realisable value for the purposes of measuring inventories or value in use for impairment assessment purposes).

IFRS 13 defines fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction in the principal (or most advantageous) market at the measurement date under current market conditions. Fair value under IFRS 13 is an exit price regardless of whether that price is directly observable or estimated using another valuation technique. Also, IFRS 13 includes extensive disclosure requirements.

IFRS 13 requires prospective application from 1 January 2013. In addition, specific transitional provisions were given to entities such that they need not apply the disclosure requirements set out in the Standard in comparative information provided for periods before the initial application of the Standard. In accordance with these transitional provisions, the Group has not made any new disclosures required by IFRS 13 for the 2012 comparative period (see Note 4).

In addition, IFRS 13 details how to perform fair value calculations. It includes rules on fair value measurements for Over The Counter (OTC) derivatives, such as interest rate swaps contracts. The standard requires that the effects of the entity's net exposure to the credit risk of the counter party or that counter party's net exposure to the credit risk of the entity is included in the fair value measurement. Furthermore, the fair value of a liability reflects the effect of non-performance risk. Non-performance risk is the risk that an entity will not fulfil an obligation. Non-performance risk includes, but may not be limited to, the Group's own credit risk.

At 31 December, the positive impact on derivates amounts to €3.2 million and on the cash flow hedge reserve €2.3 million.

Impact on assets, liabilities and equity as at 1 January 2012 of the application of the above new and revised standards

	1 January 2012 (as previously reported)	IFRS 11 adjustments	IAS 19 adjustments	1 January 2012 (restated)
Property, plant and equipment	373,634	(11,738)	-	361,896
Intangible assets	734,480	(184,533)	-	549,947
PPP receivables	743,284	(454,595)	-	288,689
Associates and joint ventures	19,198	109,833	-	129,031
Other financial assets	70,861	173,369	-	244,230
Derivative financial instruments	802	-	-	802
Pension plan assets	137,585	-	(135,315)	2,270
Deferred tax assets	149,410	(50,844)	41,988	140,554
Non-current assets	**2,229,254**	**(418,508)**	**(93,327)**	**1,717,419**
Inventories	1,514,458	(458,745)	-	1,055,713
Trade and other receivables	2,116,904	(92,044)	-	2,024,860
Income tax receivable	36,539	1,570	-	38,109
Derivative financial instruments	5,071	(1,518)	-	3,553
Cash and cash equivalents	1,012,610	(72,358)	-	940,252
Assets held for sale	303,242	(153,405)	-	149,837
Current assets	**4,988,824**	**(776,500)**	**-**	**4,212,324**
Total assets	**7,218,078**	**(1,195,008)**	**(93,327)**	**5,929,743**
Equity	1,162,408	26,305	(189,720)	998,993
Non-controlling interest	735	2,625	-	3,360
Group equity	**1,163,143**	**28,930**	**(189,720)**	**1,002,353**
Borrowings	1,951,024	(812,398)	-	1,138,626
Derivative financial instruments	249,500	(181,832)	-	67,668
Employee benefit obligations	100,935	132	114,384	215,451
Provisions	82,529	82,856	-	165,385
Deferred tax liabilities	76,080	757	(17,991)	58,846
Non-current liabilities	**2,460,068**	**(910,485)**	**96,393**	**1,645,976**
Borrowings	240,101	(80,133)	-	159,968
Trade and other payables	3,047,808	(84,238)	-	2,963,570
Derivative financial instruments	1,988	-	-	1,988
Provisions	54,330	-	-	54,330
Income tax payable	17,509	(732)	-	16,777
Liabilities held for sale	233,131	(148,350)	-	84,781
Current liabilities	**3,594,867**	**(313,453)**	**-**	**3,281,414**
Total liabilities	**7,218,078**	**(1,195,008)**	**(93,327)**	**5,929,743**

Impact on assets, liabilities and equity as at 31 December 2012 of the application of the above new and revised standards

	31 December 2012 (as previously reported)	IFRS 11 adjustments	IAS 19 adjustments	1 January 2012 (restated)
Property, plant and equipment	380,416	(3,457)	-	376,959
Intangible assets	586,474	(180,484)	-	405,990
PPP receivables	878,123	(520,150)	-	357,973
Associates and joint ventures	19,499	97,587	-	117,086
Other financial assets	45,461	135,758	-	181,219
Derivative financial instruments	625		-	625
Pension plan assets	163,756		(160,830)	2,926
Deferred tax assets	259,418	(57,311)	48,965	251,072
Non-current assets	**2,333,772**	**(528,057)**	**(111,865)**	**1,693,850**
Inventories	1,268,010	(323,104)	-	944,906
Trade and other receivables	2,082,635	(169,117)	-	1,913,518
Income tax receivable	2,114	(20)	-	2,094
Derivative financial instruments	787	-	-	787
Cash and cash equivalens	620,090	(66,159)	-	553,931
Assets held for sale	357,012	(157,758)	-	199,254
Current assets	**4,330,648**	**(716,158)**	**-**	**3,614,490**
Total assets	**6,664,420**	**(1,244,215)**	**(111,865)**	**5,308,340**
Equity	921,905	54,346	(247,633)	728,618
Non-controlling interest	2,145	1,440	-	3,585
Group equity	**924,050**	**55,786**	**(247,633)**	**732,203**
Borrowings	1,244,910	(604,416)	-	640,494
Derivative financial instruments	287,414	(207,844)	-	79,570
Employee benefit obligations	99,266	-	158,396	257,662
Provisions	89,731	70,581	-	160,312
Deferred tax liabilities	78,789	(189)	(22,628)	55,972
Non-current liabilities	**1,800,110**	**(741,868)**	**135,768**	**1,194,010**
Borrowings	512,852	(319,125)	-	193,727
Trade and other payables	2,986,605	(84,079)	-	2,902,526
Derivative financial instruments	3,468	(298)	-	3,170
Provisions	59,971	-	-	59,971
Income tax payable	23,224	(2,653)	-	20,571
Liabilities held for sale	354,140	(151,978)	-	202,162
Current liabilities	**3,940,260**	**(558,133)**	**-**	**3,382,127**
Total liabilities	**6,664,420**	**(1,244,215)**	**(111,865)**	**5,308,340**

Impact on the consolidated result 2012 of the application of the above new and revised standards

	2012 (as previously reported)	IFRS 11 adjustments	IAS 19 adjustments	2012 (restated)
Revenue	7,404,283	(178,899)	-	7,225,384
Raw materials and consumables	(1,438,486)	4,686	-	(1,433,800)
Subcontracted work and other external charges	(3,953,300)	147,224	-	(3,806,076)
Personnel expenses	(1,487,745)	4,059	4,882	(1,478,804)
Amortisation and depreciation	(88,939)	4,684	-	(84,255)
Impairments	(398,148)	31,368	-	(366,780)
Other operating expenses	(332,370)	2,027	-	(330,343)
Exchange rate differences	1,547	(2)	-	1,545
Finance income	87,100	(41,629)	-	45,471
Fnance expense	(83,587)	50,668	-	(32,919)
Share in result associates and joint ventures	(1,377)	4,053	-	2,676
Share in impairments associates and joint ventures	-	(31,368)	-	(31,368)
Income tax	39,114	3,129	(1,074)	41,169
Result from continued operations	**(251,908)**	**-**	**3,808**	**(248,100)**
Result from discontinued operations	**65,000**	**-**	**-**	**65,000**
Net result	**(186,908)**	**-**	**3,808**	**(183,100)**
Attributable to:				
Shareholders of the company	(187,415)	-	3,575	(183,840)
Non-controlling interest	507	-	233	740
	(186,908)	**-**	**3,808**	**(183,100)**

Impact on other comprehensive income 2012 of the application of the above new and revised standards

	2012 (gerapporteerd)	IFRS 11 effect	IAS 19 effect	2012 (restated)
Fair value cash flow hedges (after tax)	(46,823)	28,045	-	(18,778)
Remeasurement of defined benefit obligation (after tax)	-	-	(61,498)	(61,498)
	(46,823)	**28,045**	**(61,498)**	**(80,276)**
Impact on total comprehensive income for the year ended 31 December 2012 attributable to:				
Shareholders of the company	(46,708)	28,045	(61,498)	(80,161)
Non-controlling interest	(115)	-	-	(115)
	(46,823)	**28,045**	**(61,498)**	**(80,276)**

The impact on earnings per share 2012 of the application of IAS 19 (as revised in 2011) is €0.02 positive.

Impact on the consolidated cash flows 2012 of the application of the above new and revised standards

Cash inflow/(outflow)	IFRS 11 adjustments	IAS 19 adjustments	Total
Cash flow from operating activities	156,250	-	156,250
Cash flow from investing activities	(71,136)	-	(71,136)
Cash flow from financing activities	(86,355)	-	(86,355)
	(1,241)	**-**	**(1,241)**
Movement net liquidities, assets and liabilities held for sale	4,771	-	4,771
Exchange rate differences	(66)	-	(66)
Increase/decrease net cash position	**3,464**	**-**	**3,464**

New and revised IFRSs not yet effective
The following major standards for the Group were not yet in force and are therefore not applied in these financial statements:

Amendments to IAS 32 'Offsetting financial assets and financial liabilities'
The amendments to IAS 32 clarify the requirements for offsetting financial assets and financial liabilities. More specifically, the amendments clarify the meaning of 'a legally enforceable right of set-off' and 'simultaneous realisation and settlement'. The amendments will be effective to an accounting period that begins on or after 1 January 2014.

The Group does not expect that application of these amendments to IAS 32 will have a significant impact on its consolidated financial statements.

The Group follows developments in the area of financial accounting closely to understand in good time the deriving consequences for its financial statements and operations. The consequences of the above issues have been analysed and integrated into the management information systems accordingly.

3.2 Consolidation

a) Subsidiaries
Subsidiaries include all entities in which the Group has direct or indirect decisive control, taking into account the potential voting rights which are exercisable at the balance sheet date. Decisive control is exercised when the Group:
- has the power to steer the relevant activities of a subsidiary so as to obtain benefits from its activities;
- is exposed, or has rights, to variable returns from its involvement with the subsidiary; and
- has the ability to use its power to affect its returns.

Subsidiaries are fully consolidated from the date on which the Group obtains control. They are deconsolidated from the moment the Group no longer has control.

The purchase method of accounting is used to account for the Group's acquisition of subsidiaries. The consideration transferred for the acquisition of a subsidiary is the fair value of assets transferred, the equity instruments issued at acquisition date, and the liabilities incurred by the Group. The consideration transferred includes the fair value of any asset, consideration or liability resulting from a contingent consideration agreement. Acquisition-related costs are expensed as incurred.

Acquired identifiable assets and (contingent) liabilities acquired are initially measured at their fair values at the acquisition date. For each acquisition, the Group values a possible non-controlling interest either at fair value or at the non-controlling interest share in the identified net assets of the acquired party.

If the consideration transferred, the non-controlling interest or the fair value at acquisition date of an interest in the acquired party that already existed at the acquisition date exceeds the fair value of the Group's share in the identifiable net assets, the difference will be recorded as goodwill. If the consideration transferred is less than the fair value of the identifiable net assets, the difference will be taken directly to the income statement.

b) Associates and joint ventures
Associates are all entities over which the Group has significant influence but no control, generally accompanied by the possession of more than one fifth of the voting shares and taking into account the potential voting rights which are exercisable at the balance sheet date.

Joint ventures are joint arrangements whereby the Group and other parties have joint control and have the rights to the net assets of the joint venture. The parties to the arrangement have agreed contractually that control is shared and decisions regarding relevant activities require unanimous consent of the parties which have joint control of the joint venture.

Investments in associates and joint ventures are initially recognised at cost and subsequently based on the equity method. Investments in associates include goodwill (net of any accumulated impairment losses). The Group recognises its part of the associates' changes in reserves and attributable results in the carrying amount of the participating interest. The Group's share in the participating interest's results is recognised in the income statement. The Group's share in the participating interest's changes in reserves after the acquisition date is recognised in the Group's reserves. The Group does not recognise any losses exceeding the carrying amount of the investment (including other unsecured receivables), unless it has a legal or constructive obligation to do so.

Associates and joint ventures are recognised from the date on which the Group obtains significant influence, until the date on which that significant influence ceases to exist.

c) Joint operations
Joint operations are the Group's interests in entities, in which control is contractually exercised jointly with third parties. The Group recognises its share in the joint operations' individual revenues and expenses, assets and liabilities and combines it on a line-by-line basis with corresponding items in the Group's financial statements.

d) Elimination of inter-company transactions
Intercompany transactions, assets and liabilities and unrealised gains on transactions between subsidiaries are eliminated. Unrealised losses are also eliminated unless the transaction results in a demonstrable impairment of the asset transferred.

Unrealised gains on transactions between the Group and its associates and joint ventures are eliminated to the extent of the Group's interest in the participating interest or joint venture. This also applies to unrealised losses unless the transaction results in a demonstrable impairment of the asset transferred.

The accounting policies applied by subsidiaries, associates and joint ventures have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

e) Transactions with non-controlling interests
The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. If a non-controlling interest is purchased, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

f) Transactions resulting in loss of control
If the group ceases to have control or significant influence, any retained interest in the entity will be re-measured to its fair value, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount of the associate or joint venture. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

If the ownership interest in an associate is reduced but the Group retains joint control, only a proportionate share of the amounts previously recognised in other comprehensive income are reclassified to profit or loss, where appropriate.

g) Transactions retaining joint control
If the ownership interest in a joint venture is transferred to another joint venture, in exchange for which an interest in that joint venture is obtained, the result of such transfer is determined based on the interest that is sold and recognised in the income statement.

3.3 Segment reporting

The Executive Board has made a sector division to divide its focus areas regarding control and monitoring of the Group's subsidiaries under the members. With effect from 2012, the Group's organisational structure has been divided into four sectors: Construction and mechanical and electrical services, Civil engineering, Property and Public-Private Partnerships. The sector Electrical and mechanical engineering has been added to the new sector Construction and mechanical and electrical services.

The sector Consultancy and engineering is presented as discontinued operations due to the disposal of these operations (Tebodin) in 2012. The segmented information is in line with the internal reports as provided to the Executive Board based on this management model.

3.4 Foreign currency translation

a) Functional and reporting currency
The Group's consolidated financial statements are presented in euro (€), which is the Group's functional and reporting currency. Items included in the financial statements of the Group's companies are measured using the currency of the primary economic environment in which the entity operates ('the functional currency') and are presented in thousands (x 1,000) unless stated otherwise.

b) Subsidiaries with financial statements denominated in foreign currencies
The results and financial positions of all subsidiaries that have a functional currency which differs from the reporting currency are translated into the reporting currency as follows:
(i) assets and liabilities for each balance sheet are translated at the closing rate at the date of that balance sheet;
(ii) income and expenses for each income statement are translated at average exchange rates; and
(iii) all resulting currency translation differences are recognised separately in equity through comprehensive income.

Goodwill and fair value adjustments arising on the acquisition of foreign entities are treated as assets and liabilities of the foreign entity and translated at the closing rate.

c) Subsidiaries with transactions denominated in foreign currencies
Foreign currency transactions are translated into the functional currency using the exchange rate at the date of the transaction. For each balance sheet, monetary items denominated in foreign currencies are translated using the closing rate. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end are recognised in the income statement.

d) Exchange rates
The euro exchange rates used for the Group's major foreign currencies are as follows:

	2013	2012
Year-end closing exchange rate		
Pound sterling	**0,83479**	0,81739
Average exchange rate		
Pound sterling	**0,84027**	0,81307

3.5 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and/or accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition or construction of items.

Subsequent costs are included in the carrying amount of an asset or recognised as a separate asset, as appropriate, only if it is probable that future economic benefits will flow to the Group and the cost of the item can be measured reliably. Other costs are charged to the income statement during the financial period in which they are incurred.

Depreciation on property, plant and equipment is calculated using the straight-line method, taking into account their estimated residual values over their estimated useful lives, as stated below. Land is not depreciated.

Land improvements	10 % to 25 %
Buildings and houses	2 % to 10 %
Equipment	12.5 % to 25 %
Plant & equipment	15 % to 50 %
Office equipment	10 % to 25 %
Computers and other hardware	10 % to 25 %
Transport equipment	25 %

If an item of property, plant and equipment comprises major components which have varying useful lives, the components will be accounted for separately for depreciation purposes.

The useful lives and residual values of assets are reviewed annually and depreciation is adjusted, if applicable.

Gains and losses on disposals are included in the income statement by comparing the proceeds with the carrying amount.

Leases of property, plant and equipment for which the Group has taken over substantially all risks and rewards of ownership are classified as financial leases. Leased assets are capitalised at the lease's inception, based on the lower of the fair value of an asset and the net present value of minimum lease payments. The lease payments are divided into repayments and financing costs. The financing costs are accounted for in the income statement.

Property, plant and equipment under financial leases are depreciated over the lower of their estimated useful lives and their lease term.

3.6 Intangible assets

a) Goodwill

Goodwill represents the excess of the consideration paid on an acquisition over the fair value of the Group's share in the identifiable assets and liabilities of the acquired subsidiary at the date of acquisition. The change in value with regard to contingencies, insofar as it relates to transactions after 1 January 2010, is recognised in the income statement or comprehensive income. Goodwill is carried at cost less accumulated impairment losses.

For the purpose of impairment testing, goodwill is allocated to the cash flow generating units that are expected to benefit from the acquisition which generated the goodwill.

Goodwill on acquisitions of associates is included in investments in associates.

Impairments of goodwill are irreversible.

Goodwill is tested for impairment every year. This involves testing the carrying amount of a cash generating unit, including allocated goodwill, against its recoverable value. The recoverable value of a cash generating unit is the higher of the value of an asset less selling expenses and its value in use. The calculation of the recoverable value involves the application of pre-tax cash flow projections based on financial budgets approved by management over a five-year period. Cash flows after the five-year period are extrapolated using estimated growth figures considered to be in line with the Group's long-term expectations with regard to sectors and markets. The forecast cash flows are discounted to their present values using a pre-tax discount rate that reflects the market situation, the time value of money and the risks specific to the asset.

Gains and losses on disposal of entities include the carrying amount of goodwill relating to the entity sold and are recorded in the income statement.

b) Non-integrated software

Non-integrated software is stated at cost, less accumulated amortisation and accumulated impairment losses. Amortisation on non-integrated software is calculated using the straight-line method over their estimated useful lives (4 - 10 years), taking into account their residual values.

The useful lives and residual values of non-integrated software are reviewed annually and depreciation is adjusted, if applicable.

c) Other intangible assets
Other intangible assets relate to market positions, including (brand) names and the management of acquired subsidiaries and are stated at cost less accumulated amortisation and accumulated impairment.

Amortisation on other intangible assets is calculated over their estimated useful lives.

3.7 PPP receivables

PPP receivables are concession payments to be received from governments in relation to PPP projects, based upon the availability of the specific facility. PPP receivables are accounted for as financial assets. These receivables are initially recognised in the financial statements at fair value and subsequently measured at amortised cost, using an effective rate of interest.

3.8 Other financial assets

Other financial assets are non-derivative receivables and investments that are not quoted in an active market. The non-quoted receivables, with fixed or determinable payments, are initially recognised at fair value and subsequently measured at amortised cost.

Investments in entities where the Group has no significant influence in governing financial and operating policies are classified as financial assets. These assets are recognised at fair value through profit and loss, or at cost if the fair value cannot be measured reliably or if the difference between the investment and the fair value is assessed as not being material to the consolidated financial statements.

3.9 Inventories

a) Land and building rights
Inventories of land and building rights are stated at the lower of cost and net realisable value. The Group capitalises directly attributable interest as part of the cost from the moment that activities are carried out in relation to the realisation of building land.

b) Property development
Property development consists of acquired projects for (re)development and land positions in their stage of development. These projects and positions are stated at the lower of cost and net realisable value. The Group capitalises directly attributable interest and other cost as part of the cost of property development. Capitalisation of interest cost starts at the beginning of development, is suspended during the period in which active development is interrupted and ceases when the project is completed or sold.

If the equitable title of a project is transferred in whole or in part to a third party, the capitalised cost of the project is accounted for in the income statement and the related revenue is recognised.

Transfer of equitable title is deemed to take place when the control over and the risks and benefits related to the ownership of the project are transferred to the buyer. If transfer to the buyer takes place on a continuing basis during development of a project, the property development projects are recognised as construction contracts. Please refer to Note 3.10. This may be the case in house-building projects as from the moment that the land and buildings, if any, have been legally transferred to the buyer.

c) Raw materials and consumables

Inventories of raw materials and consumables are stated at the lower of cost and net realisable value. Cost is based on the first-in, first-out (FIFO) principle and includes expenditure incurred in acquiring the inventories and in bringing them to their existing location and condition.

The net realisable value of this inventory is the estimated selling price in the ordinary course of business, less the estimated cost of completion and selling expenses. Assets qualify as inventory if they are used in the normal course of business.

3.10 Construction contracts

Construction contracts are stated at cost incurred and allocated result in line with the progress of the construction, less identifiable losses and invoiced instalments. The cost price consists of all costs which are directly related to the project and directly attributable indirect cost based on the normal production capacity.

If the outcome of a contract can be estimated reliably, project revenue and cost are accounted for in the income statement based on the progress of work performed. If the outcome of a contract cannot be estimated reliably, revenue is recognised only to the extent of the contract costs incurred that are likely to be recoverable. If it is probable that the total contract cost is higher than the total contract revenue, the total expected loss is recognised as an expense.

The Group uses the ‘percentage of completion method’ to determine the appropriate amount to be recognised in a given period. The stage of completion is measured by reference to the contract cost incurred as a percentage of total actual or estimated project cost. Revenues and result are recognised in the income statement based on this progress.

Projects are presented in the balance sheet as receivables from or payables to customers on behalf of the contract. If the costs incurred (including the result recognised) exceed the invoiced instalments, the contract will be presented as a receivable. If the invoiced instalments exceed the costs incurred (including the result recognised) the contract will be presented as a liability.

Contracts containing the construction of a project and the possibility of subsequent long-term maintenance of that project as separate components, or for which these components could be negotiated individually in the market, are accounted for as two separate contracts. Revenue and results are recognised accordingly in the income statement as construction contracts for third parties or the rendering of services, respectively.

3.11 Trade and other receivables

Trade receivables and other receivables are initially recognised at fair value and subsequently measured at amortised cost, less accumulated impairment losses. Impairments are accounted for if there is objective evidence that the Group is unable to collect the amount receivable. Imminent corporate bankruptcy, financial reorganisations or overdue payments are considered to be indicators for possible impairments. Impairments amount to the difference between the anticipated reduced value of the return and the carrying amount. The difference is recorded in the income statement and credited against trade receivables and other receivables on a separate account for impairments. As soon as an amount to be received is in fact uncollectable, the receivable and related provision are written off and the possible difference is accounted for in the income statement.

Trade receivables and other receivables are expected to be settled within the normal course of business, normally within twelve months. The fair value of receivables and the amounts expected to be settled after more than twelve months are disclosed as such in the notes to the financial statements.

3.12 Cash and cash equivalents

Cash and cash equivalents include cash at bank, cash in hand and deposits held on call with banks, if repayable on demand and forming an integral part of the Group's cash management. Bank overdrafts in current accounts are presented in current borrowings.

3.13 Assets held for sale

Assets are classified as being held for sale if the book amount is to be recovered predominantly through a sale transaction rather than through continued use. They are stated at the lower of book amount and fair value, less selling expenses. The liabilities related to the assets held for sale are presented separately as liabilities held for sale. Depreciation stops as soon as assets are classified as assets held for sale.

Joint ventures whose joint control is retained through a partial sale transaction are presented as assets and liabilities held for sale for the interest of the sale. The retained interest of joint operations is proportionally consolidated.

If an activity qualifies as a discontinued operation, the comparative figures in the income statement are restated as if the activity discontinued from the start of the comparable period.

3.14 Impairments

Assets that have an indefinite useful life are not subject to amortisation and are tested for impairment annually. Assets that are subject to amortisation, as well as other assets, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. An impairment loss is recognised for the amount by which the carrying value of an asset exceeds its recoverable amount. The recoverable amount is the higher of the fair value of an asset less selling expenses and its value in use. If the value in use is applied, impairments will be assessed at the level of the cash flow generating unit.

Assets, excluding goodwill, that have been impaired are reviewed annually for a possible reversal of the impairment. A maximum reversal is the amount of the original impairment, while it cannot exceed the carrying value which the relevant asset would have had if it had not been subjected to impairment.

3.15 Equity attributable to the Company's shareholders

a) Share capital
Ordinary shares are classified as equity.

Costs directly attributable to the issue of new shares are presented in equity as a deduction (net of tax) from the proceeds.

If the Group or any subsidiary purchases shares in the Company's share capital (treasury shares), the consideration paid – net of any directly attributable costs and taxes – will be deducted from equity. If such shares are subsequently sold or reissued, any consideration received will be included in equity, net of any directly attributable costs and taxes.

b) Reserves
Reserves relate to the reserves for cash flow hedging, exchange rate differences and unrecognised actuarial results.

c) Retained earnings
These relate to cumulative prior-year earnings less dividends payable to holders of ordinary shares in the Company. Dividends are recognised as liabilities upon declaration. Dividends on preference shares are recognised as interest expenses in the income statement and as liabilities in the balance sheet.

3.16 Borrowings

The principal amount of the subordinated loan is subordinated to all other creditors. Interest payments are not subordinated.

Non-recourse loans directly relate to the corresponding (project-) specific assets (PPP concessions, PPP receivables, land and building rights and property development).

Financial lease obligations (net of finance charges) are classified as liabilities. The interest element in lease payments is recognised in the income statement.

Borrowings are initially recognised at fair value (net of incurred transaction costs) and subsequently measured at amortised cost. Differences between receipts (after transaction costs) and the value of future cash flows are accounted for in the income statement based on the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability until at least 12 months after the balance sheet date.

3.17 Derivative financial instruments

The Group uses derivatives to hedge its exposure to interest rate and foreign exchange risks arising from operating and financing activities. Derivatives are only used as hedging instruments in case of floating interest rates on loans and in case of certain future cash flows in foreign currencies. In addition, commodity hedges (fuel) are used occasionally.

Derivatives are initially recognised at fair value at the date on which they are entered into and are subsequently measured at their fair values at the reporting date. The method of recognising the resulting gain or loss depends on whether hedge accounting has been applied and, if so, whether the hedge relationship is effective. If the hedge relationship is effective, cash flow hedge accounting is applied.

At the inception of a transaction, the Group documents the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking the various hedge transactions. At hedge inception and afterwards, the Group periodically documents whether the derivatives used in hedging transactions are, in its assessment, effective in offsetting changes in cash flows of hedged items. If they are effective, the movement is recognised in equity; if they are not, it is accounted for in the income statement.

If a derivative matures, is sold, or no longer meets the criteria for hedge accounting, cumulative gains or losses, if any, which are recognised in equity at the time, will continue to be recognised in equity and be recognised as soon as the expected transaction is recognised in the income statement. If an expected transaction is no longer probable, all cumulated gains or losses which were recognised in equity will be directly reclassified in the income statement under finance income and expense.

The movement in comprehensive income consists of:
(i) additions with regard to new derivatives,
(ii) the increase in the value of existing derivatives and
(iii) the release to the income statement, as soon as the related transaction is recognised in the income statement.

The Group uses hedge accounting on all forward exchange contracts and interest rate swaps for projects with an equivalent value of more than €1 million.

3.18 Employee benefits

a) Employee benefits
The Group has both defined benefit and defined contribution schemes. The schemes are generally funded through payments to multi-employer funds, insurance companies or trustee-administered funds.
A defined benefit scheme is a pension scheme defining the amount of pension benefits that an employee will receive on retirement, dependent upon factors such as age, years of service and compensation.
A defined contribution scheme is a pension scheme under which the Group pays fixed contributions to an insurance company or pension fund and has no legal or constructive obligations to pay further contributions if the fund or insurance company fails to maintain sufficient assets to pay all present and future pension benefits. Defined benefit schemes in multi-employer funds are recognised as defined contribution schemes.

Defined benefit schemes
The assets and liabilities recognised in the balance sheet with regard to defined benefit schemes consist of the present value of obligations at balance sheet date, less the fair value of the assets of the scheme.
The defined benefit obligation is calculated annually by independent actuaries, by using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates for high-value corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms to maturity of the related pension liability.

Revaluations, consisting of actuarial gains and losses, the effect of a changed asset maximum (if applicable) and the return on plan assets (except interest), are recognised directly in equity, with a profit or loss which is included in comprehensive income in the period in which they occur. Revaluations included in comprehensive income are recognised directly under retained earnings and are not reclassified in the income statement. Changes and plan adjustments are presented in the income statement in the period in which the plan is changed. Net interest is calculated by applying the discount rate at the start of the period to the net liability or net asset related to the pension plan obligations.

Pension costs, net interest expenses and revaluations form integral parts of defined-benefit costs.

The Group recognises pension costs and net interest expenses in the income statement, under personnel expense. Gains and losses resulting from changes and plan adjustments form integral parts of pension costs. The pension benefit liability included in the consolidated balance sheet represents the actual deficit or surplus of the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the current value of economic benefits which are available in the form of repayments or reductions on future contributions to the plans.

Defined contribution schemes
For defined contribution schemes, the Group pays contributions to pension funds or insurance companies on a mandatory, contractual or voluntary basis. The Group has no further payment obligations once the contributions are paid. The contributions are recognised as personnel expense when they are due. Prepaid contributions are recognised as an asset to the extent that cash refunds or reductions in the future payments are available.

b) Other long-term employee obligations
These obligations relate to jubilee benefits, temporary leaves and similar arrangements and have a non-current nature. These obligations are stated at present value.

c) Termination benefits
Termination benefits are liabilities with regard to termination of employment before the standard retirement date. The Group recognises termination benefits if it is demonstrably committed to terminating the employment of employees under a formal and irrevocable plan. Benefits are stated at their present values. The liability is recorded and disclosed as such under non-current and current provisions.

d) Bonus and profit-sharing schemes
The Group recognises a liability for bonuses and profit-sharing, based on the relevant performance schemes. The liability is recorded as such under other liabilities.

e) Share-based payments

Based on the long-term remuneration plan (LTR plan), Executive Board members receive a variable remuneration in the form of a pre-determined number of conditionally granted phantom shares. These shares contain a dividend right, to which the same conditions apply as to the phantom shares, and are re-invested.

Phantom shares become unconditional three years after the date of grant, while the percentage of phantom shares that become unconditional depends on the Group's performance. The Group's performance is defined as the realised value growth of the BAM share in comparison with the average realised value growth of several companies which are comparable to BAM (the peer group) in the three-year performance period. The (average) realised value growth, or Total Shareholders Return (TSR), consists of share price performance plus (re-invested) dividend.

Upon vesting date, unconditional phantom shares are locked up for another two years. Cash distribution takes place at the end of the lock-up period.

The fair value of the variable remuneration granted to Executive Board members based on phantom shares, which is paid in cash, is recognised as cost with a corresponding credit entry of liabilities for the period until the date on which the Executive Board members are unconditionally entitled to payment. The valuation of the liability is re-assessed on every reporting date and on the settlement date. Any changes in the fair value of the liability are recognised as personnel expenses in the income statement.

3.19 Provisions

Provisions are recognised if the Group has a legal or constructive obligation as a result of past events and if an outflow of resources is probable and can be estimated reliably. No provisions are formed for future operating losses. The amount recognised as a provision is the best estimate of the outflow of cash to settle the present obligation. If the effect of the time value of money is material, the amount of the provision equals the net present value of the outflow.

a) Warranties
This provision relates to estimated liabilities and pending proceedings with regard to disputes about completed projects.

b) Reorganisation
A provision for reorganisation is recognised if the Group has approved a detailed and formal reorganisation plan and the reorganisation has commenced or has been announced publicly. Future operating losses are not provided for.

c) Rental guarantees
These include the estimated commitments arising from rental guarantees issued to third parties.

d) Joint ventures and associates
If the Group's share in losses exceeds the carrying amount of the investment (including separately presented goodwill and other uninsured receivables), further losses will not be recognised, unless the Group has provided securities to the associate, committed to liabilities or payment on behalf of the associate. In that case, the excess will be provided for.

e) Other
This covers other legal and constructive obligations, for example settlement of old property development activities or continuing rental commitments for (temporarily) unused buildings.

3.20 Deferred taxes

Deferred tax assets and liabilities are recorded for the forecasted fiscal consequences of temporary differences arising between the tax bases of assets and liabilities and their carrying values in the consolidated financial statements. However, deferred taxes arising from initial recognition of an asset or liability in transactions (other than business combinations), which at the time of the transaction affects neither accounting nor taxable profit or loss, are not accounted for. Deferred taxes are determined using tax rates (and acts) that have been determined no later than on the balance sheet date and that are expected to apply when the related deferred tax asset is realised or the deferred income tax liability is settled.

Deferred tax assets are recognised if it is probable that future taxable profit will be available against which the timing differences and the available carry forward losses can be utilised.

Deferred taxes are provided on timing differences arising on investments in subsidiaries and associates, except if the timing of the reversal of the timing difference is not controlled by the Group and if it is unlikely that the timing difference will reverse in the foreseeable future.

Deferred tax assets and liabilities are netted if the Group has a right to do so by law, and if the deferred tax assets and liabilities relate to taxes levied by the same tax authority from the same taxpayer.

Deferred tax assets and liabilities are classified as such and presented on the balance sheet as non-current assets and non-current liabilities.

3.21 Trade and other payables

Trade payables and other debts are stated at fair value at first recognition and subsequently, at amortised cost.

Trade payables and other debts are expected to be settled within the normal course of business, normally within twelve months. The fair value of payables and the amounts expected to be settled after more than twelve months are disclosed as such in the notes to the financial statements.

3.22 Revenue

a) Construction contracts

The Group recognises revenue associated with construction contracts. Revenue consists of the initially agreed amount and the variations in contract work, claims and incentive payments.

If the outcome of a contract can be estimated reliably, project revenue and cost are accounted for in the income statement based on the progress of work performed. This is the case if:

(i) the total contract revenue can be measured reliably;
(ii) it is probable that future economic benefits will flow to the Group;
(iii) the cost to complete the contract and the stage of contract completion can be measured reliably; and
(iv) the contract cost can be identified and measured reliably so that the actual cost can be compared with prior estimates.

The progress percentage consists of the ratio between costs recorded and the total of expected costs.

If the outcome of a contract cannot be estimated reliably, revenue is recognised only to the extent of the contract costs incurred that are likely to be recoverable.

b) Property development

The Group recognises revenue with regard to property development. Revenue consists of the agreed upon amounts of the transactions. No revenue is recognised until the risks and rewards relating to the equitable title have been transferred to a third party. Revenue is recognised as soon as the equitable title is transferred to a third party.
A transfer has taken place if (as a minimum):

(i) the total contract revenue can be measured reliably;
(ii) it is probable that future economic benefits will flow to the Group and
(iii) the cost to complete the contract can be measured reliably.

Revenue and cost are recognised by reference to the stage of completion of the project activity at the balance sheet date and if and to the extent that the equitable title has been transferred.

A transfer of equitable title is considered to have taken place if and to the extent that risks and rewards attached to ownership have been transferred to the customer. This may relate to an entire project or to significant parts thereof, if the related risks and rewards have also been transferred. This applies to land transfers, for example.

Revenue recognition of projects with a continuing transfer of risks and benefits related to the ownership takes place in accordance with construction contracts. Please refer to Notes 3.22a and 6.

c) PPP concessions

The Group accounts for construction revenue and operating revenue related to concession management.
Construction revenue is recognised in accordance with construction contracts. Please refer to Notes 3.22a and 6.

Operation revenue depends on the availability of a facility (PPP receivables). If income depends on the availability of a facility, revenue consists of

(i) the fair value of the rendering of contractually agreed upon services and
(ii) interest income related to the capital investment in the project.

Revenue is recognised as soon as the related services are rendered. Interest is recognised as financing income in the period to which it relates.

d) Rendering of services and sale of goods
Revenue from the rendering of services is recognised if the result of the transaction can be reliably determined. Revenue is included in proportion to completed services. If the result of a transaction cannot be determined reliably, revenue is only recognised if it is likely that the costs incurred can be recovered.
Revenue from the sale of goods is recognised if products have been delivered to the customer, the customer has accepted the products and it is likely that the related receivables can be collected. Revenue consists of the amount agreed upon for the related transaction.

e) Other
Other revenue includes, among other items, rental income under operational lease and (sub)lease of property, equipment or installations.

3.23 Expenses

a) Tender costs
Tender costs are initially recognised in the income statement. If there is sufficient certainty that the project will be awarded to the Group, the costs are capitalised from that moment onwards. If tender costs are recognised as an expense in the period in which they initially occurred, they are not capitalised any more if the project is obtained in the following period.

b) Operational lease payments
Payments made under an operational lease (net of any incentives) are recognised in the income statement on a straight-line basis over the term of the lease.

c) Financial lease payments
Financial lease payments are partially accounted for as repayments of liabilities and partially as financing cost. Financing costs are charged to the income statement over the lease period so as to realise a fixed periodic rate of interest on the remaining balance of the liability.

d) Government grants
Grants from government are recognised at their fair values if there is reasonable certainty that the grant will be received and the Group will comply with all the conditions attached to it.
Government grants relating to costs are recognised in the income statement in the period in which the related costs are accounted for.

e) Research and development
Research and development expenses that are directly related to projects, are recognised in the cost price of these projects. Expenses with regard to other research and development do not qualify for capitalisation and are recognised in the income statement in the period in which they were incurred.

f) Financing income and expense
Financing income consists of interest income and result from associates. Financing expense consist of interest costs on borrowings and financial lease arrangements as well as dividend paid on preference shares, less capitalised interest on PPP projects in the construction phase and on property development.

If a variable interest rate is fixed by means of an interest rate swap, the variable interest charge, as well as the difference between the fixed interest and the variable interest, is recognised in the income statement. Consequently, (financing) expenses are fixed.

3.24 Statement of cash flows

The statement of cash flows is prepared as per the indirect method. The net cash position in the statement of cash flows consists of cash and cash equivalents net of bank overdrafts. Cash flows in foreign exchange currencies are converted using the average exchange rate. Exchange rate differences on the net cash position are separately presented in the cash flow statement. Payments in connection with interest and income tax are included in the cash flow from operations. Cash flows in connection with PPP receivables are included in the cash flow from operating activities. Paid dividend is included in cash flows from financing activities. The purchase price of acquisitions of subsidiaries are included in the cash flow from investing activities as far as payments have taken place. Cash and cash equivalents in the subsidiaries are deducted from the purchase price. Non-cash transactions are not included in the cash flow statement.

4. Financial risk management

The Group recognises financial risk factors with regard to foreign exchange rate, interest rate, price, credit and liquidity. These financial risks are not exceptional or different in nature from those that are customary in the industry. The Group applies a stringent policy designed to manage and mitigate these risks to the extent possible. This involves using general controls, such as internal procedures and instructions, as well as specific measures and/or financial instruments. These controls are accompanied by efficient reporting systems and short lines of communication. The Group's financial risk factors, controls and residual risk are described below.

4.1 Financial risk factors

a) Market risks

Foreign exchange risks
The Group has substantial activities in the United Kingdom and, to a limited extent, in other non-euro countries. The Group's results and shareholders' equity are therefore affected by foreign exchange rates. Generally, the Group is active in the above mentioned markets through local subsidiaries. The exchange risk is therefore limited, because transactions are denominated largely in the functional currencies of the subsidiaries. The associated translation risk is not hedged.

A limited number of subsidiaries are active in markets where contracts are denominated in a different currency than their functional currency. Group policy is that costs and revenues from these projects are mainly expressed in the same currency, thus limiting foreign exchange risks. The Group hedges the residual exchange risk on a project-by-project basis, using forward exchange contracts.

This involves hedging of unconditional project-related exchange risks in excess of €1 million as soon as these occur. The Group reports these hedges by means of hedge accounting. Additional exchange risks in the tender stage and arising from contractual amendments are assessed on a case-by-case basis.

Procedures have been established for proper recording of hedge transactions. Systems are in place to ensure the regular performance and analysis of the requisite hedge effectiveness measurements for hedge accounting.

With regard to financial instruments, the Group predominantly faces an exchange rate risk for current account balances in British pound sterling. This risk is covered by forward exchange contracts. The residual effect of the exchange rate risk with regard to financial instruments in pound sterling and other currencies on the Group's result and equity, is limited.

Interest rate risks
The Group's interest rate risk is associated with interest-bearing receivables and cash and cash equivalents, on the one hand, and interest-bearing borrowings, on the other. If the interest is variable, it presents the Group with a cash flow interest rate risk. If the interest rate is fixed, there is a fair value interest rate risk.

The Group mitigates the cash flow interest rate risk to the extent possible through the use of interest rate swaps, under which interest liabilities based on a variable rate are converted into fixed rates. The Group does not use interest rate swaps under which fixed-rate interest liabilities are converted into variable rates in order to hedge the fair value interest rate risk.

The analysis of the cash flow interest rate risk takes into account cash and cash equivalents, the debt position and the usual fluctuations in the Group's working capital requirements. In addition, alternatives are being studied and hedges are being considered. Under Group policy, cash flow interest rate risks with regard to long-term borrowings (mainly subordinated and PPP borrowings) are largely hedged by interest swaps. As a result, the Group is not entirely insensitive to movements in interest rates. At year-end 2013, 71 per cent (2012: 62 per cent) of the interest on the Group's net debt position was fixed. The part not covered consists almost entirely of project financing and current account positions.

If the interest rates (Euribor and Libor) had been an average of 100 basis points higher or lower during 2013, the Group's net result after tax (assuming that all other variables remained equal) would have been about €1 million lower or about €2.5 million higher (2012: approximately €1.5 million lower or €3.4 million higher). If the interest rates (Euribor and Libor) had been an average of 100 basis points higher or lower during 2013, the Group's fair value cash flow hedge reserves in Group equity (assuming that all other variables remained equal) would have been approximately €36 million higher or approximately €36 million lower (2012: approximately €101 million higher or approximately €111 million lower).

Price risks

The price risk run by the Group relates to the procurement of land and materials and subcontracting of work, and consists of the difference between the market price at the point of tendering or offering on a contract and the market price at the time of actual performance.
The Group's policy is to agree a price indexation reimbursement clause with the customer at the point of tendering or offering on major projects. The Group also endeavours to manage the price risk by using framework contracts, suppliers' quotations and high-value sources of information.

If the Group is awarded a project and no price indexation reimbursement clause is agreed with the customer, the costs of land and materials, as well as the costs for subcontractors, are fixed at an early stage by establishing prices and conditions in advance with the main suppliers and subcontractors.
While it is impossible to exclude the impact of price fluctuations altogether, the Group takes the view that its method of operating reflects the optimum economic balance between decisiveness and predictability. The Group occasionally uses financial instruments to hedge the (residual) price risks.

b) Credit risks

The Group has credit risks with regard to financial assets including PPP receivables, derivative instruments, trade receivables, cash and cash equivalents and bank deposits.

The PPP receivables and a substantial part of the trade receivables consist of contracts with governments or government bodies. Therefore, credit risk inherent in these contracts is limited.

Furthermore, a significant part of the trade receivables is based on contracts involving prepayments or payments proportionate to progress of the work, which limits the credit risks, in principle, to the balances outstanding.

The credit risk from PPP receivables and trade receivables is monitored by the relevant subsidiaries. Clients' creditworthiness is analysed in advance and then monitored during the performance of the project. This involves taking account of the client's financial position, previous collaborations and other factors.
Group policy is designed to mitigate these credit risks through the use of various instruments, including retaining ownership until payment has been received, prepayments and the use of bank guarantees.

The Group's cash and cash equivalents and bank deposits are held in various banks. The Group limits the credit risk associated with cash and cash equivalents and bank deposits held in these banks as a result of the Group's policy to work only with respectable banking institutions. This involves cash and cash equivalents as well as bank deposits in excess of €10 million being held in banks with at least an 'A' rating. The Group's policy aims to minimise any concentration of credit risks involving cash and cash equivalents and bank deposits.

The carrying amounts of the financial assets involving a credit risk is as follows:

		2013	2012 (restated)
	Non-current assets		
10	PPP receivables	**406,476**	357,973
12	Non-current receivables	**117,540**	176,743
20	Derivatives	**1,313**	625
	Current assets		
14	Net trade receivables	**854,069**	890,411
14	Retentions	**106,750**	119,540
14	PPP receivables	**4,907**	38,088
12	Other financial assets	**10,351**	11,371
20	Derivatives	**1,996**	787
15	Cash and cash equivalents	**548,277**	553,931
		2,051,679	2,149,469

The non-current receivables predominantly concern loans granted to associates and joint ventures active in the sector Property. These loans are in general not past due at the balance sheet date. Triggering events for impairments are identified based on the financial position of these associates and joint ventures, which also include the value of the underlying property development positions. For a part of these loans property developments positions are held as securities generally subordinated to the providers of the external financing.

Impairments are included in the non-current receivables and the net trade receivables. Please refer to Notes 12 and 14. None of the other financial assets included in this overview were overdue at year-end 2013 or included a provision for impairment. The maximum credit risk relating financial instruments equals the carrying amount of the financial instrument concerned.

c) Liquidity risks

Liquidity risks may occur if the procurement and performance of new projects stagnate and less payments (and prepayments) are received, or if investments in land or property development would have a too large effect on the available financing resources and/or operational cash flow.

The size of individual transactions can cause relatively large short-term fluctuations in the liquidity position. The Group has sufficient credit and current account facilities to manage these fluctuations.

Partly to manage liquidity risks, subsidiaries prepare monthly detailed cash flow projections for the ensuing twelve months. The analysis of the liquidity risk takes into account the amount of cash and cash equivalents, credit facilities and the usual fluctuations in the Group's working capital requirements. This provides the Group with sufficient opportunities to use its available liquidities and credit facilities as flexible as possible, and to indicate any shortfalls in a timely manner.

The first possible expected contractual outgoing cash flows from financial liabilities and derivatives as at the end of the year and settled on a net basis, consist of (contractual) repayments and (estimated) interest payments.

The total expected contractual cash flow is made up as follows:

	Carrying amount	Contractual cash flows	Not later than 1 year	1-5 years	Later than 5 years
2013					
Subordinated loan	124,000	145,685	5,910	139,775	-
Committed syndicated credit facility	36,917	41,858	892	40,966	-
Non-recourse PPP loans	294,763	462,648	14,150	35,098	413,400
Non-recourse project financing	271,448	275,928	162,435	72,852	40,641
Recourse PPP loans	75,826	92,488	41,069	19,110	32,309
Other project financing	80,974	81,621	13,775	57,156	10,690
Financial lease liabilities	42,981	45,205	11,151	31,681	2,373
Derivatives (forward exchange contracts)	(3,212)	(407,549)	(324,480)	(83,069)	-
Derivatives (forward exchange contracts)	3,118	408,859	323,889	84,970	-
Derivatives (interest rate swaps)	42,036	75,238	15,155	39,222	20,861
Other loans	4,256	4,292	1,205	2,184	903
Bank overdrafts	146	146	146	-	-
Other current liabilities	2,889,914	2,889,914	2,889,914	-	-
	3,863,167	**4,110,716**	**3,155,211**	**439,945**	**521,177**
2012 (restated)					
Subordinated loan	123,500	156,086	5,372	150,714	-
Non-recourse PPP loans	304,813	456,102	16,617	36,306	403,179
Non-recourse project financing	213,312	233,519	121,503	97,390	14,626
Recourse PPP loans	54,739	57,574	7,220	50,354	-
Other project financing	89,929	89,482	56,789	29,690	3,003
Financial lease liabilities	42,315	46,097	8,937	32,749	4,411
Derivatives (forward exchange contracts)	(1,412)	(279,667)	(266,650)	(13,017)	-
Derivatives (forward exchange contracts)	3,183	281,797	268,911	12,886	-
Derivatives (interest rate swaps)	79,557	92,795	14,531	50,901	27,363
Other loans	4,099	4,849	1,558	3,291	-
Bank overdrafts	1,514	1,563	1,563	-	-
Other current liabilities	2,902,526	2,902,526	2,902,526	-	-
	3,818,075	**4,042,723**	**3,138,877**	**451,264**	**452,582**

The expected outgoing cash flows are offset by the incoming cash flows from operational activities and (re-)financing. Besides that, the Group has syndicated and bilateral credit facilities available of €500 million (2012: €500 million) and €165 million (2012: €165 million), respectively.

4.2 Financing structure

The Group's aim is for a financing structure that ensures continuing operations and minimises cost of equity. For this, flexibility and access to the financial markets are important conditions. As usual within the industry, the Group monitors its financing structure using a solvency ratio, among other factors. In this context, the Group uses two solvency definitions, i.e. solvency including and excluding (non-) recourse PPP loans.

Solvency including (non-) recourse PPP loans is calculated as the capital base divided by total assets. The Group's capital base consists of equity attributable to the company's shareholders and the subordinated loan. Please refer to Notes 18 and 19. At year-end 2013, the solvency ratio was 19.8 per cent (2012: 16.1 per cent).

4.3 Financial instruments by categories

The Group has three categories of financial instrument. A significant number of these are inherent to the Group's normal operations and are included in the category of borrowings and receivables/obligations. A few other financial instruments are presented in various other line items of the balance sheet. The following summary indicates the values for which financial instruments are included for each relevant balance sheet item.

		Financial instruments				
		Loans and receivables/ liabilities	Fair value through profit and loss	Derivatives used for hedging	No financial instruments	Total
	2013					
10	PPP receivables	406,476	-	-	-	406,476
12	Other financial assets	117,540	2,804	-	1,223	121,567
20	Derivatives	-	-	3,309	-	3,309
14	Trade and other receivables	965,726	-	-	971,496	1,937,222
15	Cash and cash equivalents	548,277	-	-	-	548,277
19	Borrowings	931,165	-	-	146	931,311
20	Derivatives	-	-	45,251	-	45,251
24	Trade and other payables	880,845	-	-	2,009,069	2,889,914
		3,850,029	**2,804**	**48,560**	**2,981,934**	**6,883,327**
	2012 (restated)					
10	PPP receivables	357,973	-	-	-	357,973
12	Other financial assets	176,743	3,198	-	1,278	181,219
20	Derivatives	-	-	1,412	-	1,412
14	Trade and other receivables	1,048,039	-	-	865,479	1,913,518
15	Cash and cash equivalents	553,931	-	-	-	553,931
19	Borrowings	832,707	-	-	1,514	834,221
20	Derivatives	-	-	82,740	-	82,740
24	Trade and other payables	821,771	-	-	2,080,755	2,902,526
		3,801,547	3,198	84,152	2,949,026	6,827,540

Of the total balance sheet position of €6.9 billion at year-end 2013 (2012: €6.8 billion), 57 per cent (2012: 57 per cent) qualifies as financial instruments.

A master netting agreement is applicable to a part of Cash and cash equivalents. At 31 December 2013 a positive balance of €542 million has been offset against a negative balance of €305 million (2012: €560 million offset against €310 million).

4.4 Fair value estimation

The fair value of financial instruments not quoted in an active market is measured using valuation techniques. The Group uses various techniques and makes assumptions based on market conditions on balance sheet date. As of 2013 the valuation also includes (changes in) the credit risk of the counter party and the credit risk of the Group itself based on the provisions of IFRS 13.

One of these techniques is the calculation of the net present value of the expected cash flows (DCF-method). The fair value of the interest rate swaps is calculated as the net present value of the expected future cash flows. The fair value of the forward exchange contracts is measured based on the 'forward' currency exchange rates on balance sheet date. In addition, valuations from bankers are requested for interest rate swaps.

Financial instruments valued at fair value consist of only interest rate swaps and foreign exchange contracts. In line with the current accounting policies the derivatives are classified as 'level 2'.

On balance sheet date the fair value of the liability arising from the LTR plan for the Executive Board members is determined (please refer to Note 36). Valuation factors include the share prices of BAM and those of the peer group at valuation date, anticipated volatility as well as anticipated dividends of the shares, and the risk-free interest rate, based on the five-year German bond interest. Anticipated volatility is estimated based on the historically average volatility of the share prices of BAM and those of the peer group. Excluded from the determination of fair value are services and non-market related conditions.

It is assumed that the nominal value (less estimated adjustments) of borrowings (current segment), trade receivables and trade payables approximate to their fair value.

5. Critical accounting estimates and judgements

Estimates and judgements are continiously evaluated and are based on historical experience and other factors, including expectations of future events that may reasonably occur based on the current situation.

5.1 Critical accounting estimates and assumptions in the financial statements

The Group makes estimates and assumptions concerning the future. Estimates will, by definition, seldom be identical to the actual results. Estimates and assumptions are based on historical experience and other factors, including expectations of future events that may reasonably occur based on the current situation. Estimates are continuously evaluated. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying values of assets and liabilities within the next financial year are disclosed in the Notes to the financial statements.

a) Project results
If the result of a contract can be estimated reliably, revenues and costs are accounted for over the period of the contract, in proportion to the progress of the activities performed. The activities performed are measured in accordance with the 'percentage of completion method'. If it is probable that the total project cost will exceed the total contract revenue, the expected loss is recognised as an expense.

This system is based on periodic assessments by the project teams using project accounts, project files and the expertise of those involved. Estimates are an inherent part of this process and they may differ from the subsequent reality, especially for long-term (complex) projects. However, historical experience has also shown that estimates are, on the whole, sufficiently reliable.

b) Land and building rights
The Group assesses the valuation of land and building rights by making estimates and assumptions based on market information. Developments of all-in prices, the level of building cost, the number of housing units per project and the moment of development are particularly important for houses. For commercial property,

estimates are made with regard to the expected market yield per object, the rental levels and the estimated rent-free periods. In most cases, external valuations are used. As a consequence of the radical changes in market conditions with regard to property, assumptions and starting points may change significantly, partly due to the relatively long duration for project realisation. This may result in impairments of positions to lower market values.

c) Property development
The valuation of property positions is assessed on the basis of market information available. Based on the market information, assumptions and starting points are assessed per project. Developments of all-in prices, the level of building cost, the number of housing units per project and the moment of development are particularly important for houses. For commercial property, estimates are also made with regard to the expected market yield per object, the rental levels and the estimated rent-free periods. In most cases, external valuations are used. As a consequence of the radical changes in market conditions with regard to property, assumptions and starting points may change significantly. This may result in impairments of positions to lower market values.

d) Goodwill
The Group tests for impairment of goodwill every year. Based on the business plans of the business units, which are approved by management, the expected cash flows before tax are determined for the next five years. Cash flows after the five-year period are extrapolated by using estimated growth figures which are considered appropriate for the Group's long-term outlook with regard to sectors and markets. For each business unit, a 'weighted average cost of capital' (WACC) is determined based on a representative 'peer group'. In addition, an estimate is made of the expected inflation and the growth percentage. The cash flows, the inflation, the growth percentage and WACC identified constitute the basis for the 'discounted cash flow method' to test goodwill. Major changes in the assumptions and starting points may have an effect on the valuation of goodwill.

e) Tax on profits
The Group estimates the tax position for each tax entity. Estimates are made with regard to the valuation of carry forward tax losses. The Group values deferred tax assets only to the extent that they are likely to be realised.

5.2 Critical judgements in applying the entity's accounting policies

Pension plan obligations are considered to be cost within the normal course of business but relate to liabilities that will have to be fulfilled at some distant future date. Pension charges are determined on the basis of actuarial principles. These are based on a number of underlying assumptions such as staffing changes, discount rates, mortality rates, pensionable age, expected return on plan assets, future salary increases and the associated indexation of the payments.
These assumptions are generally reassessed at the start of every financial year. Actual circumstances may deviate from these assumptions, giving rise to an altered pension obligation, which may then lead to extra income or expense in the consolidated income statement. Changes in the relevant pension costs may occur in the future as a result of adjusted assumptions.

Except for the above and the elements as included in the notes to the financial statements, there are no critical accounting estimates or assumptions in applying the Group's accounting policies which require further disclosure.

6. Segment information

Sector reporting

Revenue and results	Construction and M&E services	Civil engineering	Property	PPP	Other including eliminations	Total
2013						
Construction contracts	2,700,564	3,734,218	168,126	254,034	-	6,856,942
Property development	-	-	44,401	-	-	44,401
Concessions	43,347	-	-	33,580	-	76,927
Services and other	22,782	13,439	23,855	-	3,252	63,328
Third party revenue	2,766,693	3,747,657	236,382	287,614	3,252	7,041,598
Sector revenue	311,439	222,462	-	-	(533,901)	-
Revenue	3,078,132	3,970,119	236,382	287,614	(530,649)	**7,041,598**
Operating result	3,994	49,024	(60,684)	1,447	22,110	15,891
Net finance cost	3,147	2,441	(8,164)	11,778	(5,847)	3,355
Result from associates and joint ventures	21	596	23,419	1,197	(97)	25,136
Result before tax	7,162	52,061	(45,429)	14,422	16,166	44,382
Tax						(5,778)
Result discontinued operations						8,526
Net result for the year						**47,130**
2012 (restated)						
Construction contracts	2,950,313	3,553,315	229,161	264,172	-	6,996,961
Property development	-	-	144,462	-	-	144,462
Concessions	30,083	-	-	23,909	-	53,992
Services and other	8,204	10,903	7,746	-	3,116	29,969
Third party revenue	2,988,600	3,564,218	381,369	288,081	3,116	7,225,384
Sector revenue	345,842	183,220	-	-	(529,062)	-
Revenue	3,334,442	3,747,438	381,369	288,081	(525,946)	7,225,384
Operating result	45,671	56,905	(224,523)	(299)	(150,883)	(273,129)
Net finance cost	4,734	5,370	(2,727)	12,627	(7,452)	12,552
Result from associates and joint ventures	19	(4,308)	(24,476)	73	-	(28,692)
Result before tax	50,424	57,967	(251,726)	12,401	(158,335)	(289,269)
Tax						41,169
Result discontinued operations						65,000
Net result for the year						(183,100)

The accounting principles of the segment information corresponds with the accounting principles of the Group as included in Note 3.

Balance sheet

	Construction and M&E services	Civil engineering	Property	PPP	Other including eliminations [1]	Total
2013						
Assets	1,415,090	2,432,632	1,223,545	668,228	(557,932)	5,181,563
Associates and joint ventures	604	10,130	117,208	5,611	1,313	134,866
Total assets	1,415,694	2,442,762	1,340,753	673,839	(556,619)	**5,316,429**
Liabilities	1,068,032	1,877,573	1,488,043	606,233	(656,115)	4,383,766
Group equity	-	-	-	-	932,663	932,663
Group equity and liabilities	1,068,032	1,877,573	1,488,043	606,233	276,548	**5,316,429**
2012 (restated)						
Assets	1,519,175	2,381,826	1,222,713	724,773	(657,233)	5,191,254
Associates and joint ventures	593	10,742	99,763	4,893	1,095	117,086
Total assets	1,519,768	2,392,568	1,322,476	729,666	(656,138)	5,308,340
Liabilities	1,142,083	1,864,543	1,452,413	724,757	(607,659)	4,576,137
Group equity	-	-	-	-	732,203	732,203
Group equity and liabilities	1,142,083	1,864,543	1,452,413	724,757	124,544	5,308,340

[1] Including non-operational assets and liabilities.

Other information

	Construction and M&E services	Civil engineering	Property	PPP	Other including eliminations [1]	Total
2013						
Investments [2]	13,079	78,052	1,723	14	1,614	94,482
Amortisation and depreciation	18,146	65,443	1,283	61	3,663	88,596
Impairment losses	-	-	42,026	-	-	42,026
Impairment losses in associates and joint ventures [4]	-	-	(12,026)	-	-	(12,026)
Average number of fte [3]	7,612	15,350	211	107	222	23,502
Number of fte at year-end	7,502	15,276	193	110	248	23,329
2012 (restated)						
Investments [2]	12,311	96,429	383	18	3,305	112,446
Amortisation and depreciation	19,517	58,950	1,478	63	4,247	84,255
Impairment losses	-	-	366,780	-	-	366,780
Impairment losses in associates and joint ventures [4]	-	-	31,368	-	-	31,368
Average number of fte [3]	7,849	14,698	267	96	233	23,143
Number of fte at year-end	7,740	15,382	241	101	227	23,691

[1] Including non-operational assets and liabilities.

[2] Gross investments in tangible and intangible assets.

[3] Fulltime equivalent.

[4] Concerns property development in associates and joint ventures.

Geographical reporting

Revenue [4]	Construction and M&E services	Civil engineering	Property	PPP	Other including eliminations	Total
2013						
Netherlands	1,343,428	1,355,442	192,588	77,626	(247,234)	2,721,850
United Kingdom	981,544	973,682	15,491	12,916	(15,316)	1,968,317
Belgium	246,079	650,658	27,148	46,986	(96,767)	874,104
Germany	492,410	277,132	-	47,992	(44,735)	772,799
Ireland	-	266,493	1,155	102,094	(97,535)	272,207
Other (worldwide)	14,671	446,712	-	-	(29,062)	432,321
	3,078,132	3,970,119	236,382	287,614	(530,649)	**7,041,598**
2012 (restated)						
Netherlands	1,582,707	1,446,737	247,689	158,319	(337,444)	3,098,008
United Kingdom	1,068,374	915,832	60,480	13,973	(22,370)	2,036,289
Belgium	215,003	628,584	72,139	23,114	(66,140)	872,700
Germany	459,911	207,304	-	75,089	(76,310)	665,994
Ireland	-	230,926	1,061	17,586	(14,887)	234,686
Other (worldwide)	8,447	318,055	-	-	(8,795)	317,707
	3,334,442	3,747,438	381,369	288,081	(525,946)	7,225,384

[4] Geographical allocations based on location of projects.

Assets [1]	2013	2012 (restated)
Netherlands	**2,444,790**	2,584,703
United Kingdom	**988,984**	1,003,083
Belgium	**648,058**	594,650
Germany	**533,301**	513,311
Ireland	**230,246**	232,109
Other (worldwide)	**944,464**	952,783
Eliminations, associates and not allocated assets	**(473,414)**	(572,299)
	5,316,429	5,308,340

Investments [2]	2013	2012 (restated)
Netherlands	**28,029**	31,431
United Kingdom	**12,797**	11,591
Belgium	**6,218**	21,383
Germany	**19,012**	32,024
Ireland	**1,350**	489
Other (worldwide)	**27,076**	15,528
	94,482	112,446

[1] Geographical allocations based on location of the assets.

[2] Gross investments in tangible and intangible assets based on geographical location of the assets.

7. Overview of projects

Construction contracts and property development
These projects reflect a major part of the Group's activities and are presented in various line items of the balance sheet. Supplementary to the standard notes and in order to provide an insight into the Group's overall position, the relevant line items are stated below.

	Property development	Construction contracts	Total
2013			
Land and building rights, property development	1,028,103	-	1,028,103
Amounts due from customers	60,540	410,673	471,213
Total assets	1,088,643	410,673	1,499,316
Non-recourse project financing	(271,448)	-	(271,448)
Other project financing	(80,974)	-	(80,974)
Amounts due to customers	(38,328)	(659,255)	(697,583)
Total liabilities	(390,750)	(659,255)	(1,050,005)
At 31 December	**697,893**	**(248,582)**	**449,311**
2012 (restated)			
Land and building rights, property development	910,752	-	910,752
Amounts due from customers	34,318	372,669	406,987
Total assets	945,070	372,669	1,317,739
Non-recourse project financing	(213,312)	-	(213,312)
Other project financing	(89,929)	-	(89,929)
Amounts due to customers	(47,647)	(785,182)	(832,829)
Total liabilities	(350,888)	(785,182)	(1,136,070)
At 31 December	594,182	(412,513)	181,669

Property development
Property development consists of land and building rights and property development projects. Property development projects whose transfer of equitable title takes place during development are recognised in the item of amounts receivable from clients or amounts payable to clients. At year-end 2013, the value of these projects on the balance sheet is €22 million debit (2012: €13 million credit). The amount of prepayments included at 31 December 2013 is €6 million (2012: €8 million).

Construction contracts

The value of construction contracts on the balance sheet at year-end 2013 is €249 million credit (2012: €413 million credit). The amount of prepayments included at 31 December 2013 is €319 million (2012: €336 million).

	Property development	Construction contracts	Total
2013			
Costs projects including result	300,720	10,980,905	11,281,625
Invoiced instalments	(240,180)	(10,570,232)	(10,810,412)
Amounts due from customers	**60,540**	**410,673**	**471,213**
Costs projects including result	340,644	8,285,552	8,626,196
Invoiced instalments	(378,972)	(8,944,807)	(9,323,779)
Amounts due to customers	**(38,328)**	**(659,255)**	**(697,583)**
2012 (restated)			
Costs projects including result	400,516	9,849,520	10,250,036
Invoiced instalments	(366,198)	(9,476,851)	(9,843,049)
Amounts due from customers	34,318	372,669	406,987
Costs projects including result	425,739	8,864,876	9,290,615
Invoiced instalments	(473,386)	(9,650,058)	(10,123,444)
Amounts due to customers	(47,647)	(785,182)	(832,829)

PPP projects

The overall position of PPP projects (excluding joint ventures) in which the Group is involved is as follows:

Overview of PPP projects

	Non-current	Current	Total
2013			
PPP receivables	406,476	4,907	411,383
(Non-)recourse PPP loans	(325,850)	(44,739)	(370,589)
	80,626	(39,832)	40,794
Net assets and liabilities	(9,000)	492	(8,508)
PPP projects per 31 December 2013	**71,626**	**(39,340)**	**32,286**
2012 (restated)			
PPP receivables	357,973	38,088	396,061
(Non-)recourse PPP loans	(346,350)	(13,202)	(359,552)
	11,623	24,886	36,509
Net assets and liabilities	(10,549)	19,553	9,004
PPP projects per 31 December 2012	**1,074**	**44,439**	**45,513**

The joint venture BAM PPP PGGM Infrastructure Coöperatie U.A. established (joint venture BAM PPP/PGGM) makes long-term investments in PPP markets for social infrastructure and transport infrastructure in the Netherlands, Belgium, the United Kingdom, Ireland, Germany and Switzerland. BAM PPP continues to be fully responsible for issuing new project tenders, rendering services with regard to asset management for the joint venture and representing the joint venture in transactions. PGGM provides the largest part of capital required for existing projects.

In 2013, the Group sold to the joint venture BAM PPP/PGGM three PPP projects with a net result of €8.8 million. The Group retains 20 per cent of its share in these projects. Please refer to Note 35.

In 2013, the assets and liabilities related to the planned disposals of four PPP projects (2012: three), two of which joint ventures, to the joint venture BAM PPP/PGGM are recognised as assets and liabilities held for sale. Please refer to Note 35.

8. Property, plant and equipment

	Land and buildings	Plant, equipment and installations	Property, plant and equipment ordered/in construction	Other tangible assets	Total
At 1 January 2012 (restated)					
Cost	229,018	550,658	4,748	141,035	925,459
Accumulated depreciation and impairment	(89,171)	(376,446)	-	(97,946)	(563,563)
Carrying amount	139,847	174,212	4,748	43,089	361,896
2012 (restated)					
Carrying amount at 1 January	139,847	174,212	4,748	43,089	361,896
Additions	2,765	63,872	20,275	19,539	106,451
Acquisition of subsidiaries	-	-	-	71	71
Disposals	(6,520)	(4,082)	(141)	(1,140)	(11,883)
Transfers between categories	23	3,620	(2,672)	(971)	-
Depreciation charge	(7,603)	(54,111)	-	(18,457)	(80,171)
Exchange rate differences	145	183	8	259	595
Carrying amount at 31 December	128,657	183,694	22,218	42,390	376,959
At 31 December 2012 (restated)					
Cost	216,381	572,917	22,218	137,373	948,889
Accumulated depreciation and impairment	(87,724)	(389,223)	-	(94,983)	(571,930)
Carrying amount	128,657	183,694	22,218	42,390	376,959
2013					
Carrying amount at 1 January	128,657	183,694	22,218	42,390	376,959
Additions	2,744	52,129	18,900	17,004	90,777
Acquisition of subsidiaries	1,452	152	11	62	1,677
Disposals	(10,084)	(7,929)	(33)	(7,485)	(25,531)
Transfers between categories	(335)	28,944	(29,594)	985	-
Impairment	(500)	-	-	-	(500)
Depreciation charge	(7,151)	(60,474)	-	(17,805)	(85,430)
Exchange rate differences	(149)	(1,555)	(1)	177	(1,528)
Carrying amount at 31 December	114,634	194,961	11,501	35,328	356,424
At 31 December 2013					
Cost	206,157	599,417	11,501	125,657	942,732
Accumulated depreciation and impairment	(91,523)	(404,456)	-	(90,329)	(586,308)
Carrying amount	**114,634**	**194,961**	**11,501**	**35,328**	**356,424**

Tangible assets on order and under construction relate predominantly to plant, equipment and installations. Please refer to Note 33 for information on contractual obligations with regard to property, plant and equipment.

The fair value of property, plant and equipment at year-end 2013 is €456 million (2012: €448 million).

The amount of property, plant and equipment (not leased under financial lease) is not pledged as a security for borrowings.

The net book value of property, plant and equipment leased under financial leases is presented below:

	2013	2012 (restated)
Land and buildings	**17,457**	17,779
Plant, equipment and installations	**26,982**	25,806
Other tangible fixed assets	**124**	235
	44,563	43,820

The related financial lease liabilities are recorded under current and non-current borrowings. Please refer to Note 19.

Finance expense and depreciation related to these assets are recognised in the income statement.

9. Intangible assets

	Goodwill	Non-integrated software	Other	Total
At 1 January 2012 (restated)				
Cost	688,697	10,013	29,363	728,073
Accumulated amortisation and impairments	(145,408)	(7,520)	(25,198)	(178,126)
Carrying amount	543,289	2,493	4,165	549,947
2012 (restated)				
Carrying amount at 1 January	543,289	2,493	4,165	549,947
Additions	-	3,567	2,428	5,995
Acquisition of subsidiaries	-	-	1,177	1,177
Disposals	-	(92)	-	(92)
Amortisation charge	-	(1,289)	(2,795)	(4,084)
Impairment losses	(150,431)	-	-	(150,431)
Exchange rate differences	3,482	(4)	-	3,478
Carrying amount at 31 December	396,340	4,675	4,975	405,990
At 31 December 2012 (restated)				
Cost	692,177	12,300	32,951	737,428
Accumulated amortisation and impairments	(295,837)	(7,625)	(27,976)	(331,438)
Carrying amount	396,340	4,675	4,975	405,990
2013				
Carrying amount at 1 January	396,340	4,675	4,975	405,990
Additions	-	1,900	1,805	3,705
Disposals	-	(243)	-	(243)
Amortisation charge	-	(1,847)	(1,319)	(3,166)
Exchange rate differences	(3,023)	-	20	(3,003)
Carrying amount at 31 December	393,317	4,485	5,481	403,283
At 31 December 2013				
Cost	688,996	13,566	25,246	727,808
Accumulated amortisation and impairments	(295,679)	(9,081)	(19,765)	(324,525)
Carrying amount	**393,317**	**4,485**	**5,481**	**403,283**

9.1 Goodwill

Goodwill derives predominantly from the acquisitions of HBG (2002) and relates to 19 cash-generating units. Of these units, the goodwill of the cash-generating units BAM Nuttall (€79 million) and BAM Construct UK (€66 million) is considered significant in 2013 (2012: idem).

There were no material acquisitions. Please refer to Note 34.

The goodwill of the cash-generating units provides the following overview of the Group, at sector level:

	2013	2012 (restated)
Construction and mechanical and electrical services	**152,384**	153,752
Civil engineering	**224,963**	226,618
Property	**15,970**	15,970
	393,317	396,340

The (pre-tax) discount rate used in 2013 for the cash-generating units varies between 9.1 per cent (2012: 9.1 per cent) and 12.7 per cent (2012: 13.0 per cent). The increase after the budget period is 2 per cent (2012: 2 per cent).

Impairments
Goodwill is tested for impairment. This involves testing the carrying amount of a cash-generating unit, including allocated goodwill, against its recoverable amount. The recoverable amount of a cash generating unit is the higher of the value of an asset less selling expenses and its value in use. The calculation of the recoverable value involves the application of pre-tax cash flows projections based on financial budgets approved by management over a 5-year period. Cash flows after the 5-year period are extrapolated using estimated growth figures considered to be in line with the Group's long-term expectations with regard to sectors and markets. The forecast cash flows are discounted to their present values using a pre-tax discount rate that reflects the market situation, the time value of money and the risks specific to the asset.

As the economic outlook continued to deteriorate in the Netherlands, the Group impaired all of the goodwill of AM (approximately €150 million) in 2012.

Sensitivity analysis
For the cash-generating units BAM Nuttall (Civil engineering) and BAM Construct UK (Construction and mechanical and electrical services), which qualify as significant, goodwill impairment tests involve growth percentages of 2 per cent (2012: 2.0 per cent). The pre-tax discount rate used is 9.1 per cent (2012: 9.1 per cent).

The sensitivity analysis for BAM Nuttall (Civil engineering) at 31 December 2013 leads to the following: if the growth percentage deviates negatively by 0.5 per cent, the net present value of cash flow decreases by €27 million. If the discount rate used is 0.5 per cent higher, the net present value of cash flow decreases by €35.6 million. A combination of both sensitivities does not lead to any impairment.

The sensitivity analysis for BAM Construct UK (Construction and mechanical and electrical services) at 31 December 2013 leads to the following: if the growth percentage deviates negatively by 0.5 per cent, the net present value of cash flow decreases by €31.6 million. If the discount rate used is 0.5 per cent higher, the net present value of cash flow decreases by €41.2 million. A combination of both sensitivities does not lead to any impairment.

If the discount rate used is 0.5 per cent higher, in combination with negative deviations in the growth percentages of 0.5 per cent, the sensitivity analysis of the Group's other cash-generating units at year-end 2012 does not lead to any impairment.

Exchange rate differences
Exchange rate differences involve predominantly goodwill and relate to currency fluctuations in the British pound sterling. In 2013, there was a decrease in the exchange rate. In 2012, there was a rise in the exchange rate.

10. PPP receivables

	2013	2012 (restated)
At 1 January	**396,061**	398,690
Receivables granted	**262,892**	270,578
Repayment of receivables	**(126,412)**	(80,848)
Exchange rate differences	**(2,145)**	2,509
Transfer to assets held for sale	**(119,013)**	(194,868)
At 31 December	**411,383**	396,061

	2013	2012 (restated)
Non-current	**406,476**	357,973
Current	**4,907**	38,088
	411,383	396,061

PPP receivables consist of the amounts receivable with regard to concessions in the Netherlands, Belgium, Germany, Ireland, the United Kingdom and Switzerland. The current part of PPP receivables is recorded as trade receivables and other receivables. Please refer to Note 14.

In 2013, three operational projects were transferred from assets held for sale to the joint venture BAM PPP/PGGM. The Group retains a share of 20 per cent in these projects. Two projects were transferred in 2012. Four projects, two of which joint ventures, are included under assets held for sale at year-end 2013, i.e. the operational projects that are expected to be transferred in 2014.

The increase in receivables granted in 2013 relates predominantly to the progress of PPP projects under construction.

The average duration of PPP receivables is 23 years (2012: 25 years). Approximately €314 million of the non-current part has a duration of more than five years (2012: €239 million).

The interest rates on PPP receivables are in line with the interest rates (after hedging) of the related non-recourse PPP loans. The contractual interest percentages are fixed for the entire duration. The average interest rate on PPP receivables is 6.7 per cent (2012: 6.8 per cent). The fair value of PPP receivables is therefore affected by changes to the same discount factors as those that may occur in the financial markets following changes in interest rates and risk margins. At year-end 2013, the fair value of long-term PPP receivables is approximately €447 million (2012: approximately €438 million).

PPP receivables are pledged as a security for the corresponding (non-)recourse PPP loans, which are included under current and non-current liabilities.

Please refer to Note 38 for further information on concessions.

11. Associates and joint ventures

Associates and joint ventures are included in the consolidated balance sheet as follows:

	2013	2012 (restated)
Associates	**30,487**	31,369
Joint ventures	**104,379**	85,717
	134,866	117,086

Associates
The table below specifies the Group's interests in material associates.

	Principal activity	Country of incorporation	% Interest 2013	% Interest 2012
Infraspeed (Holdings) bv	Exploitation of rail infrastructure	Netherlands	**10,54 %**	10,54 %
Justinvest bv	Lease and exploitation real estate	Belgium	**33,33 %**	33,33 %
Rabot Invest nv	Lease and exploitation real estate	Belgium	**25,00 %**	25,00 %

The amounts below are taken from the financial statements of the material associates, which are prepared in accordance with the Group's accounting policies, including reconciliations with the carrying value of the Group's interest in these associates, as recognised in the consolidated financial statements.

	Infraspeed (Holdings) bv		Justinvest nv		Rabot Invest nv	
	2013	2012	**2013**	2012	**2013**	2012
Current assets	**106,526**	104,479	**11,264**	10,699	**7,455**	7,115
Non-current assets	**914,521**	937,568	**186,999**	193,514	**100,803**	105,257
Current liabilities	**(22,515)**	(22,409)	**(10,518)**	(10,074)	**(6,510)**	(6,324)
Non-current liabilities	**(955,217)**	(982,271)	**(187,380)**	(193,804)	**(101,179)**	(105,491)
Net assets	**43,315**	37,367	**365**	335	**569**	557
Revenue	**46,028**	43,173	**552**	513	**883**	882
Net result	**10,868**	11,096	**32**	27	**11**	14
Net assets	**43,315**	37,367	**365**	335	**569**	557
% Share	**10.54 %**	10.54 %	**33.33 %**	33.33 %	**25.00 %**	25.00 %
Share in equity	**4,565**	3,938	**122**	112	**142**	139

Aggregate information of associates that are not individually material is set out below.

	2013	2012 (restated)
Share in net result	**2,462**	(11,364)
Share in equity other associates	**6,630**	10,472

Other associates relate to the Group's interests in various project-related entities.

Reconciliation with the carrying amount of the Group's interest in associates, as recognised in the consolidated financial statements, is as follows:

	2013	2012 (restated)
Share in equity individual material associates	**4,829**	4,189
Share in equity other associates	**6,630**	10,472
	11,459	14,661
Recognised as provision associates	**1,060**	2,111
Recognised as impairment non-current receivables	**17,968**	14,597
	30,487	31,369

In 2013, a dividend of €5.8 million (2012: €3.8 million) was received.

This includes associates in which the Group holds less than 20 per cent of the (potential) voting shares, but over which the Group has significant influence through memberships of boards of management and/or supervisory boards.

Some associates are significantly restricted in their ability to transfer funds. This relates mainly to terms on the basis of which repayment of external debt has priority over dividend distribution.

Joint ventures

The table below specifies the Group's interests in material joint ventures.

	Principal activity	Country of incorporation	% Share	
			2013	2012
BAM PPP PGGM Infrastructure Coöperatie U.A.	Asset management	Netherlands	**50.00 %**	50.00 %

The amounts below are taken from the financial statements of the joint venture BAM PPP/PGGM, which are prepared in accordance with the Group's accounting policies, including reconciliations with the carrying value of the Group's interest in this joint venture, as recognised in the consolidated financial statements:

	BAM PPP PGGM Infrastructure Coöperatie U.A.	
	2013	2012
Current assets	**38,054**	11,978
Non-current assets	**448,492**	304,478
Current liabilities	**(34,664)**	(16,052)
Non-current liabilities	**(498,357)**	(361,469)
Net assets	**(46,475)**	(61,065)
Of which:		
Cash and cash equivalents	**19,412**	10,257
Current financial liabilities	**(12,451)**	-
Non-current financial liabilities	**(498,357)**	(351,399)
Revenue	**16,903**	11,382
Net result	**(477)**	1,133
Other comprehensive income	**(53,087)**	(65,870)
Of which:		
Finance income	**24,605**	18,000
Finance expense	**(23,613)**	(17,412)
Income tax	**(447)**	(292)
Net assets	**(46,475)**	(61,065)
% Profit rights	**20.00 %**	20.00 %
Share in equity	**(9,295)**	(12,213)
Hedge reserve not recognised	**2,014**	6,485
	(7,281)	(5,728)

The Group's interest in the BAM/PGGM joint venture is based on its share in members' capital. Contractually, the Group owns 20 % of profit entitlements. In addition, the Group bears the risks in the operational phases until completion of the projects which are acquired by the joint venture.

If the Group's share in losses exceeds the carrying amount of the joint venture, further losses will not be recognised, unless the Group is liable. In 2013, €4.4 million of losses was not recognised. At year-end 2013, unrecognised losses amount to €2 million (2012: 6 million).

The amounts below relate to the Group's interest in the results and carrying amounts of other joint ventures.

	2013	2012 (restated)
Share in net result property development joint ventures	**22,405**	(18,244)
Share in net result other joint ventures	**(1,113)**	(511)
Share in equity property development joint ventures	**34,646**	(29,558)
Share in equity other joint ventures	**(35,161)**	(81,660)

Revenue of property joint ventrues amounts to €101 million (2012: €135 million) and property development recognised in the balance sheet amounts to €207 million (2012: €317 million) of which an amount of €118 million (2012: €194 million) externally financed (share of the Group).

The Group's interest in the net results of joint ventures includes an impairment reversal of €12 million (2012: €31 million impairment).

Reconciliation with the carrying amount of the Group's interest in joint ventures, as recognised in the consolidated financial statements, is as follows:

	2013	2012 (restated)
Share in equity BAM PPP/PGGM joint venture	**(7,281)**	(5,728)
Share in equity property development joint ventures	**34,646**	(29,558)
Share in equity other joint ventures	**(35,161)**	(81,660)
	(7,796)	(116,946)
Recognised as provision joint ventures	**30,499**	68,501
Recognised as impairment non-current receivables	**81,676**	134,162
	104,379	85,717

In 2013, a dividend of €7.2 million (2012: €10.3 million) was received.

The partners have decided to use a different financial year for these joint arrangements so as to account for the financial results of the joint ventures in the Group's financial reporting in a timely manner. The financial years of many joint arrangements run from 1 December up to and including 30 November.

12. Other financial fixed assets

	Non-current receivables	Other	Total
At 1 January 2012 (restated)	241,141	5,608	246,749
Loans granted	66,203	-	66,203
Repayment of loans	(62,119)	-	(62,119)
Exchange rate differences	(32)	-	(32)
Impairments	(40,274)	-	(40,274)
Transfers	(16,805)	-	(16,805)
Other movements	-	(1,132)	(1,132)
	188,114	4,476	192,590
Of which current:	(11,371)	-	(11,371)
At 31 December 2012 (restated)	176,743	4,476	181,219
Loans granted	8,210	-	8,210
Repayment of loans	(19,247)	-	(19,247)
Exchange rate differences	(350)	-	(350)
Impairments	(5,622)	-	(5,622)
Transfers	(43,214)	-	(43,214)
Other movements	-	(449)	(449)
	127,891	4,027	131,918
Of which current:	(10,351)	-	(10,351)
At 31 December 2013	**117,540**	**4,027**	**121,567**

The fair value of non-current receivables at year-end 2013 amounts to €130 million (2012: €190 million). The effective interest rate is 1.7 per cent (2012: 1.3 per cent).

The column Other consists predominantly of interests in (unlisted) associates over which the Group has no significant influence.

The impairments recognised in 2012 and 2013 relate to loans which the Group granted (through subsidiary AM) to associates and joint ventures operating on the property market.

13. Inventories

	2013	2012 (restated)
Land and building rights	**484,154**	467,664
Property development	**543,949**	453,471
Raw materials and consumables	**18,935**	20,695
Finished products	**2,413**	3,076
	1,049,451	944,906

Within the ordinary course of business, the duration of land and building rights is generally non-current (longer than one year). The majority of the property development investments are current in nature.

In 2012, the comprehensive analysis of the Dutch property order book led to impairments of land and building rights in the amount of €177 million and of property development in the amount of €2 million. In addition, €3 million of impairments of property development was reversed.

Of the impairment in 2013, €28 million relates to a retail property position owing to deteriorated rental forecasts following future redevelopment.

The movement of cumulative impairments of the property order book is as follows:

	2013	2012 (restated)
At 1 January	**368,275**	192,200
Addition	**42,378**	179,075
Reversal	**(6,474)**	(3,000)
At 31 December	**404,179**	368,275

The item property development includes the following completed and unsold property:

Unsold and finished property	**2013** Number / m²		2012 (restated) Number / m²	
Houses [1]	**161**	**30,709**	155	27,160
Commercial property - rented	**76,989**	**156,217**	13,501	32,886
Commercial property - not rented	**34,203**	**60,473**	35,290	68,036
		247,399		128,082

[1] Of which 86 houses rented, in anticipation of sale (2012: 54 houses).

In 2013, €0.7 million (2012: nil) of other inventories (raw materials and consumables and finished products) is recognised in the income statement. Other inventories were not impaired in the year under review.

14. Trade and other receivables

	2013	2012 (restated)
Trade receivables	**870,657**	936,783
Less: impairment of receivables	**(16,588)**	(46,372)
Trade receivables-net	**854,069**	890,411
Amounts due from customers	**471,213**	406,987
Amounts due from associates and joint ventures	**18,222**	5,840
Retentions	**106,750**	119,540
Accrued income completed projects	**63,288**	73,509
Accrued income work in progress	**253,533**	153,171
PPP receivables	**4,907**	38,088
Other financial assets	**11,378**	12,932
Other receivables	**84,424**	113,940
Prepayments and accrued income	**69,438**	99,100
	1,937,222	1,913,518

The fair value of trade receivables and other receivables is almost equal to their nominal values, due to the current nature of the receivables. Normally, these receivables will be paid within the normal course of business (less than one year), except for approximately €28 million (2012: €23 million). The fair value of this non-current part is approximately €28 million (2012: €23 million) and has been calculated using an average interest rate of 0.8 per cent (2012: 0.9 per cent).

There is no significant concentration of credit risk with regard to trade receivables, as the Group has a large number of national and international customers. Some of the receivables are also pledged via retention of ownership rights.

Trade receivables and impairment of receivables are made up as follows:

	2013		2012 (restated)	
	Trade receivables	Impairment	Trade receivables	Impairment
Not past due	**470,639**	**(59)**	565,657	(164)
Overdue < 3 months	**149,640**	**(353)**	171,045	(987)
Overdue 3 - 6 months	**43,319**	**(1,072)**	41,684	(2,996)
Overdue 6 - 12 months	**65,080**	**(1,189)**	40,058	(3,324)
Overdue 1 - 2 years	**60,696**	**(2,806)**	40,835	(7,845)
Overdue > 2 years	**81,283**	**(11,109)**	77,504	(31,056)
	870,657	**(16,588)**	936,783	(46,372)
Less: Impairment of receivables	**(16,588)**		(46,372)	
Trade receivables-net	**854,069**		890,411	

The movement of impairments is as follows:

	2013	2012 (restated)
At 1 January	**46,372**	78,802
Included in the income statement:		
- Additional provisions	**4,997**	3,337
- Release of unused provisions	**(9,536)**	(6,354)
Used during the year	**(25,229)**	(29,414)
Transfer to assets held for sale	**(5)**	(8)
Exchange rate differences	**(11)**	9
At 31 December	**16,588**	46,372

Amounts due from customers relate to construction contracts for third parties and property development sold, and consist of the positive balance of cost incurred (including result recognised) and invoiced instalments. Please refer to Notes 3.10 and 7.

Retentions relate to amounts retained by customers on invoiced instalments. In the United Kingdom and Germany in particular, it is common practice to retain a previously agreed percentage until completion of the project.

PPP receivables relate to the current proportion of the receivables. Please refer to Note 10.

Other receivables include prepaid cost and invoices to be sent within the ordinary course of business.

In 2013 and 2012, there was no impairment of other receivables.

15. Cash and cash equivalents

	2013	2012 (restated)
Cash at bank and in hand	**509,804**	538,297
Short term bank deposits	**38,473**	15,634
Cash and cash equivalents	**548,277**	553,931

Cash and cash equivalents are at the free disposal of the Group. Bank deposits have a term to maturity no later than 30 January 2014. Cash and cash equivalents include the Group's share in cash of joint operations, amounting to €132 million (2012: €110 million). The liquidities balance includes €14 million (2012: €25 million) in PPP entities as part of the conditions in project-specific funding agreements.

Cash and cash equivalents are not offset against the short-term bank overdrafts, considering their geographical positions at balance sheet date. It is the Group's policy to offset these as far as possible during the year.

	2013	2012 (restated)
Cash and cash equivalents	**548,277**	553,931
Less: bank overdrafts	**(146)**	(1,514)
Net cash position	**548,131**	552,417

The average effective interest on short-term bank deposits is 2.4 per cent (2012: 1.1 per cent).
The deposits have an average remaining term to maturity of approximately 10 days (2012: approximately one day).

16. Share capital

	Number of shares issued	Ordinary shares	Share premium	Total
At 1 January 2012 (restated)	232,937,569	23,294	691,400	714,694
Dividend paid	8,587,345	858	19,849	20,707
At 31 December 2012 (restated)	241,524,914	24,152	711,249	735,401
Issue of shares	24,152,491	2,415	81,121	83,536
Dividend paid	3,746,684	375	13,956	14,331
At 31 December 2013	**269,424,089**	**26,942**	**806,326**	**833,268**

Please refer to Note 8 of the company financial statements for further details on the number of issued shares.

16.1 General

At year-end 2013, the authorised capital of the Group was four hundred million ordinary shares (2012: four hundred million) and six hundred million preference shares (2012: six hundred million), all with a nominal value of €0.10 per share (2012: €0.10 per share). All issued shares have been fully paid up.

A call option was granted to Stichting Aandelenbeheer BAM Groep in 1993 for Class B preference shares. For further information, please refer to the Other Information section.

16.2 Ordinary shares

In 2013, the number of issued ordinary shares increased by 3,746,684 owing to distribution of dividend in shares (2012: 8,587,345 shares).

In addition, the Group issued 24,152,491 new ordinary shares at a price of €3.50 per share by way of an accelerated bookbuild emission.

17. Reserves

	Currency translation adjustments	Hedging reserve	Unrecognised actuarial gains and losses	Total
At 1 January 2012 (restated)	(76,896)	(155,335)	(189,723)	(421,954)
Reclassification to the income statement due to divestment				
- Fair value cash flow hedges	-	8,254	-	8,254
- Tax on fair value cash flow hedges	-	(1,899)	-	(1,899)
- Currency translation differences	232	-	-	232
Effective cash flow hedges:				
- Fair value movement	-	(34,014)	-	(34,014)
- Tax on fair value movement	-	8,996	-	8,996
Actuarial loss/(gain)	-	-	(61,498)	(61,498)
Currency translation differences				
- Subsidiaries	9,332	-	-	9,332
	9,564	(18,663)	(61,498)	(70,597)
At 31 December 2012 (restated)	(67,332)	(173,998)	(251,221)	(492,551)
Reclassification to the income statement due to divestment				
- Fair value cash flow hedges	-	23,708	-	23,708
- Tax on fair value cash flow hedges	-	(6,807)	-	(6,807)
Effective cash flow hedges:				
- Fair value movement	-	50,743	-	50,743
- Tax on fair value movement	-	(12,820)	-	(12,820)
Actuarial loss/(gain)	-	-	37,801	37,801
Currency translation differences				
- Subsidiaries	(11,550)	-	-	(11,550)
	(11,550)	54,824	37,801	81,075
At 31 December 2013	**(78,882)**	**(119,174)**	**(213,420)**	**(411,476)**

The negative movement in the translation reserve in 2013 relates to a decrease in the value of the pound sterling. In 2012, its value increased.

Of the positive movement in the hedge reserve in 2013, €38 million is a consequence of the fact that the long-term interest in 2013 exceeds the level of that in 2012. In addition, the hedge reserve is affected positively by disposals and the settlements of existing contracts (€17 million). In 2013, the hedging reserve includes €53 million negative with regard to assets held for sale and discontinued activities.

The hedging reserve is part of the unrecognised results to be reclassified to the income statement in the future. Based on the remaining duration of the derivative financial instruments, reclassification will take place between 1 and 30 years. An amount of €84 million (2012: €94 million) in the hedging reserve relates to joint ventures.

Of the negative movement in 2012, €24 million is a consequence of the fact that the long-term interest in 2012 is below the level of 2011. On the other hand, the hedge reserve is affected negatively by new hedges (€1 million) and affected positively by disposals and the settlements of existing contracts (€6 million). In 2012, the hedging reserve includes €20 million negative with regard to assets held for sale and discontinued activities.

Unrealised actuarial results in 2013 are affected positively by adjustments to the financial assumptions for the actuarial calculations.

Distribution from reserves is restricted by the legal and statutory reserves as part of the company financial statements.

18. Capital base

	2013	2012 (restated)
Equity attributable to the Company's shareholders	**929,114**	728,618
Subordinated loan	**124,000**	123,500
	1,053,114	852,118

19. Borrowings

2013	Non-current	Current	Total
Subordinated loan [1]	124,500	(500)	124,000
Committed syndicated credit facility [1]	38,459	(1,542)	36,917
Non-recourse PPP loans	289,536	5,227	294,763
Non-recourse project financing	111,124	160,324	271,448
Recourse PPP loans	36,314	39,512	75,826
Other project financing	69,671	11,303	80,974
Financial lease liabilities	33,690	9,291	42,981
Other loans	3,208	1,048	4,256
Bank overdrafts	-	146	146
	706,502	**224,809**	**931,311**
Not later than 1 year			224,809
Later than 1 and not later than 5 years			602,097
Later than 5 years			104,405
			931,311

2012 (restated)	Non-current	Current	Total
Subordinated loan	124,000	(500)	123,500
Non-recourse PPP loans	297,436	7,377	304,813
Non-recourse project financing	96,913	116,399	213,312
Recourse PPP loans	48,914	5,825	54,739
Other project financing	35,087	54,842	89,929
Financial lease liabilities	35,044	7,271	42,315
Other loans	3,100	999	4,099
Bank overdrafts	-	1,514	1,514
	640,494	193,727	834,221
Not later than 1 year			193,727
Later than 1 and not later than 5 years			449,154
Later than 5 years			191,340
			834,221

[1] After deduction of amortised finance costs.

19.1 Subordinated loan

The principal sum of the subordinated loan amounts to €125 million (2012: €125 million) with a duration to 30 July 2017. The subordinated loan has an interest rate that is based on the Group's recourse leverage ratio and is equal to Euribor plus a margin, which can vary between a minimum of 400 (2012: 400) and a maximum of 675 (2012: 675) basis points. At year-end 2013, the margin was 450 basis points (year-end 2012: 400 basis points).

To hedge a part of the interest risk on the subordinated loan, interest rate swaps were contracted. Mid-2012, the principal sum of the swaps was reduced from €200 million to €100 million. In order to fully hedge the interest risk on the subordinated loan, an additional swap of €25 million was contracted in 2012. From mid-2013, the principal sum has been fully hedged by one swap with a duration to 30 July 2017. The interest rate swaps fix Euribor at an average of 2.7 per cent (2012: 3.3 per cent). Including the margin at year-end 2013 and the amortised borrowing costs, the interest for the subordinated loan therefore amounts to 7.3 per cent (year-end 2012: 8.2 per cent).

The full amount of the subordinated loan will be contractually repaid in July 2013.

With regard to this loan, the Group is bound by conditions further described under the notes to Covenants.

19.2 Committed syndicated credit facility

In 2012, the level of the committed revolving credit facility was increased from €475 million to €500 million and its term was extended to 30 January 2016. On 21 January 2013, the option was exercised to extend the committed revolving credit facility by an additional year, to 30 January 2017. The level of the credit facility will be €442.5 million from 30 January 2016. The facility can be used for both the usual working capital financing and any other activities that may arise. Variable interest rates apply to the drawn-down proportion of the facility, with a margin between 175 and 300 (2012: 175 to 300) basis points. The margin was 200 basis points at 31 December 2013 (2012: 175 basis points).

With regard to this financing, the Group is bound by conditions further described under the Notes to Covenants.

At year-end 2013, the Group used the facility for an amount of €40 million (2012: nil).

19.3 Non-recourse PPP loans

These relate to PPP projects in the Netherlands, the United Kingdom, Belgium, Germany and Ireland. Of the non-current part, approximately €89 million has a term to maturity of more than five years (2012: approximately €182 million). The average term to maturity of the PPP loans is 21 years (2012: 18 years).

Interest rates on PPP loans are variable, but by using interest rate swaps they have been fixed. The average interest rate on PPP loans is 5.4 per cent (2012: 5.6 per cent). Interest margins of these loans do not depend on market fluctuations during the term of these loans.

The related PPP receivables amount to €404 million in total (2012: €390 million) and represent a security for lenders. These loans will be payable on demand if the agreed qualitative and quantitative conditions regarding interest coverage, solvency, amongst others, are not met. Please refer to the Notes on Covenants for further information on the set standards and realisation of these conditions.

19.4 Non-recourse project financing

These loans are contracted to finance land for property development and ongoing property development projects. The average term of non-recourse project financing is approximately 2.1 years (2012: approximately 1.7 years).

Interest on these loans is predominantly variable, based on Euribor/Libor plus a margin. Interest margins of these loans do not depend on market fluctuations during the term of these loans. For several project financing loans, the interest is partially fixed. The principal sum of the financing loans with fixed interest is €79 million (2012: €62 million).

The carrying amount of the related assets is approximately €289 million at year-end 2013 (2012: approximately €167 million). The assets are pledged as a security for lenders. These loans will be payable on demand if the agreed qualitative and quantitative conditions as regards interest and capital repayments, amongst others, are not met. Please refer to the notes to Covenants for further information on the set standards and realisation of these conditions.

19.5 Recourse PPP loans

Equity bridge loans relating to PPP contracts are recognised under recourse PPP loans. Interest is fixed for all loans. The principal sum of these financing loans is €76 million (2012: €55 million).
Recourse PPP loans relate directly to the accompanying assets, but also have an additional security in the form of a guarantee provided by the Group, in several cases supplemented by a bank guarantee.

The average term to maturity of the recourse PPP loans is approximately 1.2 years (2012: approximately 1.7 years).

Please refer to the notes to Covenants for further information on the set standards and realisation of these conditions.

19.6 Other project financing

Other project loans are contracted to finance land and building rights and property development.

Other project financing relates directly to the accompanying assets, but also has an additional security in the form of a guarantee provided by the Group, in several cases supplemented by a bank guarantee.

The average term of other project financing is approximately 2.5 years (2012: approximately 1.5 years).

Interest on these loans is predominantly variable, based on Euribor/Libor plus a margin. Interest margins of these loans do not depend on market fluctuations during the term of these loans. For several project financing loans, the interest is partially fixed. The principal sum of these financing loans is €49 million (2012: €15 million).

Not only the assets in question constitute a security for lenders; there are also additional (limited) securities. The carrying amount of the related assets amounts to approximately €157 million at year-end 2013 (2012: approximately €142 million). These loans will be repayable on demand if the agreed qualitative and quantitative conditions as regards interest and capital repayments, amongst others, are not met. Please refer to the notes to Covenants for further information on the set standards and realisation of these conditions.

19.7 Financial lease agreements

These mainly consist of financing arrangements for buildings and equipment. The maturity of the financial lease liabilities is as follows:

	2013	2012 (restated)
Not later than 1 year	**10,256**	8,906
Later than 1 year and not later than 5 years	**35,854**	33,505
Later than 5 years	**1,069**	5,293
	47,179	47,704
Future finance charges on financial leases	**(4,198)**	(5,389)
Present value of financial lease liabilities	**42,981**	42,315

The present value of the financial lease liabilities is as follows:

	2013	2012 (restated)
Later than 1 year and not later than 5 years	**33,204**	30,437
Later than 5 years	**486**	4,607
	33,690	35,044
Not later than 1 year	**9,291**	7,271
	42,981	42,315

19.8 Other loans

The other loans relate to financing of buildings and equipment.

19.9 Bank credits

In addition to the syndicated committed long-term facilities mentioned in Note 19.2, the Group holds €165 million in bilateral credit facilities (2012: €165 million), €0 of which was drawn down at year-end 2013 (2012: idem).

19.10 Covenants

With regard to the various finance arrangements, the Group is bound by qualitative and quantitative conditions, including financial ratios, which are in line with what is customary in the industry.

Conditions for project-related financing ((non-)recourse PPP loans, non-recourse and other project financing) relate specifically to the respective projects. A major ratio in property project financing arrangements relates to the loan to value, which expresses the ratio between the financing arrangement and the value of the project. A major ratio in PPP loans and other project financing arrangements relates to the debt service cover ratio, which expresses the ratio between the interest and repayment obligations, on the one hand, and the project cash flow, on the other. No early payments were made in 2013 as a result of not adhering to the financing conditions of project-related financing.

Conditions for the Group's balance sheet financing arrangements (the subordinated loan and the committed financing facility) are based on the Group as a whole, excluding non-recourse elements. The major ratios for these financing arrangements (all recourse) are: leverage ratio, interest coverage, solvency, current ratio and guarantor covers. The Group complied with all ratios in 2013.

The detailed rules and realisation of the recourse ratios described above, can be explained as follows:

		Norm	2013	Norm	2012
Recourse leverage ratio	Net debt/EBITDA	≤ 2.50	**(1.08)**	≤ 2.50	(0.92)
Interest coverage ratio	EBITDA/interest paid	≥ 4.00	**7.62**	≥ 4.00	7.29
Recourse solvabiliteit	Capital base/balance total	≥ 15 %	**25.0 %**	≥ 15 %	23.5 %
Current ratio	Current assets/current liabilities	≥ 1.00	**1.11**	≥ 1.00	1.10
EBITDA guarantor cover	EBITDA guarantors share	≥ 60 %	**68 %**	≥ 60 %	70 %
Activa guarantor cover	Assets guarantors share	≥ 70 %	**83 %**	≥ 50 %	88 %

A permitted increased recourse leverage ratio of a maximum of 2.75 applies to the second and third quarters.

19.11 Other information

The Group's subordinated loan is similar in nature to the capital base. Repayment obligations are subordinated to non-subordinated obligations. The requested margins of these loans relate to the margins of the long-term loans market to a (very) limited extent only. The non-recourse PPP loans relate directly to the associated receivables from government bodies. Therefore, the interest rates are influenced marginally by market adjustments applying to companies. The terms of project loans are relatively short, as a consequence of which interest margins are in line with the markets. Therefore, the carrying amounts of the loans do not differ significantly from their fair values.
Other loans are subject to variable interest rates. Therefore, the carrying amounts of the loans do not differ significantly from their fair values.

The effective interest rates are as follows:

	2013		2012 (restated)	
	Euro	Pound sterling	Euro	Pound sterling
Subordinated loan	**7.3 %**	-	8.2 %	-
Committed syndicated credit facility	**2.1 %**	-	2.3 %	-
Non-recourse PPP loans	**5.0 %**	**6.7 %**	5.3 %	6.6 %
Non-recourse project financing	**3.1 %**	**4.3 %**	2.9 %	3.3 %
Recourse PPP loans	**2.9 %**	-	3.3 %	-
Other project financing	**3.7 %**	-	2.7 %	-
Financial lease liabilities	**4.2 %**	-	4.3 %	-
Other loans	**3.6 %**	-	4.9 %	-

The Group contracted interest rate swaps to mitigate the exposure of borrowings to interest rate fluctuations and contractual changes in interest rates.

At 31 December 2013, the Group's unhedged position is as follows:

	Not later than 1 year	1-5 years	Later than 5 years	Total
Total borrowings	224,809	602,097	104,405	931,311
Hedged with interest rate swaps	(45,716)	(303,921)	(84,420)	(434,057)
At 31 December 2013	**179,093**	**298,176**	**19,985**	**497,254**
Total borrowings	193,727	449,154	191,340	834,221
Hedged with interest rate swaps	(31,969)	(297,945)	(100,575)	(430,489)
At 31 December 2012 (restated)	161,758	151,209	90,765	403,732

The total amount of the Group's borrowings are denominated in the following original currencies:

	2013	2012 (restated)
Euro	**825,323**	697,402
Pound sterling	**105,988**	136,819
	931,311	834,221

20. Derivative financial instruments

	2013			2012 (restated)		
	Assets	Liabilities	Fair value	Assets	Liabilities	Fair value
Interest rate swaps	**97**	**42,133**	**(42,036)**	-	79,557	(79,557)
Forward exchange contracts	**3,212**	**3,118**	**94**	1,412	3,183	(1,771)
	3,309	**45,251**	**(41,942)**	1,412	82,740	(81,328)
Of which current:	**1,996**	**2,092**	**(96)**	787	3,170	(2,383)

20.1 Interest rate swaps

At 31 December 2013, interest rate swaps are outstanding to hedge the interest rate risk on the subordinated loan, the (non-) recourse PPP loans, and some project loans with a variable interest rate. Total borrowings amount to €931 million (2012: €834 million) of which €703 million at a variable interest rate (2012: €683 million) and hedged by interest rate swaps amounting to €434 million (2012: €430 million). All interest rate swaps are classified as hedge instruments. The fair value of the outstanding interest rate swaps amounts to €42 million negative (2012: €80 million negative). All but three interest rate swaps have a duration longer than one year. The maximum duration of the derivative financial instruments is 30 years.

At year-end 2013, the fixed interest rates of these swaps vary from 0.3 per cent to 6.3 per cent (2012: between 0.3 per cent and 6.3 per cent). The variable interest rates of the corresponding loans are based on Euribor or Libor plus a margin.

At year end 2013, almost all recognised derivatives provide an effective compensation for movements in cash flows from the hedged positions. Therefore, the movements in 2013 are accounted for in shareholders' equity. The fair value of outstanding derivatives which do not provide an effective compensation are accounted for in the income statement. Please refer to Note 4.1 for the anticipated cash flows of the derivatives.

20.2 Forward exchange contracts

At 31 December 2013, the total of forward exchange contracts amounts to €413 million (2012: €264 million) with a fair value of €0.1 million positive (2012: €1.8 negative).

The terms to maturity of these contracts are up to a maximum of 1 year for the amount of €327 million (2012: €251 million), between 1 and 2 years for the amount of €65 million (2012: €11 million) and between 2 to 4 years for the amount of €21 million (2012: €2 million).

21. Employee benefit obligations

	2013	2012 (restated)
Retirement benefit asset for defined benefit schemes	**7,528**	2,926
Retirement benefit obligation for defined benefit schemes	**121,618**	226,564
Other non-current employee benefits	**27,156**	31,098
	148,774	257,662

Employee benefit obligations relate to defined benefit pension schemes and other employee benefits, such as jubilee benefits, both at home and abroad. The defined benefit pension schemes involve funded schemes to the net amount of €114 million (2012: €224 million). Other employee benefits involve non-funded schemes.

The Group initiated a project in 2012 to mitigate its exposure with regard to pensions. Consequently, in 2013, it was agreed with the former pension scheme administrators to split administrations into actives and non-actives, which significantly simplified annual reporting on pensions in the Netherlands. In addition, the indexation obligation was changed in the Netherlands in close consultation with the Central Works Council and the BAM pensioners Association. The change means that, in the next five years, indexes will not be made on behalf of the Group, after that, for a seven-year period, recovery of the indexation commitment and after that, from 2026, indexation will no longer be at the expense of the Group. It was also agreed that the Group will add €1.5 million to a separated investment portfolio annually in the period from 2014 up to and including 2018. These measures led to a gain of €24.6 million in 2013.
It also requested the foreign group companies to adjust their pension schemes, taking into account local rules and regulations.

The Group has pension schemes mostly in the following countries:

The Netherlands
In the Netherlands, the Group makes contributions to defined benefit schemes as well as defined contribution schemes.

The basic pension for every employee is covered by multi-employer funds in which also participate other companies based on legal obligations. These funds have an indexed average salary scheme and are therefore defined benefit schemes. Specifically, these are the industry pension funds for Construction, Metal & Technology and Railways. As these funds are not equipped to provide the required information on the Group's proportionate share of pension liabilities and plan assets, the defined benefit plans are accounted for as defined contribution plans. The Group is obliged to pay the predetermined premium for these plans. The Group may not reclaim any excess payment and is not obliged to make up any deficit, except by way of the adjustment of future premiums. The part exceeding the basic pension amount (top-up part), which is not covered by multi-employer funds, is covered by external insurance companies and relates to defined contribution schemes.

At year-end 2013, the coverage rate of the industry pension fund for Construction (bpfBouw) is 112 per cent (2012: 106 per cent). The industry pension fund for Metal & Technology has a coverage rate of 104 per cent at year-end 2013 (2012: 92 per cent). The coverage rate of the industry pension fund for Railways is 122 per cent (2012: 114 per cent).

With effect from 2006, a defined benefit scheme is closed for new entrants. The build-up of future pension entitlements for these employees is covered by the multi-employer funds or external insurance companies. Defined benefit schemes are closed for future accumulation and index-linked to the industry pension fund for Construction. Future build-up is solely possible for the top-up pension scheme of BAM, which terminates in 2020; it is financed by the employer based on a percentage of the pensionable salaries of the employees.

At year-end 2012, the Group decided, while taking into account the employee representation bodies, to decrease the BAM supplementary scheme. BAM's insurance contract was terminated and future contributions for top-up pensions will be transferred to bpfBouw. Termination of the contract means that interest bonuses and, consequently, the source of finance for index-linking cease to exist.

In 2013, Amstelland Pension Fund I was dissolved and its obligations transferred to external insurance companies.

In the context of accountability for the Group's pension policy (to be) implemented, with regard to, inter alia, supplements and investment performance, the Group has established an accountability committee, with representation from the Central Works Council (CWC) and the Socio-Economic Committee of the BAM pensioners Associations (SEC).

United Kingdom
In the United Kingdom, the Group makes contributions to defined benefit plans as well as defined contribution plans.

Three defined benefit pension schemes are executed by separate trusts. They were closed to new participants in 2004 and future accumulation in the schemes was closed at the end of October 2010. The Group is still responsible for making supplementary contributions to recover the historical financing deficits. The plan for supplementary contributions was last revised after the most recent actuarial valuations of the funds at 1 January 2012 and led to supplementary contributions in 2013 to the amount of approximately €30 million (2012: €28 million).

In place of the closed defined benefit pension schemes, the Group opened a defined contribution scheme, which is executed by an outside insurance company. Following the closure of future accumulation in defined benefit pension schemes in 2010, employees who used to participate in these schemes were invited to participate in the defined contribution schemes.

In addition, several defined benefit schemes are accounted for as defined contribution schemes due to the fact that external parties administering them are not able to provide the required information. These schemes have limited numbers of members, however. The Group is obliged to pay the predetermined premium for these plans. The Group may not reclaim any excess payment and is not obliged to make up any deficit, except by way of the adjustment of future premiums. The Group did not make any material contributions in 2013 or 2012.

Belgium
In Belgium, the Group makes contributions to a relatively small defined benefit scheme that is executed by an external insurance company. The Group has also made arrangements for employees to participate in a defined contribution scheme.

Germany
In Germany the Group operates several defined benefit schemes. These schemes are financed by the employer and partly executed by two company pension funds. The Group closed several schemes to new participants and intends to close the remaining schemes as well. Since 2006, the Group has been making contributions to a defined contribution scheme, into which employees have the opportunity to contribute on an individual basis.

Ireland
The Group has a defined benefit scheme in Ireland, executed by a company pension fund. The multi-employer pension scheme was fully converted from a defined benefit scheme to a defined contribution scheme with effect from 1 January 2006.

Risk profile
With the pension schemes, the Group is exposed to actuarial risks such as investments risks, interest rate risks, longevity risks, indexation risks and salary risks.

Investment risks
The interest rate used to calculate the current value of the defined benefit plan liability is determined based on the returns of high-value corporate bonds; if the returns on plan assets decrease, the fund will have a deficit. The fund's resources are currently invested in a fairly balanced mix of shares, debt instruments and property. Due to the non-current nature of the fund's liabilities, the board of the pension fund considers it desirable that a considerable proportion of the net assets be invested in shares and property, so as to render the return generated by the fund more speculative.

Interest rate risks
Every increase in interest on bonds increases the fund's liabilities; however, this is offset partially against increased returns on the fund's debt investments.

Longevity risks
The current value of defined benefit plan liabilities is calculated based on the expected life spans of the fund's participants, both during and after their employment. Every increase in the participants' life expectancies leads to an increase in the fund's liabilities.

Salary risks
The current value of the defined benefit plan liabilities is calculated based on future salaries of the fund's participants. Every increase in the salaries leads to an increase in the fund's liabilities. The risk related to payments to surviving relatives of participants (widow's and orphan's pensions) has been reinsured with an external insurance company.

Indexation risks
The current value of the defined benefit plan liabilities is calculated based on the future percentage with which pensions will increase (indexation). Every increase in the salaries leads to an increase in the fund's liabilities.

Amounts related to defined benefit plans, as included in the income statement, can be specified as follows:

2013	Netherlands	United Kingdom	Belgium	Germany	Ireland	Total
Net liability arising from defined benefit obligations						
Employee benefit obligations	41,726	11,527	992	50,747	16,626	121,618
Employee benefit assets	-	(7,528)	-	-	-	(7,528)
At 31 December 2013	**41,726**	**3,999**	**992**	**50,747**	**16,626**	**114,090**
Change in defined benefit obligations						
At 1 January 2013 (revised)	1,038,703	788,698	2,411	68,783	98,799	1,997,394
Current service cost	2,181	-	51	313	2,260	4,805
Interest cost	12,952	32,273	56	2,481	3,881	51,643
Actuarial results	(40,165)	(8,659)	126	2,372	(1,448)	(47,774)
Plan participants contributions	215	-	127	-	596	938
Benefits paid	(8,391)	(22,524)	(200)	(3,962)	(11,457)	(46,534)
Changes and plan amendments	(629,475)	-	-	-	(2,091)	(631,566)
Exchange rate differences	-	(16,423)	-	-	-	(16,423)
At 31 December 2013	**376,020**	**773,365**	**2,571**	**69,987**	**90,540**	**1,312,483**
Change in fair value of plan assets						
At 1 January 2013 (revised)	957,554	717,884	1,430	20,221	76,667	1,773,756
Interest income	10,576	29,767	31	707	3,030	44,111
Return excluding amounts included in interest income	(29,255)	29,748	414	95	86	1,088
Employer contributions	8,830	30,446	(218)	2,179	4,992	46,229
Plan participants contributions	215	-	127	-	596	938
Benefits paid	(8,391)	(22,524)	(200)	(3,962)	(11,457)	(46,534)
Administration expenses	(990)	(2,002)	(5)	-	-	(2,997)
Changes and plan amendments	(604,245)	-	-	-	-	(604,245)
Exchange rate differences	-	(13,953)	-	-	-	(13,953)
At 31 December 2013	**334,294**	**769,366**	**1,579**	**19,240**	**73,914**	**1,198,393**
Defined benefit obligation and plan assets						
Present value of defined obligation	376,020	773,365	2,571	69,987	90,540	1,312,483
Fair value of plan assets	334,294	769,366	1,579	19,240	73,914	1,198,393
At 31 December 2013	**41,726**	**3,999**	**992**	**50,747**	**16,626**	**114,090**
Components of net periodic benefit cost						
Service cost	1,594	-	51	313	2,260	4,218
Net interest expense	2,376	2,506	25	1,774	851	7,532
Changes and plan amendments	(24,643)	-	-	-	(2,091)	(26,734)
Administration expenses	990	2,002	5	-	-	2,997
Net periodic benefit cost	**(19,683)**	**4,508**	**81**	**2,087**	**1,020**	**(11,987)**
Amounts recognised in Other Comprehensive Income						
(Gain)/loss arising from change in demographic assumptions	3,572	(7,336)	-	-	-	(3,764)
(Gain)/loss arising from change in financial assumptions	(44,186)	(1,453)	275	3,122	-	(42,242)
(Gain)/loss arising from experience	449	130	(149)	(750)	(1,448)	(1,768)
Return excluding amounts included in interest income	29,255	(29,748)	(414)	(95)	(86)	(1,088)
Exchange rate differences	-	2,470	-	-	-	2,470
Other Comprehensive Income	**(10,910)**	**(35,937)**	**(288)**	**2,277**	**(1,534)**	**(46,392)**

Amounts related to defined benefit plans, as included in the income statement, can be broken down as follows:

2012 (restated)	Netherlands	United Kingdom	Belgium	Germany	Ireland	Total
Net liability arising from defined benefit obligation						
Employee benefit obligations	81,149	73,740	981	48,562	22,132	226,564
Employee benefit assets	-	(2,926)	-	-	-	(2,926)
At 31 December 2012 (restated)	**81,149**	**70,814**	**981**	**48,562**	**22,132**	**223,638**
Change in defined benefit obligation						
At 1 January 2012 (restated)	1,031,309	726,800	2,340	60,107	77,187	1,897,743
Current service cost	2,618	208	63	278	1,537	4,704
Interest cost	42,860	34,659	84	2,150	4,044	83,797
Actuarial results	112,053	32,024	303	10,264	16,888	171,532
Plan participants contributions	-	71	12	-	618	701
Benefits paid	(42,275)	(22,812)	(391)	(4,016)	(1,475)	(70,969)
Changes and plan amendments	(107,862)	86	-	-	-	(107,776)
Exchange rate differences	-	17,662	-	-	-	17,662
At 31 December 2012 (restated)	**1,038,703**	**788,698**	**2,411**	**68,783**	**98,799**	**1,997,394**
Change in fair value of plan assets						
At 1 January 2012 (restated)	961,449	648,213	1,604	19,758	67,406	1,698,430
Interest income	40,457	33,332	54	731	3,869	78,443
Return excluding amounts included in interest income	82,861	16,076	10	(210)	2,173	100,910
Employer contributions	10,925	28,348	148	3,958	4,076	47,455
Plan participants contributions	-	71	12	-	618	701
Benefits paid	(42,275)	(22,812)	(391)	(4,016)	(1,475)	(70,969)
Administration expenses	(1,715)	(1,020)	(7)	-	-	(2,742)
Changes and plan amendments	(94,148)	-	-	-	-	(94,148)
Exchange rate differences	-	15,676	-	-	-	15,676
At 31 December 2012 (restated)	**957,554**	**717,884**	**1,430**	**20,221**	**76,667**	**1,773,756**
Defined benefit obligation and plan assets						
Present value of defined obligation	1,038,703	788,698	2,411	68,783	98,799	1,997,394
Fair value of plan assets	957,554	717,884	1,430	20,221	76,667	1,773,756
Net liability arising from defined benefit obligation	**81,149**	**70,814**	**981**	**48,562**	**22,132**	**223,638**
Components of net periodic benefit cost						
Service cost	1,968	208	63	278	1,537	4,054
Net interest expense	2,403	1,327	30	1,419	175	5,354
Changes and plan amendments	(9,535)	-	-	-	-	(9,535)
Administration expenses	1,715	1,020	7	-	-	2,742
Net periodic benefit cost	(3,449)	2,555	100	1,697	1,712	2,615
Amounts recognised in Other Comprehensive Income						
(Gain)/loss arising from change in demographic assumptions	(1,496)	20,848	(5)	-	-	19,347
(Gain)/loss arising from change in financial assumptions	128,442	25,636	282	8,674	17,242	180,276
(Gain)/loss arising from experience	(14,893)	(14,460)	26	1,590	(354)	(28,091)
Return excluding amounts included in interest income	(82,861)	(16,076)	(10)	210	(2,173)	(100,910)
Effect of asset ceiling	137	-	-	-	-	137
Exchange rate differences	-	1,986	-	-	-	1,986
Other Comprehensive Income	**29,329**	**17,934**	**293**	**10,474**	**14,715**	**72,745**

In the United Kingdom, plan assets are affected negatively by the translation result following the decrease in the value of the pound sterling. However, this is offset against a proportionate decrease in the pension liability.

At year-end 2013, the average duration over which payments are made is:

	Netherlands	United Kingdom	Belgium	Germany	Ireland
Average duration (in years)	8 - 20	19 - 22	12 - 13	12	22

The actuarial assumptions for the valuation of defined benefit plans are as follows:

2013	Netherlands	United Kingdom	Belgium	Germany	Ireland
Discount rate	3.6 %	4.6 %	2.8 %	3.3 %	3.9 %
Average salary increase	2.0 %	0 - 2.2 %	2.0 %	2.0 %	0 - 2.0 %
Indexation	2.0 %	2.3 - 2.5 %	-	2.0 %	2.5 %

2012 (revised)	Netherlands	United Kingdom	Belgium	Germany	Ireland
Discount rate	3.0 %	4.3 %	2.3 %	3.7 %	3.9 %
Average salary increase	2.0 %	2.2 - 3.1 %	2.0 %	2.0 %	0 - 2.5 %
Indexation	2.0 %	2.2 - 2.3 %	-	2.0 %	2.0 %

The discount rate is based on iBoxx high-quality corporate bonds (AA) adjusted for the term to maturity of the benefit commitment.

For the (major) Dutch pension schemes, the 2012-2062 forecast mortality table is used, published by the Dutch Association of Actuaries, adjusted with the ES-P2A tables.

For the valuation, the Group applies IAS 19.104, because of the insured pensions plans.

The most important actuarial assumptions to determine pension liabilities include interest rate, percentage with which salaries are increased, indexation and life span. The sensitivity analyses below are determined based on reasonably possible changes in the respective assumptions at the end of the period under review, while all other assumptions remain unchanged.

- If the interest rate is 0.5 per cent per cent higher (lower), the pension liability will decrease by approximately €111 million (increase by approximately €127 million).
- If the expected salary increase is 0.5 per cent higher (lower), the pension liability will increase by approximately €25 million (decrease by approximately €26 million).
- If the expected indexation is 0.5 per cent higher (lower), the pension liability will increase by approximately €58 million (decrease by approximately €53 million).
- If the life expectancy increases (decreases) by 1 year, the pension liability will increase by approximately €37 million (decrease by approximately €37 million).

The above sensitivity analysis is not representative for the defined benefit liability because it is unlikely that one of the assumptions will change without the other assumptions changing as well, as they may relate to each other.

Furthermore, the current value of the defined benefit liability is calculated in the above sensitivity analysis based on the projected unit credit method at the end of the period under review, which is the same method as the one used to calculate the defined benefit liability which is included in the overview of financial liabilities. The methods or assumptions used to conduct sensitivity analyses in prior years have not changed.

Plan assets can be specified as follows:

	Netherlands	United Kingdom	Belgium	Germany	Ireland	Total
Cash and other	2,836	16,514	-	-	2,423	21,773
Index-related bonds and securities	-	185,780	-	-	-	185,780
Fixed-rate bonds	-	248,610	-	-	21,428	270,038
Equities	-	294,264	-	-	47,495	341,759
Real estate	-	24,198	-	-	1,937	26,135
Insured contracts	331,458	-	1,579	19,240	631	352,908
At 31 December 2013	**334,294**	**769,366**	**1,579**	**19,240**	**73,914**	**1,198,393**
Cash and other	3,321	19,802	-	-	2,893	26,016
Index-related bonds and securities	-	180,641	-	-	-	180,641
Fixed-rate bonds	-	210,356	-	-	14,896	225,252
Equities	-	284,376	-	-	56,399	340,775
Real estate	-	22,709	-	-	1,815	24,524
Insured contracts	954,233	-	1,430	20,221	664	976,548
At 31 December 2012	957,554	717,884	1,430	20,221	76,667	1,773,756

In 2013, the average return was 3 per cent (2012: 11 per cent).

The risk profiles of the various portfolios are in line with the requirements as set out in the particular pension schemes, and these profiles can be classified as ranging from average to low. Plan assets do not include any shares of the Group.

The employer's contribution in 2014 is expected to be lower than the employer's contribution in 2013.

22. Provisions

	Warranties	Reorganisation costs	Rental guarantees	Associates and joint ventures	Other provisions	Total
At 1 January 2013 (restated)	75,823	29,699	12,725	70,612	31,424	220,283
Charged to the income statement:						
- Additional provisions	21,220	28,391	859	5,291	5,990	61,751
- Release of unused provisions	(9,288)	(2,930)	-	-	(604)	(12,822)
Used during the year	(18,066)	(26,349)	(4,772)	(1,043)	(12,726)	(62,956)
Reclassifications	-	(771)	-	-	471	(300)
Exchange rate differences	-	-	-	(2,428)	(2)	(2,430)
At 31 December 2013	**69,689**	**28,040**	**8,812**	**72,432**	**24,553**	**203,526**

Provisions are classified in the balance sheet as follows:

	2013	2012 (restated)
Non-current	**103,087**	160,312
Current	**100,439**	59,971
	203,526	220,283

The provision for warranties relates to estimated liabilities and pending proceedings with regard to disputes about completed projects. Costs incurred under warranties are charged to this provision. The level of the provision is tested periodically, based on an estimate of risks. Approximately 38 per cent of the provision has a current nature (2012: approximately 38 per cent).

The reorganisation provision relates to cost involved in reorganisations already initiated. Reorganisation provisions are recognised as soon as the decision to make organisational changes has been made and announced. Approximately 93 per cent of the provision has a current nature (2012: approximately 86 per cent). Personnel-related cost of the reorganisation are recognised under personnel expenses.

The rental guarantee provision consists of commitments arising from rental guarantees issued to third parties (predominantly Germany), taking into account expected revenue from subleases. The rental guarantee obligations in Germany relate to two properties and are predominantly non-current in nature. For one property, the remaining duration of the rental guarantee obligation is until 2017.

The provision for associates and joint ventures relate for an amount of €1 million (2012: €2 million) to associates and €71 million (2012: €69 million) to joint ventures. This provision arises from the legal or constructive obligation in connection with property joint ventures and the development of the hedging reserves in the PPP joint ventures.

For an amount of €9 million (2012: €15 million), other provisions relate to the dividend guarantee issued in the context of the disposal of the interest in Van Oord. Other provisions also relate to the liquidation of the old project development activities, claims and legal obligations in Germany and continuing rental commitments resulting from (temporarily) unused premises. Approximately 13 per cent of the provisions have a current nature (2012: approximately 9 per cent).

The non-current part of the provisions has been discounted at an interest rate of approximately 3 per cent (2012: approximately 3 per cent).

23. Deferred taxes

	2013	2012 (restated)
Deferred tax assets:		
- To be recovered after more than 1 year	**195,495**	233,940
- To be recovered within 1 year	**4,773**	17,132
	200,268	251,072
Deferred tax liabilities:		
- To be recovered after more than 1 year	**19,134**	51,827
- To be recovered within 1 year	**3,502**	4,145
	22,636	55,972
Net amount of assets and liabilities	**(177,632)**	(195,100)

The gross movement in the net amount of tax assets and liabilities is as follows:

	2013	2012 (restated)
At 1 January	**(195,100)**	(81,708)
Charged/(credited) to income statement	**(5,173)**	(98,902)
Charged/(credited) to equity	**17,702**	(17,311)
Change of income tax rate	**2,298**	223
Transfer to assets/liabilities held for sale	**2,035**	2,724
Exchange rate differences	**606**	(126)
At 31 December	**(177,632)**	(195,100)

The movement in deferred taxes, before offsetting the balances within the same tax jurisdiction, is as follows:

Deferred tax assets	Provisions	Carry forward tax losses	Fair value gains	Employee benefit obligations	Other	Total
At 1 January 2012 (restated)	1,330	113,784	19,618	36,263	10,751	181,746
(Charged)/credited to the income statement	1,376	84,238	-	(6,039)	(1,569)	78,006
(Charged)/credited to equity	-	-	5,794	11,840	-	17,634
Change of income tax rate	(244)	-	-	-	-	(244)
Transfer to assets held for sale	-	-	(2,724)	-	-	(2,724)
Exchange rate differences	28	-	117	189	84	418
At 31 December 2012 (restated)	2,490	198,022	22,805	42,253	9,266	274,836
(Charged)/credited to the income statement	(62)	9,335	-	(11,795)	2,542	20
(Charged)/credited to equity	-	-	(8,178)	(8,660)	-	(16,838)
Change of income tax rate	(287)	-	-	(3,047)	(373)	(3,707)
Transfer to assets held for sale	-	-	(2,035)	-	-	(2,035)
Reclassification including change in consolidated entities	-	(34,891)	-	-	34,891	-
Exchange rate differences	(64)	-	(144)	(567)	(70)	(845)
At 31 December 2013	**2,077**	**172,466**	**12,448**	**18,184**	**46,256**	**251,431**

Deferred tax liabilities	Construction contracts	Accelerated tax depreciation	Fair value gains	Employee benefit assets	Other	Total
At 1 January 2012 (restated)	52,321	2,898	1,126	568	43,125	100,038
(Charged)/credited to the income statement	(919)	1,858	(540)	(471)	(20,824)	(20,896)
(Charged)/credited to equity	-	-	(270)	593	-	323
Change of income tax rate	-	-	-	(21)	-	(21)
Exchange rate differences	4	284	-	4	-	292
At 31 December 2012 (restated)	51,406	5,040	316	673	22,301	79,736
(Charged)/credited to the income statement	(1,573)	(1,362)	14	503	(2,735)	(5,153)
(Charged)/credited to equity	-	-	449	415	-	864
Change of income tax rate	-	(1,324)	-	(85)	-	(1,409)
Reclassification including change in consolidated entities	(11,031)	11,031	-	-	-	-
Exchange rate differences	-	(238)	-	(1)	-	(239)
At 31 December 2013	**38,802**	**13,147**	**779**	**1,505**	**19,566**	**73,799**

Deferred tax assets in a country are recognised only to the extent that it is probable that future taxable profits in that country are available against which the temporary differences and available tax loss carry-forwards can be utilised.

Tax losses incurred by the Royal BAM Group fiscal unity in the Netherlands at year-end 2013 are approximately €760 million (2012: €780 million). The loss relates to the years 2009 up to and including 2013 and includes an amount of €395 million (2012: €320 million) owing to the liquidation of old property development activities in Germany. The decrease in overall tax losses in 2013 is a consequence of a conversion into timing differences, on the one hand, and an increase in losses, particularly the liquidation loss mentioned above, on the other. The legal term within which these losses may be offset against future profits, is 9 years. Based on estimates of the level and time of future taxable profits within the Royal BAM Group fiscal unity in the Netherlands, approximately €630 million (2012: €780 million) of these losses is valued.

Tax losses to a minimum of €600 million (2012: €600 million) are expected to remain available for the companies in Germany, which can be offset against future profits in Germany. Based on estimates of the level and time of future taxable profits per company, approximately €42 million (2012: nil) of these losses is valued.

The estimation of the forecasted taxable profits in the Netherlands and Germany are based financial budgets approved by management including extrapolation using estimated growth figures considered to be in line with the Group's long-term expectations.

24. Trade and other payables

	2013	2012 (restated)
Trade payables	**880,845**	821,771
Amounts due to customers	**697,583**	832,829
Amounts due to associates	**59,355**	41,601
Social security contribution and other taxation	**121,932**	136,740
Pension premiums	**13,056**	12,016
Accrued cost completed projects	**143,235**	145,246
Accrued costs work in progress	**518,333**	381,756
Other financial liabilities	**4,741**	6,938
Other liabilities	**164,862**	184,458
Accruals and deferred income	**285,972**	339,171
	2,889,914	2,902,526

The fair value of trade payables and other payables is almost equal to their nominal value, due to the current nature of these liabilities. Normally, these payables will be paid in the ordinary course of business (less than one year).

Amounts due to customers relate to construction contracts for third parties and sold property development and consist of the negative balance of cost incurred (including result recognised) and invoiced instalments. Please refer to Notes 3.10 and 7.

Other current liabilities include costs yet to be paid as part of the ordinary conduct of business.

25. Personnel expenses

	2013	2012 (restated)
Salaries and wages	**1,134,422**	1,169,062
Social security cost	**199,230**	205,180
Other employee benefit costs	**(2,612)**	3,177
Pension cost (defined contribution schemes)	**90,353**	98,770
Pension cost (defined benefit schemes)	**(11,987)**	2,615
	1,409,406	1,478,804

At year-end 2013, the Group had 23,329 employees expressed in full-time equivalent (2012: 23,691). The average number of employees expressed in full-time equivalent amounted to 23,502 (2012: 23,143).

Please refer to Note 21 for further information on pension cost related to defined benefit schemes.

26. Impairments

	2013	2012 (restated)
Goodwill	**-**	150,431
Property, plant and equipment	**500**	-
Non-current receivables	**5,622**	40,274
Inventories	**35,904**	176,075
Impairments	**42,026**	366,780
Share in impairments in associates and joint ventures	**(12,026)**	31,368
	30,000	398,148

As the economic outlook continues to deteriorate in the Netherlands, the Group recognised impairments of goodwill in the amount of €150 million, of non-current receivables in the amount of €40 million, of land and building rights in the amount of €177 million, and of property development in the amount of €2 million. In addition, a property development impairment of €3 million was reversed and an impairment of €31 million with regard to associates and joint ventures (share of the Group) was recognised.

Of the inventory impairment in 2013, €8 million relates to land and building rights and €28 million to property development. In addition, €12 million of the impairments of associates and joint ventures (our share) was reversed.

27. Auditors' fee

The total audit fee for the audit of the financial statements 2013 amounts to €4.6 million (2012: €4.9 million), €3.8 million (2012: €4.0 million) of which relates to PricewaterhouseCoopers Accountants N.V., responsible for auditing the Group's financial statements. They were also paid €0.6 million (2012: €0.4 million) for other audit-related services, €0.1 million (2012: €0.3 million) for fiscal advice and €0.7 million (2012: €0.2 million) for other non-audit related services.

28. Finance income and expense

	2013	2012 (restated)
Finance income:		
- Interest income on cash at banks	**1,943**	3,807
- Other financial fixed assets - interest income	**2,072**	5,417
- Other finance income	**8,985**	3,017
- PPP receivable - finance income	**32,255**	33,230
	45,255	45,471
Finance expense:		
- Subordinated loan	**5,533**	6,546
- Bank fees subordinated loan	**500**	500
- Committed syndicated credit facility	**2,172**	1,887
- Bank fees committed syndicated credit facility	**4,084**	4,232
- Non-recourse PPP loans	**15,895**	13,906
- Other non-recourse loans	**6,262**	5,225
- Bank financing	**-**	1,089
- Banks	**678**	895
- Financial leases	**1,739**	1,688
- Other borrowings	**7,411**	2,839
- Capitalise interest on Group's own projects	**(14,714)**	(18,276)
- Result on cash flow hedges	**12,340**	12,388
	41,900	32,919
Net finance income	**3,355**	12,552

Please refer to Note 19 for an overview of the weighted average interest rates for the capitalisation of interest.

29. Tax on profit

	2013	2012 (restated)
Current tax	**10,951**	57,733
Deferred tax	**(5,173)**	(98,902)
	5,778	(41,169)

Income tax on the Group’s profit before taxes differs from the theoretical amount that would arise using the weighted average tax rate applicable to profits of the consolidated companies.

The difference is specified as follows:

	2013	2012 (restated)
Result before tax	**44,382**	(289,269)
Tax calculated at Netherlands tax rate	**11,098**	(72,310)
Tax effects of:		
- Tax rates in other countries	**2,313**	815
- Income not subject to tax and unrecognised tax losses	**(22,337)**	(9,455)
- Change in tax rate on deferred tax	**(221)**	(945)
- Tax filings and previously unrecognised temporary differences	**(362)**	(4,141)
- Previously unrecognised tax carry forward	**22,739**	7,619
- Associates' and joint ventures' result net of tax	**(5,003)**	(1,962)
- Other including expenses not deductable for tax purposes	**(2,449)**	1,602
- Impairment of goodwill	**-**	37,608
Effective tax charge/(gain)	**5,778**	(41,169)
Effective tax rate	**13.0 %**	14.2 %

The weighted average tax rate applicable was 30.2 per cent (2012: 24.7 per cent). The difference is attributable to a different spread of results over the countries.

In 2013, the tax burden was influenced predominantly by tax losses which were not valued before or which are not valued (anymore), as well as exempt results of associates and the tax rates applied in the various countries.

In 2012, the tax burden was influenced predominantly by the impairment of goodwill with regard to AM, as well as the usual non-deductible expenses and the tax rates applied in the various countries.

30. Earnings per share

	2013	2012 (restated)
Weighted average number of ordinary shares in issue *(x 1,000)*	**245,952**	238,193
Net result attributable to shareholders	**46,157**	(183,840)
Basic earnings per share *(€)*	**0.19**	(0.77)
Net result from continuing operations attributable to shareholders	**37,631**	(248,840)
Basic earnings per share from continuing operations *(€)*	**0.15**	(1.04)
Net result form discontinued operations attributable to shareholders	**8,526**	65,000
Basic earnings per share from discontinued operations *(€)*	**0.04**	0.27

Allowing for dilution, the earnings per share are as follows:

	2013	2012 (restated)
Weighted average number of ordinary shares in issue *(x 1,000)*	**245,952**	238,193
Net result attributable to shareholders	**46,157**	(183,840)
Fully diluted earnings per share *(€)*	**0.19**	(0.77)
Net result from continuing operations attributable to shareholders (diluted)	**37,631**	(248,840)
Fully diluted earnings from continuing operations per share *(€)*	**0.15**	(1.04)
Net result from discontinued operations attributable to shareholders (diluted)	**8,526**	65,000
Fully diluted earnings from discontinued operations per share *(€)*	**0.04**	0.27

31. Dividends

The dividends paid to shareholders of ordinary shares in 2013 were €24.2 million, €9.8 million in cash (€0.10 per share) and €14.3 million in shares (€0.10 per share).
The dividends paid to shareholders of ordinary shares in 2012 were €38.2 million, €17.5 million in cash (€0.16 per share) and €20.7 million in shares (€0.1675 per share).

The company proposes to declare a dividend for the financial year 2013 at €0.05 in cash per ordinary share or in shares (2012: €0.10 in cash or in shares, at the option of the shareholders). Based on the number of ordinary shares outstanding at year-end 2013, a maximum of €13.5 million will be distributed as dividend on the ordinary shares. As yet, the dividend proposal has not been deducted from retained earnings under equity.

32. Contingencies

In the ordinary course of business, the Group and its subsidiaries are involved in legal proceedings which predominantly relate to disputes owing to claims (both active and passive) with regard to projects. In accordance with current policies, the Group valued these claims, where necessary, and recognised them on its balance sheet. In case of a negative judgment or settlement, some legal proceedings may have a material effect on the Group's financial position, operating result and cash flows. In addition, the Group is claiming considerable amounts under pending proceedings and disputes with clients. It is impossible to reasonably determine the extent and timing of possible inflow of economic benefits. These rights are therefore not recognised.

In the ordinary course of business, guarantees are issued to (prospective) clients and contracting parties. These contingent liabilities are not recognised in the balance sheet. It is not expected that any material risks will arise from these contingent liabilities.

Guarantees are issued either by the Group itself (corporate guarantees) or by banks and surety companies (bank guarantees, suretyships and surety bonds). These guarantees can be demanded in case of non-compliance, with or without the intervention of an independent third party.

The corporate guarantees issued amount to €235 million in total (2012: €269 million). Guarantees issued by banks and surety companies amount to €1,597 million (2012: €1,797 million).

Total liabilities towards third parties of companies for which the Group bears joint and several liability (such as general partnerships) amount to €2,096 million at year-end 2013 (2012: €1,897 million). The Group's share in these liabilities, amounting to €795 million (2012: €1,149 million), is included in de consolidated balance sheet.

33. Commitments

At year-end 2013, the Group has commitments for capital expenditure in tangible assets for an amount of €16 million (2012: €22 million). These commitments relate primarily to equipment, machines and installations.

The Group has conditional contractual obligations to acquire land for property development activities to the amount of approximately €190 million (2012: approximately €196 million). The conditional nature of these obligations relate, among other things, to the amendment of zoning plans, the acquirement of planning permissions and the actual realisation of projects. The Group also has approximately €94 million (2012: €118 million) of commitments related to unpaid share capital in PPP projects.

The Group leases various company cars, buildings and equipment from third parties under non-cancellable operational lease agreements. The leases have varying durations, escalation clauses and renewal rights. The lease expenditure, including lease bonuses received, forms a linear charge against the income statement during the term of the lease. In the 2013 financial year, the cost of operational leases amounts to €55 million (2012: €54 million).

The total minimum lease payments are as follows:

	2013	2012 (restated)
Not later than 1 year	**59,650**	53,616
Later than 1 year and not later than 5 years	**130,543**	127,138
Later than 5 years	**26,666**	18,267
	216,859	199,021

The Group leases equipment and buildings to third parties under non-cancellable operational lease agreements. The leases have varying durations, escalation clauses and renewal rights. The book amount of the related assets amounts to €39 million at year-end 2013 (2012: €28 million). The lease income, including lease bonuses, is recognised as revenue in the income statement. In the 2013 financial year, revenue from operational leases amounts to €1.8 million (2012: €1.8 million).

The total minimum lease payments are as follows:

	2013	2012 (restated)
Not later than 1 year	**1,745**	1,982
Later than 1 year and not later than 5 years	**10,085**	9,424
Later than 5 years	**13,974**	8,007
	25,804	19,413

34. Business combinations

There were no material acquisitions in 2012 or 2013.

35. Assets held for sale and discontinued activities

	2013 PPP projects	2012 (restated) PPP projects
PPP receivables	**117,073**	145,390
Associates and joint ventures	**5,827**	-
Deferred tax assets	**2,035**	2,724
Trade and other receivables	**5,807**	48,331
Cash and cash equivalents	**9,995**	2,809
Assets held for sale	**140,737**	**199,254**
Long term borrowings	**107,141**	190,045
Derivative financial instruments	**8,141**	10,896
Short term borrowings	**2,977**	-
Trade and other payables	**1,879**	1,221
Liabilities held for sale	**120,138**	**202,162**

In 2013, the assets and liabilities held for sale related to the planned disposals of four PPP projects (2012: three), two of which joint ventures, to the joint venture BAM PPP/PGGM. In 2012, the Group sold two PPP projects to the joint venture BAM PPP/PGGM and, after deduction of cost, realised a net result of €3.5 million.

In 2013, the Group sold three PPP projects to the joint venture BAM PPP/PGGM at a net result of €8.8 million. The Group retained 20 per cent of its interest in these projects.

Net result from discontinued operations	**2013**	2012 (restated)
Revenue	**-**	61,364
Total operating expenses	**-**	(56,555)
Finance income/(expense)	**-**	(45)
Revenue sale discontinued operation	**8,526**	61,417
Result before tax from discontinued operations	**8,526**	66,181
Income tax	**-**	(923)
Result after tax from discontinued operations	**8,526**	65,258
Pre-tax gain/(loss) recognised on fair value cash flow hedges and currency translation differences	**-**	(267)
Income tax	**-**	9
After-tax gain/(loss) recognised on fair value cash flow hedges and currency translation differences	**-**	(258)
Net result from discontinued operations	**8,526**	65,000
Net cash flow from operating activities	**-**	(564)
Net cash flow from investing activities	**-**	(769)
Net cash flow from financing activities	**-**	-
	-	(1,333)

The net result from discontinued activities consists of a release of cost reserves related to discontinuation of the activities which remained after disposal of Tebodin and a release of tax claim reserves related to the disposal of Flatiron in 2007. In 2012, the Group sold the Tebodin firm of consulting engineers to Bilfinger for €145 million at a net result of €65 million.

36. Related party transactions

The Group identifies the following related parties: joint arrangements (joint ventures and operations), associates, the Executive Board, the Supervisory Board and the third parties which execute the Group's pension plans.

Joint arrangements and associates

A majority of the Group's activities is carried out in joint arrangements (joint ventures and joint operations). Important transactions in this context include the assignment and/or financing of land as well as carrying out projects for third parties. Please refer to Note 11 (associates and joint ventures) and Note 37 (joint operations) for a more detailed disclosure of the Group's share of the revenues and balance sheets of the joint arrangements.

The Group carried out transactions with associates related to the sale of goods and services for €74.2 million (2012: €82.4 million) and related to the purchase of goods and services for €7.2 million (2012: €11.7 million).

The 2013 year-end balance of receivables arising from aforementioned transactions with associates and joint ventures amounts to €18.2 million (2012: €5.8 million) and the liabilities to €59.4 million (2012: €41.6 million).

At year-end 2013, the Group granted loans to associates and joint ventures for the amount €110 million (2012: €127 million). Interests for these loans are at arm's length.

Executive Board

The following salaries, bonuses and pension premiums were charged to the income statement:

	2013						
	Gross salary	Bonus	Pension premium	Phantom shares	Other benefits	Crisis levy	Total
N.J. de Vries	**620**	**-**	**133**	**55**	**8**	**90**	**906**
T. Menssen [1]	**470**	**-**	**30**	**-**	**8**	**51**	**559**
M.J. Rogers [2]	**509**	**-**	**102**	**47**	**24**	**-**	**682**
J. Ruis [3]	**153**	**-**	**55**	**14**	**3**	**12**	**237**
R.P. van Wingerden	**470**	**-**	**59**	**41**	**8**	**61**	**639**
							3,023

	2012						
	Gross salary	Bonus	Pension premium	Phantom shares	Other benefits	Crisis levy	Total
N.J. de Vries	610	107	142	38	8	126	1,031
T. Menssen [1]	115	20	5	-	2	-	142
M.J. Rogers [2]	517	90	103	32	25	-	767
J. Ruis [3]	460	81	112	10	8	88	759
R.P. van Wingerden	460	81	62	29	8	87	727
							3,426

[1] With effect from 1 October 2012.

[2] Gross salary for 2013 based on £428 thousand (2012: £420 thousand). Bonus for 2012 based on £73 thousand

[3] Retired with effect from 24 April 2013.

Pension charges relate to the gross pension charges recognised in the income statement. They are determined on the basis of actual and individual pension obligations. Interest and investment results from deposits are not allocated on an individual basis. Some segments of the pension obligations are conditional and only paid out if employment continues until the pensionable age.

Other benefits relate predominantly to annual fixed expense allowances and insurance premiums.

When determining variable remunerations for 2013, members of the Executive Board were not granted variable remunerations related to financial targets (maximum variable remuneration 40 per cent).

The individual non-financial targets for the Executive Board members are derived from the Group's strategic agenda. The strategic agenda defines, among other things, objectives that stimulate long term value creation for the shareholders, such as further growth in specific market segments, corporate social responsibility, product development, risk management (including safety), staff development and knowledge management. When determining the variable remunerations 2013, the Executive Board members were not granted a variable remuneration (maximum variable remuneration 20 per cent) with regard to the non-financial objectives.

A new long-term remuneration plan (LTR plan) was determined in the Annual General Meeting of Shareholders of 20 April 2011. The following number of conditional phantom shares was granted to the members of the Executive Board:

Number of conditionally granted phantom shares

	1 January 2013	Granted [1]	Dividend [2]	Forfeited	**31 December 2013**
N.J. de Vries	172,050	91,381	4,498	-	**267,929**
T. Menssen	-	69,272	-	-	**69,272**
M.J. Rogers	141,486	75,003	3,698	-	**220,187**
J. Ruis	129,743	-	3,392	(73,287)	**59,848**
R.P. van Wingerden	129,743	69,272	3,392	-	**202,407**
	573,022	**304,928**	**14,980**	**(73,287)**	**819,643**

[1] Granted on 3 May 2013.

[2] Increase due to dividend 2013.

The number of conditionally granted phantom shares is calculated by dividing 50 % of the fixed salary of the relevant member of the Executive Board on the date of grant by the average closing price of the share over the five business days preceding the date of grant.

The phantom shares, granted in 2011, 2012 and 2013, will become unconditional at 2 May 2014, 4 May 2015 and 2 May 2016, respectively. The percentage of phantom shares that becomes unconditional depends on the Group's performance. The Group's performance is defined as the realised value growth of the BAM share in comparison with the average realised value growth of several companies that are comparable to BAM (the peer group) in the three-year performance period. The performance period starts on 1 January of the calendar year in which the phantom shares were granted and ends on 31 December of the calendar year immediately preceding the year in which the shares will become unconditional. The average realised value growth, or Total Shareholders Return (TSR), consists of share price performance plus (re-invested) dividend. The peer group on balance sheet date consists of Balfour Beatty, Ballast Nedam, Bilfinger, Heijmans and Skanska.

The percentage of conditionally granted phantom shares that will become unconditional depends on the percentage with which the average TSR of BAM, determined on a quarterly basis, exceeds the TSR of the peer group, determined on a quarterly basis, in accordance with the graduated scale below:

Performance	Vesting
< 0	0 %
0 - 5	35 %
5 - 10	45 %
10 - 15	55 %
15 - 20	65 %
20 - 25	75 %
25 - 30	85 %
≥ 30	100 %

Upon vesting date, the unconditional phantom shares are locked up for another two years, up to and including 2 May 2016, 4 May 2017, and 2 May 2018, respectively, after which distribution in cash takes place.

Dividend distributions between the date of grant and the date of distribution are re-invested and will therefore increase the number of granted phantom shares. The cash amount that is distributed to a member of the Executive Board will not exceed 150 % of the fixed gross salary as applicable on the date of distribution.

At balance sheet date, the fair value of the commitment arising from the LTR plan for the members of the Executive Board was determined. Valuation factors include the share prices of BAM and those of the peer group at valuation date, anticipated volatility as well as anticipated dividends of the shares, and the risk-free interest rate, based on the five-year German bond interest.
Anticipated volatility is estimated based on the historically average volatility of the share prices of BAM and those of the peer group. Excluded from the determination of fair value are services and non-market related conditions.

The fair value of the commitment arising from the LTR plan is determined using Monte Carlo simulation models, which take into account all specific characteristics of the plan. Fair value is determined while taking into account market expectations which apply to the part of the conditional phantom shares, i.e. the performance criterion related to the increase in shareholder value, including expectations regarding the dividend.

At 31 December 2013, the fair values per share of the conditionally granted shares outstanding amount to €3.75, €3.74 and €3.70 for the years 2011, 2012 and 2013, respectively, based on the relative performance at 31 December 2013 and the anticipated development of performance over the remaining performance period.

The personnel expenses amount charged to the income statement arising from the LTR plan is €157 thousand (2012: 108 thousand). At year-end 2013, the liability amounts to €265 thousand (2012: €108 thousand).

Supervisory Board

The remuneration of the members of the Supervisory Board is charged to the income statement and amounts to €253 thousand (2012: €293 thousand).

	2013	2012
P.A.F.W. Elverding, chairman	**55**	55
H. Scheffers, vice-chairman	**50**	50
A. Baar [1]	**13**	40
J.A. Dekker [2]	**-**	15
J.-P. Hansen [3]	**-**	-
C.M.C. Mahieu	**45**	45
H.L.J. Noy [4]	**45**	30
K.S. Wester	**45**	45
W.K. Wiechers [2]	**-**	13
	253	293

[1] Retired with effect from 24 April 2013
[2] Retired with effect from 25 April 2012
[3] With effect from 20 November 2013
[4] With effect from 25 April 2012

The president and other members of the Supervisory Board receive an annual fixed expense allowance of €3,280 and €1,640, respectively (2012: idem).
No option rights for shares have been granted to the members of either the Executive Board or the Supervisory Board. The members of the Executive Board and the Supervisory Board do not hold any shares in the company.

No loans or advances have been granted to these officers.

Other related parties

The Group has not entered into any material transaction with other related parties.

37. Joint operations

A part of the Group's activities is carried out in joint arrangements classified as joint operations. This applies to all activities and all countries in which the Group operates. The Group participates in approximately 490 joint operations (2012: approximately 490). These collaborative arrangements remain in place until a project is finished, and they are accordingly finite. In actual practice, the duration of many joint operations is limited to a period of between approximately 1 and 4 years, with the exception of joint operations which hold strategic land positions.

The Group's share in the revenue of these joint arrangements amounts to approximately €1.1 billion in 2013 (2012: approximately €0.6 billion), which represents approximately 16 per cent of the Group's revenue (2012: 8 per cent).

The Group's share in the balance sheets of joint operations is as follows:

(in € million)	**2013**	2012 (restated)
Assets:		
- Non-current assets	**70**	211
- Current assets	**817**	596
	887	807
Liabilities:		
- Non-current liabilities	**61**	209
- Current liabilities	**832**	404
	893	613
Net amount:	**(6)**	194

The Group has no contingent liabilities or investment obligations under joint operations. Transfers of funds and/or other assets are made in consultation with the partners in the joint operations.

38. Concessions

The Group operates various concessions. These activities consist of constructing, operating, and disposing of (a share in) concessions and are mostly performed in separate legal entities, either alone or with third parties. An entity is accounted for as a joint venture if the Group has (joint) control. An entity is accounted for as an associate if the Group has significant influence but no decisive control.

The Group is involved in the following PPP contracts:

PPP projects in BAM PPP:	Interest	Type	Country	Opera-tional	As from	Concession period (in years)
Accomodations:						
East Ayrshire Hospital	100 %	Health	UK	Yes	2000	25
Wharfedale Hospital	75 %	Health	UK	Yes	2004	30
Derby Police	100 %	Justice	UK	Yes	2000	30
Cheshire Police	100 %	Justice	UK	Yes	2003	30
Peacehaven Schools	100 %	Education	UK	Yes	2001	25
Bromsgrove Schools [1]	20 %	Education	UK	Yes	2008	30
Solihull Schools [1]	20 %	Education	UK	Yes	2010	25
West Dunbartonshire Schools [1]	20 %	Education	UK	Yes	2010	30
Somerset Schools [1]	17.8 %	Education	UK	Yes	2012	25
Camden Schools [1]	90 %	Education	UK	Yes	2012	25
Irish Schools Bundle 3	100 %	Education	Ireland	No	2014	25
Gent Universiteit	100 %	Education	Belgium	Yes	2011	33
Beveren Prison	100 %	Justice	Belgium	No	2013	25
Dendermonde Prison	100 %	Justice	Belgium	No	2013	25
Schiphol	100 %	Justice	Netherlands	Yes	2012	25
High Court	100 %	Justice	Netherlands	No	2015	30
Landtag Brandenburg Potsdam	100 %	Other	Germany	Yes	2013	30
Bremervoerde Prison	100 %	Justice	Germany	Yes	2012	25
Burgdorf Prison [1]	17.6 %	Justice	Swiss	Yes	2012	25
Infrastructure:						
Dundalk By-pass [1]	33.3 %	Roads	Ireland	Yes	2005	28
Waterford By-pass [1]	33.3 %	Roads	Ireland	Yes	2009	30
Portlaoise [1]	33.3 %	Roads	Ireland	Yes	2010	30
N11/N7	100 %	Roads	Ireland	No	2015	25
A59 [1]	14 %	Roads	Netherlands	Yes	2005	15
N31 [1]	33.3 %	Roads	Netherlands	Yes	2007	15
A12 [1]	20 %	Roads	Netherlands	Yes	2012	25
N33	100 %	Roads	Netherlands	No	2014	20
Infraspeed HSL [2]	10.5 %	Railroads	Netherlands	Yes	2006	25
A8 [1]	5 %	Roads	Germany	Yes	2010	30
A9 [1]	50 %	Roads	Germany	No	2014	17
Liefkenshoektunnel [1]	50 %	Railroads	Belgium	Yes	2013	38

PPP projects in other entities:						
Accomodations:						
Gerechtsgebouw Gent [2]	25 %	Justice	Belgium	Yes	2006	27
Gerechtsgebouw Antwerpen [2]	33.3 %	Justice	Belgium	Yes	2005	27
Stadium Dresden	100 %	Other	Germany	Yes	2009	30
Sonderschule Frechen	100 %	Education	Germany	Yes	2005	25
Alfons-Kern-Schule, Pforzheim	100 %	Education	Germany	Yes	2011	30
JVA München	100 %	Justice	Germany	Yes	2009	20
Infrastructure:						
Broadland Environmental Services	90 %	Other	UK	Yes	1999	20

[1] Recognised as joint venture.
[2] Recognised as associate.

BAM Techniek is also involved in five ESCos (Energy Service Companies).

In 2013, BAM PPP generated revenue of €288 million from concessions (2012: €288 million) with a profit before taxes of €14.4 million (2012: €12.4 million). Please refer to Note 6.

The Group's total equity investments in PPP projects are €108 million at year-end 2013 (year-end 2012: €116 million). Please refer to Note 7.
The Group also has approximately €94 million of liabilities (after deduction of PGGM share of projects tendered for together) with regard to capital to be paid in PPP projects (2012: €118 million).

Revenue yet to be realised from construction activities on PPP projects in their realisation phases amounts to approximately €0.2 billion (2012: €0.5 billion).

A more detailed disclosure of operational concessions is as follows.

Accommodation

These operating concessions relate to schools, police stations, hospitals, sports complexes, a penitentiary institution and a laboratory building. The concessions are located in the United Kingdom, Germany, Belgium, the Netherlands and Switzerland. Concession payments depend entirely on the availability of the accommodation. The actual use of the accommodation has no impact on the payments. The concessions (sometimes) include support services for the accommodation, such as maintenance and facility management. Revenue and results are recognised on the basis of the (fixed) fees received from government. If a fee relates to (support) services, it is accounted for in proportion to the services rendered.

During the concession periods, fees are based on the availability of the accommodation and the support services. The majority of concession arrangements contain indexation clauses. (Some of) the services are periodically benchmarked against the market, generally once every 5 years. The relevant parts of the fees can be adjusted on this basis. However, the volatility of the total revenue and result is limited.

Infrastructure

These operating concessions relate to motorways in Ireland, the Netherlands and Germany, a railway tunnel in Belgium and a railway line in the Netherlands, and a coastal defence scheme in the United Kingdom.

Concession fees in the Netherlands, Belgium and the UK are based on the availability of the related infrastructure. This availability is tested against contractually established criteria. These criteria cover the intensity of usage, temporary closures and maintenance. If availability does not meet the contractual criteria, the concession fee can be (temporarily) adjusted. Revenue and results are recognised on the basis of fees received from government. The volatility of the revenue and results is limited.

In Ireland and Germany, concession fees are directly based on the volume of traffic (toll collection). The revenue and results of these entities therefore depend on road traffic and, hence, they are volatile to some extent.

The concessions started between 1999 up to and including 2013, for periods varying from fifteen to thirty years.

39. Government grants

Government grants received in 2013 amount to approximately €3 million (2012: approximately €2 million). Government grants relate predominantly to education.

40. Research and development

Research and development costs, which predominantly relate to projects, are included in the cost of projects. Other research and development costs, in the amount of approximately €0.8 million (2012: approximately €0.2 million), are recognised directly in the income statement.

41. Events after balance sheet date

No material events after the balance sheet date have occured.

Company balance sheet at 31 December

(before profit appropriation, x €1,000)

		2013	2012 (restated)
2	Tangible assets	**16,023**	20,616
3	Intangible assets	**384,774**	388,169
4	Financial assets	**1,585,416**	1,643,558
5	Deferred tax assets	**177,469**	120,119
	Non-current assets	**2,163,682**	2,172,462
6	Receivables	**21,668**	18,303
7	Cash and cash equivalents	**134,618**	88,187
	Current assets	**156,286**	106,490
	Total assets	**2,319,968**	2,278,952
	Issued and paid up capital	**26,942**	24,152
	Share premium reserve	**806,326**	711,249
	Reserves	**(411,476)**	(492,551)
	Retained earnings	**461,165**	669,608
	Net result for the year	**46,157**	(183,840)
8	**Shareholders' equity**	**929,114**	728,618
	Employee benefit obligations	**62,427**	105,277
	Provisions	**9,245**	15,000
9	**Provisions**	**71,672**	120,277
	Borrowings	**171,481**	132,920
10	**Non-current liabilities**	**171,481**	132,920
	Borrowings	**52,094**	63,676
	Other current liabilities	**1,095,607**	1,233,461
11	**Current liabilities**	**1,147,701**	1,297,137
	Total equity and liabilities	**2,319,968**	2,278,952

Company income statement

(x € 1,000)

	2013	2012 (restated)
Result of participating interests after tax	**45,969**	(19,912)
Other income and expense after tax	**188**	(163,928)
Net result for the year	**46,157**	(183,840)

Notes to the company financial statements

1. Summary of significant accounting policies

1.1 General

The company financial statements of Royal BAM Group nv are included in the consolidated financial statements and are prepared in accordance with the legal requirements of Part 9, Book 2, of the Netherlands Civil Code. In preparing these financial statements, the provision of Article 2:362 subsection 8, of the Civil Code is applied, under which the company financial statements may be prepared in accordance with accounting policies as adopted in the consolidated financial statements.
The exemption laid down in Article 402 Book 2 of the Netherlands Civil Code has been used with regard to the company income statement of Royal BAM Group nv.

If no other policies are mentioned, the applicable policies are those of the consolidated financial statements of Royal BAM Group nv. The consolidated financial statements of Royal BAM Group nv should be consulted for an appropriate interpretation of the company financial statements.

The Group's consolidated financial statements are prepared in accordance with International Financial Reporting Standards (IFRS) as endorsed by the European Union.

Application of new and revised International Financial Reporting Standards (IFRSs)
In 2013, the Group applied a number of new and revised IFRSs issued by the International Accounting Standards Board (IASB) that are (mandatorily or by early adoption) effective for an accounting period that begins on or after 1 January 2013. Please refer to the Note 3.1 to the consolidated financial statements.

1.2 Financial fixed assets

Subsidiaries
Subsidiaries include all entities over which Royal BAM Group nv has the power to control financial and operational policies. Subsidiaries are accounted for based on the equity method. The equity value is measured by valuation of assets, provisions and liabilities and determination of results based on the accounting policies of the consolidated financial statements.

Associates with significant influence
Associates are all entities over which Royal BAM Group nv has significant influence but no control, generally accompanied by the possession of more than one fifth of the voting shares and taking into account the potential voting rights which are exercisable at the balance sheet date.

Investments in associates are initially recognised at cost and subsequently based on the equity method. Investments in associates include goodwill (net of any accumulated impairment losses) identified on acquisition. Royal BAM Group nv recognises its part of the associates' changes in reserves and attributable results in the carrying amount of the participating interest.

The Royal BAM Group's share in the participating interest's results is recognised in the income statement. The Royal BAM Group's share in the participating interest's changes in reserves after the acquisition date is recognised in the Royal BAM Group's reserves. The Royal BAM Group nv does not recognise any losses exceeding the carrying amount of the investment (including other unsecured receivables), unless it has an obligation to do so.

Associates are recognised from the date on which the Royal BAM Group nv obtains significant influence, until the date on which that significant influence ceases to exist.

Associates: recognition of losses
If the share in losses, attributable to Royal BAM Group nv, exceeds the carrying amount of the investment (including separately presented goodwill and other unsecured receivables), further losses will not be recognised, unless the Group has provided securities to the associate, committed to liabilities or paid on behalf of the associate. In that case, the excess will be provided for.

1.3 Shareholders' equity

Reserves
Reserves relate to the reserves for cash flow hedging, exchange rate differences and unrecognised actuarial results. No distribution to shareholders can be made agains this reserve.

2. Tangible assets

	Buildings and land	Other tangible assets	Total
At 1 January 2012 (restated)			
Cost	25,320	10,803	36,123
Accumulated depreciation and impairments	(8,326)	(5,918)	(14,244)
Carrying amount	16,994	4,885	21,879
Movements in book value			
Additions	-	2,199	2,199
Disposals	(1,325)	(2,137)	(3,462)
Net movements	(1,325)	62	(1,263)
At 31 December 2012 (restated)			
Cost	25,320	12,999	38,319
Accumulated depreciation and impairments	(9,651)	(8,052)	(17,703)
Carrying amount	15,669	4,947	20,616
Movements in book value			
Additions	-	1,602	1,602
Depreciation charge	(3,160)	(57)	(3,217)
Disposals	(975)	(2,003)	(2,978)
Net movements	(4,135)	(458)	(4,593)
At 31 December 2013			
Cost	16,557	12,186	28,743
Accumulated depreciation and impairments	(5,023)	(7,697)	(12,720)
Carrying amount	**11,534**	**4,489**	**16,023**

3. Intangible assets

	Goodwill	Non-integrated software	Total
At 1 January 2012 (restated)			
Cost	581,230	624	581,854
Accumulated amortisation and impairments	(5,300)	(54)	(5,354)
Carrying amount	575,930	570	576,500
Movements in book value			
Additions	-	1,100	1,100
Amortisation charge	-	(376)	(376)
Sale of subsidiary	(42,100)	-	(42,100)
Impairments	(150,431)	-	(150,431)
Currency exchange differences	3,476	-	3,476
Net movements	(189,055)	724	(188,331)
At 31 December 2012 (restated)			
Cost	542,606	1,724	544,330
Accumulated amortisation and impairments	(155,731)	(430)	(156,161)
Carrying amount	386,875	1,294	388,169
Movements in book value			
Amortisation charge	-	(376)	(376)
Currency exchange differences	(3,019)	-	(3,019)
Net movements	(3,019)	(376)	(3,395)
At 31 December 2013			
Cost	539,587	1,724	541,311
Accumulated amortisation and impairments	(155,731)	(806)	(156,537)
Carrying amount	**383,856**	**918**	**384,774**

The goodwill shown above represents goodwill on directly acquired subsidiaries and associates. For the annual impairment test, this goodwill is allocated to the relevant cash flow generating units.

4. Financial assets

	Shares in subsidiaries	Receivables from subsidiaries	Other participating interests	Other loans and receivables	Total
At 1 January 2012 (restated)	811,664	905,847	423	125	1,718,059
Net result for the year	(19,912)	-	-	-	(19,912)
Dividend received	(98,242)	-	-	-	(98,242)
Investments	-	-	517	-	517
Reclassification	159,841	(159,841)	-	-	-
Adjustments in group structure	34,259	-	-	-	34,259
Capital contributions	14,800	-	-	-	14,800
Loans granted/repayments	-	42,775	-	-	42,775
Exchange rate differences	6,347	-	-	-	6,347
Movement hedge reserve	(16,600)	-	-	-	(16,600)
Actuarial result	(38,445)	-	-	-	(38,445)
At 31 December 2012 (restated)	853,712	788,781	940	125	1,643,558
Net result for the year	46,066	-	(97)	-	45,969
Dividend received	(143,520)	-	-	-	(143,520)
Investments	-	-	339	-	339
Reclassification	31,232	(31,232)	-	-	-
Adjustments in group structure	(1,685)	-	-	-	(1,685)
Capital contributions	310	-	-	-	310
Loans granted/repayments	-	(30,205)	-	-	(30,205)
Exchange rate differences	(8,532)	-	-	-	(8,532)
Movement hedge reserve	51,977	-	-	-	51,977
Actuarial result	27,205	-	-	-	27,205
At 31 December 2013	**856,765**	**727,344**	**1,182**	**125**	**1,585,416**

No provisions are deemed necessary for the amounts receivable on the balance sheet date. For a breakdown of the principal subsidiaries and associates, please refer to Other information.

5. Deferred taxes

	2013	2012 (restated)
Deferred tax assets	**177,469**	120,119
	177,469	120,119

Included in the deferred taxes are the deferred tax receivable owing to the liquidation of old property development activities in Germany (€80 million), the AM losses from previous years and deferred tax liabilities.

Please refer to Note 23 to the consolidated financial statements.

6. Receivables

	2013	2012 (restated)
Amounts due from subsidiaries	**13,193**	10,326
Other amounts receivable and prepayments	**8,475**	7,977
	21,668	18,303

The maturity of receivables is less than one year.

7. Cash and cash equivalents

	2013	2012 (restated)
Cash at bank	**134,618**	88,187
	134,618	88,187

Cash is at free disposal.

8. Shareholders' equity

At year-end 2013, the Group's authorised capital was four hundred million ordinary shares (2012: four hundred million) and six hundred million preference shares (2012: six hundred million), all with a nominal value of €0.10 per share (2012: €0.10 per share). All issued shares have been fully paid up.

The movement of the number of issued and fully paid-up shares is as follows:

	Ordinary shares
At 1 January 2012	232,937,569
Dividend paid	8,587,345
At 31 December 2012	241,524,914
Issue of shares	24,152,491
Dividend paid	3,746,684
At 31 December 2013	**269,424,089**

The total number of issued ordinary shares increased by 3,746,684 in 2013 following the distribution of dividends in shares (2012: 8,587,345).

In 2013, the Group issued 24,152,491 new ordinary shares at a price of €3.50 per share by way of an accelerated bookbuild emission.

The specification of movement in shareholders' equity is stated below:

	Issued and paid up capital	Share premium reserve	Reserves	Retained earnings	Net result for the year	Total
At 1 January 2012 (as previously reported)	23,294	691,400	(258,539)	580,258	125,995	1,162,408
Effect of changes in accounting policies	-	-	(163,415)	-	-	(163,415)
At 1 January 2012 (restated)	23,294	691,400	(421,954)	580,258	125,995	998,993
Net result for the year	-	-	-	-	(183,840)	(183,840)
Appropriation of the result of the preceding year	-	-	-	125,995	(125,995)	-
Dividend paid	858	19,849	-	(38,192)	-	(17,485)
Actuarial result	-	-	(61,498)	-	-	(61,498)
Movement in fair value cash flow hedges	-	-	(18,663)	-	-	(18,663)
Exchange rate differences	-	-	9,564	-	-	9,564
Other movements	-	-	-	1,547	-	1,547
At 31 December 2012 (restated)	24,152	711,249	(492,551)	669,608	(183,840)	728,618
Net result for the year	-	-	-	-	46,157	46,157
Appropriation of the result of the preceding year	-	-	-	(183,840)	183,840	-
Issue of shares	2,415	82,119	-	-	-	84,534
Dividend paid	375	13,956	-	(24,153)	-	(9,822)
Actuarial result	-	-	37,801	-	-	37,801
Movement in fair value cash flow hedges	-	-	54,824	-	-	54,824
Exchange rate differences	-	-	(11,550)	-	-	(11,550)
Other movements	-	(998)	-	(450)	-	(1,448)
At 31 December 2013	**26,942**	**806,326**	**(411,476)**	**461,165**	**46,157**	**929,114**

The exchange differences reserve amounts to €79 million negative (2012: €67 million negative), the cash flow hedging reserve amounts to €119 million negative (2012: €174 million negative) and the reserve for unrecognised actuarial results amounts to €213 million negative (2012: €251 million negative).

The restriction of other reserves, due to a negative exchange difference reserve and hedging reserve, amounts to €411 million (2012: €493 million).

The Company proposes to declare a dividend for the financial year 2013 at €0.05 in cash per ordinary share or in shares (2012: €0.10 in cash or in ordinary shares, at the option of the shareholders). Based on the number of ordinary shares outstanding at year-end 2013, a maximum of 13.5 million will be distributed as dividend on the ordinary shares. As yet, the dividend proposal has not been deducted from the other reserves under equity.

Result appropriation
The dividends paid to holders of ordinary shares in 2013 were €24.2 million, €9.8 million in cash (€0.10 per share) and €14.4 million in shares (€0.10 per share).
The dividends paid to holders of ordinary shares in 2012 were €38.2 million, €17.5 million in cash (€0.16 per share) and €20.7 million in shares (€0.1675 per share).

9. Provisions

	2013	2012 (restated)
Employee benefit obligations	**62,427**	105,277
Other provisions	**9,245**	15,000
	71,672	120,277

Other provisions include the dividend guarantee provision relating to the disposal of the interest in Van Oord.

10. Non-current liabilities

	2013	2012 (restated)
Subordinated loan	**124,500**	124,000
Financial lease liabilities	**7,886**	7,886
Committed syndicated credit facility	**38,459**	-
Other loans	**636**	1,034
	171,481	132,920

For more information on non-current liabilities, please refer to the Note 19 of the consolidated financial statements.

11. Current liabilities

	2013	2012 (restated)
Bank overdrafts	**53,737**	63,776
Subordinated loan	**(500)**	(500)
Committed syndicated credit facility	**(1,542)**	-
Other loans	**399**	400
Amounts due to subsidiaries	**1,059,713**	1,180,445
Taxation and social security contributions	**654**	2,660
Other liabilities	**35,240**	50,356
	1,147,701	1,297,137

12. Employees

During the year 2013, Royal BAM Group nv had 240 (2012: 251) employees on average, expressed in full-time equivalent.

13. Executive Board and Supervisory Board members

For a specification of the remuneration of Executive Board and Supervisory Board members, please refer to Note 36 to the consolidated financial statements.

14. Contingencies

Third-party liability

The Company has a joint and several liability for the debts of Netherlands-based subsidiaries arising from legislation in Section 403 of Book 2 of the Netherlands Civil Code.

Owing to the participation in the Group's cash pool, the Company has a joint and several liability, together with other participants, for deficits in the cash pool as a whole.

The Company has issued corporate guarantees, mainly to clients commissioning projects, instead of bank guarantees. At year-end 2013, this involves an amount of €235 million (year-end 2012: €269 million).

The Company is the parent company of the Dutch fiscal entities for corporation tax and VAT, and is jointly and severally liable for the tax liabilities of these fiscal entities.

Bunnik, the Netherlands, 19 February 2014

Supervisory Board:
P.A.F.W. Elverding
H. Scheffers
J.-P. Hansen
C.M.C. Mahieu
H.L.J. Noy
K.S. Wester

Executive Board:
N.J. de Vries
T. Menssen
M.J. Rogers
R.P. van Wingerden

6. Other information

Proposed appropriation of profit for 2013

The net loss for 2013, in the sum of €46.2 million, has been accounted for in shareholders' equity.

The company proposes to declare a dividend for the financial year 2013 at €0.05 in cash per ordinary share or in shares. Based on the number of ordinary shares outstanding at year-end 2013, a maximum of €13.5 million will be distributed as dividend on the ordinary shares. The dividend proposal was not recognised in the figures of the annual report.

Provisions of the Articles of Association concerning profit appropriation

(Summary of Article 32 of the Articles of Association)

From the profit realised in any financial year, an amount will first be distributed, where possible, on the class B cumulative preference shares, calculated by applying the percentage stated below to the mandatory amount paid up on those shares as at the start of the financial year for which the distribution is made. The percentage referred to above will be equal to the average of the Euribor rates for money market loans with a maturity of twelve months – weighted according to the number of days for which these rates prevailed – during the financial year for which the distribution is made, plus one percentage point. Euribor refers to the Euro Interbank Offered Rate as determined and published by the European Central Bank.

Subsequently, if possible, a dividend will be distributed on each financing preference share of a certain series and sub-series, with due consideration of the provisions of this article, equal to an amount calculated by applying a percentage to the nominal amount of the financing preference share concerned at the start of that financial year, plus the amount of share premium paid up on the financing preference share issued in the series and sub-series concerned at the time of initial issue of the financing preference shares of that series and sub-series, less the amount paid out on each financing preference share concerned and charged to the share premium reserve formed at the time of issue of the financing preference shares of that series and sub-series prior to that financial year.

If and to the extent that a distribution has been made on the financing preference shares concerned in the course of the year and charged to the share premium reserve formed at the time of issue of the financing preference shares of the series and sub-series concerned, or partial repayment has been made on such shares, the amount of the distribution will be reduced pro rata over the period concerned according to the amount of the distribution charged to the share premium reserve and/or the repayment with respect to the amount referred to in the preceding sentence. The calculation of the dividend percentage for the financing preference shares of a certain series will be made for each of the series of financing preference shares referred to below, in the manner set forth for the series concerned.

Series FP1-FP4:
The dividend percentage will be calculated by taking the arithmetical mean of the yield to maturity on euro government loans issued by the Kingdom of the Netherlands with a remaining term matching as closely as possible the term of the series concerned, as published in the Official Price List of Euronext Amsterdam, plus two percentage points.

Series FP5-FP8:
The dividend percentage will be equal to the average of the Euribor rates for money market loans with a maturity of 12 months – weighted according to the number of days for which these rates prevailed – during the financial year for which the distribution is made, plus two percentage points. The above percentages may be increased or reduced by an amount of no more than three hundred basis points. The above percentages apply for the following periods: series FP1 and FP5: five years; series FP2 and FP6: six years; series FP3 and FP7: seven years; and series FP4 and FP8: eight years. After a period expires, the percentage will be modified in accordance with the rules laid down in Article 32 paragraph 6(c) of the Articles of Association.

The Supervisory Board shall determine, on the basis of a proposal by the Executive Board, what part of the profit remaining after application of the above provisions will be added to the reserves. The part of the profit that remains thereafter is at the disposal of the General Meeting, subject to the provision that no further dividends will be distributed on the preference shares and with due consideration of the other provisions of Article 32 of the Articles of Association.

Anti-takeover measures

The company has taken the following measures to protect itself against any undesired developments that might have an impact on the independence, continuity and/or identity of the Group.

Pursuant to a resolution passed by the General Meeting held on 12 June 1972, the Articles of Association include the possibility of issuing preference shares. Stichting Aandelenbeheer BAM Groep (hereafter referred to as 'the Foundation') was founded with a view to this possibility in 1978. The object of the Foundation is to look after the interests of the Company and the companies that are held by the Company and the group of companies associated with the Company. Specifically, the Foundation seeks to ensure that the interests of the Company and of those companies and all their stakeholders are safeguarded as well as possible and that influences which could undermine the independence and/or continuity and/or identity of the Company and those companies and which are in conflict with those interests are averted to the best of the Foundation's ability. The Foundation attempts to achieve its objective by acquiring – whether or not by exercising the option referred to above – and holding class B cumulative preference shares in the Company's capital, by exercising the rights connected with those shares and/or by using its right of enquiry.

As announced at the General Meeting held on 4 June 1992 and considered at the General Meeting on 8 June 1993, the Company granted the Foundation an option to acquire class B cumulative preference shares in the Company's capital on 17 May 1993. This option was granted up to such an amount as the Foundation might require, subject to a maximum of a nominal amount that would result in the total nominal amount of class B cumulative preference shares in issue and not held by the Company equaling no more than ninety-nine point nine per cent (99.9 per cent) of the nominal amount of the issued share capital in the form of shares other than class B cumulative preference shares and not held by the Company at the time of exercising of the right referred to above. The Executive Committee of the Foundation has the exclusive right to determine whether or not to exercise this right to acquire class B cumulative preference shares.

On 6 October 2008, the Company granted the Foundation the right, under Article 2:346(c) of the Dutch Civil Code, to submit a petition as referred to in Article 2:345 of the Dutch Civil Code (right of enquiry).

The Foundation's Executive Committee consists of three members, namely a Category A director and two Category B directors. The Category A director is appointed by the company's Executive Board, subject to approval by the Supervisory Board. The Category A director may not be a member of the Executive Board or Supervisory Board of the Company or any of its subsidiaries.
The Category B directors are appointed by the Foundation's Executive Committee, subject to the approval of the Executive Board, for which the latter in turn requires the approval of the Supervisory Board. A Category B director may not be a person affiliated to the Company as referred to in the now lapsed Appendix X to the General Regulations of Euronext Amsterdam Stock Market, Rule Book II (Algemeen Reglement Euronext Amsterdam Stockmarket, Rulebook II).

The current composition of the Executive Committee is:
R. Pieterse, chairman (B)
F.K. Buijn (A)
R. de Jong (B)

The chairman of the Foundation's Executive Committee receives an annual fee of €12,000 from the Foundation.
The Foundation pays an annual fee of €10,000 to each of the other members of its Executive Committee.

The particulars of the Executive Committee members are:

R. Pieterse (1942), *chairman*
Member of the Foundation's Executive Committee since 2009 and chairman since 2012. A Dutch national. Former chairman of the Executive Board of Wolters Kluwer. Mr Pieterse is chairman of the Supervisory Board of Royal Grolsch, chairman of the Supervisory Board and member of the Audit Committee of Mercurius Media Group Wormerveer, member of the Supervisory Board and chairman of the Audit Committee of Corbion, chairman of the Board of Stichting Continuïteit PostNL and chairman of the Board of Stichting Preferente Aandelen USG People. In 2003, Mr Pieterse was a member of the committee that drew up the first Dutch Corporate Governance Code.

F.K. Buijn (1960)
Member of the Foundation's Executive Committee since 2012.
A Dutch national. Former civil-law notary, well-versed in business law. Member of the Executive Board of the ARCADIS Preferred Shares Foundation. Involved at various large family companies as chair or director of foundation trust offices. chairman of the Board of the Instituut Gak foundation.

R. de Jong RA (1948)
Member of the Foundation's Executive Committee since 2009.
A Dutch national. Former member of the Executive Board of Essent and Chief Financial Officer. Mr De Jong is interim chairman of the Supervisory Board and a member of the Audit Committee of N.V. Nederlandse Gasunie, chairman of the Supervisory Board of Bakeplus Holding, member of the Supervisory Board and chairman of the Audit Committee of Enexis Holding and member of the Supervisory Board and chairman of the Audit Committee of USG People and member of the Executive Board of the Foundation of Holders of Preferred and Priority Shares B in Wereldhave.

No class B cumulative preference shares have been issued at this time.

The Supervisory Board and the Executive Board reserve the right, in the interests of the Company and its associated companies, to resolve to take measures other than the issue of class B preference shares in order to protect the Company against influences that might be regarded by the Supervisory Board and the Executive Board, after balancing the interests of the Company and all of the stakeholders in the Group, as being potentially damaging to the independence, continuity and/or identity of the Group.

Independent auditor's report

To: the General Meeting of Shareholders of Royal BAM Group nv

Report on the financial statements

We have audited the accompanying financial statements 2013 of Royal BAM Group nv, Bunnik, as set out on pages 99 to 194. The financial statements include the consolidated financial statements and the company financial statements. The consolidated financial statements comprise the consolidated balance sheet as at 31 December 2013, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of equity and the consolidated cash flow statement for the year then ended and the notes, comprising a summary of significant accounting policies and other explanatory information. The company financial statements comprise the company balance sheet as at 31 December 2013, the company income statement for the year then ended and the notes, comprising a summary of accounting policies and other explanatory information.

Executive Board's responsibility
The Executive Board is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Dutch Civil Code, and for the preparation of the Executive Board report in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore, the Executive Board is responsible for such internal control as it determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Executive Board, as well as evaluating the overall presentation of the financial statements.

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

Opinion with respect to the consolidated financial statements
In our opinion, the consolidated financial statements give a true and fair view of the financial position of Royal BAM Group nv as at 31 December 2013, and of its result and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Dutch Civil Code.

Opinion with respect to the company financial statements
In our opinion, the company financial statements give a true and fair view of the financial position of Royal BAM Group nv as at 31 December 2013, and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements

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

Rotterdam, 19 February 2014
PricewaterhouseCoopers Accountants N.V.

drs. J.G. Bod RA

Overview of principal subsidiaries and associates

Construction and mechanical and electrical services	%
BAM Utiliteitsbouw bv*, Bunnik (Netherlands)	100
BAM Woningbouw bv*, Bunnik (Netherlands)	100
Heilijgers bv*, Amersfoort (Netherlands)	100
BAM Materieel bv*, Lelystad (Netherlands)	100
BAM Techniek bv*, Bunnik (Netherlands)	100
Interbuild nv, Wilrijk-Antwerp (Belgium)	100
BAM Construct UK Ltd, Hemel Hempstead (United Kingdom)	100
BAM Deutschland AG, Stuttgart (Germany)	100
Civil engineering	
BAM Civiel bv*, Gouda (Netherlands)	100
BAM Infratechniek bv*, Culemborg (Netherlands)	100
BAM Rail bv*, Breda (Netherlands)	100
BAM Wegen bv*, Utrecht (Netherlands)	100
BAM Infraconsult bv*, Gouda (Netherlands)	100
BAM International bv*, Gouda (Netherlands)	100
BAM Galère sa, Chaudfontaine (Belgium)	100
BAM Technics sa, Louveignée (Belgium)	100
Betonac nv, Sint-Truiden (Belgium)	100
CEI-De Meyer nv, Brussels (Belgium)	100
BAM Nuttall Ltd, Camberley, Surrey (United Kingdom)	100
BAM Contractors Ltd, Kill, County Kildare (Ireland)	100
Wayss & Freytag Ingenieurbau AG, Frankfurt am Main (Germany)	100
Property	
AM bv*, Utrecht	100
AM Real Estate Development*, Amsterdam	100
Kaïros nv, Wilrijk-Antwerp (Belgium)	100
Public-Private Partnerships (PPP)	
BAM PPP bv*, Bunnik	
Associates	
Infraspeed (Holdings) bv, Haarlem (Netherlands)	10.5
Justinvest nv, Wilrijk-Antwerp (Belgium)	33.3
Rabot Invest nv, Wilrijk-Antwerp (Belgium)	25.0

A list of associates as referred to in Sections 379 and 414, Book 2, of the Netherlands Civil Code has been deposited at the Office of the Trade Register in Utrecht.

* In respect of these subsidiaries, Royal BAM Group nv has deposited a declaration of joint and several liability pursuant to Section 403, Part 9, Book 2 of the Netherlands Civil Code.

Organisational structure

	Construction and M&E services	Civil engineering	Property	Public-Private Partnerships
Netherlands	BAM Utiliteitsbouw	BAM Civiel	AM	BAM PPP
	BAM Woningbouw	BAM Infratechniek	AM Real Estate Development	
	Heilijgers	BAM Rail		
	BAM Techniek	BAM Wegen		
Belgium	Galère	Galère		
	BAM Technics	BAM Technics		
		Betonac		
	CEI-De Meyer	CEI-De Meyer	Immo BAM	
	Interbuild		Kaïros	
United Kingdom	BAM Construction *	BAM Nuttall	BAM Properties *	
Ireland	BAM Building **	BAM Civil **	BAM Property **	
Germany	BAM Deutschland	W&F Ingenieurbau		
Worldwide	BAM International	BAM International		

- Sector
- Operating company
- Active in this sector

* BAM Construction and BAM Properties together form BAM Construct UK.

** BAM Building, BAM Civil and BAM Property together form BAM Contractors.

BAM Utiliteitsbouw, BAM Woningbouw and Heilijgers also operate as developers of construction projects in the property sector.

Offices

Construction and M&E services

Netherlands

BAM Utiliteitsbouw - Bunnik - Amsterdam - Arnhem - The Hague - Eindhoven - Groningen - Maastricht - Rotterdam - Utrecht - Zwolle
BAM Advies & Engineering - Bunnik
BAM Gebouwbeheer - Bunnik
BAM HABO - The Hague
Schakel & Schrale - Amsterdam
Vitaal ZorgVast - Bunnik

BAM Woningbouw - Bunnik - Alkmaar - Amsterdam - Breda - The Hague - Deventer - Drachten - Nieuwegein - Rotterdam - Weert
Bouwbedrijf Pennings - Rosmalen

Heilijgers - Amersfoort

BAM Materieel - Lelystad

BAM Techniek - Bunnik - Amsterdam - Apeldoorn - Benningbroek - Capelle aan den IJssel - The Hague - Emmen - Groningen - Leeuwarden - Roermond - Veenendaal
Interflow - Wieringerwerf
BAM Techniek – Energy Systems - Bunnik
BAM Techniek – Integrated Works - Nieuw-Vennep
BAM Techniek – Fire Protection - Veenendaal

Belgium

Interbuild - Wilrijk
BAM Technics - Sprimont - Montegnée

United Kingdom

BAM Construct UK - Hemel Hempstead
BAM Construction - London - Bristol - Cardiff - Solihull - Derby - Dewesbury - Edinburgh - Exeter - Gateshead - Glasgow - Leeds - Manchester - St. Albans - Wellingborough
BAM Facilities Management - Coventry - Glasgow

Ireland

BAM Building - Dublin - Kill, County Kildare - Little Island, Cork - Galway

Germany

BAM Deutschland - Stuttgart - Berlin - Dresden - Düsseldorf - Frankfurt am Main - Munich
BAM Immobilien-Dienstleistungen - Stuttgart
BAM Sports - Düsseldorf

Switzerland

BAM Swiss - Basle

Civil engineering

Netherlands

BAM Civiel - Gouda - Amsterdam - Breda - Elsloo - Zuidbroek
BAM Civiel Prefab Beton - Zuidbroek
BAM Energie - Gouda
BAM GO-Park - Ravenstein
BAM Speciale Technieken - Amsterdam

BAM Infratechniek - Barendrecht - Halfweg - 's-Hertogenbosch - Nieuwleusen - Ootmarsum - Schiphol - Susteren - Utrecht - Bunnik
BAM Infratechniek Telecom - Zwammerdam - Amsterdam - Delft - Montfoort - Zoeterwoude - Meer, Belgium
BAM Leidingen & Industrie - Nieuwleusen - Culemborg
BAM Infratechniek Mobiliteit - Culemborg

BAM Rail - Breda - Dordrecht - Eindhoven (Son) - Rotterdam

BAM Wegen - Utrecht - Apeldoorn - Bergen op Zoom - The Hague - Helmond - Tynaarlo - Zaandam
BAM Betonwegen/Betontechnieken - Hardinxveld-Giessendam
BAM Geleiderail - Drachten
BAM Milieu - Hardinxveld-Giessendam
HABO GWW - The Hague
HOKA Verkeerstechniek - 's-Hertogenbosch
Mostert De Winter - Hardinxveld-Giessendam
Nootenboom/Nootenboom Sport - Barendrecht
Redubel - Geldermalsen

BAM Infraconsult - Gouda - Amsterdam - Apeldoorn - Breda - The Hague - Ravenstein - Utrecht - Zuidbroek - Jakarta - Perth - Singapore

BAM Infra Asset management - Utrecht
BAM Infra Projectmanagement - Utrecht

Belgium

Galère - Chaudfontaine - Charleroi
BAM Technics - Louveigné - Saint-Nicolas

Betonac - Sint-Truiden
BAM Track - Alken

CEI-De Meyer - Brussels - Eke (Nazareth)

Luxembourg

BAM Lux - Luxembourg

United Kingdom

BAM Nuttall - Camberley - London - Bridgend - Glasgow - Halesowen - Leeds - Maidstone - Newcastle upon Tyne - Northwich - Southampton - Wigan
BAM Ritchies - Glasgow - Clevedon - Erith - Wigan - Dublin
Rail North - Wigan
Rail South - Edenbridge
Nuttall Hynes - Tunbridge Wells
Nuttall John Martin - Thetford

Ireland

BAM Civil - Dublin - Kill, County Kildare - Little Island, Cork - Galway
BAM Rail - Dublin - Kill, County Kildare - Little Island, Cork - Galway

Germany

Wayss & Freytag Ingenieurbau - Frankfurt am Main - Berlin - Düsseldorf - Hamburg - Kamsdorf - Munich - Stuttgart

Worldwide

BAM International - Gouda - Accra - Cairo - Dar es Salaam - Doha - Dubai - Jakarta - Longmont - Perth - Tripoli

Property

Netherlands

AM - Utrecht
AM Real Estate Development - Amsterdam
IPMMC Consult - Amsterdam

Belgium

Immo BAM - Brussels
Kaïros - Wilrijk

United Kingdom

BAM Properties - London - Bristol - Glasgow - Manchester

Ireland

BAM Property - Dublin - Kill, County Kildare - Little Island, Cork

Public-Private Partnerships

BAM PPP - Bunnik - Birmingham - Brussels - Kill - Frankfurt am Main - Glasgow

Executive officers

(as at 19 February 2014)

Royal BAM Groep nv

Bunnik (Netherlands)	N.J. de Vries, *chairman* T. Menssen, *CFO* M.J. Rogers R.P. van Wingerden
	S.H.A.J. Beckers, *Legal Affairs and Company Secretary* H. Bree, Property *Investments* W. Broekhoff MBA, *Human Resources* R.A. Burger, *Strategic Sourcing* M. von Devivere, *Business Development Infra* G.J. Maas, *Strategy* T.W. Muntinga, *Finance* W.J. van Niekerk, *Corporate Social Responsibility* A.C. Pronk, *Public Relations* M. de Rooij, *Operational Audit* A. Sundermeijer, *ICT*

Construction and M&E services

Netherlands

BAM Utiliteitsbouw, Bunnik	H.W.J. Bol J.J. Kempkens M.J.E. de Vreede
BAM Woningbouw, Bunnik	P.M.L. Born MBA T.M. Krouwels J.G. Nelis
Heilijgers, Amersfoort	R.J. Jansen MBA
BAM Techniek, Bunnik	J.F.M. Al J.A. Hazeleger R.A.C. van Zijl

Belgium

Interbuild, Wilrijk-Antwerp	M. Coppens

United Kingdom

BAM Construct UK, London	G. Cash, BA, RIBA R. Bailey, MSc, MCIOB J.R. Burke, FRICS

Germany

BAM Deutschland, Stuttgart	A. Naujoks A. Häberle M. Hager M. Koch

Civil engineering

Netherlands

BAM Civiel, Gouda	B.J. Wierenga H.M.E. te Duits M. Smitt
BAM Infratechniek, Bunnik	M.H. Schimmel MBA B. Schultze H.J. Versteegen
BAM Rail, Breda	S.H. van Royen M.A. van Raaij MBA B.H. Regtuijt
BAM Wegen, Utrecht	W. Konings R.L.M. van Hulst T. Winter

Civil engineering

Belgium

Betonac, Sint-Truiden	M. Peeters G. de Cock L. Luyten
CEI-De Meyer, Brussels	M. Peeters G. de Cock P. Depreter
Galère, Chaudfontaine	P. Danaux
BAM Technics, Louveigné	V. Pissart S. Rizzo

United Kingdom

BAM Nuttall, Camberley	S.C. Fox, BSc (Hons), CEng, MICE R.A.E. James, BSc (Eng), CEng, MICE, FinstCES G. Renshaw, BA, ACMA

Ierland

BAM Contractors, Kill	T.M. Cullinane, BE, CEng.fiei

Germany

Wayss & Freytag Ingenieurbau, Frankfurt am Main	S. Currle M. Blaschko I. Rojczyk

Worldwide

BAM International, Gouda	G.K. Mazloumian, Bsc (Hons), CEng, MICE M.R. Bellamy, MSc W.R. Remmelts

Property

Netherlands

AM, Utrecht	R. Vollebregt M.J.S. Broos H. de Pater MBA
AM Real Estate Development, Amsterdam	F.P Trip

Belgium

Kaïros, Wilrijk-Antwerp	P. Penen

Public-Private Partnerships

BAM PPP, Bunnik, Glasgow	R. Fielder, BSc, FRICS K. Meade, BSc (Hons), MRICS

Five years of key data

(in € million, unless otherwise indicated)

	2013	2012 [6]	2011	2010	2009 [4]
Revenue	**7,041**	7,225	7,920	7,611	8,324
Operating result	**15.9**	(273.1)	150.7	(30.3)	(68.5)
Result before tax	**52.9**	(224.3)	158.7	26.0	(52.8)
Net result attributable to shareholders	**46.2**	(183.8)	126.0	15.3	31.3
Net result attributable to holders of ordinary shares	**46.2**	(183.8)	126.0	15.3	31.3
Revenue from continuing operations	**7,042**	7,164	7,697	7,611	8,324
Operating result from continuing operations	**15.9**	(273.1)	135.4	(30.3)	(68.5)
Result from continuing operations before tax	**44.4**	(289.3)	143.5	26.0	(52.8)
Net result from continuing operations before tax attributable to shareholders	**37.6**	(248.8)	113.9	15.3	31.3
Earnings per ordinary share (in €1) [5]	**0.19**	(0.77)	0.54	0.08	0.18
Fully diluted earnings per ordinary share (in €1) [5]	**0.19**	(0.77)	0.54	0.08	0.18
Dividend per ordinary share (in €1) [1]	**0.05**	0.10	0.16	0.03	0.10
Equity attributable to shareholders	**929.1**	728.6	1,162.4	1,099.9	875.0
Subordinated loans [2]	**124,0**	123.5	200.0	199.9	200.0
Preference shares	-	-	-	1.7	1.7
Capital base	**1,053.1**	852.1	1,362.4	1,301.5	1,076.7
Net additions to property, plant and equipment	**65.2**	94.6	57.2	68.5	83.3
Depreciation/amortisation/impairment of:					
- Property, plant and equipment	**85.9**	80.2	94.9	97.3	93.0
- Intangible assets	**3.2**	154.5	11.1	10.9	51.3
- Other impairments	**29.5**	247.7	-	127.3	92.7
Cash flow before dividend	**164.8**	298.6	232.0	250.9	268.3
Total impairments	**30.0**	398.1	-	128.2	134.3
Order book [3]	**10,000**	10,700	10,400	12,100	11,100
Average number of fte	**23,502**	23,143	26,639	26,840	28,464
Number of fte at year-end	**23,329**	23,691	27,007	26,088	27,212
Ratios (in %)					
Result before tax, impairments and fines as % of revenue	**1.2**	2.4	2.0	2.0	1.0
Result before tax and impairment of goodwill as % of revenue	**0.8**	(1.0)	2.0	2.0	(0.2)
Result from continuing operations before tax and impairment of goodwill as % of revenue	**0.6**	(1.9)	1.9	0.3	(0.2)
Net result as % of revenue	**0.7**	(2.5)	1.6	0.2	0.4
Net result as % average equity	**5.6**	(19.4)	11.1	1.6	3.6
Capital ratios:					
- Equity attributable to shareholders as % of total assets	**17.5**	13.7	16.1	15.4	12.9
- Capital base as % of total assets	**19.8**	16.1	18.9	18.2	15.8
Current ratio	**1.10**	1.07	1.39	1.23	1.21

[1] Dividend proposal 2013.

[2] Including the current part.

[3] The order book comprises both signed contracts and verbally agreed upon orders.

[4] In 2009 revenue, operating result and order book are adjusted due to IFRS 11.

[5] 2009 adjusted for rights issue.

[6] Adjusted due to IFRS11 and IAS19 (revised).

7. Royal BAM Group nv shares

Stock exchange listing

The shares of Royal BAM Group nv have been listed on the NYSE Euronext Amsterdam stock exchange since 1959. BAM is listed on the AMX index (Midkap) as well the Euronext NEXT-150 Index. Royal BAM Group ordinary share options have been traded by NYSE Liffe, the NYSE Euronext derivatives exchange, since 2006.

The total stock exchange value (market capitalisation) of the Group stood just over €1 billion at year-end 2013 (year-end 2012: approximately €0.8 billion).

Share price

The 2013 closing price for the ordinary share was €3.78, which was 17.2 per cent higher than the closing price for 2012 (€3.23). The share's performance was therefore fractionally below the AMX index (a 17.8 per cent increase). BAM's share price has fallen by almost 25 per cent over the last five years. By way of comparison, the AEX and the AMX index fell by 63 per cent and 102 per cent in the same period.

> Graph 1 shows the history of the BAM ordinary share price over the past five years.

Volume of trade on NYSE Euronext Amsterdam

The cash value of the Royal BAM Group ordinary share increased in 2013. The number of ordinary shares traded increased by nearly 20 percent to a total of 367.0 million in the financial year (2012: 306.9 million).

The average daily trade was 1,439,200 ordinary shares (2012: 1,198,900). The value of ordinary shares traded in 2013 rose by approximately 55 per cent to €1,331 million (2012: €859 million). The average daily trade in BAM shares in 2013 was €5.2 million (2012: €3.4 million). The average was positively influenced by the high trading volumes following publication of the half-yearly figures.

> Graph 2 shows the development of the average number of ordinary shares traded in 2013 on NYSE Euronext Amsterdam.
> Graph 3 shows the development of the average price on NYSE Euronext Amsterdam in 2013.

If necessary, ING and Rabobank act as liquidity providers for the trade in ordinary shares.

Movements in the number of outstanding shares

In 2013, the number of outstanding ordinary shares increased by 27,899,175 to 269,424,089, attributable to the payment of stock dividend. This increase is the result of the payment of a stock dividend (3,746,684 shares) and the issue of ordinary shares (24,152,491 shares) in November. The issue has increased BAM's financial flexibility to achieve the strategic plan 2013-2015. The ability to compete with other large, international construction companies and the ability to win large new contracts (such as multidisciplinary and PPP projects) in BAM's European home markets and international markets has increased as a result.

The movements in the number of outstanding shares in 2013 is shown in > Table 7. The average number of ordinary shares in 2013 was 245,951,992 (2012: 238,193,212).

According to the AFM register of substantial shareholdings, seven institutional investors have real interests of 3 per cent or more. Changes may have occurred, however, within the disclosure thresholds.

> Table 8 shows the interests of 3 per cent or more according to the AFM register of substantial shareholdings.

Dividend policy

Dividend policy and proposed dividend for 2013
Royal BAM Group strives to distribute between 30 per cent and 50 per cent of the net profit as dividend on the ordinary shares. The General Meeting of 23 April 2014 will be invited to declare a dividend for 2013, at the discretion of the individual shareholder, of either €0.05 in cash (2012: €0.10) or in shares.

The dividend return on the ordinary shares is 1.4 per cent based on the proposed dividend and the 2013 closing price (2012: 3.1 per cent). Information on the proposed dividend for 2013 can be found in the Financial results paragraph on page 28 too.

Investor relations

Royal BAM Group attaches great importance to the provision of transparent and identical information to all investors. BAM's investor relations policy is geared to informing investors about the Group's strategy, objectives, performance and prospects in good time, fully and in clear and unambiguous terms. Business results will not be adequately reflected in the value of the shares unless there is high-quality communication with investors.

The explanatory comments organised by BAM upon the publication of the results (annual figures, half-yearly figures and interim statements) are accessible to anyone online (webcast).

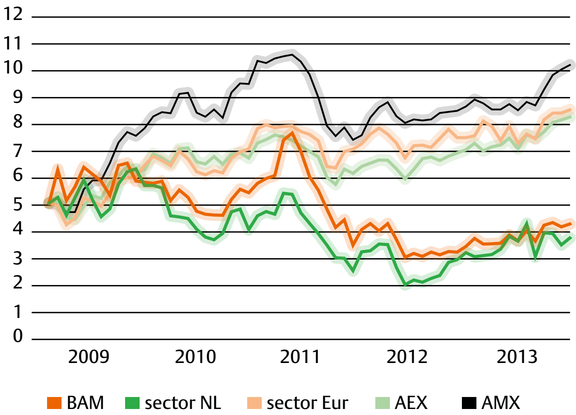
The press meetings for the annual and half-yearly figures are held in Dutch. The analysts meetings will be held in English. More information on this subject can be found on the company's website.

The significant interest from investors is also expressed in the numbers of contacts in the form of road shows, participation in seminars and presentations for investment clubs, amongst others. All data and locations of roadshows, seminars, etc. will be published on the company's website.

For questions or more information concerning Royal BAM Group, please visit the company's website at www.bam.eu. Shareholders (or potential shareholders) and financial analysts can address any questions to the Investor Relations Manager of Royal BAM Group, Mr J.A. van Galen, e-mail ir@bamgroep.nl, telephone +31 (0)30 659 87 07.

Graph 1 Ordinary share price movement

(in €)



Graph 2 Number of traded ordinary shares in 2013

(average per day - NYSE Euronext 2013)

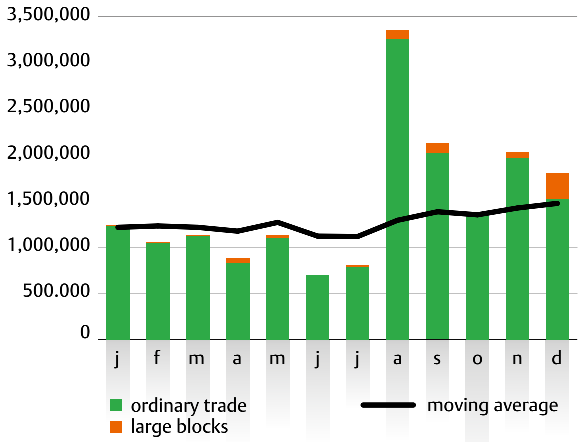


Table 7 Number of outstanding shares in 2013

	Ordinary	Total
Shares in issue as at 1 January 2013	241,524,914	241,524,914
	100.0%	*100.0%*
Stock dividend shares issued	3,746,684	3,746,684
Shares issued	24,152,491	24,152,491
Shares in issue as at 31 December 2013	269,424,089	269,424,089
	100.0%	*100.0%*

Table 8 Interests of 3 per cent or more according to the register of substantial shareholdings kept by the Netherlands Authority for the Financial Markets (AFM)

	Interest in per cent issued share capital	Date of last notification	Interest above 3 per cent since *
A. van Herk	10.0	18 June 2012	October 2005
ING Groep N.V.	9.8	20 April 2012	February 1992
Delta Lloyd N.V.	5.6	6 May 2011	December 2002
Delta Lloyd Deelneming Fonds N.V.	5.2	17 April 2012	April 2012
Governance for Owners LLP	4.5	29 November 2013	November 2010
I.M. Fares	3.8	1 July 2013	July 2013
Zadig Gestion Luxembourg	3.4	16 October 2013	16 October 2013

* According to the AFM Register of Substantial Holdings and Gross Short Positions.

Graph 3 Value of traded ordinary shares in 2013

(average per day - NYSE Euronext 2013)

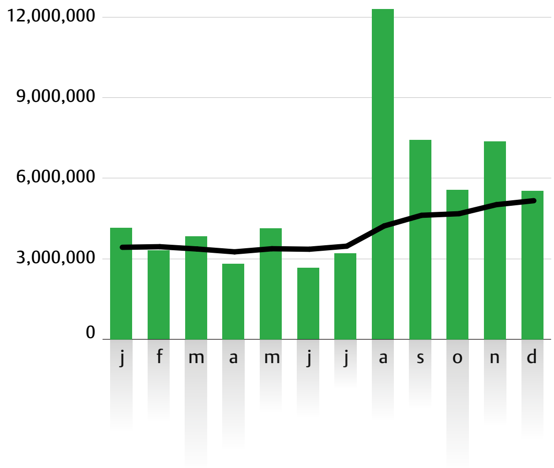


Table 9 Numbers of ordinary shares (in €, unless otherwise indicated)

	2013	2012[1]	2011	2010	2009[5]
Number of ordinary shares ranking for dividend as at year-end	**269,424,089**	241,524,914	232,937,569	231,765,736	135,196,679
Average number of ordinary shares	**245,951,992**	238,193,212	232,377,783	204,183,583	172,193,087
Net result	**0.19**	(0.77)	0.54	0.08	0.18
Net result from continued operations	**0.15**	(1.04)	0.49	0.08	0.18
Average number of ordinary shares ranking for dividend (fully diluted)	**245,951,992**	238,193,212	232,665,153	204,624,298	172,635,525
Net result (fully diluted)	**0.19**	(0.77)	0.54	0.08	0.18
Net result from continued operations (fully diluted)	**0.15**	(1.04)	0.49	0.08	0.18
Cash flow	**0.67**	1.26	1.00	1.23	1.55
Equity attributable to shareholders	**3.45**	3.82	4.99	4.75	6.47
Dividend[2]	**0.05**	0.10	0.16	0.03	0.10
Payout *(as a percentage)*	**30**	-	30	45	43
Dividend yield *(as a percentage)*[3]	**1.4**	3.1	4.9	0.7	1.4
Highest closing price	**4.73**	3.97	5.76	6.19	7.37
Lowest closing price	**2.99**	1.94	2.17	3.62	3.87
Price on 31 December	**3.78**	3.23	3.26	4.60	5.69
Average daily turnover *(in number of shares)*	**1,439,200**	1,198,900	1,338,500	2,010,000	1,152,000
Market capitalisation at year-end *(x €1,000)*[4]	**1,019,321**	779,401	759,376	1,070,302	984,452

[1] Comparative figures adjusted to IFRS 11 and IAS 19 (revised).

[2] Dividend proposal 2013.

[3] Based on share price at year-end.

[4] Based on total number of outstanding ordinary shares and financing preference shares.

[5] 2009 adjusted for rights issue.

Key financial dates

23 April 2014	General Meeting of Shareholders
25 April 2014	Ex-dividend listing
29 April 2014	Record date for dividend rights
30 April 2014	Start of dividend option period
15 May 2014	End of dividend option period
16 May 2014	Adoption and publication of stock dividend conversion ratio (after hours)
20 May 2014	Declaration of dividend
15 May 2014	Interim management statement under Article 5:25e of the Dutch Financial Supervision Act
21 August 2014	Publication of half-year results
6 November 2014	Interim management statement under Article 5:25e of the Dutch Financial Supervision Act
19 February 2015	Publication of annual results for 2014
22 April 2015	General Meeting of Shareholders
20 May 2015	Interim management statement under Article 5:25e of the Dutch Financial Supervision Act
20 August 2015	Publication of half-year results
5 November 2015	Interim management statement under Article 5:25e of the Dutch Financial Supervision Act

The General Meeting of Shareholders will be held on Wednesday 23 April 2014, starting at 3 p.m., in the Koepelzaal of the Renaissance Amsterdam Hotel, Kattengat 1, 1012 SZ Amsterdam.

The adoption of the stock dividend conversion ratio will be based on the volume-weighted average price of the Royal BAM Group nv shares traded on the NYSE Euronext Amsterdam stock exchange on 13, 14 and 15 May 2013.

Colofon

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