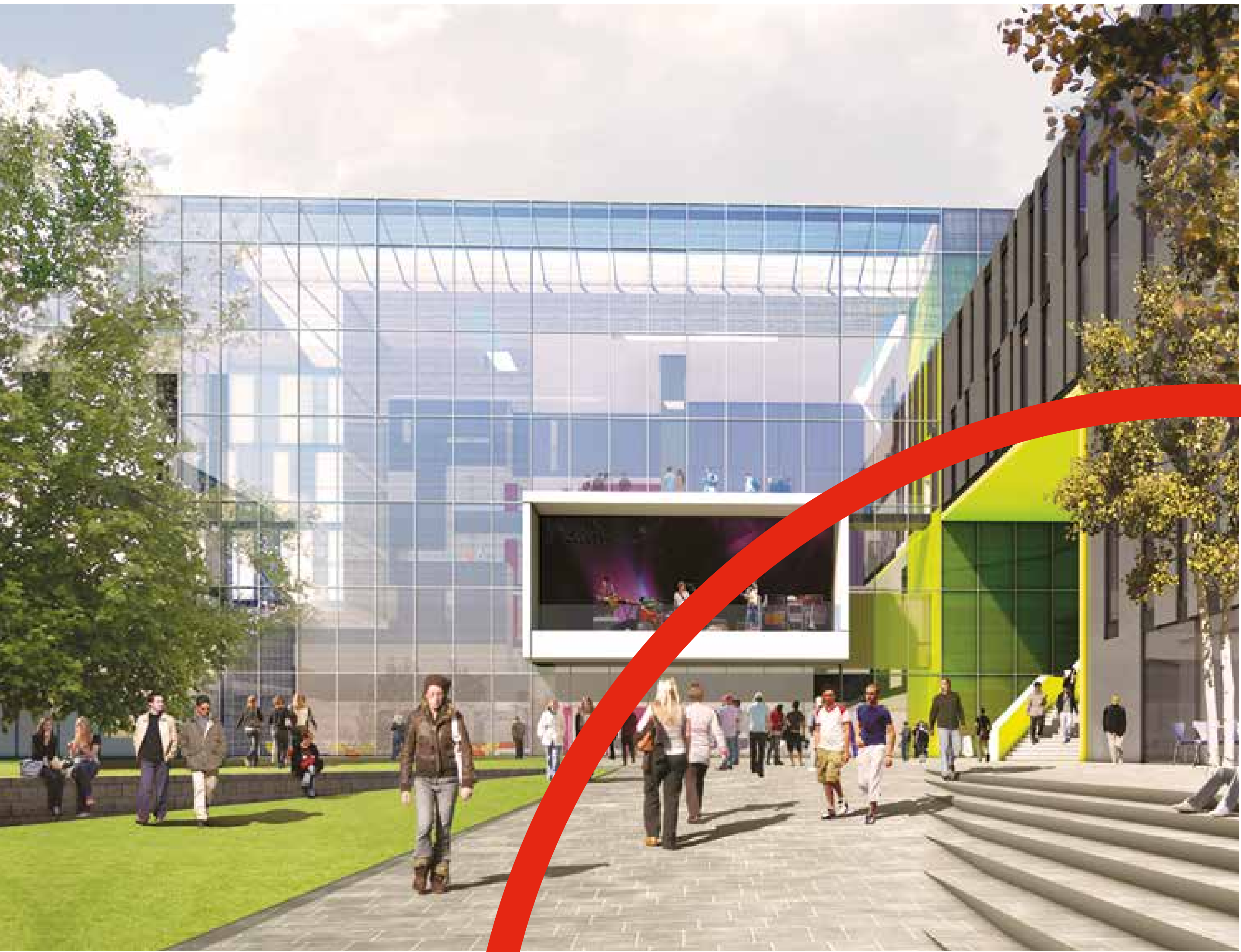
Annual **Report**

2014



Grontmij

Together with our clients, we make a lasting contribution to a **changing world**

Table of contents

Grontmij and **'integrated reporting'**

The latest best-practice trend in annual reporting is 'integrated reporting'. According to the International Integrated Reporting Council, 'an integrated report is a concise communication about how the organisation's strategy, governance, performance and prospects, in the context of its external environment, lead to the creation of value over the short, medium and long term.'

For Grontmij this is a welcome trend as we have been publishing a combined report of financial and non-financial information since 2012. In recent years, we have 'decluttered' our annual report so that we – and our stakeholders – can concentrate on the main or material aspects of our business.

We focus on those areas that are important to provide a realistic view of where we are now, what we are doing to build continuity into the future and how we create value to ensure that continuity. But we also want to provide stakeholders with all possible information because we value transparency. Throughout the annual report, we refer to specific sections on our website. There you will find more extensive background information. However, for aspects we see as key, such as Strategy and Enterprise Risk Management, we continue to offer the full picture in this annual report. We see this approach as a sound way to keep our stakeholders fully informed about Grontmij.

You will find our 2014 annual report online at 2014annualreport.grontmij.com

Who we are

Our company story

We are part of an ever-evolving world. Each generation makes different demands on our built and natural environment. And with each decade, new challenges to our natural resources arise. As a leading European consultancy and engineering company, Grontmij knows that better than most. We have been working with clients on those challenges for more than a century. When we started back in 1915, food security was a huge issue. That is why we began with agricultural land reclamation and flood protection. We cared about the natural challenges of the day and saw opportunities in new technologies. And it made good business sense. We laid the foundations for what would become Grontmij by generating ideas and developing skills that secured the protection of new land into the future.

In this respect, little has changed. Growing urbanisation and population and climate change have generated a new set of issues for our clients in both the public and private sectors. Issues like how to guarantee the supply of clean drinking water. How to protect land against flooding. How to meet the ever-increasing demand for mobility. How to improve the buildings we all live and work in and how to deal with tomorrow's energy challenges.

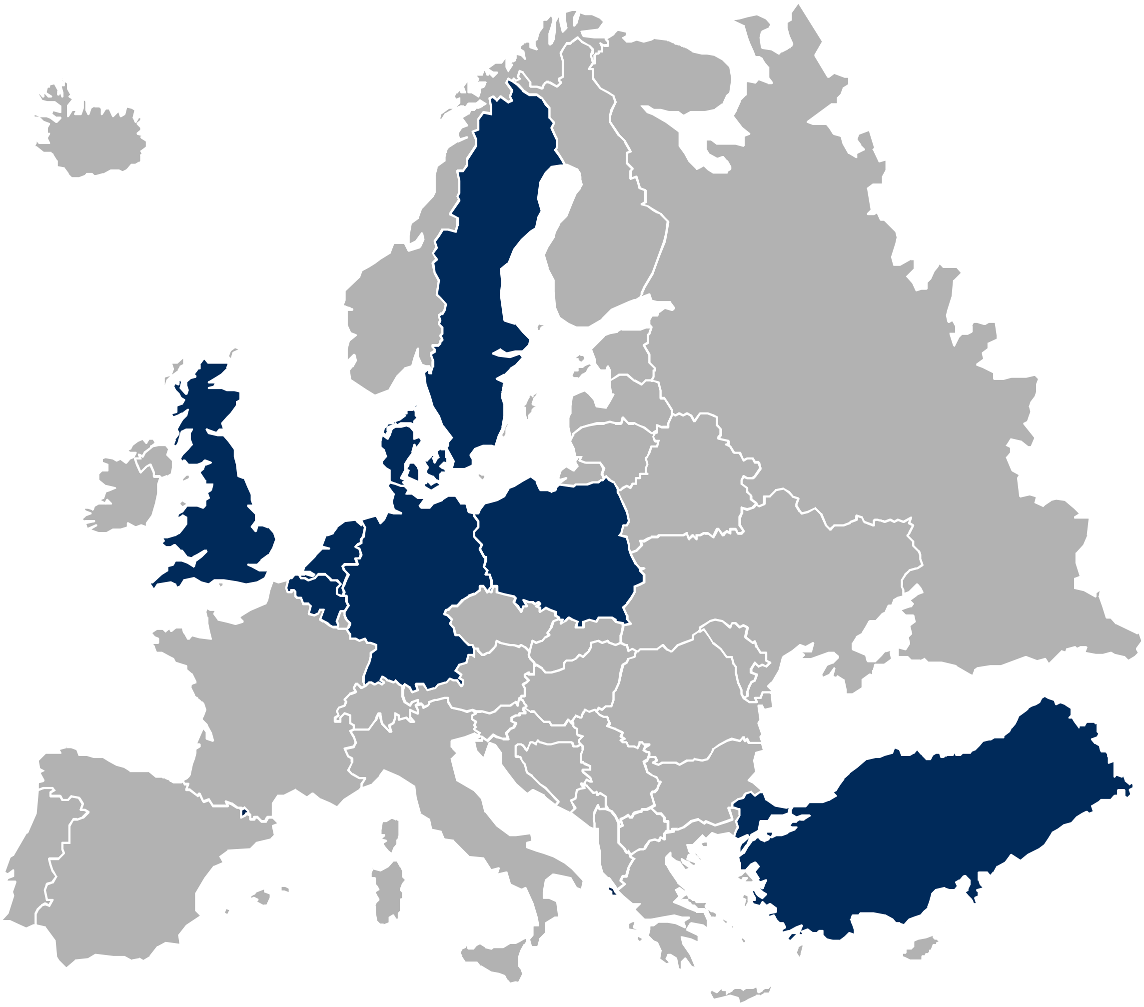
Grontmij's areas of expertise are key in helping clients create smart and practical solutions for these issues. The main reason we exist today is to enable our clients to make informed decisions and well-considered investments as they develop the natural and built environment. As advisors, designers and engineers we aim to inspire and challenge our clients, also by understanding what success means for them and their customers. So together, we make a lasting contribution to a changing world.

Our more than 6,000 professionals are encouraged to see the bigger picture. We are driven by a natural passion and conviction that the responsible, cross-border use of engineering skills and technology can be the key to sustainability. That is why Grontmij people transfer knowhow on a major scale to colleagues, but especially to clients. We provide our clients with this support from more than 100 offices in our nine operating countries. And we carry out projects in many more regions of the world. Always combining our global capacity with our local involvement.

Our work for clients regularly wins prestigious awards. But those are often just a handful of the many projects Grontmij teams are executing at any given time. On a day-to-day basis, our clients also want more down to earth components from us. They want reliable delivery, on time and on budget. That we stick around if the going gets tough. Our clients want to feel the benefits of our core values at work – engagement, collaboration and reliability. We want the same. Now, and for the next 100 years.

We support our **clients** from more than **100 offices** in our **9 operating countries**

Where we are



In thousands of €	Revenue in 2014 (in million €)	% of total Group revenue in 2014	Average FTEs 2014*
The Netherlands	209.6	31.8%	1,800
Denmark	138.9	21.1%	1,066
Sweden	82.0	12.5%	680
Belgium	85.5	13.0%	774
UK	62.6	9.5%	700
Germany	58.7	8.9%	602
Other markets	20.6	3.1%	322
Non-core activities, unallocated and eliminations	0.8	0.1%	76
Total Group	**658.6**	**100.0%**	**6,020**

* FTE: full-time equivalents

For our offices and contact details, please visit www.grontmij.com > Addresses

What we do

Grontmij provides services and has capabilities in a broad range of sectors. In line with our 'Back on Track' strategy, we are focusing on four Group Growth Segments (GGS).

The GGS were selected based on potential growth opportunities in longer-term attractive market segments. These are related to global themes such as resource scarcity, urbanisation, sustainability and climate change. Other areas of expertise also relate to these key issues for our clients working on the built and natural environment.

See also www.grontmij.com > Services

Group Growth Segments

Energy

- Asset Management
- Biomass & Waste-to-Energy
- Conventional Power Plants
  - > 200 MWel - Public Supply
  - 5 - 200 MWel (CHP), > 30MWth - Industrial & Regional Supply
  - < 5 MWel; < 30MWth - Regional areas, public and private clients
- District Heating
- Gas grid
- Nuclear Decommissioning
- Offshore & Onshore Wind
- Power Grid (Transportation & Distribution)
- Utilisation/Energy Saving

Water

- Asset Management
- Wastewater treatment technologies
- Climate Change regulatory plans and adaptation design
- Drinking & Waste Water treatment design
- Flood planning, river & coastal protection
- Drinking Water & Sewage network design
- Regulatory Advisory and implementation
- Water regulatory plans
- Water Resource Planning & Network Modelling

Highways & Roads

- Asset Management
- Bridges & Tunnels
- Intelligent Transport Systems
- Junctions & Highways
- Pavement Management
- Transport Planning
- Urban & Rural Roads

Sustainable Buildings

- Data Centres
- Education
- Healthcare
- Hotels, Sport & Leisure
- Industrial, Offices and Retail
- Residential & Mixed use
- Transportation & Logistics

(Light) Rail, Air & Sea transport

- Airports
- Asset Management
- Bridges & Tunnels
- Conventional & High Speed Rail
- Intermodal hubs and Stations
- Light rail & Metro
- Ports & Harbours

Industry

- Area development and logistics
- Asset Information Systems
- Debottlenecking & Capacity increase of installations (CAPEX)
- Emissions reduction
- Energy saving & Emission Reduction
- Industrial Maintenance and Optimisation projects (OPEX)
- Industrial Master Planning
- Industrial Plant changes (MOC)
- Industrial Water purification & Treatment
- Production installations and buildings

Environment & Spatial planning

- Environmental Due Diligence and Regulations
- Environmental Impact Assessment
- Environmental Programme Management
- Geotechnical Engineering, Contamination management & Soil Mechanics
- GIS & Software Systems
- Nature Conservation & Restoration
- Planning, Masterplanning, Landscape & Urban Design
- Pollution, Air Quality & Acoustics Analysis and Management
- Safety Advice and Management
- Waste Planning & Management

Historical **Overview**

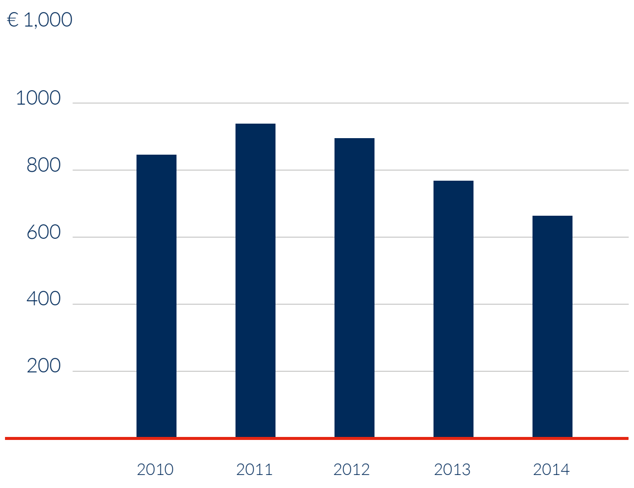
Historical information is based on the Groups' consolidated financial statements		**2014**	2013	2012	2011	2010
Revenue	€ 1,000					
Total revenue		658,638	763,403	890,001	933,508	841,298
Third-party project expenses		-107,725	-132,509	-155,956	-183,884	-152,742
Net revenue		**550,913**	**630,894**	**734,045**	**749,624**	**688,556**
Workforce (average)	FTE					
# own staff		5,747	6,685	7,968	8,250	8,537
# agency staff		273	312	396	422	401
Total		**6,020**	**6,997**	**8,364**	**8,672**	**8,938**
Workforce (at year-end)	FTE	6,010	6,826	8,193	8,587	8,552
Profitability						
Earnings before interest and income tax (EBIT)	€ 1,000	5,013	72	-6,137	-41,757	28,154
EBIT before result of equity accounted investees	€ 1,000	3,342	1,959	-7,224	-42,417	27,176
Amortisation	€ 1,000	5,723	5,333	7,483	8,835	7,146
Impairments of non-current and current assets	€ 1,000	387	12,505	1,002	28,374	-
Earnings before interest, income tax, amortisation and impairments (EBITA)	€ 1,000	11,123	17,910	2,348	-4,548	35,300
EBITA before result of equity accounted investees	€ 1,000	9,452	19,797	1,261	-5,208	34,322
Net cash from operating activities		10,507	9,404	-5,616	8,846	31,242
EBITA excluding exceptional items [1) 2)]	€ 1,000	25,100	17,100	27,500	25,000	46,500
EBIT as percentage of total revenue	%	0.8	0.0	-0.7	-4.5	3.3
EBIT as percentage of net revenue	%	0.9	0.0	-0.8	-5.6	4.1
EBITA as percentage of total revenue	%	1.7	2.3	0.3	-0.5	4.2
EBITA as percentage of net revenue	%	2.0	2.8	0.3	-0.6	5.1
Result after income tax from continued operations	€ 1,000	-8,305	-18,495	-28,534	-62,852	13,844
Result after income tax from continued operations as percentage of total revenue	%	-1.3	-2.4	-3.2	-6.7	1.6
Result after income tax from continued operations as percentage of net revenue	%	-1.5	-2.9	-3.9	-8.4	2.0
Result per employee	€	-1,380	-2,643	-3,412	-7,248	1,549
Shares						
Shares in issue at year-end		70,000,000	63,967,500	63,967,500	21,322,500	20,825,724
Shares in issue, average		69,074,466	63,967,500	46,606,557	21,105,795	19,427,047
Earnings per share	€	-0.30	-0.23	-0.61	-2.98	0.7
Dividend per share	€	-	-	-	-	0.50
Payout ratio	%	-	-	-	-	61
Highest price per share	€	4.53	3.80	3.50	17.20	17.60
Lowest price per share	€	3.47	2.88	2.20	4.42	13.10
Closing price per share	€	3.53	3.60	2.86	5.23	17.30
Year-end balance sheet						
Total equity	€ 1,000	115,145	116,074	128,961	90,853	157,801
Total assets	€ 1,000	531,017	581,842	730,241	746,190	891,283
Intangible assets and goodwill	€ 1,000	165,921	166,895	223,178	228,809	259,027
Loans and borrowings plus bank overdraft	€ 1,000	77,721	100,045	164,554	222,265	260,228

1) EBITA excluding exceptional items can not be derived from the financial statements. It is a management performance indicator whereby for the years 2014, 2013 and 2012 the definition for exceptional items is stated in the financial performance paragraph in the annual report, see page 54.

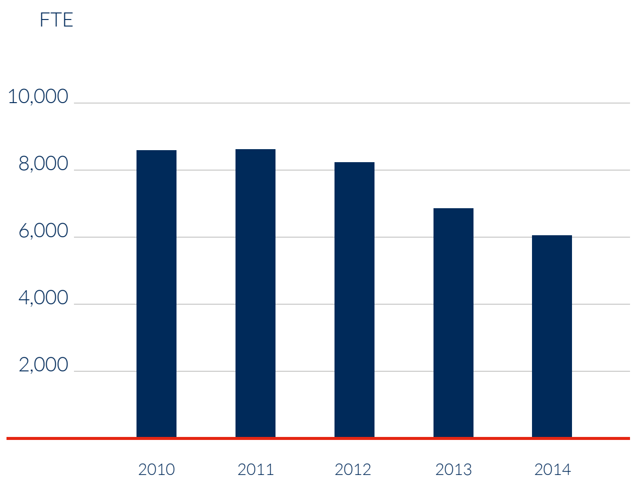
2) EBITA excluding exceptional items in 2010 and 2011 is equal to the until that moment used term 'underlying EBITA' which represents the EBITA excluding non-recurring items, impairment losses and results from equity accounted investees.

Note: Comparable figures have not been restated for changes in accounting policies. Furthermore, comparable figures have not been restated for discontinued operations (French Consulting & Engineering activities held for sale in 2014, sale of the French Monitoring & Testing business in 2013 and sale of Trett Consulting in 2012).

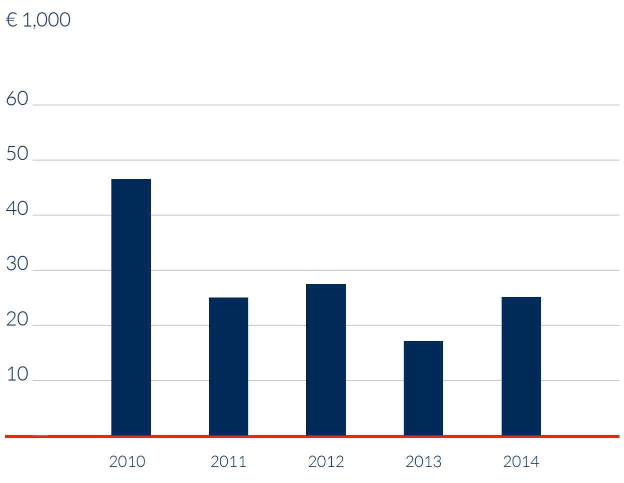
Total revenue



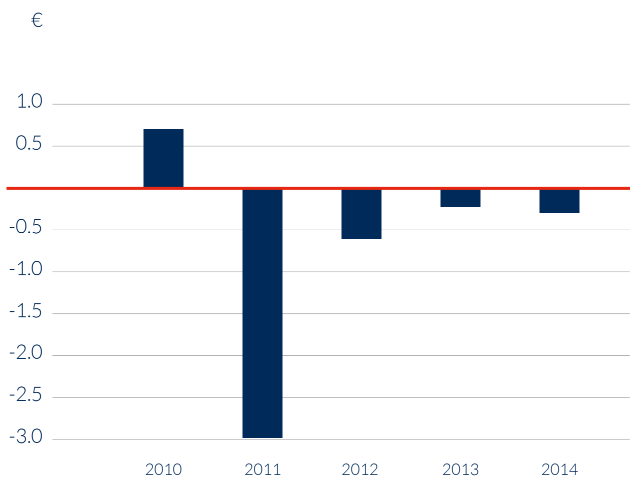
Workforce (at year-end)



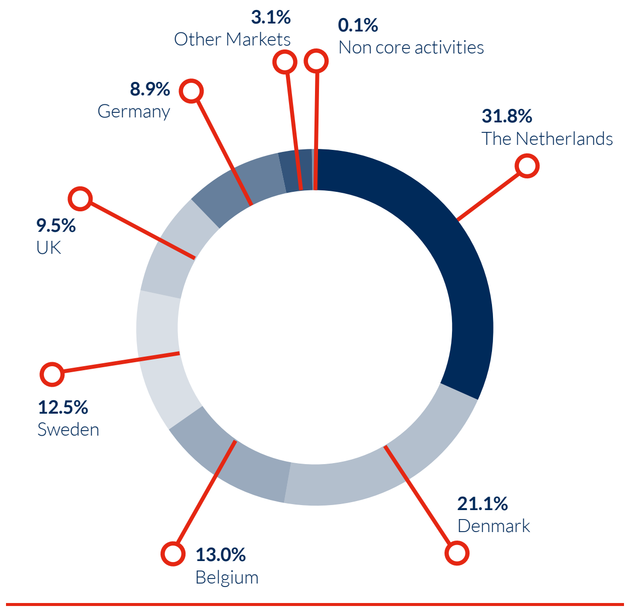
EBITA excluding exceptional items



Earnings per share



Total Group revenue per country



Message from the **CEO**

Michiel Jaski, Chief Executive Officer

For Grontmij, the past year has been inspiring and challenging at the same time. Inspiring, because we have been working closely with our clients on many wonderful and successful projects. Challenging, as the road to improving our operational and financial performance is taking more time and effort than we had anticipated. With this Annual Report we offer you a detailed overview of the inspiring, the challenging and many other aspects of Grontmij.

We are proud of the achievements in our many projects and thank our clients for their trust and confidence in Grontmij. Our clients vary widely in the needs, scale and complexity of their assignments. For example, on the one hand Grontmij signed an eye-catching alliance contract with Anglian Water in the UK for up to 15 years to maintain and improve Anglian Water's service to its customers while protecting and enhancing the environment. On the other hand, and perhaps not always accompanied by major headlines, we are undertaking many small to medium-sized projects for local municipalities that turn to Grontmij for sustainable and reliable solutions for their roads and buildings. All in all, we work on thousands of projects in Europe. Whatever the size or scope of projects, our professional

teams are valued for their knowledge and deep understanding of clients' needs. At Grontmij, it is in our nature to use creativity and innovation to complete projects. We have a wealth of technological and project expertise to offer and do so increasingly cross-border by creating dedicated international teams to serve our clients.
Nevertheless, we are not easily satisfied at Grontmij. We are always looking for possibilities to make our customer's experience better. One of the initiatives to achieve exactly that is our 'Client First' programme. This new programme for the people of Grontmij puts relentless focus on our core values when it comes to building and maintaining strong customer relationships. 'We do what we say we will' is one of the most important promises we put forward in the 'Client First' programme because we want reliability to be top of mind when clients think of us. 'We stick around when things get tough' is another crucial promise. Clients can count on Grontmij when difficulties arise and the situation demands additional work and fresh ideas.

Looking at the financial performance of Grontmij, we have taken steps in the right direction since we started our journey to get back on track three years ago. In 2014, we improved our operating margin, we exceeded our long-term goal for trade working capital and we significantly reduced our net debt, also with much appreciated help from our shareholders.

Are we satisfied with our financial performance? The short answer is plain and simple: No, we are moving in the right direction, but not at the desired speed.

To a certain extent that is due to the markets in which we operate: In 2012, when we started with our 'Back on Track' strategy, we built on moderately positive prospects for market growth in the period 2012-2015.
The reality today shows us economic conditions in some of our European operating countries have put pressure on our businesses, affected our revenues and hampered the margin improvement effect achieved by our cost improvement programmes.

Disappointing markets are, however, only part of the story as our results are also affected by challenges in our operational excellence. The operational excellence programme therefore continues to play a crucial role in the road ahead. We continue to work hard on predictability and performance, improving our pipeline processes and reducing the risks of write downs. To realise the profitable growth we need, we focus on four Group Growth Segments in our European markets: Energy, Highways & Roads, Sustainable Buildings and Water. We recently appointed a Business Development Director for the Group to focus on the most significant opportunities. In the Netherlands, revenue growth is our biggest challenge. In addition to sales force reinforcement and improved pipeline management, we are putting relentless efforts into intensifying the sales process.
Despite our challenges and an uncertain market outlook for 2015, our overall ambition to reach our long-term goals is unbroken.

We maintain our most important strategic priority of 6-8% EBITA margin. Achieving the target in 2016 will be challenging as we are also dependent on market improvement across Europe and specifically in the Netherlands.
The target of 3-5% total revenue growth will not be met in 2015, but is more likely to be achieved from 2016 onwards, if and when markets improve. We see room for further improvement of trade working capital and have lowered the target from 13% to 12% of Total Revenue at the end of 2016 based on the current business mix.

In 2015, Grontmij will celebrate its 100th anniversary. Our rich history together with our position as one of the leading engineering consultancies in Europe make us fully motivated to achieve full financial recovery in the years to come. We enjoy the inspiration our work brings, we value the strong relationships with our clients and we handle the challenges that come along. Finally, I would like to thank all my colleagues at Grontmij for their hard work and dedication to the company.

De Bilt, 24 February 2015

Michiel Jaski

Highways & Roads

United Kingdom

Grontmij joint venture wins UK highways framework

In a joint venture with Mott MacDonald, Grontmij has been appointed by England's Highways Agency to deliver engineering design services under a new four-year framework contract. The Highways Agency operates, maintains and improves the 6,900 km long strategic road network in England, carrying a third of all traffic and two-thirds of all heavy goods traffic. To stimulate economic growth, relieve congestion and improve safety, the Highways Agency is now implementing a new strategic investment programme as well as plans for smaller works on the road network. Grontmij has a considerable history of delivering services for this client. This new appointment gives us a greater opportunity to add value and generate remarkable and practical solutions to aid the Highways Agency's future-oriented programme.

Information **for our shareholders**

Transparent communication is key to Grontmij's relations with shareholders and other stakeholders. Our aim is transparent communications based on clear and timely information to existing and potential shareholders, financial analysts and the media. We pursue an active dialogue with the market and operate an open-door policy for questions from all stakeholders. This section provides information on our Investor Relations (IR) policy and activities in 2014, the development and performance of the Grontmij share, and information on our dividend policy and shareholders.

The Grontmij share

Share class	Nominal value per share (in euro)	Authorised capital (in number of shares)	Issued capital (in number of shares)
Ordinary shares	€ 0.25	150,000,000	70,000,000
Convertible cumulative finance preference shares	€ 0.25	10,000,000	5,459,246

Overview as per 31 December 2014

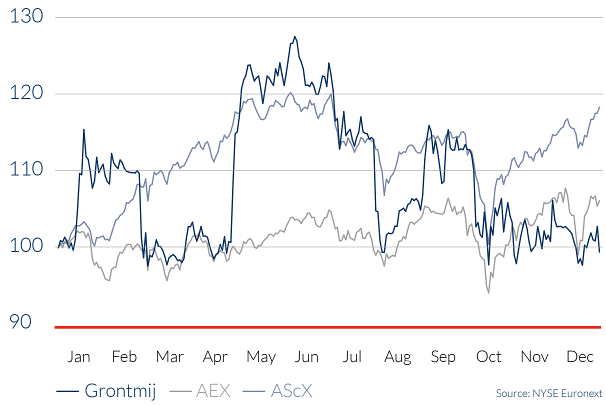
Grontmij ordinary shares

Ordinary shares in Grontmij are listed on NYSE Euronext in Amsterdam (ticker symbol GRONT.) and are included in the Amsterdam Small Cap Index (AScX). One voting right is attached to one ordinary share. No special controlling rights are attached to ordinary shares and there are no restrictions on the transfer of ordinary shares. At the end of 2013, 63,967,500 ordinary shares had been issued. Following the accelerated book build held on 26 February 2014, 6,032,500 new ordinary shares were issued on 3 March 2014, bringing the number of issued ordinary shares per that date to 70,000,000.

Grontmij benchmarks movements in its share price against performance of the Euronext AEX and AScX indices. Through the reporting year, movements were as follows:

Indexed share price movement

(100 on 2 January 2014)



Through the reporting year, movements in share price were as follows:

Share price 02/01/2014	€	3.551	
Highest closing	€	4.532	11/6/2014
Average closing	€	3.851	
Lowest closing	€	3.467	3/3/2014
Share price 31/12/2014	€	3.531	
Average daily number traded	€	93,360	
Market cap 31/12/2014	€	247	million
Outstanding number of shares	€	70,000,000	

Grontmij convertible cumulative finance preference shares ('Cumprefs')

Cumprefs were introduced through the amendment of the Articles of Association of Grontmij N.V. as per 14 April 2014 and 5,459,246 Cumprefs (7.2% of the issued share capital) were privately placed with three of Grontmij's major shareholders on 15 April 2014. Cumprefs are not listed on any stock exchange market. They are convertible into ordinary shares as of 12 months after the issue date, except in the case of change of control. One voting right is attached to one Cumpref. The dividend percentage (yield) on the Cumprefs is 2% of the nominal value and the share premium. The issue price of the Cumprefs issued on 15 April 2014 was € 3.57. The dividend percentage (yield) will be reset every five years after the issue date. Holders of Cumprefs have a right to be paid dividend first, before holders of protective preference shares (if any) and holders of ordinary shares. Payment of dividend to Cumprefs can be made as long as the net debt/EBITDA ratio is below 2.0x for two consecutive quarters before the quarter in which the dividend proposal is decided upon and is expected to remain below this level as a consequence of the dividend payment. In case Grontmij decides not to or is unable to pay out dividend to Cumpref holders, the dividend is accumulated to be paid out at a later point in time. In case of conversion, the dividend reserve or other accrued (but unpaid) dividends on the Cumprefs will be converted into ordinary shares, resulting in an increase in the number of ordinary shares into which a Cumpref can be converted. Market standard anti-dilution provisions apply and upon conversion Grontmij has the option to settle in cash.

Grontmij has the right to repurchase the Cumprefs at market value five years after the issue date or upon receipt of a conversion request. Cumprefs may be transferred only with the prior approval of the Executive Board of Grontmij N.V. and in accordance with the blocking clause as laid down in the Articles of Association.

Investor Relations (IR) policy

Grontmij has a clear policy in place for providing accurate and timely information to our (potential) shareholders. Our goal is to provide equal access to all relevant financial and non-financial information, aimed especially at keeping our shareholders informed. We regularly publish information on financial results, strategy and developments within the Group, also through our annual report. We webcast important events, such as the Annual General Meeting of Shareholders and analyst meetings, via our corporate website, www.grontmij.com. Press releases and our website are key sources of communication with the financial community. In our bilateral contacts with (potential) shareholders we take into account a number of guidelines:

- price-sensitive information is disseminated in line with applicable laws and regulations via press releases. Anyone may subscribe to such press releases by registering via the Grontmij corporate website, www.grontmij.com
- Grontmij's contact with investors and sell-side analysts will at all times be conducted in compliance with applicable rules and regulations, in particular those concerning disclosure, price-sensitive information and equal treatment;
- response to (draft) analyst reports and/or (third-party) publications is only provided by reference to public information and published guidance. Comments on these reports are given only in relation to incorrect factual information.

Closed periods

Closed periods are the periods prior to the publication of our financial results during which in principle no meetings or direct consultations will be held with and no presentations will be given to financial analysts and investors (institutional or otherwise), unless such communication relates to factual clarifications of previously disclosed information.
For more information on closed periods: www.grontmij.com > Investor Relations > Shareholder Information

Activities

Members of the Executive Board and Investor Relations organise regular meetings with current and potential investors around Europe through roadshows and investor conferences. Grontmij holds one-on-one meetings with the press after each quarterly publication. Following the publication of the annual and interim results, Grontmij also conducts a meeting with financial analysts. The first and third quarter results are presented during an analysts' telephone conference followed by an analyst Q&A. All sessions can be followed live via the Company's website through an audio webcast. The information presented at these meetings is published upfront on the Company's website and available the morning of publication. In line with IR policy and in addition to the regular meetings with shareholders, we aim for a proactive approach to responding to questions. In 2014, our efforts and commitment to excellence were recognised with the Dutch Society for Investor Relations (NEVIR) 'Best Company – AscX' award.

Substantial holding interests

Based on information included at 31 December 2014 in the 'notifications substantial holdings' public database that is maintained by the Dutch Financial Markets Authority, the following shareholders have a substantial holding, i.e. an interest of 5% or more, in the share capital of Grontmij:

- ING Investment Management N.V.
- RWC European Focus Fund
- Delta Lloyd Deelnemingen Fonds N.V.
- Delta Lloyd Levensverzekering N.V.
- Kempen Oranje Participaties N.V.
- Darlin N.V.
- Midlin N.V.
- Monolith N.V.
- Optiverder B.V.

Dividend policy

As a consequence of the introduction of convertible cumulative finance preference shares, and as proposed and described in the agenda and the notes thereto, Grontmij's dividend policy was last discussed at the Extraordinary General Meeting (EGM) on 11 April 2014. Following the EGM, the targeted cash dividend pay-out ratio and the intended distribution to shareholders concern ordinary shareholders only.

At the EGM, Grontmij set out the dividend policy. The target cash dividend pay-out ratio to ordinary shareholders would be 35%-50% of net income after tax. This would depend on the net debt/EBITDA ratio being below 2.0x for two consecutive quarters before the quarter in which the dividend proposal is decided upon and expected to remain below this level as a consequence of the dividend payment. In addition, the Company intends to make distributions to its ordinary shareholders to a total level of € 30 million, provided this allows the Company to stay below a net debt/EBITDA ratio of 1.5x, including the cash impact of this distribution. Moreover, in accordance with Grontmij's Articles of Association, profit distributions may not exceed the distributable part of the shareholders' equity; if in any year losses are incurred no dividend shall be paid out for that year. In subsequent years, too, payment of dividend can only take place when the loss has been cleared by profits, unless it is resolved to offset the loss against the distributable part of the equity or to pay dividend from the distributable part of the equity. In addition, in accordance with the Articles of Association, profit distribution can be made to ordinary shareholders only after the profit distributions to which the protective preference shareholders (if any) and finance preference shareholders are entitled have been made in full. Payment of dividend to finance preference shareholders can be made as long as the net debt/EBITDA ratio is below 2.0x for two consecutive quarters before the quarter in which the dividend proposal is decided upon and expected to remain below this level as a consequence of the dividend payment. For the calculations to be made under Grontmij's dividend policy, last discussed at the extraordinary General Meeting on 11 April 2014, 'net income after tax' should be read as the net income in the company financial statements and the cumprefs will be carved out for the calculation of the leverage ratio and interest coverage ratio.

Dividend 2014

As a loss is incurred in the financial year under review, there will be no distribution of profit and subsequently no payment of dividend (2013: € nil).

Financial calendar 2015

Date	Event
25 February 2015	Publication 2014 annual results Analyst meeting (audio webcasted)
29 April 2015	Publication Q1 2015 results Analyst confence call (audio webcasted)
12 May 2015	Annual General Meeting (audio webcasted)
3 August 2015	Publication 2015 Interim results Analyst meeting (audio webcasted)
29 October 2015	Publication Q1 2015 results Analyst confence call (audio webcasted)

Dates for 2016 will be published on our website:
www.grontmij.com > Investor Relations > Financial calendar

New alliance with Anglian Water

Water

United Kingdom

Anglian Water and Grontmij along with 5 other partners have signed an alliance contract that spans a period of up to 15 years. For Grontmij, this new agreement represents recognition of the remarkable and practical solutions we are able to offer clients, also through access to European expertise.

Our role for Anglian Water will include enabling activities, design, procurement, supply chain management and the development of standard products. With other alliance partners, we will be delivering a range of water treatment, water supply and water recycling projects. These will maintain and improve our client's service to its customers, while protecting and enhancing the environment.

1 2 3

Executive Board

1 Michiel Jaski (1959)
Chief Executive Officer

Nationality Dutch
Appointed 2012

Most important previous positions
Member of the Executive Board of Arcadis N.V.
Global Vice President Polyesters of Shell Chemicals Ltd.
Project leader Philips UK & Philips Belgium

Other positions
Chairman of the Advisory Board of Het Nationale Park de Hoge Veluwe Foundation
Member of the Supervisory Board of Synbra Holding B.V.

2 Frits Vervoort (1962)
Chief Financial Officer

Nationality Dutch
Appointed 2012

Most important previous positions
Chief Financial Officer and Member of the Executive Board of Vedior N.V.
Partner CFO Services at Deloitte Consulting
Controller at Vendex International N.V.

3 Suzan van Nieuwkuyk (1964)
Company Secretary

Nationality Dutch
Appointed 2008

Most important previous positions
Corporate secretary and Head of Legal at Rodamco Europe N.V.
Tax lawyer Loyens Loeff

Other positions
Member of the Board of Hotel Casa 400

The remuneration of the Executive Board and the remuneration policy are described on page 90.

Report of the **Executive Board**

Our strategy

Grontmij has been implementing and pursuing the 'Back on Track' strategy since 2012. It is designed to restructure the business so that we are positioned to realise profitable growth into the future. Our strategy reflects all the material aspects – focus on growth, operational excellence, reputation, sustainability and ability to recruit and retain the right people – identified as drivers and generators of value creation for all stakeholders. The 'Back on Track' strategy is reviewed regularly and updated when necessary.

At the beginning of 2014, Grontmij introduced a rebalanced 'Back on Track' strategy that included additional restructuring measures, portfolio optimisation and a programme to accelerate improvements in the Netherlands.

To be able to execute the strategy, Grontmij needed a solid financial framework, for which agreement was reached in early 2014 with our major shareholders and banking syndicate. Following this agreement, the balance sheet was strengthened with € 40 million of new equity, accompanied by a more flexible financing arrangement and an adjusted covenant schedule.

Since we began implementing our 'Back on Track' strategy and with the support of our shareholders, Grontmij has been able to improve EBITA, excluding exceptionals, from 2.2% (year-end 2013) to 3.8% (year-end 2014)[1)]. However, the margin development is not yet at the long-term ambition level of 6-8%.

In 2014, Grontmij managed to improve its operating results, mainly driven by cost reductions. Despite margin improvement in almost all countries, the margin development was hampered by a revenue decline especially in the Dutch and Swedish market and project write downs in Denmark on the 2011 hospital projects.

The working capital levels met our strategic long-term goals and net debt is significantly reduced.

The market

Grontmij has a sound competitive position in all our main markets. Our client base comes from both the public – national and regional – and private sectors.
For 2015 moderate market recovery is visible, but with different growth rates within our sectors. For example, in the Netherlands the overall construction volumes are increasing slightly, driven by residential growth; whilst Grontmij Netherlands' main segment, civil infrastructure, remains under pressure. Similarly, the Swedish market is growing, driven by infrastructural spending, but Energy investments, a key segment for Grontmij Sweden, are under pressure. Longer term, the need for engineering services related to global themes such as resource scarcity, sustainability, climate change and urbanisation, will outperform general engineering market growth, both in and outside Europe. Grontmij's Group-wide leading expertise in these market areas is combined into our Group Growth Segments and position Grontmij for longer-term attractive market segments.

1) Based on the 2013 reported results whereby the results of the French Consulting and Engineering business are included in the 2.2%.

SWOT analysis of our market position

As a basis for our Strategy, we consider the following SWOT analysis:

Strenghts	Weaknesses
Capabilities and market presence in Group Growth Segments	Restricted in investment opportunities
Geographic focus with strong positions in most home countries	Exposure to the Dutch market
Engaged and qualified people	Low margins affected by overhead levels
Collaborative spirit	Risk of write-downs on projects agreed pre-OPEX
Brand value in Benelux	Performance of French operations
Loyal and value oriented shareholder base	

Opportunities	Threats
Leverage the 'One Grontmij' client and market focus	Speed of economic market recovery
Benefit from emerging economic recovery	Shortage of qualified talent
Benefit from long-term market trends in our Group Growth Segments	Commoditisation of (part of) our services, leading to margin erosions
Benefit from 'Back on Track':	
• Reduce cost levels	
• Improvement Operational Excellence	
• Portfolio optimisation	

Based on the above SWOT, we announced the following rebalanced strategy at the beginning of 2014. In this annual report we focus on the main components.

Grontmij 2014 - 2016 'Back on Track' strategy and financial targets

1 Restructuring
- a Cost reduction
- b Operational excellence improvements
- c Portfolio optimisation
- d Accelerate improvements Netherlands

2 Realising profitable growth
- e Continue to build Europe
- f Focus on four selected growth segments

- Target EBITA margin 6-8% of Total Revenue in 2016
- 3-5% Total Revenue organic growth from 2015 onwards
- Target Trade Working Capital of 13% of Total Revenue by 2016

1 Restructuring

a) Cost reductions

Following the completion of the initial cost reduction programme implemented in 2012, we launched an additional programme in 2014 with an expected annual run rate saving post-inflation and excluding France of € 14 million to be achieved by 2016. The expected one-off cash costs during 2014-2016 (initially € 13 million) have been adjusted to € 12 million to exclude France.

The cost reduction programme progressed well, with measures taken in 2014 representing an annual run-rate of € 16 million against the 2013 cost base; excluding overhead inflation in 2015 and 2016. Of the estimated one-off cash impact, € 7 million cash-out has been realised year-to-date.

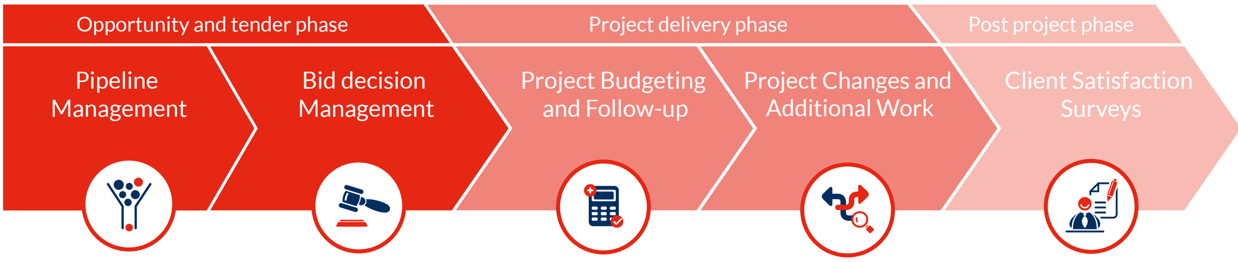
b) Operational Excellence (OPEX) improvements

The efficiency of our operations impacts all areas of our business. As a key part of our 'Back on Track' strategy, we have drawn on best practices throughout the Group to establish our OPEX programme. In 2014, we focused on implementing the five consecutive processes – pipeline management, bid decision management, project budget and follow-up, change management and client satisfaction surveys – in all our operating countries. By creating consistent processes and embedding them throughout Grontmij, we can reinforce our performance and predictability and the quality of the client experience.
As the implementation has been completed, the focus in now on ensuring the adherence to the processes on a day-to-day basis by our 6,000 employees. We have made good progress, but at the same time the write-downs in 2014 show that further improvement is necessary.

The client experience and quality of delivery is now monitored through regular client satisfaction surveys. OPEX-related KPIs are monitored continuously and during 2014 we carried out an internal audit on the efficiency of its implementation in all Grontmij countries.

This is the operational excellence programme and its components that we have implemented throughout the whole organisation:

Opex at work



c) Portfolio optimisation

Portfolio optimisation relates to our activities in France and continuing divestment of non-core assets.

In 2014, the strategy for the French consulting and engineering businesses was reviewed and the divestment process was initiated during the first quarter. As a result, the French activities are classified as 'held for sale'. An information memorandum was distributed to interested parties, both financial and strategic, in the second quarter of 2014. First non-binding offers were received in the third quarter of the reporting year. We continue the divestment process of the French operations. During the divestment process we may still occur operational and transaction-related losses within the French business. We intend to complete the French divestment process in 2015.

The sale of the Naarderbos golf course announced in 2013 was terminated by Grontmij in the second quarter of 2014 as the potential buyer proved unable to meet its commitments. We terminated the divestment process in Q1 2015 due to lack of interest.

In the fourth quarter of 2014 we divested our 24% stake in and associated receivables on the 'Ruimte voor Ruimte' sustainable development partnership for a consideration of approximately € 8.9 million, resulting in a book gain exceptional, as explained in the financial section.

At the end of December 2014, we finalised the sale of both Grontmij Netherlands' stakes in Infraflex, a technical employment agency in the Netherlands, and its surveying activities. These strategic divestments of non-core activities had limited impact on our financial results.

d) Accelerate improvements NL

In 2014, the strategic plan to reposition the Dutch business was further implemented. EBITA margin improved mainly driven by the successful execution of the cost reduction programme, reducing indirect overhead and restructuring of direct staff. OPEX was implemented together with a key account programme. Continued challenging market conditions are reflected in the total revenue decline (year-on-year – 4.5%) and profitable organic growth is high on the agenda.

2 Realising profitable growth

Profitable growth will be realised by achieving increased market share in Europe through even stronger positioning in our main markets and through market leadership in our selected Group Growth Segments.

e) Continue to build Europe

Our strategy is to build on and improve existing Grontmij positions in our main European markets: the Netherlands, Denmark, Sweden, Belgium, UK, Germany, Poland and Turkey. Grontmij will further strengthen its position by pursuing organic growth opportunities and later by smaller strategic acquisitions (subject to Grontmij's financial policy). Part of the growth will come from our improved client relationships and the opportunity to win new assignments with existing clients. Our ability to pursue growth is supported in part by our strategic OPEX and related Client First programmes and other aspects of the 'Back on Track' strategy. These include the comprehensive focus on management of human resources and skills and, above all, of the client experience we deliver.

f) Group Growth Segments

Based on the combination of leading capabilities of Grontmij in longer-term attractive markets related to global themes as resource scarcity, urbanisation, sustainability and climate change, Grontmij focuses on four Group Growth Segments (GGS): Energy, Water, Highways & Roads, and Sustainable Buildings. In Q4 2014, it was decided that Light Rail becomes part of normal business: growth will be stimulated through cross-border collaboration similar to our Ports or Industry businesses. The targets for the Group Growth Segments are an integral part of the budget of the countries.

Financial goals

The slower than expected market recovery and recovery of Grontmij's margins resulted in the necessary additional restructuring in 2014 and led at the beginning of 2014 to an extension of the strategy period to 2016.

For 2015, Grontmij maintains the strategic EBITA margin target of 6-8%. Achieving the target in 2016 will be challenging, as we are dependent on market improvement across Europe and specifically in the Netherlands. The growth target of 3-5% total revenue growth will not be met in 2015, but is more likely to be achieved from 2016. Trade Working Capital (TWC) has strongly improved over the past years and we achieved the 2016 target at year-end 2014. We see room for further improvement and adjust the TWC target to 12% at the end of 2016.

Financial policy

Grontmij pursues a sound and prudent financial policy. Funding requirements will be fully covered by committed credit lines, primarily for working capital requirements. Potential future acquisitions, when and if appropriate, are to be funded from free cash flow. Grontmij is targeting a net debt/EBITDA ratio of 1.0 - 1.5x and an EBITDA that covers at least 8x interest expenses.

Our **main markets**

The Netherlands

With 100 years of experience, Grontmij is a reputable brand in the Dutch market. Through our extensive work in water, transportation and mobility, buildings and urban development and a top 3 ranking overall in the Netherlands, Grontmij is one of the bigger players in the consultancy and engineering market. We are recognised by our clients for our collaborative attitude, reliability and for the innovative knowhow we bring to all our projects. In 2014, our approach won a number of significant projects such as our appointment by energy grid manager and supplier Stedin to help develop a new strategy for its network.

Market developments

Generating around 32% of total Group revenues, the Netherlands is an important market for Grontmij. In 2014, following five years of market decline, there were marginal signs of recovery but competition and price pressure remain intense especially in our municipal and infrastructure businesses. Yet, some issues are pressing, such as the renewal of the aging Dutch gas network, 15% of which will become obsolete in the next 10 years. Energy companies are responding with investment in the grid. Furthermore there are significant investment plans for water management and flood protection (Ruimte voor de Rivier, Main Port Rotterdam, plans Delta Committee). On mobility there is funding for close to 300 kilometres of new roads and investment for this and other infrastructure mobility projects is expected to be around € 3.6 billion in the coming years. Grontmij is well positioned to take advantage of any market recovery but at this time, the short-term market outlook is still uncertain as signs of recovery are still mixed in Grontmij's main market sectors.

Client trends

Our clients in all segments want smart and practical solutions that are both feasible and future-proof. Given recent austere market conditions, they are also looking for best value procurement. In 2014, we were closely involved in a number of practical solutions. One is the creation of a fish migration 'river' in the 32-kilometre Afsluitdijk causeway. Completed in 1932, the Afsluitdijk itself is still recognised as a major feat of engineering. The new migration river is an experiment in recovery of the natural environment. It is the kind of project where Grontmij excels as it requires skill and creative thinking and goes to the heart of our aim to contribute positively and sustainably to shaping our society. Recently, Grontmij has been appointed by Rijkswaterstaat, the Dutch infrastructure authority, to draw up infrastructural plans for the busy Utrecht ring road. An improved routing plan and a second-phase environmental impact assessment will enable Rijkswaterstaat to achieve better traffic flow and improve the liveability. The Utrecht ring road is one of the country's main traffic hubs as three motorways interconnect here – the A12, A27 and A28. With this project Rijkswaterstaat aims to reduce congestion around Utrecht, increase accessibility to the city and the region while improving long-distance traffic flows on these roads.

Financial performance in 2014

In 2014, the strategic plan to reposition the Dutch business was further implemented. EBITA margin excluding exceptional items improved to 4.3% (2013: 2.2%) mainly driven by the successful execution of the cost reduction programme, reducing indirect overhead and restructuring of direct staff. OPEX was implemented together with a key account programme. Continued challenging market conditions are reflected in the total revenue decline (year-on-year – 4.5%) and profitable organic growth is high on the agenda. For 2015, focus will be on selected growth areas in attractive market segments and to strengthen our position at key accounts. Operational and commercial management will be further professionalised while productivity needs to be improved. Grontmij continues to reduce overhead reduction and has started the implementation of a new ERP system. The business in the Netherlands, especially infrastructure and the municipal market, however, shows limited recovery and a weak start to the year is expected. In Q4 2014, the order book declined in all business lines. However, at the beginning of 2015, Grontmij announced some project wins such as the five-year framework contract for Gasunie to renew the gas infrastructure in the Netherlands.

€ million, unless otherwise indicated	FY 2014	FY 2013	% change	% organic growth
Total revenue	**209.6**	219.5	-4.5%	-4.5%
Net revenue	**166.0**	171.4	-3.1%	-3.1%
EBITA	**0.4**	4.2	-90.3%	-90.3%
EBITA margin	**0.2%**	1.9%		
Exceptional items	**-8.6**	-0.7		
EBITA excluding exceptional items	**9.0**	4.9	84.8%	84.8%
EBITA margin excluding exceptional items	**4.3%**	2.2%		
# employees (average FTE)	**1,800**	1,894	-5.0%	

Water

Jakarta / the Netherlands

Master plan to protect Jakarta from flooding

Indonesia's capital Jakarta is facing major natural problems. Extreme land subsidence means sea-water flooding is threatening more than four million residents in the northern part of the huge city. In 2014, together with partner Witteveen + Bos, Grontmij finalised a master plan for the National Capital Integrated Coastal Development programme. It incorporates the wealth of experience Grontmij has built in integrating flood protection and urban development. Besides flood protection, the Master Plan provides solutions to other problems in the city, including water quality and improvements to the city's infrastructure.
For more on the scope of this ambitious project, go to: http://en.ncicd.com/ncicd/

Picture of the design of the sea wall in Jakarta shaped like the Garuda bird. © KuiperCompagnons

Denmark

Ranking in the top three of engineering consultancies and represented in segments such as water management and transportation and specialist areas like lighting and acoustics, PCB screening and energy consultancy, Grontmij Denmark enjoys a solid reputation. According to client surveys, loyalty among major customers is high and we score well on aspects such as collaboration and service. These results are gratifying for an organisation that focuses on clients in our aim to contribute meaningfully to a sustainable built and natural environment.

Market developments

Once again, GDP growth in Denmark was disappointing in 2014. Originally forecast at 1.5% for the reporting year, the Danish economy achieved only 0.6% (2013: 0.3%). However, the increased year-on-year economic growth was enough to inspire a less austere investment mindset, particularly in public infrastructure, such as Highways & Roads and Rail. The market for sustainable building was buoyant with growth rates estimated around 6%, although this trend may not continue in the coming years. Denmark's market for water services is consolidating but the internationally donor-funded segment is growing. Like elsewhere in Europe, energy investments are being challenged as gas and oil prices fall and competition increases.

Client trends

Although austerity thinking may be relaxing somewhat, the lessons learned in recent recessionary years have changed client behaviours. Customers are requiring more for their spend and are looking outside Denmark's borders for more competitive costing on projects. There is a clear trend towards Design-Build-Operate constructions, a shift that Grontmij has anticipated, especially in Sustainable Buildings.

Grontmij in the market

In recent years, Grontmij Denmark has built a position in the design of medical facilities. Following the award-winning Rigshospitalet in Copenhagen, we won the Design-Build-Operate contract for the new psychiatric facility in Skejby. Many of the facilities at the new Niels Bohr Building at Copenhagen University will be laboratories. These have precise and complex specifications, including vibration and sound-proof spaces. In line with client trends to seek experience from abroad, some of our most important project wins have come from collaboration with other Grontmij countries. One of our biggest new projects, the biomass conversion of the Skærbæk power facility, is a cross-border cooperation with Grontmij Sweden which has extensive track record in designing large biomass plants. We are also continuing cooperation with UK and Dutch colleagues on water projects, especially those requiring expertise in asset management and water treatment processes, such as DEMON. Our efforts were rewarded in 2014 with a number of awards. Expertise in acoustics was recognised with the Danish School Building of the Year prize. The Nordhavn in Copenhagen earned the Architecture Award for this zero-energy environmental centre.

Financial performance in 2014

In Denmark results in 2014 were disappointing as both total revenue and EBITA excluding exceptional items performed below internal expectations. The Danish result was hampered by a write down of € 2.1 million in Q4 2014 on one of the 2011 hospital projects. At the beginning of 2015, a change in leadership was announced in Denmark. John Chubb, the former Country Managing Director (CMD) of the UK has become the CMD for Denmark. Although new management has only been in place for a short time, revenue improvements can be expected through the application of strong pipeline management and optimisation of win percentages through use of the Win Business Process. Deeper Client relationships will also be developed through Key Client Management principles.

New management's focus will be on:

1. Absolute focus on underperforming business units;
2. Further enhancements to OPEX change and pipeline management; and
3. A continuation of EBITA improvement.

The order book going into 2015 has increased, with improvements in Energy and Planning & Design.

€ million, unless otherwise indicated	FY 2014	FY 2013	% change	% organic growth
Total revenue	138.9	144.5	-3.9%	-1.7%
Net revenue	112.6	119.1	-5.4%	-2.9%
EBITA	1.7	6.9	-76.0%	-75.2%
EBITA margin	1.2%	4.8%		
Exceptional items	-1.1	1.6		
EBITA excluding exceptional items	2.8	5.3	-47.4%	-45.1%
EBITA margin excluding exceptional items	2.0%	3.6%		
# employees (average FTE)	1,066	1,133	-5.9%	

© Arkitema Architects

Sustainable Buildings

Denmark

The purpose-built psychiatric centre at Aarhus' New University Hospital will be the largest of its kind in Denmark. The facility will comprise 40,000 m² of adult and children's psychiatry departments and a 10,000 m² independent forensic psychiatry department. As consultant engineers, Grontmij will be combining various engineering disciplines to tackle technical challenges on ventilation, daylight, energy and logistics. This is even more important as the client, a public-private partnership, has won the contract based on Design, Build, Operate and Maintain. This is a growing trend in the sustainable building segment and means we have to come up with even more remarkable and practical solutions for energy design and the use of highly durable materials.

© Arkitema Architects

Healthy development in Aarhus

Sweden

Grontmij is a mid-sized player in the Swedish consultancy and engineering market. Grontmij Sweden is mainly active within the segments Highways & Roads (with a strong position in the Stockholm area), Sustainable Buildings (with a broad network of offices throughout the country) and Energy (in which we have a leading position in the south of the country). According to clients, Grontmij Sweden is very easy to work with, practical and brings a truly multi-disciplinary approach to often complex projects. In 2014, this perception and approach enabled the Swedish team to win a number of notable projects, including framework agreements with high-tech engineers Sandvik and energy giant E.ON Nordic.

Market developments

Conditions for consultancy and engineering services in Sweden are relatively favourable compared to other European countries although price pressure is a real challenge. In Energy, there are low levels of investment, making the sector extremely competitive, especially on price. Infrastructure is a growing market in Sweden. As elsewhere, clients in this segment are looking for Design & Build services with fixed pricing. This affected the market in 2014 as many of the bigger infrastructure projects were tendered as fixed price Design & Build, confirming this shift. We believe this trend will continue into 2015 and beyond. Grontmij has experience in this type of project structure such as the major works on the Stockholm Bypass. In 2014, the Sustainable Buildings segment saw increased commitments to renovation and new builds of public buildings, such as schools and hospitals.

Client trends

Clients are also increasingly looking outside Sweden's own borders for best-in-class solutions to issues in all our market segments. They want to know what other countries are doing to resolve challenges such as greater sustainability in, for example, waste-water treatment. This gives us an advantage as the Swedish team, like every other Grontmij market, can put together multinational teams that bring extensive track record in a variety of segments to the table. Grontmij Sweden frequently partners with Denmark and teams from countries like the Netherlands to bring in expertise. The same principle also works in reverse. Grontmij Denmark brought in the Swedish team's acknowledged expertise in process engineering for energy plants, such as waste-to-energy, for client DONG in 2014. Working cross-border and access to professionals around the Group also has a dual advantage in an employment market with a scarcity of both starter and experienced consultants and engineers. Grontmij Sweden can tap both off-shoring potential from colleagues in Turkey while bringing in essential skills from Europe.

Financial performance in 2014

In Sweden, profitability improved in 2014 with EBITA margin excluding exceptional items at year-end of 4.4% (2013: 2.5%). As the net revenue development had been unsatisfactory during 2014 (also for the second half of 2014 and substantially influenced by the postponement of the start of the last phase of the Stockholm Bypass project), the management of Grontmij Sweden took a number of actions to improve the basis for revenue growth going forward. The use of pipeline tools have been further strengthened to ensure that the pipeline will be followed-up on a much more granular level within the business. This will ensure an increased sales focus in the various business units. In addition, a new 'win business process' has been defined to increase the hit-rate of mainly the bigger tenders. In the period December 2014 – February 2015, some effects of this approach have already shown its value in mid-sized tenders within the GGS Highways & Roads, where we have been able to win a series of projects. In 2015, Grontmij Sweden will also focus on implementing Key Account Management aimed at further strengthening the relationships with our most important clients, thereby increasing Grontmij's share of wallet with those customers.

€ million, unless otherwise indicated	FY 2014	FY 2013	% change	% organic growth
Total revenue	82.0	99.0	-17.2%	-12.9%
Net revenue	73.9	83.7	-11.7%	-7.1%
EBITA	2.8	2.0	41.6%	48.9%
EBITA margin	3.4%	2.0%		
Exceptional items	-0.8	-0.5		
EBITA excluding exceptional items	3.6	2.5	44.0%	51.4%
EBITA margin excluding exceptional items	4.4%	2.5%		
# employees (average FTE)	680	702	-3.0%	

EO.N signs up Grontmij

Energy

Sweden

Grontmij has been partnering with energy giant EO.N for many years in Scandinavia, the Benelux, German and the UK. Now, EO.N has awarded Grontmij a 2.5-year framework agreement to further improve energy production and supply to almost one million customers in Denmark and Sweden. The assignments for E.ON Nordic cover a broad range of disciplines, ranging from construction engineering and fire safety to process expertise and project management. This will give Grontmij the opportunity to expand its service offering to all of E.ON's business areas throughout the entire value chain for electricity, gas and heat.

Belgium

Clients see Grontmij Belgium as a solid consultancy and engineering firm with major expertise, especially in market-leading segments such as Highways & Roads, Light Rail, water management and in the Industry sector. These positions were reinforced in 2014 through wins on related projects, such as the design of three new bus depots for repeat customer De Lijn. As a top player in the Industry sector, we also have a role in providing information on developments and innovations to customers. We hosted the well-attended 'Water for Industry – an eye on the future' for clients interested in current trends and the importance of an integrated water policy.

Market developments

As in previous years, the market in Belgium remains challenging. We continue to see tough price competition in all sectors. Industry clients are more cautious in initiating new projects and the newly elected government is focused on austerity and cost savings. Larger projects, both public and private, are on hold. As a result, we are seeing less new investment and more interest in refurbishment. This is not limited to segments such as sustainable buildings. There is also a growing trend towards different ways of financing and managing costs of important infrastructure projects. Design, Build, Finance and Maintain is the newest trend, focusing on the ability to manage lifecycles rather than individual components of a tender. Through our broad expertise and ability to put together multi-disciplinary teams and create consortia, Grontmij is well-positioned to compete successfully in this changing market environment. One collaborative multi-disciplinary project win is the upgrade of the Brussels-South water utility's existing water treatment plant, including a new purification facility within a very limited footprint. However, Grontmij Belgium also maintains individual long-term relationships with clients, such as Flanders' Aquafin that agreed a four-year framework contract with us in 2014.

Client trends

The ongoing austere market environment is affecting client behaviours in other ways. New legislation on public tenders has led to delays in practical issues during projects. Invoice approval – and ultimately payment – is taking longer. The same shift is also apparent among private clients. This represents a challenge that we are tackling by making clear contractual agreements with our clients. By managing shifts in how our markets work and client behaviours we have been able to achieve a number of wins. In 2014, the Brussels local authority approved the extension to the Metro North line. Grontmij has been involved in the proposed extension since 2009 when we headed a consortium to establish feasibility. Now, we have been appointed leading engineers on the execution phase. Grontmij's energy team will be assisting Siemens in the design and detailed engineering of a new wind farm on the left bank of the River Scheldt in the port of Antwerp. One of the challenges of this project is to install turbines on small sites due to the density of industrial and port activities. Grontmij Belgium is no stranger to the Antwerp waterfront. In 2014, our design for the new marina at historic Fort Lillo on the right bank of the river won Antwerp Province's Prize for Architecture and was nominated for the global Waterfront Planning Award.

Financial performance in 2014

For Belgium, 2014 was once again a year of strong performance: both total revenue and profitability increased, resulting in an EBITA margin excluding exceptional items of 5.8% (2013: 5.4%). Markets are challenging, with Planning & Design weak throughout the year and pressure on Transportation & Mobility at a local level. The order book is stable in all business lines. In the course of the fourth quarter, improvements in Trade Working Capital (TWC) were realised following a renewed focus on TWC and introduction of improved processes, a programme that will continue in 2015.

€ million, unless otherwise indicated	FY 2014	FY 2013	% change	% organic growth
Total revenue	85.5	81.5	4.8%	4.8%
Net revenue	74.2	72.1	3.0%	3.0%
EBITA	4.5	4.8	-7.0%	-7.0%
EBITA margin	5.2%	5.9%		
Exceptional items	-0.5	0.4		
EBITA excluding exceptional items	5.0	4.4	13.5%	13.5%
EBITA margin excluding exceptional items	5.8%	5.4%		
# employees (average FTE)	774	769	0.6%	

Belgium

Stacking up the benefits

For decades, Antwerp has faced huge traffic volumes leading to severe congestion, noise nuisance and environmental pollution from exhaust gases. In response, the Flemish government has drawn up a Master Plan 2020. Grontmij is closely involved in the Plan and is working on the Oosterweel link to improve mobility in Antwerp. Now, we have won the contract to design a stacked tunnel to replace the existing brides over the Albert Canal on the city's R1 orbital. Initially, the plan was to build new bridges. Following technical and financial feasibility studies, the stacked tunnel solution emerged as the best option. It will reduce noise pollution, thereby improving local residents' quality of life and creating more green space in this busy location. Grontmij also continues to work on the replacement and heightening of 31 bridges along the Albert Canal.

© THV Rechteroever Tunnelspecialisten (© Witteveen + Bos)

© THV ARCADIS-Grontmij

United Kingdom (UK)

UK clients see Grontmij as a fully customer-focused consultancy with solid expertise in a range of sectors. Grontmij UK is especially known for its Sustainable Buildings expertise. One Pancras Square gained a BREEAM 'outstanding' assessment and achieved the highest score of any office building in London at that time. This was a strong contributory factor in our BREEAM Assessor of the Year award. Another area of knowhow is mobility as the award of a multi-year framework contract by the Highways Authority for England demonstrates. In the Anglian Water Alliance, Grontmij will work collaboratively alongside the client and other partners for up to 15 years. Within this Alliance we will develop and implement innovative solutions to deliver Anglian Water's investment plan. Another interesting project is the bio-bus that will run on biomethane in the UK's west country. This is a small spin-off from a much larger project we have executed – Wessex Water's first gas-to-grid scheme at its waste-water treatment facility in Avonmouth, Bristol.

Market developments

The UK economy is growing and positive sentiment is translating into increasing investment in infrastructure, especially by government. We are seeing clear signs of this development in the Highways Authority's plans to spend around € 6.4 billion on the maintenance and improvements of around 6,900 kilometres of strategic road network in England. Water in the UK, one of Grontmij's important segments, is in a transition from AMP5 to AMP6 and tendering continues. This is a key process for all UK engineering and consultancy firms working in the Water segment. Continued investment in London is driving strong growth in Sustainable Buildings. The London market has been buoyant in recent years and that trend continues to grow, creating significant opportunities for the UK team. We will be undertaking the mechanical, electrical and fire engineering on the new-build Creechurch Place development in the city of London. Responsibility for a BREEAM 'Excellent' rating is part of our mandate. In late 2014, our Sixty London project took the Urban Land Institute's Global Award for Excellence. A vibrant market combined with Grontmij's reputation for winning prestigious awards is earning new assignments, also cross-border. The UK teamed up with Grontmij Turkey to win a prestigious hotel development in Istanbul.

Client trends

Our Client First is continuing to generate positive impacts for a firm that is perceived as fully customer focused. We are able to take advantage of that perception as clients increasingly place quality of capability high on their agendas. We aim to deliver best-in-class. This approach is paying off, especially in our key segments. Our Mobility and Sustainable Buildings businesses have both grown more than 10% in the reporting year.

Financial performance in 2014

Performance in the UK in 2014 was good for the second consecutive year. Despite the transitional year for the Water market, marked by the run-up to the AMP6 cycle (2015 – 2020), total revenue declined only slightly. UK has been able to adjust its portfolio: by increasing market share in Highways & Roads and maintaining its strong position in the UK buildings market in the London area, dependence on Water has decreased. The UK business is now more diversified and reports solid results. Order book is increasing with strong performance in Planning & Design and Transportation & Mobility.

€ million, unless otherwise indicated	FY 2014	FY 2013	% change	% organic growth
Total revenue	62.6	63.1	-0.7%	-5.8%
Net revenue	54.3	53.8	1.0%	-4.1%
EBITA	2.1	2.5	-15.8%	-20.0%
EBITA margin	3.3%	3.9%		
Exceptional items	-0.6	-0.1		
EBITA excluding exceptional items	2.7	2.5	7.5%	2.0%
EBITA margin excluding exceptional items	4.4%	4.0%		
# employees (average FTE)	700	748	-6.5%	

Sustainable Buildings

Grontmij – BREEAM Assessor of the Year in 2014

United Kingdom

BREEAM is recognised world-wide as the benchmark method for assessing the sustainability of buildings. Grontmij has long been a top assessor in all our markets. Our activities as assessors and the projects we work on were rewarded in 2014 with BREEAM's top accolade: Assessor of the Year. We received the award for projects across a variety of building sectors through the year, including:

- in the UK, Grontmij secured the first and highest Post Completion 'BREEAM for Offices 2011' outstanding rating for a speculative commercial building at One Pancras Square, King's Cross Central, London. At 4 Stable Street, London, Grontmij obtained the first Major Refurbishment/ Fit-Out BREEAM Outstanding rating. Further Outstanding ratings were obtained for Two Pancras Square and a confidential major headquarters building in London;
- in China, Grontmij designed the world's most sustainable office tower and the laboratories of the 70,000 m^2 new build Wuhan New Energy Institute in Wuhan, which was delivered in the summer of 2014;
- in the Netherlands, Grontmij designed the new build sustainable offices and laboratories for the Water Campus Leeuwarden. Grontmij was involved as a BREEAM Assessor for the new headquarters of AKZO Nobel in Amsterdam;
- in Poland, Grontmij was the first to carry out a BREEAM assessment and has since assessed many new and existing buildings;
- in Belgium, Grontmij designed the refurbishment of its own office building in Mechelen and secured a BREEAM excellent rating.

Germany

In the German market, Grontmij is seen by clients as both an international player that can bring a strong combination of skills to projects and as a knowledgeable 'local' partner in the country's regions. We rank among Germany's top five engineering and consultancy firms, with extensive expertise in a wide variety of services. Our abilities in all Grontmij segments led to wins in a number of prestigious projects, including the implementation of Bremen's coastal protection masterplan for 2.8 kilometres of protective structures along the city's River Weser. A Grontmij team will also be providing a full service from structural design through health and safety coordination on the German Embassy in Islamabad, Pakistan. Our work on the design of a clean fuel plant in Berlin was recognised by the German Energy Agency with the 'Biogas partnership of the year' award in 2014.

Market developments

Macro-economic trends indicate that we are operating in a changing market environment with moderate growth opportunities in the majority of our targeted segments. Energy remains a challenging market due to lack of clarity on related (future) policies. We are managing this environment by making available some of our expertise to colleagues in Poland, Turkey and the rest of the world. Through our partnership with Grontmij Poland, we have supported its growth into a market leader in the waste-to-energy (WtE) sector, where we bring strong process technology knowhow to projects. The overall market for Sustainable Buildings is changing. As the development of office space slows in a still relatively sluggish economic environment, refurbishment is becoming increasingly important. In 2014, we successfully introduced mechanical and electrical engineering to our Sustainable Buildings offer, also by bringing in expertise from Grontmij UK.

In Water there is moderate growth potential, especially in higher added-value niches. In 2014, the Munster University Hospital selected Grontmij for a high-profile research and development project to manage its waste and waste-water. The mobility segment is slightly more positive than in previous years and is offering moderate growth opportunities. In 2014, we were able to win the contract to manage and supervise a 7.5-kilometre section of the Hanau-Nantenbach rail line renovation as well as the reconstruction of the Heigenbrucke passenger traffic system.

Client trends

This shift to renovation is a clear trend in Germany as lients opt for refurbishment as opposed to new builds, not only in the building segment but also in roads, bridges tunnels and power plants. A decade-long investment backlog in the transportation sector is increasing pressure on existing infrastructure. Analysis of conditions and refurbishment requirements is, therefore, vital. Grontmij is currently engaged in a number of these analyses. We are also seeing a slow shift towards new funding sources. A further important trend is the massive extension of the power and gas grid following changes in energy policies. Grontmij is providing comprehensives services to energy suppliers, including environmental and project management and land and rights acquisition.

Grontmij ranks third in Germany which has around 70,000 engineering consultancies, most of them small (one to 20 employees) and run by their owners. This market environment is consolidating slowly. Grontmij is one of the few consultancy and engineering firms with more than 500 employees. This means we are able to offer our professionals attractive conditions, including a package that enables them to achieve a good work-life balance. And with our network of more than 30 offices nationwide and our ability to win challenging projects, some to be completed within a cross-border context, Grontmij is seen as a very attractive employer.

Financial performance in 2014

Performance in Germany in 2014 was good, showing total revenue growth of 6% compared to 2013. Profitability increased by 9.3% with EBITA margin excluding exceptional items of 7.3% (2013: 7.1%). Transportation & Mobility is gradually improving, while Planning & Design and Water & Energy performed according to expectations. Productivity is good, as expected, while the order book is stable at a high level in Planning & Design and Water & Energy. The order book has been growing substantially in the previously difficult traffic infrastructure business. The good performance comes both from improved internal operational excellence and from our position as one of the few engineering service providers that can support large clients along the entire service chain.

€ million, unless otherwise indicated	FY 2014	FY 2013	% change	% organic growth
Total revenue	58.7	55.2	6.2%	6.2%
Net revenue	50.6	47.8	5.9%	5.9%
EBITA	4.1	3.9	4.5%	4.5%
EBITA margin	7.0%	7.1%		
Exceptional items	-0.2	-		
EBITA excluding exceptional items	4.3	3.9	9.3%	9.3%
EBITA margin excluding exceptional items	7.3%	7.1%		
# employees (average FTE)	602	579	4.1%	

Sustainable Buildings

Germany

High rise in energy reduction

Grontmij Germany is supervising the construction of what will be a unique residential building. The AXIS development in Frankfurt-am-Main will house 152 apartments in the 19-storey building including eight townhouses. The architecture will be a striking addition to the city's skyline but that's not all. In Germany, 40% of all energy consumption goes to home and water heating. By introducing more sustainable energy systems to residential properties, there is huge potential to reduce consumption. That's what Grontmij is doing here. We are installing the world's largest waste-water heat pump at AXIS. It will produce a heat output of 440 kW, enough to heat or cool all the apartments and to heat all water used. The end result will be a 45% reduction in energy consumption, with related benefits for residents in what they pay for fuel. The complex will be completed at the end of 2015.

© Wilma Wohnen Süd GmbH

© Wilma Wohnen Süd GmbH

Other countries

Grontmij has operations in Poland, Turkey and China. Our Polish team retained and grew its position as market leader in Waste-to-Energy (WtE) plants and BREEAM assessment. In Water, we won a major contract to prepare comprehensive flood protection and risk management plans in a first of its kind integrated programme for all the country's rivers. Grontmij Turkey is growing rapidly, breaking the >100 professionals threshold in 2014. The need for more personnel is fuelled by a market-leading position in Water, an increasing foothold in the Sustainable Buildings business and especially by the growth in the offshoring unit.

Grontmij in Poland

Economic indicators for 2014 were positive, with GDP growth at 3.1% and unemployment falling below 12%. For the consultancy and engineering sector, 2014 can be seen as an interim period between EU funding periods. The new period covers 2014 to 2020 and allocation of funds affects Poland's spending power on major (infrastructure) projects. A total of € 82.5 billion will be invested in the coming years via the EU cohesion policy. In the second half of 2014, specific projects to be funded were selected, leading to an extensive call for tender programme. The award of all public-sector contracts in all segments is highly dependent on EU funding. In line with the 'Back on Track' strategy, we have made adjustments to the strategic direction of our Polish operations to reflect market realities and also to reduce costs. Working according to our Operational Excellence process, we selected relevant tenders for Grontmij Poland and for potential cross-border collaboration. This is important as following legislative changes to documentary requirements on tendering, price is no longer the only factor. Methodology and track record have grown in importance.

Clients in Poland see Grontmij as a reliable partner that offers high standards of service. This image supports our continual pursuit of quality projects. Our added value for many clients is the ability to bring in specific expertise from around the Group. In 2014, we continued to work closely with colleagues from the Netherlands, using that collaboration to great effect to win the flood risk management project. In our market-leading WtE segment, we again collaborated with the German team on the execution of major projects; Grontmij is currently engaged in 50% of all WtE projects in Poland. German colleagues were also involved in our winning tender for improved safety at railway level crossings throughout Poland. Working with Grontmij UK, our tender for the reconstruction of national road 86 was the winning bid. Grontmij Poland itself also shares expertise around the Group. Contract engineering according to FIDIC conditions is a knowledge area for Grontmij Poland and was brought in by both Denmark and Turkey for tenders in 2014.

Grontmij in Turkey

The Turkish economy is again expecting moderate growth leading to increases in public spending compared to private investments. With elections due in 2015, private-sector spending is likely to remain fairly cautious until a new parliament is inaugurated. Public spending is especially significant in the mobility sector, with major investment in both Highways & Roads and Rail. On the back of this development and after already having established Grontmij in this segment by winning a technical assistance contract for the Ministry of Transport, we entered the rail market in 2014. We began tendering for important rail projects and have reached short-list status on several of these. Talks with large and influential companies active in the transportation sector are designed to develop cooperation in this exciting business.

We already have a strong position in the EU-funded water segment. During the reporting year, we were engaged in four water-related contracts in collaboration with colleagues in Denmark, and including water supply and waste-water management. Grontmij Turkey is considered a 'domestic' company with enviable access to international expertise. In Sustainable Buildings, we have further strengthened our profile as a provider of full service, also using UK expertise. We won the prestigious contract to design all essential engineering processes, from structural through mechanical and electrical and infrastructure, for the Abastumani Spa Hotel in neighbouring Georgia. Work began on a second hotel project for client Er Yatirim, this time involving design management services and structural engineering of Istanbul's Kozluca Han Hotel.

Grontmij in China

The market in China is more difficult than in previous years. Government measures to tackle corruption have resulted in the delay, postponement and even cancellation of new projects as clients adjust their tendering processes to accommodate new regulations. In response to a changing market environment, Grontmij has adjusted the size of the team but continues to manage activities from our base in Wuhan. We established a presence there when we won the contract to design the world's most sustainable office tower and laboratories for the new build Wuhan Energy Institute. This building was delivered in 2014 and played a contributory role in Grontmij's recognition as BREEAM Assessor of the Year. During the reporting year, Grontmij was once again selected for a major project in Wuhan. We will design the new International Financial and Technology Centre with special focus on improving quality of life in the area.

Financial performance in 2014

In 2014, performance in Other markets was mixed: total revenues declined by 12.8% to € 20.6 million (2013: € 23.6 million), showing growth in Turkey only. EBITA excluding exceptional items developed positively in Poland, while China and Turkey showed a decline. Overall growth in the order book is due mainly to increases in Poland and Turkey.

€ million, unless otherwise indicated	FY 2014	FY 2013	% change	% organic growth
Total revenue	20.6	23.6	-12.8%	-9.1%
Net revenue	13.4	13.1	2.4%	7.6%
EBITA	0.1	0.7	-87.6%	-86.3%
EBITA margin	0.4%	2.9%		
Exceptional items	-	-		
EBITA excluding exceptional items	0.1	0.7	-87.6%	-86.3%
EBITA margin excluding exceptional items	0.4%	2.9%		
# employees (average FTE)	322	296	8.8%	

Sustainable Buildings

Turkey

Bringing in expertise from Grontmij UK's highly successful sustainable buildings teams, our colleagues in Turkey have been able to win two prestigious hotel projects. In Istanbul, we will be handling the management services and structural engineering on the transformation of an existing building in the heart of the city's historic centre. Close to both Hagia Sophia and the Grand Bazar, the newly refurbished Kozlyca Han Hotel is aiming for a 4-star rating on completion in 2017. We will also be handling the structural, mechanical and engineering design for a new build, 4-star SPA hotel in neighbouring Georgia. Both projects will give us strong track record in a market that is increasingly interested in sustainability of both old and new structures.

Star role in major hospitality projects

1 2 3 4 5 6 7 8

Group Management

Group Management as per 31 December 2014

1 **John Chubb**
Country Managing Director United Kingdom

2 **Maciej Chrzanowski**
Country Managing Director Poland

3 **Jeroen van der Neut**
Country Managing Director Sweden

4 **Kerem Sadiklar**
Country Managing Director Turkey

5 **Søren Larsen**
Country Managing Director Denmark

6 **Ina Brandes**
Country Managing Director Germany

7 **Ton de Jong**
Country Managing Director the Netherlands

8 **Erwin Malcorps**
Country Managing Director Belgium

Group **Growth Segments** (GGS)

Within our business lines, we have identified a number of sectors where we can aim for European market leadership. These Group Growth Segments (GGS) are: Energy, Highways & Roads, Sustainable Buildings and Water.

We already have a significant position in Water in Europe and are highly regarded consultants on the management of this increasingly challenged resource around the world. Our strategy is to develop the other GGS to claim a similar position in our markets. For Grontmij, greater focus on GGS enables us to use accumulated sector-specific expertise from around the Group to generate smart solutions, both for domestic and, increasingly, cross-border clients. Our aim is to use international collaboration and knowledge for local issues.

Light Rail

Initially, we included Light Rail among the GGS. However, this segment has not fulfilled its potential for Grontmij so we have redirected our focus to sectors where we can create real value.

Powering energy

Europe's energy sector has been subject to uncertainty for some years. While the need for renewable and alternative energy supply has been acknowledged, with on- and offshore wind power or bioenergy offering real potential to replace fossil fuels, the political and economic framework has become unstable. New power technologies still require investment incentives. Although significant subsidies have been offered by some European member states in recent years to stimulate the shift to renewable energy, their future is not secured. Moreover, falling energy prices – caused by an overcapacity in the market, especially on particularly sunny and windy days – are acting as a disincentive to further investment by conventional power plants. These have to generate sufficient supply to ensure peak delivery. There are also delays in the adaption and improvement of grid systems to meet the needs of a changed generation landscape.

Market conditions may be uncertain, but Grontmij is still well positioned within the energy sector. We focus on the bigger energy generation facilities and are already one of the leaders in a number of key areas, such as waste to energy and biomass plants. We are seen as highly experienced and as a reliable partner in areas such as wind energy, conventional power plants and grid systems. In addition to our activities in individual local markets, by sharing expertise from around the Group we have been able to achieve significant positions in a number of countries. Poland is a clear example of how pooling expertise, in this case from Germany, has given us market leadership in waste-to-energy (WtE) facilities. In 2014, we won the design and construction contract for a new WtE facility in Rzeszow, Poland. Our teams in Sweden and Denmark are working together increasingly to provide smart solutions to Scandinavian markets. One of the leading energy groups in Northern Europe, DONG, has again selected a joint Grontmij Danish-Swedish team to consult on the conversion of the Skærbæk Power Station from natural gas to wood chip fuel. We also won major wind-energy projects, one in Denmark to evaluate the technical aspects of the world's largest offshore energy converter that collects the power generated by three wind farms in the North Sea. In Belgium, we executed studies and engineering services for the new wind farm on the left bank of the River Schelde at Antwerp. In Germany, we finalised engineering services for the largest geothermal power station in the country. Our team will be aiming to replicate the market-leading position we have achieved through cross-border cooperation in Poland. For example, we will be starting energy projects in Turkey in 2015. Energy is a solid example of how our GGS strategic focus is creating value. By systemically growing our home-country activities and sharing and combining accumulated expertise around the Group, we are progressing towards our aim of leadership in this important market.

'We help clients find smart, sustainable, energy-efficient solutions even in uncertain market conditions ...'

Bernhard Poos, Group leader Energy

©swns.com

Energy

United Kingdom

Driving the UK's first 'bio-bus'

Client Wessex Water invited us to work with the utility that serves the UK's west country on its first gas-to-grid scheme. The scheme will enable Wessex Water to convert biogas into biomethane at its largest waste-water treatment works near Bristol. The power generated using food waste and organic sludge can then be pumped into the National Gas Grid. Gas-to-grid or biomethane injection is a firmly established technology that is widely used in Europe. The Grontmij UK team brought in expertise from colleagues in Sweden where we have successfully delivered a number of similar projects. Although the renewable output is destined primarily for industrial and domestic use in the Bristol area, the plant will also be able to produce fuel for road vehicles. It will power Bristol's first-ever Bio-Bus – driving low carbon and renewable technologies even further.

Driving sustainable mobility

Mobility is all about moving people, goods and other materials from A to B in the most efficient, environmentally sustainable way. And that is not just by road. People and goods move over-, above- and underground via highways, rail, water, tunnels, bridges and air. These transport flows have to be designed, planned and executed. In turn, Mobility works to manage these flows in more efficient ways.

In today's rapidly changing demographic shift from rural to urban living, excellent infrastructure is a key requirement. In addition to providing the planning, design and execution of mobility projects, at Grontmij we also see our role as fully understanding what they mean and the impact they have for the communities they serve. Our vision is to play a leading role in the development of future-proof mobility into the future. Grontmij already has a significant position in Highways & Roads. We rank in the top 5 in all our markets.

In 2014, Europe was still challenged by tough economic conditions but infrastructure remained high on most national agendas. Mobility is recognised as a core requirement for economic health and as many countries begin to show signs of recovery, the mobility segment is picking up and we expect modest growth in the coming years. We are seeing great demand for efficient solutions that take into account maintenance of infrastructure and this client focus on lifecycle cost is increasing. To some extent this trend is influencing our client base. Although our main customers remain national highways authorities, municipalities and other (national/regional) bodies, contractors are becoming more important. This is due in part to the lifecycle component in costing projects. Increasingly, tenders are issued on a design, build and operate (DBO) basis. Grontmij has proven track record in Highways & Roads in its various domestic markets. In the UK we are again partnering with Mott MacDonald, this time on a new multi-year framework contract for engineering design services for England's Highways Agency. The Highways Agency operates, maintains and improves the 6,900 km long strategic road network in England, carrying a third of all traffic and two-thirds of all heavy goods traffic. In Belgium, Grontmij is working with Arcadis on a major design, build, finance and maintenance project to rebuild or raise the height of 31 bridges over the Albert Canal, a key waterway artery linking the city of Antwerp with Liege. This is a clear example of the shift towards DBO projects, a shift that Grontmij is very well positioned to manage.

'We are deeply involved in the biggest issues this planet faces – these will be solved by our clients working with engineers like ours ...'

Jørgen Thomsen, Group leader Highways & Roads

© Produced by Mark Murray in association with SEMMMS & Stockport Council'

Relief road for Manchester Airport

Highways & Roads

United Kingdom

A new 10-kilometre relief road is to link the A6 to Manchester Airport, bypassing congested areas and providing an economic boost to the local economy. Grontmij has joined with AECOM as lead designers on the construction. The scheme includes the development of seven new and five improved junctions, four railway crossings and enhanced safety features for cyclists and pedestrians. The aim is to deliver safe, sustainable and cutting-edge solutions to improving a crucial local road network. Construction began in 2014 and completion is scheduled for 2017.

Building sustainability

With a top 5 position in sustainable buildings in Europe and a strong position in countries such as the UK, Grontmij is a recognised expert and innovator in this segment, especially in the mechanical and electrical engineering elements of sustainable buildings. In Scandinavia and the Benelux countries, Grontmij already offers a full lifecycle service package, including project design and management and maintenance. Our goal in developing Sustainable Buildings as a growth segment is to transfer that expertise to all countries within the Group.

Germany is a good example of how this approach is creating value. Our German team has a strong position in structural engineering. From 2014, we are gradually incorporating UK mechanical and electrical engineering expertise into the German offer. Grontmij UK is a regular award winner for its innovations in creating healthy and sustainable buildings and for our role in monitoring performance of buildings – Grontmij won the BREEAM assessor of the year prize in 2014. During the reporting year, our 60 London project took the Urban Land Institute's global award for excellence by helping the client meet high sustainability requirements.

For Grontmij, this is what sustainable building is all about. As independent co-creative partners, we aim to understand the clients' business so that we can help them make informed decisions. This applies to buildings and facilities for all purposes. In Denmark, we have built a real reputation for designing medical facilities through our ability to align the expectations of all stakeholders while delivering the right lifecycle solutions. In 2014, we were again awarded a prestigious engineering consultancy contract for a hospital in Aarhus, Denmark. This large psychiatric facility is part of the New University Hospital. We approach contracts of this kind based on the growing recognition that both capital expenditure and future operational expenses are of equal importance in creating buildings whose critical environment functions perfectly. For owners of buildings, the idea of lifecycle management is growing in (financial) importance. The Dutch Ministry of Foreign Affairs has contracted Grontmij to survey its embassies and consulates worldwide. We will produce a multi-year maintenance programme for the buildings that vary from monuments to new builds, requiring a tailored approach to managing execution and costs. This survey will help the Ministry manage its real-estate portfolio more adequately. A 'healthy' building has major impacts on more than just the physical build. In hospitals, they can contribute to shorter patient stays, thus reducing care costs. Studies have also confirmed that productivity and learning are impacted by the 'health' of a building where people work or study. By focusing on all aspects that make buildings more efficient and user-friendly, Grontmij is contributing to a more sustainable future. Essentially, Grontmij is about helping clients achieve buildings with high levels of comfort and low levels of operating costs across the lifecycle.

'Our job is to make our clients' buildings work better for them, for the users and for the environment …'

Barry van Sloten, Group leader Sustainable Buildings

Sharing earthquake expertise

Turkey / The Netherlands

Gas exploration in the north-east of the Netherlands has brought economic benefits to the whole country. However, it is estimated that since 1986 more than 1,000 earthquakes in the area up to 3.6 on the Richter Scale have been registered. Now, the government is funding earthquake risk assessments. Grontmij's assessment plans are the first of their kind in the Netherlands, with more than 20 now ready for a wide variety of public services buildings and businesses, including (chemical) industries, power plants, health centres, hospitals, schools and water-treatment plants. The Dutch team brought in earthquake expertise from around the Group, especially from Grontmij Turkey which has wide experience in major quakes. The Turkish team assessed their Dutch colleagues' research data as part of the quality assurance process for this growing issue in the Netherlands.

The Wuhan Energy Flower in China on which the earthquake knowledge was applied.

Managing water resources

Water is a truly global issue that will define our environment in the years to come. Depending on geography, either there is too much or too little water on a regional scale. In regions with water scarcity, urbanisation, population and economic growth are driving demand even faster. In countries with adequate supply, water pollution and security are still major problems. Additionally, our climate is changing at a disturbingly high pace leaving behind droughts, heavy rains and rising water levels. From a European sectorial perspective, specific growth drivers for water are the European directives, new financial models, the professionalisation of the sector, asset management, energy efficiency, nutrient recovery and upgrading of water networks. Technology-driven resource efficiency and innovative solutions that make sustainability tangible are the main growth areas.

Although the specific challenges society faces differ from country to country, investments in water are widely perceived as essential. These are expected to increase by 4% per year in the years to come, with 80% coming from utility companies.

Grontmij has strong positions in the water sector in European countries such as Denmark, the Netherlands and the UK. In others, we are systematically building that position. But our role goes further than the practical application of (technology-driven) resource efficiency techniques. We are at the forefront of remarkable and practical ideas on one of the world's most pressing issues. Water will define our environment in the years to come. That is why we are heavily engaged in delivering smart solutions to challenges such as coastal and flooding protection to growing urban conglomerations, such as Djakarta, Indonesia, Laos, Ho Chi Mihn City in Vietnam and closer to home in cities like Wroclow, Poland. In 2014, we were also contracted by the Polish National Water Management Authority to prepare comprehensive flood risk management plans for around 15,000 kilometres of the country's rivers. Grontmij is a founding member of the European flood protection programme that aims to manage some of the region's major, multi-country watercourses.

Ensuring supply involves other challenges. The key question is: How to guarantee the supply of clean water. We have invested heavily in developing solutions to recycling and cleaning up waste-water. One response is the DEamMONification (DEMON) process for nitrogen removal. This is an energy-saving and chemical-saving technology for ammonia removal from high strength waste-water

'How the world manages our water resources is one of the biggest issues for the century to come. Grontmij's leading position comes with responsibility. Working with our clients also means we have a duty of care to influence this agenda towards greater sustainability ...'

Mads Møller, Group leader Water

that was co-developed and is now offered to major waste-water facilities by Grontmij. In 2014, we were again clients' preferred partner for a number of multi-year contracts. Anglian Water in the UK has appointed an alliance of experts including Grontmij. The alliance will deliver a full range of water treatment, recycling and supply schemes to maintain and improve the client's services to its customers while protecting and enhancing the environment.

Unique flood protection for Poland

Water

Poland

River flooding is the most destructive natural hazard in the Baltic Sea Basin in general and in Poland in particular. Flood risk management and flood resilience became major issues following the dramatic floods in Poland in 1997 and 2010, when dozens of people were killed. Grontmij is already leading the European STAR-FLOOD programme to improve protection throughout the region. Now, the Polish National Water Management Authority has appointed us to prepare a comprehensive flood risk management plan for the whole country. The plan will cover at least 15,000 kilometres of Poland's rivers and is unique in its scale and complexity.

Financial performance

As in 2013 and as part of the 'Back on Track' strategy, in the reporting year the main focus was on restructuring, realising profitable growth by improving operational processes and tools across the Group and managing Trade Working Capital (TWC). In 2014, Grontmij started the divestment process of the French Consulting & Engineering business. As per 30 June 2014 Grontmij classified this business as held for sale and discontinued operations. Market and economic conditions in Europe remained challenging for Grontmij, especially in the Netherlands and France. Total revenues declined 4% organically ending the year at € 658.6 million. EBITA excluding exceptional items was € 25.1 million (2013: € 22.1 million), while the operating result decreased to € 5.0 million (2013: € 14.9 million).

The key figures for 2014 related to the Group's consolidated income statement are further outlined in this section and relate to continuing operations.

Reconciliation of operating result from continuing operations to non-IFRS measures

In millions of €	2014	2013
Operating result	**5.0**	**14.9**
Add back amortisation	5.7	5.1
Add back impairments of non-current assets	0.4	0.4
EBITA	**11.1**	**20.4**
Add back exeptional items	13.9	1.8
EBITA excluding exceptional items	**25.1**	**22.1**

Numbers have been rounded.

Consolidated income statement

Revenue

In 2014, total revenue decreased organically by 4% to € 658.6 million (2013: € 690.5 million), mainly due to lower total revenues in the Netherlands (- 5%), Denmark (- 2%), Sweden (- 13%) and Other markets (- 9%). Revenues for Planning & Design were in line with 2013. Revenues for the Transportation & Mobility business line decreased organically by 8%, mainly due to lower revenues in the Netherlands and Sweden. Water & Energy showed an organic decline of 3%, driven primarily by lower revenues in the Netherlands, UK, Denmark and Poland. Net revenue declined by 2% organically, mainly due to lower net revenues in the Netherlands, Denmark and Sweden.

EBITA and EBITA margin excluding exceptional items

As announced in 2012 and 2013, certain costs will be reported as exceptional items if and when they meet certain criteria: costs for restructuring which are part of a formally approved restructuring plan, special items following a material change of accounting principles or results which are of an exceptional nature in relation to the normal business activities and in general are more than 10% of the reported EBITA at a segment level.

The EBITA excluding exceptional items for 2014 is higher compared to 2013. EBITA excluding exceptional items was € 25.1 million in 2014 versus € 22.1 million in 2013, with an EBITA margin of 3.8% (2013: 3.2%). Higher results in all countries were partly offset by lower results in Denmark and Other markets.

Indirect expenses

Indirect expenses were € 127.3 million compared to € 137.1 million in 2013. Excluding exceptional items the indirect expenses were € 117.6 million, € 18.4 million below last year, reflecting cost savings especially in the Netherlands, Denmark and Sweden.

Exceptional items

At Group level, an exceptional loss of - € 13.9 million was reported in 2014, compared to an exceptional loss of - € 1.8 million in 2013. As in 2013, the exceptional items for 2014 consist mainly of restructuring costs (€ 11.6 million) and costs related to the refinancing (€ 0.8 million). Furthermore, positive exceptional items relate to the result on the sale of Infraflex and sale of the minority stake in 'Ruimte voor Ruimte'.

Amortisation

Amortisation charges were € 5.7 million (2013: € 5.1 million). The increase is mainly due to higher amortisation charges in Belgium, the Netherlands and Denmark.

Impairment losses

In 2014, an impairment loss has been recognised on the Golfcourse Naarderbos of € 0.4 million. In 2013 an impairment loss of € 0.4 million has been recognised which is related to Denmark for an impairment on the Lithuanian business sold in 2013.

Net finance expenses

In 2014, the net finance expenses (€ 9.8 million) are lower than last year's expense (€ 17.3 million). Finance expenses in 2014 were positively impacted by the lower debt levels following the sale of the French Monitoring & Testing business in 2013 and the equity offering in 2014. Furthermore, the decline in the finance expenses relate to the reclassification in 2013 of the ineffective part of the fair value movements of the interest rate swaps, previously recorded in the hedging reserve (- € 0.5 million in 2014 versus - € 3.3 million in 2013).

Income tax expenses

Income tax expenses for 2014 increased to € 3.5 million on a loss before tax of € 4.8 million, compared to an income tax benefit of € 0.6 million on a loss before tax of - € 2.5 million last year. The difference in charge of € 4.1 million compared to 2013 is mainly explained by one off tax benefits realized in 2013 following the reduction in deferred tax liabilities relating to tax rate changes in the UK and Sweden in 2013 and a release of tax provisions in 2013. In 2014 and 2013 no deferred tax assets were recognised on the losses incurred in the Netherlands.

Net result

Net result from continuing operations in 2014 was - € 8.3 million (2013: - € 1.8 million) mainly due to a lower operating result and higher tax expenses, partly offset by lower interest costs. Net result from discontinued operations (net of income tax) was - € 12.3 million in 2014 compared to - € 13.0 million last year. Discontinued operations in 2014 relate to the net result of the French Consulting and Engineering business.

The net result mainly consists of the operating result of - € 6.5 million, an impairment loss of - € 2.8 million and exceptional costs of - € 2.8 million related to restructuring and sale costs. In 2013, the net result from discontinued operations consists of the net result of - € 4.5 million and an impairment loss of € 12.1 million, both related to the French Consulting and Engineering business, the net result of the French Monitoring & Testing business of € 6.3 million and - € 2.7 million result on the divestment.

Earnings per share

The shares in issue at the end of 2014 amounted to 70,000,000 (2013: 63,967,500). Earnings per share from continuing and discontinued operations for 2014 were – € 0.30 (2013: – € 0.23). The calculation of the earnings per share is based on the Group's consolidated financial statement (Notes 17 and 20) in which the Cumprefs are classified as liability under IFRS.

Trade Working Capital

Trade Working Capital (TWC) decreased € 26.4 million to € 81.8 million compared to 2013 (€ 108.2 million) mainly due to the reclassification of the French Consulting and Engineering business to discontinued operations. Based on continued operations, TWC increased by € 3 million to € 81.8 million (2013: € 78.8 million), driven by higher trade working capital levels in Denmark, Belgium, Germany and Other markets. In 2014, TWC based on continued operations as a percentage of total revenue was 12.4% compared to 11.4% in 2013.

Net debt and cash flow

Net debt at the end of 2014 decreased by € 12.8 million, from € 54.1 million at year-end 2013 to € 41.3 million. The main movements in net debt were the equity offering (excluding Cumprefs) and the net proceeds from the divestment of the minority stake in 'Ruimte voor Ruimte'. These cash inflows were partially offset by the negative operational cash flow.

At 31 December 2014, the Leverage ratio was 0.8 (maximum level 2.75 at 31 December 2014) and the Interest coverage ratio was 4.5 (minimal level 3.25 at 31 December 2014). Both covenants are within the agreed ranges under the credit facility.

Net debt movement

€ million, unless otherwise indicated	FY 2014
Net debt (beginning of period)	-54.1
EBITDA	19.4
Change in net working capital	5.1
Movement in provisions	-2.2
Interest paid	-7.5
Taxes paid	-2.9
Capital expenditures	-10.5
Issue of share capital	20.0
Proceeds from equity accounted investees	7.1
Transfer from liabilities held for sale	-3.7
Transaction costs related to loans and borrowings	-1.1
Movement in net debt from discontinued operations	-10.6
Other	-0.3
Net debt movement	**12.8**
Net debt (end of period)	**-41.3**

Refinancing

On 26 February 2014, Grontmij announced the strengthening of the balance sheet with € 40 million new equity accompanied by a more flexible financing arrangement with an adjusted covenant schedule. The first part, a private placement with institutional investors of new ordinary shares by means of an Accelerated Book Build (ABB), took place on 26 February 2014. A total of 6,032,500 shares was issued at a market price of € 3.40, resulting in € 20.51 million of new equity.

On 15 April 2014, Grontmij issued 5.5 million convertible cumulative preference shares (cumprefs) at an issue price of € 3.57, raising a total amount of € 19.5 million. Although Cumprefs are equity under Dutch law, they are classified as a liability under IFRS. Following this classification, Grontmij accounts for the Cumprefs at fair value with fair value movements recorded in the profit and loss account. The Cumprefs are not considered a financial liability for the calculation of the leverage ratio and the interest cover ratio as agreed with the lending banks.

Amendment of the credit facility

In 2014 and following the equity issues, Grontmij agreed with its lending banks to amend the credit facilities.

The main amendments were:

a) Postponement of the scheduled repayments in 2014 (in total € 15 million);

b A reset of the financial covenant schedules (leverage and interest coverage ratio) to reflect the seasonal pattern of the business and to create more financial flexibility;

c) Additional liquidity by means of cancellation of mandatory repayments of the net proceeds of the Danish Marine divestment and potential future disposals for a total amount of € 10 million.

Outlook 2015 and beyond

Grontmij has stated earlier that it needs profitable growth, reasonable market circumstances in its European home markets and excellence in execution to be able to meet its strategic targets. Today, we have to acknowledge that our earlier estimation that markets across Europe would develop moderately positive has not yet materialised. This has had a limiting effect on the development of total revenue, hampering the margin improvement effect achieved by the cost reduction programme. Disappointing markets are however only part of the story as our results are also affected by challenges we face in operational excellence: Grontmij has to continue its journey to ensure full adaptation of the operational excellence (OPEX) programme across the Group with specific focus on improved pipeline management and avoidance of project write downs.

Looking at 2015, the market outlook remains mixed, with moderate improvements expected in most countries. The business in the Netherlands, especially Infrastructure and the municipal market, however shows limited recovery and a weak start of the year is expected. We continue the divestment process of the French operations. During the divestment process it is likely that following a potential sale transaction, Grontmij will incur a transaction-related loss. We intend to complete the French divestment process in 2015.

Grontmij maintains the strategic EBITA margin target of 6-8%. Achieving the target in 2016 will be challenging, as we are also dependent on market improvement across Europe and specifically in the Netherlands. The 3-5% total revenue growth target will not be met in 2015, with achievement more likely from 2016 onwards if and when markets improve. Trade Working Capital (TWC) has improved since 2011 and

we exceeded the 2016 target of 13% at the end of 2014 (FY 2014: 12.4%). We see room for further improvement and have adjusted the TWC target to 12% at the end of 2016 based on the current business mix.
At Grontmij, focus on margin improvement remains key. With our additional € 14 million cost savings programme we are on track to achieve our financial target by 2016 (post inflation), and will not hesitate to optimise the organisation if and when needed. On OPEX we will continue with the steps taken to improve Grontmij's performance. Achieving a more predictable performance is top priority, through further reducing write downs and improving pipeline processes in various countries. In Denmark, we have put new management in place with excellent track record on performance improvement. Profitable growth will come from our Group Growth Segments (GGS), whereby we will focus on four GGS from 2015 onwards, being Highways & Roads, Water, Energy and Sustainable Buildings. We recently appointed a Business Development Director for the Group to focus on the most significant opportunities. For the Netherlands, revenue growth and further improvement of operational performance are our biggest challenges. By reinforcing the sales force and improving pipeline management we will put relentless efforts on intensifying the sales process.

Grontmij's management is committed to doing whatever is necessary to achieve the long-term strategic targets. Every decision we take is aimed at making Grontmij a stronger and more successful European engineering and consulting company, with more integrated operations to better serve our clients and to become operational excellent as a Group.

© DONG Energy

Energy

Denmark

One of northern Europe's leading energy groups, DONG Energy, has brought in Grontmij to advise on the conversion of the Skærbæk Power Station from natural gas to wood chip generation. Grontmij is combining expertise from both its Danish and Swedish operations on this project. From 2017, the power station will supply the heating systems of 60,000 households with more sustainable heat.
And that is not all. The conversion will have considerable climatological benefits.
In the course of their lifetime, trees take up as much CO_2 as they release during decomposition or burning in power stations.
It is estimated that the power station's switch to this wood-chip biomass fuel will mean an annual reduction in CO_2 emissions by approximately 85%.

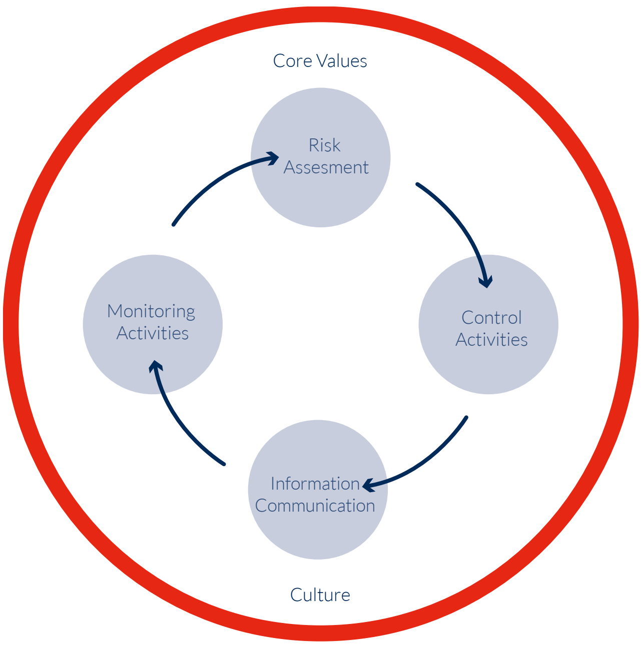
Powerful conversion

Enterprise Risk Management

For Grontmij, Enterprise Risk Management (ERM) is about anticipating, monitoring, mitigating and controlling events that can impact our business. Our ERM derives from the 'Back on Track' strategy and is applied top-down. This means that managing risk within our risk appetite is an integral part of our operations and day-to-day business. The ERM framework identifies key risk areas and secures mitigation through policies, procedures and standards, and related key controls and audits.

Risk Management Model

Grontmij's risk management is formalised in an Enterprise Risk Management (ERM) framework. Our ERM builds on some key elements of the internationally recognised benchmark COSO ERM www.coso.org. It is aligned to our 'Back on Track' strategy using a top-down approach. This approach means that key risk areas have been identified and mitigation is secured through policies, procedures and standards and related (key) controls. Our ERM process aims to be a comprehensive (virtuous) circle:



Control environment

The control environment is the organisational context in which our risk management is pursued. It is defined by our core values and the countries where we are active. The core values define who we are and how we participate in the economic environment. These values directly influence decisions that we make with regards to, amongst others, internal control.

Risk assessment & Risk appetite

The basis of any risk assessment is the willingness for us to accept risks in certain areas. This is reflected in our diverse risk appetite, assigning different levels of risk acceptance to different activities. Within our operations we accept an appropriate level of risk provided there is a balance between risks and rewards. Winning and executing projects is our core business so our ability to assess related risks is part of our expertise and day-to-day operations. In contrast, there are also areas where we have zero risk tolerance, such as compliance issues.

Control Activities

Execution of risk management activities takes place at many levels within the Group. The Executive Board has overall responsibility. Board members are responsible for the design and implementation of the ERM framework and efficient and accurate reporting of key risks. They are supported by designated staff. Country management, also supported by designated staff, is responsible for the implementation of controls, policies and procedures in the various country operations. The design and extent of control activities is always based on our risk appetite.

Information & Communication

Grontmij has in place a monthly reporting cycle where it is standard practice to review both financial results and operational aspects in meetings between local management and the Executive Committee and/or the Executive Board. Our long-term strategic planning, budgeting and periodic forecasting cycles are annual.
For compliance we carry out certification audits with annual renewals. Business integrity officers collect and register reported items relating to our Act with Integrity system and report these to the Group integrity officer. This information is collected and issues are reported to the Executive Board and the Supervisory Board.

Monitoring activities

A recently formed Internal Audit function is responsible for the regular and ad hoc review and audit of adherence to policies, procedures and the standards set by the ERM framework. In 2014, the first steps were taken to integrate existing audit activities into the new audit approach. This will be pursued further in 2015 and thereafter as all aspects of the ERM framework are integrated into the regular internal audit scope and plan. Our internal audit approach is risk based, focussing on the key risk areas as defined by the ERM system. During 2014, audits and implementation reviews were carried out on the operational excellence (OPEX) programme, integrity and the financial and IT frameworks. In addition, risks and control processes are discussed with the external auditor as part of the audit of the financial statements.

Supervision

The Supervisory Board is responsible for reviewing the adequacy of the Group's risk-management framework and overseeing how management monitors compliance with risk management procedures. The Supervisory Board carries out this task through regular updates by the Executive Board and the Internal Audit function, discussions with the external auditor and internal deliberations on the extent of internal control within the Group. Input for these discussions are the outcome of risk assessments within the Group and the outcome of internal audits as reported by Internal Audit.

Main risks in 2014

The reporting year, 2014, was another period of restructuring during which good progress was made in achieving cost reductions, implementing our Operational Excellence (OPEX) programme and our Integrity programme, including the SpeakUp! Line. We also started deployment of our key financial control framework. These activities contributed to improved operations, however the following risks existed or became apparent in 2014:

- *Operational Excellence (OPEX) in the projects*
  During 2014 the OPEX programme was further implemented. Reviews were held in all countries were Grontmij is active. Additional training was given to staff to help with the embedding of OPEX components. During 2014 we were, however, still confronted with a number of larger project write-downs, especially in Denmark. Although these write-downs are related to projects that had been contracted prior to the OPEX programme, we still need to focus on further embedding and improving the quality of our operational procedures. Despite the focus on pipeline management, we were confronted with an unexpected decline in turnover in Sweden and in the Netherlands at the end of the fourth quarter of 2014. We need to further improve pipeline information so that we are able to monitor pipeline in a more detailed and efficient manner at both a departmental and business-line level. The programme will require continuing management attention.

- *Challenging market conditions in the Netherlands*
  Within the Netherlands we still face challenging market conditions that have an impact on the profitability of the Dutch operations. Please see the country section on the Netherlands for more details. Moving forward we still see risks relating to the productivity of our direct staff.

- *Divestment of non-core assets*
  As stated in the 'Back on Track' strategy, we have been actively pursuing a divestment strategy for non-core activities. The divestment of our 24% stake in and associated receivables of 'Ruimte voor Ruimte' for approximately € 8.9 million to the Dutch province of North Brabant was completed successfully in the last quarter of 2014. The sale of the Naarderbos golf course in the Netherlands was agreed in 2013. However, in 2014 it became apparent that the potential buyer would not be able to meet financial obligations. Grontmij decided to terminate the sale agreement as announced in the press release of 11 June 2014. At that moment, Grontmij still had the intention to sell the golf course and started a new divestment process. During that process it became clear that there were no serious bids from interested parties or contacts with interested parties to prolong this divestment

process. Therefore, on 29 January 2015, the Executive Board decided to terminate the sale process of the golf course. We refer to Note 5 of the Financial Statements for further details.

During 2014, we initiated the divestment process for the remaining French business. This process is taking place in a structured manner, with the support of external advisors. The divestment is a complex process, especially in light of the challenging market circumstances in France. There is a risk that we will not be able to divest the French business as a whole. Similarly, if we divest in parts, there may be a risk that we will not be able to sell all parts and therefore restructuring may be needed for any remaining entities.

The net asset held for sale value of the French Consulting and Engineering business at 31 December 2014 is € 8.6 million and it is likely that a potential sale transaction will incur a transaction-related loss.

- *Funding*

  A lack of sufficient funds can imply that the Group might breach its requirements under the Credit Facility. In that case, this could lead to a notice by the banks that all or part of the amounts outstanding become due and payable immediately. In that situation, Grontmij would not be able to repay these amounts and would not expected to be able to raise the necessary alternative funding. Early in 2014, Grontmij started discussions with its major shareholders (those shareholders with a substantive interest of at least 5% in the share capital of Grontmij) and its lending banks (ING Bank, Nordea and RBS) to reach a sustainable capital structure going forward. This resulted in the strengthening of its balance sheet by € 40 million through an equity issue in the first half of 2014. The first part of the equity raising consisted of a private placement with institutional investors of new ordinary shares by means of an Accelerated Book Build (ABB) that took place on 26 February 2014. A total of 6,032,500 shares was subsequently issued on 3 March 2014 at a market price of € 3.40, resulting in € 20.5 million of new equity. The second part, in the form of convertible cumulative preference shares ('Cumprefs'), was placed with three of the larger shareholders after approval was obtained from the Extraordinary General Meeting of Shareholders (EGM) held on 11 April 2014. The Cumprefs were placed on 15 April 2014, resulting in € 19.5 million of additional equity. Under IFRS, our Cumprefs are treated as debt. The raising of new equity was accompanied by a more flexible financing arrangement that included:

- a reset of the financial covenant schedules (leverage and interest coverage ratio) to reflect the seasonality pattern of the business and to create more financial flexibility;
- postponement of the scheduled repayments in 2014 (in total € 15 million);
- additional liquidity by means of cancellation of mandatory repayments of the net proceeds of the Danish Marine divestment and (potential future) disposals for a total amount of € 10 million (i.e. the Naarderbos golf course and Grontmij's stake in the 'Ruimte voor Ruimte' partnership).

Please see also Note 20 to the Financial Statements for the going concern clause.

ERM risk areas and mitigation

Following a thorough evaluation of our business based on our strategy and growth ambitions, the Executive Board, in consultation with the country managers, identified and detailed 11 key and inter-related risk areas for our business. Some of these risks materialised in 2014 as described above. Here follows a description of the 11 key risk areas and the mitigating actions that are in place or will be put in place as we continue to optimise our risk management:

1. Attract and retain the right clients
2. Realising profitable growth through our four Group Growth Segments
3. Attract and retain the right people
4. Operational Excellence - execute key process best in class
5. Management information & financial reporting
6. Capacity planning: maintain appropriate level
7. Divestments of identified entities at the optimal value
8. Adequate funding at attractive cost
9. Adequate IT infrastructure and applications
10. Healthy, safe and sustainable working environment
11. Compliance and business principles

1 Attract and retain the right clients

Grontmij operates in a number of countries. Many clients are (regional and local) governments. Demand for our services is cyclical and vulnerable to economic downturns, public-sector austerity and reductions in public-sector spending. This international orientation, focused on specific groups of clients, means our business is dependent on the economic situation in those countries and the availability of spending. In the current economic downturn in Europe (and elsewhere), we must be even more alert to risk related to the countries where we are active. Our revenue, profit and financial situation may be adversely impacted by such downturns. Our customers may also find it more difficult to raise capital in the future due to limitations on the availability of credit and other uncertainties in the national, municipal and corporate credit markets. As a result, customers may cancel, delay or postpone potential or existing projects. This may further adversely affect demand for our services. We may also have difficulties maintaining pricing and payment terms and the customers may take longer to pay our invoices. Any inability to collect invoices in a timely manner may lead to an increase in the Group's accounts receivable and to increased write-offs of uncollectible invoices

Mitigation: Geographic and business-line spread helps us to manage market cycles. One of Grontmij's strengths is our proximity to (local) markets. This gives us a competitive edge, as we know the markets and local operating environments. Increasingly, in some markets we also tender in partnership with other companies for large projects. We have also identified areas of expertise in individual Grontmij operating countries that are 'exportable' to other markets. Our Client First programme aims to attract and retain selected clients. It is being put in place and a key account management framework enables us to focus more closely on these clients by anticipating their needs and creating solutions to their challenges. We measure client satisfaction through surveys in all our countries along Group-wide agreed KPIs. The results help us to further improve our services. Through our bid decision process (part of the operational excellence programme), we have defined key milestones in the tender process to review creditworthiness of new clients as well as payment conditions.

2 Realising profitable growth through our four Group Growth Segments (GGS)

Grontmij has selected four GGS: Energy, Highways & Roads, Sustainable Buildings and Water. The targets for the Group Growth Segments are an integral part of the budget of the countries. We assessed the extent to which expertise can be leveraged in other countries against market outlooks and potential profitability of these sectors. Although dedicated teams within the Group have been brought together to accelerate these actions, we may not be able to (fully) leverage the knowledge between countries and thus may not, or not fully, benefit from these growth activities. This may have an adverse effect on the company's revenue, profit and financial condition. Our growth and profitability may further be adversely affected if we are unable to secure wins in these or other segments through an inability to manage planning and budgets related to projects or if our processes are inadequate.

Mitigation: We are leveraging on the Group's client relationships, expertise and capabilities of one or more countries will help us tap national and cross-border possibilities. Improved pipeline management, such as order intake, opportunity management across the Group and improved bid decision management will enable us to prioritise the right project opportunities, especially in our Group growth segments.

3 Attract and retain the right people

The ability to execute projects and to win new contracts depends largely on our ability to attract, retain and motivate key personnel including highly skilled technical employees, project leaders and other (technical) personnel. There is significant competition for (technical) employees who possess the skills needed to perform the services that we offer. This competition may continue, or even increase, due to an aging workforce, in the long run. If we fail to attract new technical employees or to retain and motivate technical employees, Grontmij may be unable to win projects and deliver its services and products up to the quality standards that are expected from us. In addition, any failure to successfully attract, retain and motivate qualified personnel may force us to use more subcontractors that may affect our margins. These factors may adversely affect our revenue and profit.

Mitigation: We initiated a 'people strategy' that will form the basis of our recruitment and retention efforts. Through the three key elements of the people strategy: leadership development, talent management and working environment we aim to position ourselves as an attractive employer with ample opportunity for development in an inspiring working environment. In 2014, programmes relating to all three elements were further rolled out. Strengthening the Grontmij brand as employer involves innovative programmes, such as the summer schools for undergraduates created by Grontmij Denmark and Grontmij Belgium and the hiring of a campus recruiter in the Netherlands. Undergraduates have the opportunity to work on real projects with both Grontmij experts and clients. We also offer work placements and research assignments. Retention efforts focus on leadership profiles & training, succession planning and performance appraisal. In 2015, we will continue to build on these actions.

4 Operational excellence in our key processes

At any given time, Grontmij is executing numerous (complex) projects in Europe and in selected places around the world. Project risk may feature if calculations or estimates of the overall risks, revenues or costs prove inaccurate or circumstances change. Sub-contractors and business partners may not meet or breach their obligations. Projects can take more time than originally estimated. We can be exposed to direct or indirect losses arising from a wide variety of causes associated with our processes, personnel, technology and infrastructure, and from external factors, such as legal and regulatory requirements and generally accepted standards of corporate behaviour. Changes in the project scope of services requested by its customers may occur. All of this may lead to significant additional costs, losses or penalties and payment of our invoices may be delayed. This may adversely affect the Group's revenue, profit and financial condition.

Mitigation: During 2014 we further rolled out our Operational Excellence (OPEX) programme. Five key processes have been selected at Group level in which we intend to be best in the industry. These processes are: pipeline management, bid-decision management, project budgeting and follow-up, project change and additional work, and client satisfaction. We worked on embedding consistent processes throughout Grontmij aimed at reinforcing our performance and predictability and the quality of the client experience. As of the first half of 2014 an internal audit function was re-installed, amongst others to regularly and ad hoc review and audit adherence to the five processes. We will monitor the client experience and quality of delivery through regular client satisfaction surveys. In addition, we also have a comprehensive delegation framework with clear approval processes for projects above a certain threshold, high-risk profile and outside our home countries.

5 Management information and financial reporting

Transparency and predictability in all areas of our business is considered crucial to Grontmij's position as a listed company. Our financial reporting processes and procedures are designed to prevent and limit the risk that our financial statements contain errors of a material significance.

Mitigation: Grontmij uses the following internal financial control systems to monitor and reduce financial reporting risks:

- a monthly reporting framework incorporating key financial data;
- a standard annual planning, budgeting and reporting cycle;
- annual phased budgeting and quarterly forecasting;
- monthly business reviews with the Executive Board/ Executive Committee and country management.

In 2013 we initiated the design of a key financial control framework defining financial (reporting) risks and mitigating controls for the entire Group. We started deployment of these during 2014. We also began the implementation of a single ERP system for the whole Group. This will be rolled out from 2015 onwards and finalised during 2017. This will enable more efficient financial reporting due to a standardized approach across all Grontmij entities.

6 Capacity planning

The cost of providing services, including the extent to which Grontmij utilises its workforce, affects our profitability. If we over-utilise our workforce, our employees may become disengaged which will lead to an increase in the rate of employee attrition. If we under-utilise the workforce, our profit margin, profit and financial situation may adversely be affected.

Mitigation: The risk of under-utilisation is addressed in our pipeline management process that is implemented in all our countries as part of the operational excellence programme. In addition, capacity planning will be incorporated into the ERP system now being implemented. This will lead to better forecasting. It will further allow us to anticipate market circumstances and reshape our organisation in line with market demand.

7 Divestments of identified entities at the optimal value

Grontmij's financial and operational performance could be negatively impacted by the inclusion in the Group of non-core operations with no synergetic benefits and/or requiring capital investments. As part of its strategy, Grontmij identified certain non-core activities and assets as eligible for divestment or discontinuation. We may not realise all anticipated benefits, may incur losses due to revaluations of these non-core assets and activities or may not be able to sell all the identified non-core assets and activities, as we are dependent on market circumstances and potential buyers' willingness to buy these assets and activities for the right price. In addition, the sale agreements may contain warranties and indemnities that may give rise to unexpected liabilities. These liabilities may adversely affect the company's profit and financial conditions.

Mitigation: The market to divest our remaining non-strategic assets and activities is closely monitored and opportunities to divest are identified and actively pursued, if for the right price. All (intended) divestments are carried out based on prudent planned processes. Where appropriate and depending on the size of the divestment, a thorough vendor due diligence is performed ahead of the start of the divestment process. Please see Main Risks in 2014 for our approach to the divestment of French activities.

8 Adequate funding at attractive cost

A lack of sufficient funding could imply that the Group would breach its requirements under the Credit Facility which could lead to a notice by the banks that all or part of the amounts outstanding would be due and payable immediately. In that situation Grontmij would not be able to repay these amounts and would not be expected to be able to raise the necessary alternative funding. As a result of a lack of sufficient funds the Group may also fail to implement the targeted restructuring measures or the measures may have a lesser impact than anticipated. Finally, a lack of sufficient funds could result in a shortfall of working capital requirements which, if not successfully covered by additional credit lines, could negatively affect the continuity of the Group.

Mitigation: During 2014 Grontmij started discussions with its major shareholders (shareholders with a substantive interest of at least 5% in the share capital of Grontmij), and its lending banks (ING Bank, Nordea and RBS) to reach a sustainable capital structure going forward. This with the objective of providing sufficient liquidity to execute the rebalanced 'Back on Track' strategy, including the additional cost reduction programme, and allow for sufficient headroom within the financial covenants, also taking into account the seasonality in working capital and net debt. These discussions have resulted in a solution with a combination of additional equity and an amendment of the existing credit facilities which will provide for sufficient flexibility and headroom going forward.

We have continued our Group-wide focus on working-capital reduction. At the end of 2014, Trade Working Capital level as a percentage of total revenue amounted to 12.4%. We will continue this effort to maintain and improve the TWC level. Our dividend policy targets a cash pay-out only when the net debt/EBITDA ratio is below certain levels. For specific credit, liquidity, currency and interest rate risk, please see Note 23 to the Financial Statements.

9 Adequate IT infrastructure and applications

Efficient and uninterrupted operation of our IT systems is crucial to the provision and delivery of services to our customers. Grontmij has a highly dispersed IT infrastructure and application landscape. A wide variety in operating systems and other software is being used within the Group. Some of these operating systems and software packages are no longer supported by the suppliers. Almost all applications used throughout the Group are local applications (i.e. provided by local providers and locally supported); some standard applications are centralised (i.e. provided by head office and supported centrally). This results in a complex process of monitoring the compliance with the Group's IT standard, such as information security and business systems continuity. Any failure of, or damage to, the Group's IT systems, non-performance by its IT service providers, non-compliance with its IT standard or failure or delay in implementing new IT systems in the future or higher than expected IT capital expenditures could adversely affect the Group's revenue, profit and financial condition.

Mitigation: Our IT policies define strategic projects around shared communication, shared processes and collaboration. The IT policy further addresses the delivery of secure and flexible access to work-space, thereby reducing costs and enabling flexible working hours for our people. We are currently transitioning from a country-specific to a more centralised IT approach which will reduce the variety of the IT landscape. To mitigate the risk of failure, information loss and system integrity, we have an information security policy in place. The policy is based on the ISO-27001 Code of Practice. We designed key controls to monitor adherence to this policy. During 2014, we started the audit of compliance to these policies.

We are implementing a central ERP system. We are expecting investments in ERP to lead to an increase in Capex. This process started in 2014 but will culminate in a go-live in 2015 of the Netherlands and Poland with the other countries to be rolled out in three phases in 2016 and 2017. A project of this size and magnitude also brings risks to the organisation. Not realising the project on time may lead to additional expenses related to the project team. Using the new ERP will mean that our staff will have to be trained. If we do not provide adequate training, we could be confronted with productivity loss due to the change to a new system. We have implemented a project organisation, including oversight functions, to monitor the execution of the project and to ensure that the project team delivers on time and within budget.

10 Healthy, safe and sustainable working environment

As an organisation working in the built and natural environment, Grontmij employees or third-parties could be exposed to accidents or other dangers while operating in the field. Such events could lead to personal injury. And to negative publicity, thereby harming our business and reputation.

Mitigation: Grontmij adheres to Health & Safety legislation in all our operating countries. Furthermore, we have policies in place to ensure personnel can carry out their duties under safe and healthy conditions and that third-parties and the environment are protected. Our internal Health & Safety policy is based on the OHS-18001 standard. Our health and safety is primarily a line management responsibility. Major non-conformities or risks related to health and safety and statistics are reported and discussed by the Executive Committee.

11 Compliance with laws and regulations and Business Principles

Grontmij is an international organisation and is listed on NYSE Euronext in Amsterdam, the Netherlands and must comply with laws and regulations in the countries where we operate. Failure to comply with these laws and regulations or our business policy and principles can be detrimental to the company. Such laws and regulations are subject to change and interpretation. Any misconduct, fraud or other improper activities by any of our associated companies or employees may also expose the company to disciplinary, civil or criminal enforcement actions, fines, penalties and liability. Such actions could generate negative publicity and harm our business and reputation.

Mitigation: We have policies in place that enforce compliance with these laws, regulations and our own Business Policy and Principles. We adopted a Group-wide integrity management system – Act with Integrity – to embed, integrate and further strengthen integrity awareness, including compliance with laws and regulations, across the Group. Act with Integrity is based on six principles: Responsibility, Competence, Diligence, Impartiality, Fairness and Anti-Corruption. It builds on the standards set in Grontmij's Business Policy and Principles. Important elements of the system are the SpeakUp! procedure and the code of conduct. We completed implementation and roll-out throughout the Group in 2014. We have a delegation framework that provides for clear approval processes in key decisions, such as tenders above a certain threshold, projects with specific risks, acquisitions and divestments, general and capital expenditure and HR processes. A tax control framework was rolled out during 2014. As part of the ERM framework several legal policies, procedures and standards were drafted and finalised or – if already existing – collated. For each of these processes we defined key controls to monitor adherence to these policies.

Management Internal Control Statement

The Executive Board has reviewed the effectiveness of internal risk management and control systems. In addition to the improvements realised in 2014, the following improvements are planned for 2015:

- further aligning our ERM framework to the COSO Framework;
- extend and improve the framework of financial internal control;
- additionally, for the Netherlands, further strengthening procedures and financial controls relating to project changes and additional work.

Taking into account the improvement areas in our risk management and control systems as described above, the Executive Board is of the opinion that the risk management and control systems worked adequately in 2014 and that systems, along with mitigating actions were adequate enough to provide a reasonable degree of certainty that its financial report for the year 2014 does not contain errors of material significance.

© Benn Isherwood

Highways & Roads

United Kingdom

The Helix Development is a major community project in Falkirk, Scotland. As lead designers for the Hub (including the Kelpies) and canal extension phases of this multiphase project, Grontmij has been fully engaged in the transformation of 300 hectares of under-utilised and industrialised land into a major urban green space that houses the recently unveiled, iconic Kelpie Sculptures.
In addition to international recognition, in 2014, The Helix also took the Saltire Society's Civil Engineering Award, one of Scotland's most prestigious prizes. The jury commended The Helix for the way it involved a wide range of stakeholders at every stage of development and for the positive benefits it has delivered to the local community, economy and environment. This project has proved a great collective effort by all stakeholders, including Grontmij.

Community regeneration - award-winning design

Human Resources

Grontmij's people are crucial to growing our strong position around Europe. That is why our 'people strategy' is a key component of the 'Back on Track' strategy. Our main objective of realising growth depends on our ability to field the right teams of professionals with the right skills – both in national markets and in cross-border projects. Across the Group, we are working to bring Human Resources (HR) processes in line with our 'Back on Track' strategy. And to create a great place to work that strengthens Grontmij's position as an attractive employer for talented people.

The excellence and efficiency of our operations in delivering quality to our clients is a key component in our efforts to create a firm foundation for realising profitable growth. The quality experience is to a significant extent dependent on the calibre of our personnel and our ability to field expert teams both nationally and cross-border. So an important part of our strategy is to ensure we attract, retain and develop talent so that we meet strategic targets. What we are doing is making the Grontmij approach to managing our human resources consistent throughout the organisation. During 2014, we worked further on a number of projects related to leadership development, recruitment processes for senior managers, talent management and succession planning.

Employee satisfaction

Within the organisation itself, we continued to focus on making Grontmij One Great Workplace. Our aim is to motivate and inspire people to deliver quality performance. A comprehensive Employee Satisfaction Survey was carried out in all countries. We also developed a survey that identifies and measures employee perceptions of Grontmij as a great workplace. Based on the survey results, we carried out a gap analysis for each country and established focus areas and action to be taken. These focus areas have proved effective, also in the sense that our people see their perceptions count and are translated into action. As a result, each country will be pursuing related actions in 2015. We will continue to carry out regular surveys into the future.

Attracting talent

Currently, there is a shortage of technical and engineering professionals at every level, from starter through to experienced consultants. This is an issue facing all Grontmij's – and our competitor's – operational sectors. Not enough talented young people are opting for engineering. That means the market for the best professionals can be very competitive. This is another reason why Grontmij aims to be perceived and have a reputation as an attractive employer able to offer interesting and challenging (international) projects as well as a good life-work balance. To this end, Grontmij has long maintained relationships with a wide range of technical universities and other higher-education institutions. We act as guest lecturers, examiners or student advisors and offer internships to students. In Belgium, we organise an annual 'summer school' where students can work on projects with clients, architects and Grontmij specialists. Moreover, in Sweden we launched an 'ambassador' programme targeting students at (technical) universities to enhance recruitment opportunities and name recognition. At the end of 2014, Grontmij Sweden was selected as one of the top 5 employers for 2015 by Universum Global. We employ special recruitment campaigns to attract new personnel in some countries. Social media, such as LinkedIn, are used regularly, also for name recognition.

Training and development

Grontmij spent approximately 0.9% of total salary costs on training in 2014. However, participation on real projects is a key training and development component. Young, talented professionals 'shadow' more experienced colleagues so that they gain essential project experience. Feedback and lessons learned play a structured role in this approach. Some of our countries, such as the Netherlands and Denmark, offer exchange programmes so that employees can gain international experience. This type of programme is very useful in stimulating our cross-border activities.

Environmental care and safety

As an organisation working on the built and natural environment, Grontmij is committed to safety in the work place and to quality employment conditions. We have policies in place that ensure our people can perform their work under safe and healthy conditions and that third-parties and the environment are also protected. Our health and safety policy is based on the OHS-18001 standard and is primarily a line management responsibility. From 2015, all Grontmij countries will have the same Health & Safety policy. All employees are represented by consultative bodies on health and safety.

Employee representation

A works' council is in place in most countries where Grontmij is active. Representatives of these councils together form the European Works' Council. The European Works' Council and the CEO met three times in 2014. Topics discussed included progress on the 'Back on Track' strategy and next steps as well as the current business climate, operations, results and the Act with Integrity system.

Employee benefits

Pensions

Grontmij has established pension plans for its employees in accordance with the relevant regulations and practice in each of its regions. In the Netherlands, the company has a separate pension fund. In spite of continued economic downturn and low interest rates, Stichting Pensioenfonds Grontmij complies with the guidelines of the Dutch Central Bank (DNB) in terms of its minimum cover ratio.

From 2012, a new Collective Defined Contribution system based on average gross salary was introduced in the Netherlands. The company runs no risk in relation to the Defined Contribution scheme. In addition, a limited number of Dutch employees has a conditional pre-pension plan based on defined benefit contributions. Both plans are administered by the Stichting Pensioenfonds Grontmij. A combination of a (limited, 20%) final-pay and a (80%) Defined Contribution plan applies in Germany (which also has two small defined benefit schemes), while Belgium, Denmark and the United Kingdom have Defined Contribution schemes (the United Kingdom also has a small defined benefit scheme). Sweden has a final-pay scheme involving multiple employers – the ITP plan. However, there is no consistent, reliable basis to allocate assets or liabilities to the entities participating in the ITP pension insurance scheme, with the result that it is treated as a defined-contribution plan.

Employee share-ownership scheme

In 2008, a Group employee share-ownership scheme, the Employee Share Purchase Plan (ESPP), was introduced. This scheme was designed for all Grontmij employees with the exception of the members of the Executive Board. To date, the scheme has been rolled out in the Netherlands, Germany, Poland and the United Kingdom. The scheme was amended in 2014. Based on the new plan rules, employees can, for a maximum amount of € 5,000 per year, purchase shares in Grontmij N.V. which will be held by Stichting Grontmij ESPP (Foundation) for the benefit and account of the participant and against the issue of participations. Stichting ESPP purchases the shares on NYSE Euronext. The price to be paid by the employees for the purchase of shares is equal to the average closing price (in euros) of a Grontmij N.V. share as quoted on Euronext Amsterdam during the last three trading days of the ESPP-trading period minus a discount of 10%. Shares must be retained during a so-called 'lock-up period' of two years during which they may not be sold. In case an employee leaves the company within the lock-up period, his or her shares will remain blocked until the end of the blocking period.

At the end of 2014, 225 members of staff (2013: 229) were registered for 108,442 participations (2013: 98,563). There are no option schemes available at Grontmij.

People in numbers

The calculation of staff is based on the number of permanent and temporary contracts, as well as external agency staff. The average number of FTEs in 2014 was 6,020 (2013: 6,200). The tables below provide an overview of average FTEs by country for the years ending December 2014 and 2013. We do not expect significant changes in the number of FTEs, except for continued cost reductions in 2015 and possible divestment of our remaining French activities.

2014 Average FTE's	NL	DK	SE	UK	BE	GE	Other markets	Non-Core and Other	**Total**
Permanently employed	1,639	989	662	639	657	571	261	50	5,468
Temporarily employed	115	54	16	-	2	31	44	17	279
Total employed by Grontmij	1,754	1,043	678	639	659	602	305	67	5,747
Agency staff	46	23	2	61	115	-	17	9	273
Total	1,800	1,066	680	700	774	602	322	76	6,020
31 December 2014									
Women (% Grontmij payroll)	19%	28%	28%	27%	31%	43%	47%	33%	**28%**
Fulltime (% Grontmij payroll)	71%	87%	90%	91%	85%	68%	98%	61%	**81%**
Average age	41	44	43	39	39	44	35	49	**42**

2013 Average FTE's	NL	DK	SE	UK	BE	GE	Other markets	Non-Core and Other	**Total**
Permanently employed	1,714	1,041	681	684	645	549	246	47	5,607
Temporarily employed	105	84	21	-	8	30	41	24	313
Total employed by Grontmij	1,819	1,125	702	684	653	579	287	71	5,920
Agency staff	75	8	-	64	116	-	9	8	280
Total	1,894	1,133	702	748	769	579	296	79	6,200
31 December 2013									
Women (% Grontmij payroll)	20%	28%	29%	26%	30%	41%	48%	33%	**29%**
Fulltime (% Grontmij payroll)	70%	87%	89%	92%	85%	70%	96%	65%	**82%**
Average age	44	45	42	38	40	44	35	43	**42**

Numbers have been rounded.

DEMON®-Nieuwegein, the Netherlands © Feenstra Fotografie

Water

All countries (Group wide)

10 years of Deammonification

It is now a decade since the innovative ammonia removal technology, DEMON®, developed by the University of Innsbruck, Austria, was introduced. This innovative process for nitrogen removal, is based on nitritation/demmonification; half of the ammonium is oxidized, followed by a simultaneous conversion of ammonium and nitrite, into nitrogen gas, without the use of organic carbon. So compared to conventional processes, the DEMON®-process is an energy-saving and chemical-saving way to remove ammonia from high strength waste-water. In this way it reduces CO_2-emissions, facilitates a sustainable treatment operation and is an important part of an energy neutral wastewater treatment plant.
Grontmij, as licensee for North Western Europe, has realized the first installation in the Netherlands in 2008. Since then 12 installations in the Netherlands and 5 abroad (UK and Denmark) are realized or being realized.

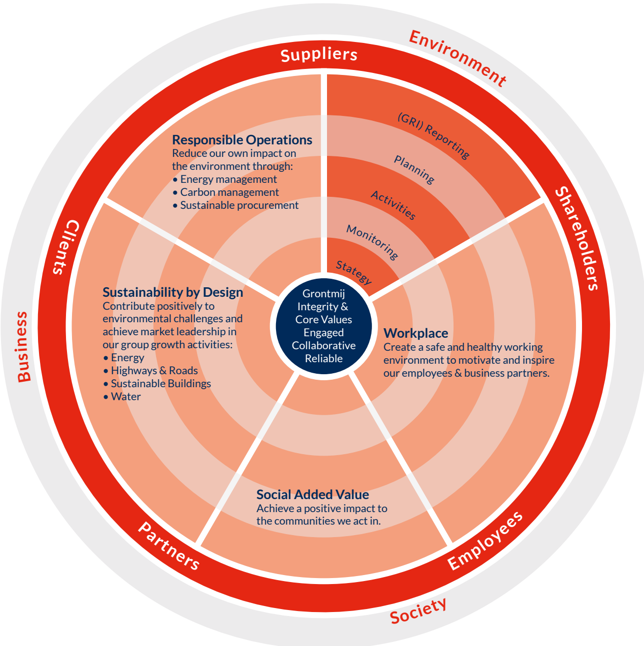
Corporate **Responsibility**

The world's population and economy is growing and urbanisation is increasing. These global trends are putting severe pressure on resources and the natural and built environment. Grontmij's areas of expertise are key in helping clients create remarkable and practical solutions these challenges, whether these relate to energy, water, infrastructure or the need to make our buildings more sustainable. We work in every kind of environment, from the places people live, work, shop and spend their leisure time to the landscapes they move through. We are driven by a natural passion and conviction that the responsible, cross-border use of engineering skills and technology can be the key to sustainability. That is why we see corporate responsibility (CR) as embedding sustainable thinking into everything we do. And that means we must always find ways to improve our own environmental and social performance and to provide our clients with designs and ideas that help them in achieving their own ideas of sustainability.

Our business – and therefore our CR – role is to advise on how to develop the places where we live and work in ways that are responsible and practical, both now and into the future. We are also heavily engaged in finding remarkable and solid approaches for our clients to using increasingly scarce natural resources wisely. This is why our focus areas are: Energy, Highways & Roads, Sustainable Buildings and Water. The consistent embedding of sustainability into all our activities is perhaps the best reflection of who we are as an organisation. We aim to remain at the forefront of sustainability not only through our design and consultancy, but also in how we work internally. As CR is of great value in the execution of our projects, we also incorporate these responsibilities into our own operations. We are committed to applying new technologies and processes that bring added value to executing our projects in a sustainable way. Our goals for 2015 are:

- further implementation of Act with Integrity throughout the Group;
- implementation of our health & safety policy throughout the Group;
- prepare our annual CR reporting 2015 according to Global Reporting Initiative, version 4;
- as of 2016, all countries certified according to ISO-9001, 14001 and OHSAS 18001 (ISO-45001);
- the ongoing reduction of our footprint remains a fundamental aspiration and we will continue to monitor and reduce our impact on the environment.

This is how CR works at Grontmij:



Governance

At Grontmij, CR is important at both national and Group level. The Chief Executive Officer (CEO) has overall organisational responsibility for CR. In each of our operating countries, Country Managing Directors (CMD) are responsible for local CR delivery, in line with local/regional laws and regulations. They are supported by a local CR coordinator. Countries report progress twice a year using a dedicated software tool. A Group CR Coordinator ensures the whole of Grontmij pursues our responsibility in the same dedicated manner. Progress on CR is discussed at least monthly with the CEO. Risks and opportunities related to CR are an integral part of our Grontmij's Enterprise Risk Management Framework.

Certifications

All Grontmij countries (except China) are ISO-9001 certified, most countries are certified according to ISO-14001 and some countries according to OHSAS 18001. These management standards help us to comply with (environmental) legislation and to improve the quality of environmental performance in our projects. They also help us measure and improve client satisfaction. One of our key corporate goals is to provide clients with top quality service. We aim to continually improve our performance and the predictability of the quality we provide as part of our Operational Excellence Programme (OPEX). Client satisfaction surveys are a key component in this programme. A Group-wide standard method of carrying out and acting on satisfaction surveys has been implemented throughout the Group. Our goal is for all our countries to be certified according to ISO-9001, 14001 and OHSAS 18001 (ISO-45001) as of 2016.

Reporting on CR

Every year, Grontmij publishes a dedicated CR report which includes indicators of the Global Reporting Initiative (GRI), version 3. The report covers all our operating countries with the exception of France, which is 'held for sale', and China which will be included at some point in the future. In 2014, a Group-wide meeting attended by all CR coordinators discussed and defined CR-related material aspects. These 'material aspects' relate to both the adoption of an Integrated Reporting approach to providing stakeholders with the most relevant information on our business and to the requirements of the latest version of the GRI, version 4, on sustainability. In 2014, we continued to gather input for our CR report based on version 3 of the GRI but are making the transition to version 4 or G4 as it is known.

CR and our stakeholders

In 2014, we further identified and defined our key stakeholders: clients, business partners/suppliers, employees, investors/shareholders, government/regulators. But we also see the environment, especially in areas such as climate change, in which we operate as a major stakeholder in all our business activities. As we play an active part in the sustainable development of the societies where we work, it is very important that we engage in different ways with our stakeholders at every level.

In the fields of knowledge and innovation we work closely with clients and partners. For our clients, in both the public and private sectors, our role is to help them make informed decisions and well-considered investments as they develop our natural and built environment. We support them in achieving their own sustainability goals.

For our employees, we ensure our work places are healthy and safe with fair working conditions in a non-discriminatory environment. In 2014, we drafted a Group-wide Health & Safety policy which will be implemented in all countries in 2015. Moreover, a new and specific policy has been introduced to identify countries that are too dangerous for our people to work.

At corporate level we discuss CR with investors or shareholders when necessary or applicable.

As a driver in the chain of many of our projects we work very closely with our stakeholders, both downstream (suppliers) and upstream (clients, contractors and users) to deliver the most sustainable solution. Grontmij takes responsibility for the value supply chain through our Act with Integrity programme. And we expect the same commitment from our business partners and suppliers, also in areas such as human rights, non-discrimination and anti-corruption. This is a direct reflection of our commitment to global CR-related initiatives, such as the United Nations Global Compact and the CDP Initiative. We interact with concerned parties through partnerships, chain initiatives or public participation meetings where we inform and involve local communities in our projects. This is especially important because many of our major customers are public-sector bodies, such as municipalities and government.

Fiscal responsibility

Although headquartered in the Netherlands, Grontmij operates throughout the world. Like all major corporations, Grontmij has a tax strategy in place. It is based on clear principles and is transparent, compliant and in line with our Code of Conduct. We are a responsible taxpayer, paying our fair share of tax in all our operating countries, thereby contributing to each national economy. The tax principles are grounded in the following premises:

- a tax strategy that is in line with the business strategy and factual commercial activities. This means that Grontmij is not involved in artificial tax structuring or present in locations without business activities;

- Grontmij aims to be fully compliant to the tax laws of the locations where it operates;
- Grontmij is managing tax proactively to assure compliance with tax laws;
- tax policies are documented and form part of group corporate governance;
- Grontmij tries to maintain an open and constructive relationship with tax authorities and if possible and appropriate discuss tax matters upfront.

In line with the tax strategy, transactions among companies within the Group take place based on at arm's length principles as outlined in the OECD transfer pricing guidelines for multinational companies.

The tax charge in our operating countries is as follows:

The Netherlands	- 0.1 m
Denmark	0.3 m
Sweden	- 0.8 m
Belgium	- 1.7 m
The United Kingdom	- 0.3 m
Germany	- 1.2 m
Other markets	- 0.1 m
Non-core activities	- 0.0 m
Unallocated and eliminations	- 0.4 m
Total	**- 3.5 m**

Integrity at work

Grontmij's integrity system known as 'Act with Integrity' is based on six components: Responsibility, Competence, Diligence, Impartiality, Fairness and Anti-Corruption. These form the basis of our Business Principles and Code of Conduct and are based on professional standards and the principles of the UN Global Compact to which Grontmij is a signatory. Our principles and Code set out how we conduct our business.

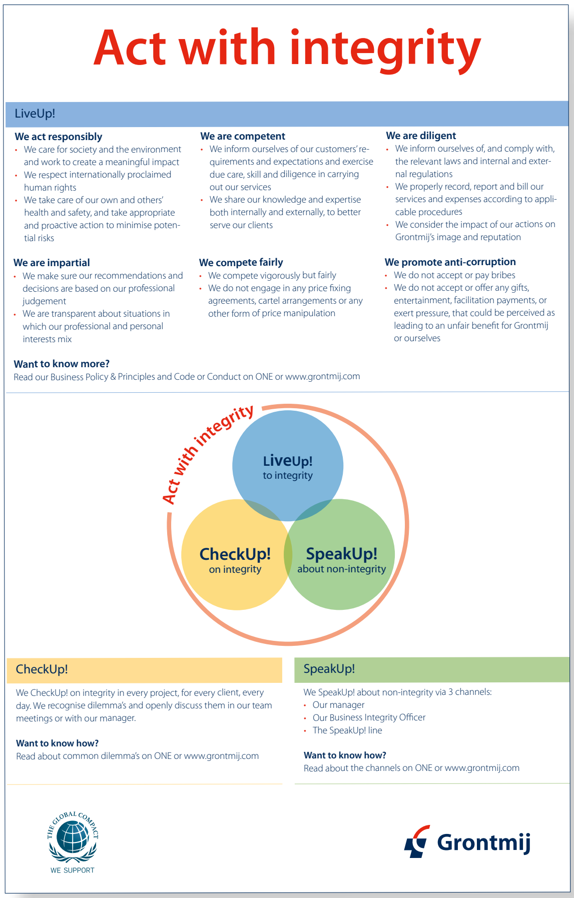
Greater focus on integrity

In order to lower the threshold for employees, in 2014 we introduced a one-page 'Act with Integrity' poster to highlight the most important aspects of our approach to integrity. It explains our values and principles in an easily accessible way and will be visible for employees throughout the organisation.

Furthermore, we added an additional whistleblowing phone line called Speak Up! This new move is designed to:

- make anonymous reporting easier; and
- Introduce the possibility to communicate anonymously with the reporting employee.

It also allows for third-party (clients, business partners, etc.) reporting. For more on integrity at Grontmij, visit: www.grontmij.com > Corporate Governance > Integrity



Internal poster 'Act with Integrity' to highlight the most important aspects of our approach to integrity.

CR in projects

Just about every project we undertake has an impact on the environment. Our task is, therefore, to develop remarkable and practical environmentally responsible ways of managing the planet's finite resources, to conserve biodiversity and manage ecosystems to protect and restore the natural environment. Where feasible, we work to circular economy principles. And by incorporating these aims into our projects, also to transfer that knowledge to all our clients. Even though our clients demand more sustainable solutions in projects they still often select the winning designs based on price. This means even greater pressure on design engineers to create the most sustainable solution within our clients' budgetary constraints.

In our projects we use different sustainability systems and products to improve our impact. This means that in many projects we try to assess environmental aspects and where necessary incorporate them into planning and design, also taking responsibility for potential downstream emissions. For this we use a variety of tools, systems and products depending on the project and the clients' wishes. These include energy management tools, waste-treatment processes such as SHARON and DEMON, and BREEAM assessment for sustainable buildings. In 2014, we were awarded the BREEAM Assessor of the Year prize for projects around the world.

Knowledge management

We share knowledge at every level. Internally, we have a number of ways to help our people find and disseminate knowhow, such as the Group-wide ONE communication platform. This enables people to exchange best practices and showcase projects or find colleagues with the best expertise for a particular tender or problem. For example, in 2014, earthquake expertise from our Turkish team proved helpful for seismic challenges in the north of the Netherlands.

CR in our operations

Grontmij has not only established a framework for corporate responsibility to stakeholders. We also work consistently to reduce our own impact, including that of our operations, on the environment. The environmental impact of our own operations is relatively limited – the majority of our work is done in our offices. Yet, the biggest share of our CO_2 emissions is due to travel. At the same time, much of our business is 'local' so the number of kilometres flown and driven is comparatively low for an organisation of our size and geographic spread. However, we still work continually to reduce our own use of energy and carbon and water footprint, the waste we produce, also by separating it by type. Where feasible, we pursue sustainable purchasing of goods and services from suppliers.

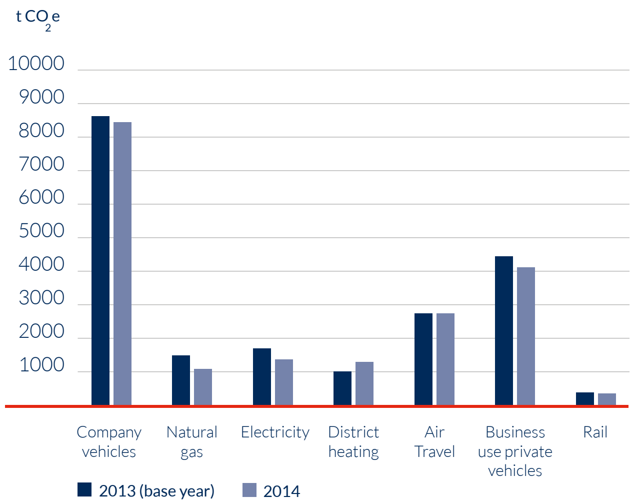
Our footprint

We report our footprint in detail in our dedicated CR report. Here follows a summary of some of the most important indicators and breakdown graphs. Grontmij uses 2013 as a base year for measuring our footprint. As France is now excluded due to divestment and 'held for sale' standing of the remaining activities in that country, we have adjusted the figures for 2013 accordingly.

Indicator	Unit	Value 2014	Value 2013	
Total CO_2 emission per head	t CO_2 /head	3.2	3.3	Total CO_2 emissions covers per-head use of all direct energy, indirect energy and all business travel. We used the 2014 Defra emission factors (without well to tank).
Total energy use per head	kWh/head	3597	3970	This indicator covers our use of direct and indirect energy sources and our use of renewable energy per full-time equivalent.
Renewable energy	kWh/head	898	934	The use of renewable energy is generated primarily by the Netherlands and Germany where currently almost 100% of electricity is renewable.
Total distance travelled by car per head	kmx1,000/head	11.1	11.2	The environmental impact of transportation at Grontmij relates primarily to the use of vehicles for moving people and some equipment between our offices and other operational sites. We report on the average kilometers driven per head by our full time equivalent staff
Total water use per head	m^3/head	6.6	5.8	Use of water in our offices.

We reduced our total office related energy use in most countries. As a result, our total amount of renewable energy also declined in the Netherlands and Germany.
As from 2015, Grontmij Denmark's largest office (Glostrup) will use renewable energy. In the Netherlands, two offices (Rotterdam and Zwolle) obtained a BREEAM In Use certificate. This certification shows we monitor the building through its lifecycle so that we can evaluate and improve its sustainability performance. The distances travelled by car per head decreased very slightly. The use of our Microsoft Lync communication software is supporting our aim to travel less.

CO_2 Breakdown per source



The graph shows that the largest causal source is the use of company vehicles and the business use of private vehicles. In order to reduce the use of cars for commuting and business meetings, Grontmij Belgium has introduced an alternative option for staff. If they choose a smaller or no company vehicle, they can use the 'mobility budget' that would have been spent by Grontmij for other purposes. The initiative is ground-breaking and was even featured on the main television news. Of all countries, the Netherlands (with most FTEs) emits the largest amount of carbon. Since 2011, Grontmij Netherlands is externally certified at the highest level of the 'CO_2-Performance Ladder'. This standard encourages companies to be aware of our CO_2 emissions, and to be permanently on the lookout for new ways to save energy and reduce carbon and to use renewable energy.

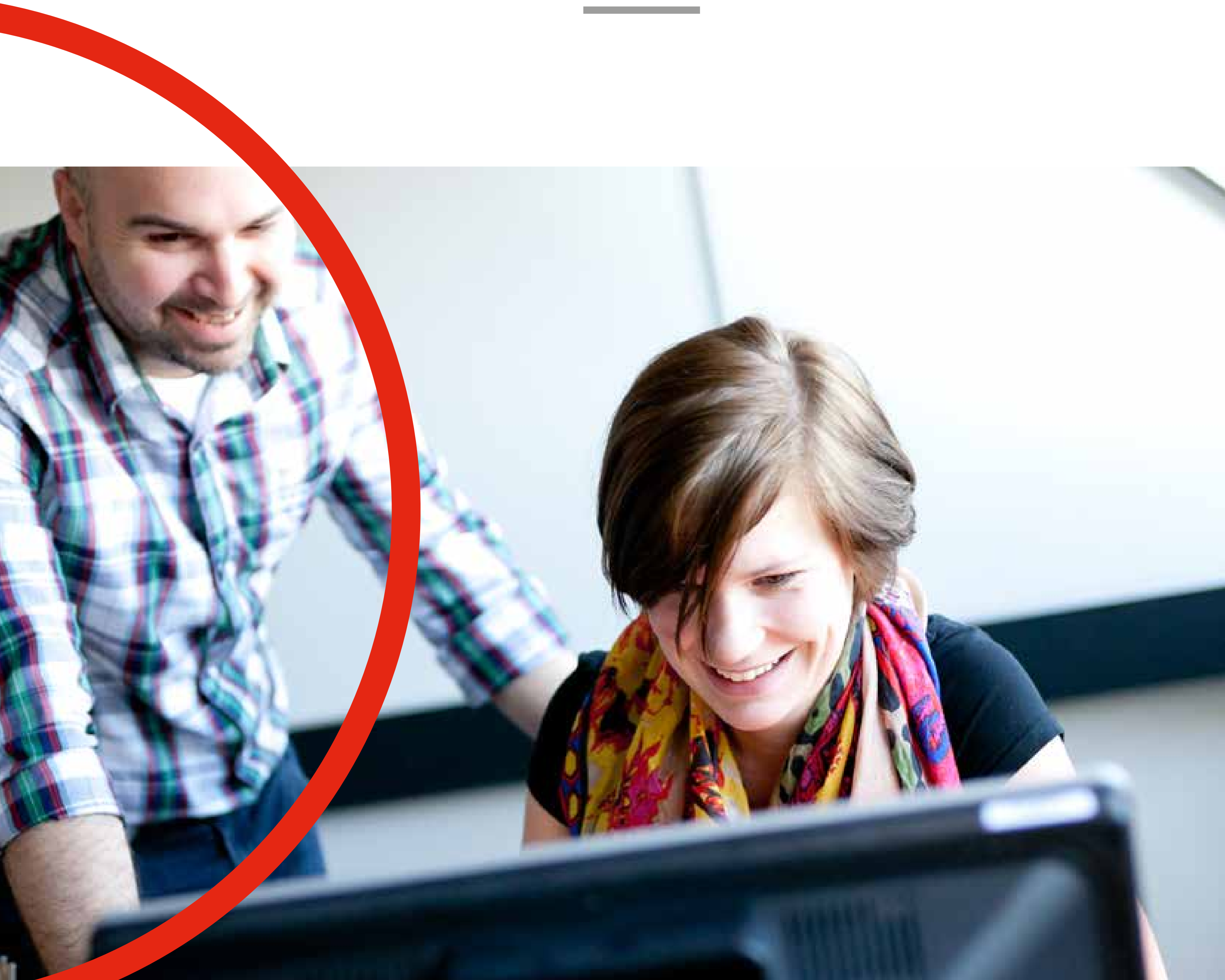
Ongoing reduction remains an aspiration and we will continue to monitor and reduce our impact in 2015.

Energy

Germany

Grontmij Germany's engineers were on an ambitious timeline for opening of the Erfurt East power plant. Eighteen months from first excavation to the well-attended opening ceremony. And we did it. Now, the capital of Thuringia is fuelled by a new cogeneration system that combines a powerful gas turbine and a waste-heat boiler.
Due to the district heating accumulator it is possible to divers the power generation and the district heating supply.
The new plant will significantly increase the share of cogenerated district heating in Erfurt, optimising energy efficiency in the region.
Timelines may have been tight, but sound communication with the client means we delivered on time and on budget.

Celebrating cogeneration in Erfurt



Corporate **Governance**

Corporate Governance is the framework of structures, rules and practices that ensure Grontmij's accountability and transparency to all our stakeholders. The main components of how our governance works are described here. Grontmij is in compliance with the Dutch Corporate Governance Code with only one deviation. For details of all relevant documentation on adherence to corporate governance, please refer to www.grontmij.com > Corporate Governance

How Grontmij's governance is structured

Grontmij has a two-tier corporate structure. The Executive Board develops and pursues strategy and policy under the supervision of an independent Supervisory Board. Both of these bodies report to and are accountable to the General Meeting of Shareholders. Within the organisation, a reporting framework is in place so that information flows to the Executive Board and Supervisory Board and from these Boards to the General Meeting of Shareholders. In 2013, Grontmij's governance structure was further reinforced and enhanced by the implementation of an Executive Committee. The Executive Committee, chaired by the CEO, is responsible for implementing Grontmij's 'Back on Track' strategy and steering the management of the country organisations. The new structure facilitates an even closer connection between the Executive Board and the business and thereby improves management information flows within the Group, fits with the strategic goals and is geared to a stronger and more decisive Grontmij.

Roles and responsibilities

Specific powers and responsibilities have been allocated to the four main bodies in our corporate governance: the General Meeting of Shareholders, the Supervisory Board, the Executive Board and the Executive Committee. These are described comprehensively in the Articles of Association and separate charters that are available on our website www.grontmij.com. Here follows a brief summary.

The role of the General Meeting of Shareholders

An Annual General Meeting of Shareholders (AGM) is organised within six months of the end of the financial year. Further shareholders' meetings, Extraordinary Meetings of Shareholders (EGM), may be held at the request of the Executive or Supervisory Board, without prejudice to the provisions of Sections 110-112 of Book 2 of the Dutch Civil Code. Shareholders who, on their own or together, represent no less than 1% of the Group's issued share capital, are entitled to request the Executive or Supervisory Board to put items on the agenda.

The AGM or EGM appoints members of both the Supervisory and Executive Board following a non-binding nomination from the Supervisory Board. If no such nomination has been submitted or if the AGM or EGM wishes to deviate from such nomination, the decision must be taken by an absolute majority of the votes cast, representing at least one-third of Grontmij's issued share capital. When appointing a member of the Executive Board or Supervisory Board, votes may only be cast for candidates whose names are stated in the agenda or notes to it. The AGM/EGM may further at all times suspend and dismiss both members of the Supervisory Board and the Executive Board. A resolution of the AGM/EGM to suspend or remove a member of the Supervisory Board or Executive Board, other than in accordance with a proposal of the Supervisory Board, shall require an absolute majority of the votes cast representing at least one-third of the company's issued share capital. Any member of the Executive Board may also be suspended at any time by the Supervisory Board. A suspension by the Supervisory Board may at all times be lifted by the AGM/EGM. The AGM/EGM may only decide to amend the Group's Articles of Association based on a proposal presented by the Executive Board that has been approved by the Supervisory Board. Any amendment requires an absolute majority. The procedures for appointing and suspending and dismissing members of the Executive and Supervisory Boards, and the rules governing amendments to the Articles of Association, are set out in Grontmij's Articles of Association, which can be found on our website: www.grontmij.com > Corporate Governance

The role of the Supervisory Board

Grontmij's Supervisory Board is charged with the supervision of the management by and policy of the Executive Board and of the general course of events within the Company and any associated businesses. The Supervisory Board further provides guidance and advice to the Executive Board. Supervision focuses on the realisation of strategy, proper execution of internal risk management and control structures, adequate financial reporting and legal and regulatory compliance. In pursuing these tasks, the Supervisory Board takes the interests of the company, of its associated companies and of all stakeholders into account.
A detailed description of the tasks and responsibilities of the Supervisory Board can be found on our website www.grontmij.com > Corporate Governance

The role of the Executive Board

The Executive Board is responsible for determining and realising the Group's objectives, strategy, financing and policy, compliance with all relevant legislation and regulations, the management of risks associated with the Company's business operations and financing. The Executive Board bears collective responsibility for managing the Group. The specific roles and responsibilities of the Executive Board members are laid down in the Executive Board charter that can be found on our website:
www.grontmij.com > Corporate Governance

The role of the Executive Committee

In 2014 Grontmij's Executive Committee consisted of six members: two members of the Executive Board and four country managing directors. The responsibilities of the Executive Committee include general strategy, Group performance, realisation of operational and financial objectives, people strategy, identification and management of risks connected to the business activities, Information and Technology (IT) management, corporate responsibility and procurement. In line with Dutch law, the Articles of Association of the Company and the Dutch Corporate Governance Code, the Executive Board remains accountable for the actions and decisions of the Executive Committee and has ultimate responsibility for the Company's external reporting and reporting to the shareholders of the Company, including providing the General Meeting of Shareholders with information. At the beginning of 2015, Søren Larsen stepped down as country managing director of Denmark. As a consequence, his Executive Committee responsibilities have been reallocated to the other members.

The members of the Executive Committee (other than the Executive Board members) are all country managing directors and take on additional responsibilities at Group level as shown in the schedule below:

					
	Michiel Jaski *CEO*	Frits Vervoort *CFO*	Ina Brandes	John Chubb	Ton de Jong
Country Responsibility					
Group Operations	• Belgium • Sweden	• All countries	• Germany (CMD) • Turkey (incl. off shoring) • Poland • China	• Denmark (CMD) • UK	• The Netherlands (CMD)
Group Responsibility					
Group Functions & Strategy Programmes	• Strategy • HR • Corporate Responsibility • Business Development • Legal • Communications • Internal Audit & Risk Management	• Finance • Tax • Treasury • Investor Relations • TWC	• Rest of World • Group Growth Segments: - Water - Highway & Roads - Sustainable Buildings - Energy	• IT	• ERP • Client First

Grontmij Executive Committee (ExCo) Responsibilities

Group Structure

A further description of the rules and regulations applying to the Executive Committee are laid down in the Executive Committee charter that can be found on our website: www.grontmij.com > Corporate Governance

Authorisations on issue of shares

During the Annual General Meeting of Shareholders held on 13 May 2014, the Executive Board was designated as the body authorised to issue shares, grant rights to acquire shares, and to limit or exclude pre-emptive rights pertaining to the issue of shares. During the same AGM, the Executive Board was authorised to acquire shares in Grontmij N.V. At the EGM of 11 April 2014, the Executive Board was designated as the body authorised to issue and to acquire convertible cumulative finance preference shares. These authorisations and the relevant conditions and limitations were recorded in the minutes of the relevant meetings and have been published on our website: www.grontmij.com > Corporate Governance

Grontmij 'Act with Integrity'

Grontmij has in place a comprehensive integrity management system known as 'Act with Integrity' (see also Corporate Responsibility). In line with the International Federation of Consulting Engineers' Code of Ethics and the UN Global Compact, Act with Integrity is based on six principles: Responsibility, Competence, Diligence, Impartiality, Fairness and Anti-Corruption. It builds on the standards set in Grontmij's Business Policy and Principles. Important elements of Act with Integrity are a Speak Up! Procedure and the Code of Conduct.

In 2014, we carried out an audit of the effectiveness of our integrity awareness. This led to the development of a new campaign to thoroughly embed integrity awareness throughout Grontmij to ensure our employees know what Act with Integrity is about, how to act and where they can find further information. Each Grontmij country or region has a business integrity officer who employees can involve in any integrity-related matter. He/she is responsible for recording and investigating reported suspected incidents and for monitoring whether appropriate sanctions are needed or action is taken to prevent repetition. The Business Integrity Officer is further responsible for ensuring lessons are learned from any incidents that may occur. Each Business Integrity Officer reports to the Group Integrity Officer on all integrity matters and violations.

We safeguard the integrity of our operations through continuous monitoring. This has been embedded in our day-to-day management decision-making on, for example, tendering and projects. Potential public health hazards, controversial projects (military, etc.) and safety are key areas of attention. If we consider our integrity to be at risk or if we feel a client or business partner is not adhering to principles we believe are fundamental, then we will re-evaluate the relationship and act accordingly. Reporting on integrity to the Supervisory and Executive Boards takes place regularly.

For more on our Act with Integrity programme, please see www.grontmij. com > Corporate Governance > Integrity

Diversity

Grontmij values diversity and will continue to strive for Board compositions whose combined experience, expertise and independence as well as age and gender best meet Grontmij's profile and strategy. With the nomination of a second female Supervisory Board member, Christine Wolff (German nationality), for appointment in May 2015, Grontmij will have a 50/50 gender share from that date. Both members of the Executive Board are male. Of the four other members of the Executive Committee, one is female. Grontmij aims to pursue gender diversity at all levels of the organisation and specifically in senior management but will continue to base selection on the most appropriate candidate.

Adherence to the Dutch Corporate Governance Code

Grontmij adheres to the Dutch Corporate Governance Code (the Code) with only one deviation.

II.2.13 f

Individual performance criteria are described in general terms but not fully disclosed as they contain sensitive information and could contain information of an otherwise confidential nature that Grontmij may not want to disclose.

Anti-takeover measure

Grontmij's Articles of Association provide for the possibility of issuing protective preference shares. Those shares can be issued to the Stichting Preferente aandelen Grontmij (the Foundation), in accordance with the provisions of the option agreement entered into between Grontmij and the Foundation. The Foundation is established to safeguard the interests of Grontmij, its business and those involved. This purpose can be pursued through acquiring protective preference shares and exercising the rights attached to these. Pursuant to an option agreement with Grontmij that was most recently amended on 11 April 2014, the Foundation has a call option to subscribe for a number of protective preference shares equal to the then issued share capital (excluding any already issued protective preference shares) from time to time, minus one. The Foundation has a credit facility to enable it to pay the amount to be paid up on the shares. This amount equals 25% of the nominal value of the protective preference shares issued.

The possibility of issuing protective preference shares is an anti-takeover measure. Protective preference shares can be issued in case of (the threat of) an undesired acquisition of the majority of the Grontmij ordinary shares by one party or several parties acting in concert, in case of (the threat of) an undesired concentration of Grontmij ordinary shares with one party or several parties acting in concert and/or to prevent any undesired disruption of independent management of the Group. This protective measure, when taken, is temporary in nature and would enable Grontmij to judge any (hostile) situation on its merits and/or to explore alternatives. As at 31 December 2014, no protective preference shares were issued.

Prevention of insider trading

Grontmij has regulations for the prevention of insider trading. These regulations were updated frequently and most recently in November 2014 and distributed to Supervisory Board, Executive Board, country managing directors, managers of the business units and other staff who have access to inside information. The Grontmij insider trading rules comply with the relevant provisions of the Financial Markets Supervision Act ('FMSA', Wet op het financieel toezicht).

Declarations

In 2014, no transactions of material significance were conducted during the year under review that involved a conflict of interest for any member of the Executive or Supervisory Board.

In early 2014, Grontmij started discussions with its major shareholders and lending banks to reach a sustainable capital structure going forward. Following these discussions, Grontmij and the lending banks agreed on an amendment of the Credit Facility and Grontmij raised € 20.5 million through an Accelerated Book Building offering of 6,032,500 ordinary shares which were issued on 3 March 2014. 1,244,302 of these shares were issued to Delta Lloyd Deelnemingen Fonds N.V., 547,311 shares to Delta Lloyd Levensverzekering N.V., 200,000 shares to ING Re (Netherlands) N.V. and 99,487 shares to RWC European Focus Master Inc., all of which shareholders (or related companies of such shareholders) held more than 10% of the ordinary shares at the time the new ordinary shares were issued. In addition, on 15 April 2014 Grontmij issued 5,459,246 convertible cumulative financing preference shares (cumprefs). Cumprefs are convertible into ordinary shares as of one year after the issue date, or sooner in case of change of control. Of the 5,459,246 cumprefs, 2,822,474 were issued to Nationale-Nederlanden Levensverzekerings-maatschappij N.V. and 2,109,206 to RWC European Focus Master Inc. Both shareholders (or related companies of both shareholders) held more than 10% of the ordinary shares at the time the cumprefs were issued.

No other transactions of material significance were conducted between the Group and any natural person or legal entity holding more than 10% of Grontmij N.V.'s shares or depository receipts thereof.

Apart from the credit-facility agreements entered into with the consortium of banks mentioned in the note to the consolidated financial statements for 2014 and the terms and conditions of the conversion of the cumprefs, no major contracts contain 'change of control' clauses in relation to Grontmij.

The statement concerning corporate governance as referred to in article 2a of the decree on additional requirements for annual reports (Vaststellingsbesluit nadere voorschriften inhoud jaarverslag) can be found on our website, www.grontmij.com > Corporate Governance > Corporate Governance Statement.
The information concerning the inclusion of the information required by the Decree 'Article 10 EU Takeover Directive', as required by article 3b of the Decree is included in this report in the sections Information for our Shareholders, Corporate Governance, Declarations and Remuneration Report.

Pursuant to article 5:25c of the Financial Markets Supervision Act ('FMSA'; Wet op het financieel toezicht, 'Wft') and to the best of our knowledge, the annual financial statements of Grontmij N.V. of 2014 that have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union give a true and fair view of the assets, liabilities, financial position and total result for the year of Grontmij N.V. and the entities included in the consolidation. The report of the Executive Board (jaarverslag) provides a true and fair view of the state of affairs on the reporting date, the course of business during the year under review of Grontmij N.V. and its subsidiaries included in the financial statements and includes a description of the principal risks Grontmij faces.

De Bilt, 24 February 2015

Michiel Jaski
Frits Vervoort

Esholt Bio-Energy Plant Official Opening, 3 October 2014

Water

United Kingdom

For the past four years, the Morgan Sindall Grontmij joint venture has been working on Yorkshire Water's innovative and self-sufficient bio-energy plant at the waste-water treatment works at Esholt, north of the city of Bradford. A new Thermal Hydrolysis Plant (THP) has been installed at the existing sludge treatment facility at Esholt. Thermal hydrolysis is an innovative method of treating and disposing of waste sludge generated by the waste-water treatment process. THP exposes the waste sludge to high temperatures and pressure, which subsequently disintegrates the waste's cellular structures, which in turn produces biogas, a natural gas which is then used to provide heat and power to the site. This means that the plant is effectively energy self-sufficient and will deliver significant energy cost savings at one of its largest sites, while reducing Yorkshire Water's carbon footprint by 9,000 tonnes. The new plant opened officially in October 2014.

3 1 5 2 4

Supervisory Board

1 **Jan van der Zouw (1954)**

Chairman

Nationality Dutch

Appointed 9 March 2012

Current term expires: 2016 (eligible for reappointment)

Most important previous positions

Chairman Executive Board Eriks Group N.V.

Chairman Executive Board Transmark International bv

Current positions

Chairman of the Supervisory Board of Van Wijnen Holding NV

Chairman of the Supervisory Board of Den Helder Airport bv

Chairman of the Advisory Board (Beirat) of Europart GmbH (Germany)

Chairman of the Supervisory Board of HGG group bv

2 **René van der Bruggen (1947)**

Nationality Dutch

Appointed 8 December 2010

Current term expires: 2015 (not eligible for reappointment)

Most important previous positions

CEO and member of the Executive Board of Imtech N.V.

Current position

Member of the Board of Stichting Beschermingspreferente aandelen Fugro

3 **Karin Dorrepaal (1961)**

Vice-chairman

Nationality Dutch

Appointed 23 May 2013

Current term expires: 2017 (eligible for reappointment)

Most important previous positions

Partner at Booz & Co (formerly Booz Allen & Hamilton)

Member of the Executive Board Schering AG (Germany)

Current positions

Member of the Supervisory Board of Gerresheimer AG (Germany)

Member and vice-chairman of the Supervisory Board, member of the Audit and Remuneration committee of Paion AG (Germany)

Member of the Supervisory Board and member of the Audit committee of Almirall S.A. (Spain)

Member of the Triton Industry Board (Advisory Board) (Germany)

Nominated for appointment as member of the Supervisory Board of Kerry Group (Ireland)

4 **André Jonkman (1954)**

Nationality Dutch

Appointed 23 May 2013

Current term expires: 2017 (eligible for reappointment)

Most important previous positions

KPMG Accountants

CFO and member of the Management Board of Fugro N.V.

Current positions

Advisor to the CEO of Fugro NV on special projects

Member of the Supervisory Board and Chairman of the Audit Committee of Dietsmann N.V.

Chairman of the Board - Non-Executive Board member of Zytec B.V.

5 **Christine Wolff (1960)**

Nationality German

Appointed Nominated for appointment for a period of four years, as of 12 May 2015

Most important previous position

Managing Director for Europe & Middle East at URS Corporation

Current positions

Member of the Supervisory Board Hochtief AG

Member of the Supervisory Board Berliner Wasserbetriebe A.ö.R

Member of the Supervisory Board KSBG GmbH & Co. KG

Member of the Advisory Board Wessling GmbH & Co AG

Member of the Advisory Board J. Heinrich Kramer Holding GmbH

The remuneration of the Supervisory Board is described on page 158.

Report of the **Supervisory Board**

Foreword

Grontmij N.V.'s 2014 annual report and financial statements were prepared by the Executive Board. They were reviewed and discussed by the Supervisory Board's audit committee and with the Supervisory Board in the presence of the external auditor. Deloitte Accountants BV audited the financial statements and their independent unqualified opinion can be found on page 172.

The Group's full annual report aims to present Grontmij's activities in line with the best practices and recommendations of the Dutch corporate governance code and the most recent report of the Monitoring Commission on corporate governance. Moreover, as Grontmij moves towards Integrated Reporting, there is an even greater focus on information most relevant to stakeholders. We are confident that this annual report satisfies transparency requirements and provides a good basis for the Supervisory Board's accountability for its supervision.

Jan van der Zouw

Chairman of the Supervisory Board

Supervision

Throughout 2014, the Supervisory Board has provided active support to the Executive Board. Market conditions were below expectations in the final quarter of 2013, necessitating further restructuring, especially in the Netherlands and in Grontmij's remaining activities in France. At the beginning of 2014, Grontmij introduced a rebalanced 'Back on Track' strategy that included additional restructuring measures, portfolio optimisation and a programme to accelerate improvements in the Netherlands.

To be able to execute the strategy, Grontmij needed a solid financial framework, for which agreement was reached in early 2014 with our major shareholders and banking syndicate. With support from major shareholders, Grontmij was able to raise € 40 million through a private placement of 6,032,500 new ordinary shares and a private placement of 5,459,246 convertible cumulative preference shares. Moreover, the Credit Facility was amended, providing for additional liquidity and adjusted covenant schedule reflecting the seasonal pattern of Grontmij's operations.

The Supervisory Board was closely involved in the private placements and provided input and ultimately approved both the proposed equity issue and amendment of the Credit Facility. Although primary contact with shareholders is the responsibility of the Executive Board, the interim chairman of the Supervisory Board also had some meetings with major shareholders during this period. By taking prompt action on funding, the Group was able to secure sufficient liquidity to execute strategy and create adequate headroom with regard to the financial covenants.

Group goals and strategy

During 2014, the Supervisory Board has continued its strong focus on the further implementation of the 'Back on Track' strategy. The first phase of the 'Back on Track' strategy is designed to achieve a comprehensive restructuring of the Group so that Grontmij is well positioned to achieve the next phase: realising profitable growth.

At the start of 2014, significant progress had been made on restructuring during the two preceding years. However, in spite of clear improvements, both the Supervisory and Executive Board concluded the Group was not moving forward rapidly enough. As in previous years, weak market conditions in the Netherlands and France, required prompt action. The challenge was and remains the fact that expected market improvements have still to materialise. This requires the Group to continually adapt the organisation to prevalent market conditions. As a result a longer-term vision for the Group's remaining activities in France was approved by the Supervisory Board. Following ongoing restructuring during 2014, these activities are now presented as 'held for sale'. Due to lower business volumes, further downsizing in the Dutch organisation has again proved essential. The reorganization of the Dutch operation was accelerated, aimed at repositioning towards more attractive market and client segments. Cost efficiencies were further identified and implemented. In addition, at the end of 2013, a cost benchmark per country had been carried out and, based on findings, a Group-wide best practice was established. The Supervisory Board discussed and closely monitored identified targets for each country. The additional cost savings in 2014 amounted to € 16 million with a related one-off cash out of € 7million. Further savings are expected in 2015 and beyond. A key financial goal is to realise EBITA of between 6 and 8% in 2016. At 2.2% in 2013, achieving the stated goal required accelerated action. All the implemented efficiencies have led to improvements in 2014 and Grontmij has reported growth in EBITA, excluding exceptional items, of 14%.

Risk management

During 2014, the Supervisory Board was regularly informed on progress on the implementation of Grontmij's Enterprise Risk Management (ERM). ERM is fully aligned with the Group's 'Back on Track' strategy. Fraud and prevention safeguards continued to be a topic in 2014, also in light of the establishment of an internal audit function and audit plan (see the ERM section of this report). The Supervisory Board was involved in the selection of an internal auditor and approved the audit charter and plan. Detailed discussion on the most appropriate and efficient approach to Group insurance was a Supervisory Board topic in 2014. The same applies for succession planning.

Financial performance

Key Supervisory Board topics throughout the year include financial performance, cash flow and working capital. There are regular scheduled SB meetings ahead of all key reporting dates. Performance against budget and the Group's financial position are closely monitored and reviewed at each meeting. The chairman of the Audit Committee met with the auditors at regular intervals and the auditors were present at the meetings with the Supervisory Board where the full year and half year results were discussed. Cost-reduction programmes and trade working capital were recurring items in discussions with management. Due to the slower than expected recovery of Grontmij's margins and the necessary additional restructuring in 2014, the Executive Board proposed and the Supervisory Board approved an extension of the strategy period to 2016. As a result Grontmij extended and reconfirmed the margin and revenue targets and set a new target for TWC.

Compliance with regulations

Grontmij adheres with only one exception to the Dutch Corporate Governance Code and adopts, where appropriate, recommendations issued by its Monitoring Committee. There is a section in this report that explains exceptions which were further reduced to a single item in 2014 due to the appointment of Karin Dorrepaal as vice-chairman of the Supervisory Board and chairman of the Remuneration and Appointment committee.

Relationship with shareholders

A policy is in place to regulate the relationship with shareholders, potential investors, analysts and the media. The Supervisory Board is informed about investor relations developments on a regular basis and, when appropriate, plays a role in bilateral contacts with stakeholders.

Corporate Responsibility

The Supervisory Board oversees Grontmij's approach to Corporate Responsibility (CR). Due to the nature of the Group's activities the vast majority of Grontmij projects have an environmental and potentially social impact. This is reflected in 'social and environmental sustainability' as one of the Group's material aspects and Grontmij's gradual implementation of version 4 of the Global Reporting Initiative in the coming years.

Diversity overview Supervisory Board Grontmij N.V.

					Key areas of expertise								
Name	Year of birth	Gender	Nationality	Date of initial appointment	CEO experience in listed environment	International experience	Commerce and marketing	Finance and economics	Governance and law	Professional Sevice Industry	Technical background	Labour matters and social relations	Active management
Jan van der Zouw	1954	M	NL	2012	√	√	√		√		√		
Karin Dorrepaal	1961	F	NL	2013		√	√	√	√	√		√	
René van der Bruggen	1947	M	NL	2010	√	√			√	√	√		
André Jonkman	1954	M	NL	2013		√		√	√				√

Preferred supplier for Sandvik

Energy

Sweden

From January 2014, Grontmij has been consulting and providing multi-discipline services to high-tech, international engineering Group Sandvik in Sweden. Sandvik offered Grontmij a two-year preferred supplier framework agreement, with the option of a one-year extension for a range of services. These include mechanics, process systems, electricity, automation, buildings, infrastructure and project and programme management. All areas where Grontmij has proven track record, not least with Sandvik. Grontmij has been delivering projects for the Group for some years. The aim is to continue for the years to come.

Composition, profile, competences and diversity

Grontmij's Supervisory Board consists of four members, Jan van der Zouw, René van der Bruggen, Karin Dorrepaal and André Jonkman. After the Annual General Meeting of Shareholders in May 2015, René van der Bruggen's term will expire and he is not available for reappointment. The Group is grateful for his contribution during the past four years. At the same meeting, Christine Wolff (German nationality) will be nominated for appointment to the Supervisory Board. From the autumn of 2014 and in preparation, she actively participated in meetings and activities. As nominee for the Supervisory Board, she is following an induction programme so that she can familiarise herself with the Group. This programme, which will continue after her proposed appointment, includes one-to-one meetings with Executive Board members, key managers and staff, the external auditor and visits to various operating companies. Ms Wolff has extensive experience in consultancy and engineering project management and related risk as well as extensive industry expertise. With this proposed appointment, the Supervisory Board is of the opinion that its composition is diversified and that the required competences and experience are well represented in the Board.

A full profile of the Supervisory Board is available on the website www.grontmij.com > CorporateGovernance > SupervisoryBoard. In summary, the membership of the Supervisory Board should be such that a combination of the experience, expertise, gender, age and the independence of its members will enable it to perform its various duties to the best of its ability. All current members are capable of assessing the overall strategy and policy to realise the defined targets. CEO and CFO experience, technical background, project management and international experience are well represented in the board. All members are independent in the sense of Article III.2.1/2 of the Dutch Corporate Governance Code and there were no conflicts of interest in the reporting year.

During 2014, the Supervisory Board had eight prescheduled meetings, an increase from the original six that was decided during the Board's annual evaluation in late 2013. The Supervisory Board takes the view that this number is the most appropriate for Grontmij at this time. In addition to these pre-scheduled meetings, there are other, extra meetings, by phone or in person, if and when required. During 2014 the SB met 16 times (calls included). Extra meetings related to the refinancing in the beginning of the year, the decision to divest the French business and the programme to accelerate improvements in the Netherlands.

The chairman has monthly working meetings with the CEO. The CFO and the Chairman of the Audit Committee have monthly telephone meetings and meet at least quarterly. Members of the Supervisory Board held one-to-one meetings with Executive Board members, members of the Executive Committee and the Company Secretary. The chairman of the Audit Committee met twice with the head of Internal Audit. When deemed useful, individual members are in contact with each other for updates and consultation. In 2014, the full Board visited Grontmij Sweden's Malmö office.

All members had sufficient time to perform their duties. The chairman had a leave of absence from November 2013 to April 2014 for health reasons. Karin Dorrepaal replaced him temporarily as Chairman. Apart from the absence of the chairman at the beginning of the year and one member who was unable to attend the meeting in December, all members were present during all meetings.

Supervisory Board Committees

The Supervisory Board has an Audit Committee and a Remuneration & Appointment committee.

Committee	Chairman	Member
Audit committee	André Jonkman	René van der Bruggen Karin Dorrepaal Jan van der Zouw
Remuneration and Appointment committee	Karin Dorrepaal	Jan van der Zouw

During the year, the SB appointed Karin Dorrepaal as chairman of the Remuneration and Appointment committee with Jan van der Zouw as member. The Audit committee currently consists of the full SB with André Jonkman as chairman. As per the AGM in 2015, the Audit committee will consist of André Jonkman as chairman and Christine Wolff as member.

Audit activities

As the Audit committee consists of all Supervisory Board members, all financial and audit-related topics are reviewed and discussed by the full Board. These topics included:

- annual figures (2013) and 2014 quarterly/interim results;
- 2014 budget and quarterly comparison of actual versus budget;
- 2015 budget;
- valuation and monitoring of non-core activities;
- treasury and working-capital management;
- collection of receivables;

- financing position and covenants;
- impairments;
- risk management and internal control issues;
- (potential) legal claims;
- Charter and internal audit plan;
- performance of larger projects;
- taxation;
- the role and performance of the external auditor;
- the external auditor's report to the Supervisory Board.

All of these elements were regular items on the agenda of the Supervisory Board and the way these are addressed is described in various places in this annual report. As in previous years, the Chairman of the Audit committee met frequently with the CFO, paying specific attention to financial performance, cash flow and working capital. The 2014 audit plan and the relationship with and functioning of the external auditor were discussed. During the reporting year, the Chairman of the Audit committee was in frequent dialogue with the external auditors on internal controls, the approach to audit and audit findings as laid down in the report to the Supervisory Board. For 2014, the main recommendations raised by the external auditor were:

- further aligning the ERM framework to the COSO framework;
- extend and improve the framework of financial internal controls;
- additionally, for the Netherlands, further strengthening the procedures and financial controls relating to project changes and additional work.

Remuneration & Appointment activities

Due to the absence of Jan van der Zouw, this committee's tasks were assumed by the full Supervisory Board for the period November 2013 to April 2014. In the early summer of 2014 the reconstituted committee began the search for a new member to fill the place that will become vacant following the departure of René van der Bruggen after the AGM in May 2015. The performance of the Executive Board was reviewed, also against target setting and achievement in 2013. As part of the variable remuneration scheme, new targets were defined and set for 2015. With independent remuneration advice, the SB reviewed the remuneration policy and formulated a number of changes for 2015. The changes to the remuneration policy will be submitted to the Annual General Meeting of Shareholders (AGM) on 12 May 2015 for approval. In January 2014, two members of the Supervisory Board held individual reviews with the CEO, the CFO and the Company Secretary. The outcome was shared with and evaluated in a closed session of the Supervisory Board.

Quality of Supervision

The Supervisory Board carried out an internal evaluation review in December 2014 on the basis of written questionnaires and internal discussions. All members provided input, as did members of the Executive Board and the Company Secretary. Items assessed included composition and profile, mix of skills and experience, quality of meetings, preparations for the meetings, relationship with the Executive Board and the performance of the chairman and committees. Although the assessment did not involve an external facilitator, the Supervisory Board had decided in 2013 that evaluations using an external facilitator will be carried out every three to four years. The next external evaluation will be carried out in 2015.

As part of the permanent education programme the Supervisory Board held one of its meetings at the Malmö office of Grontmij Sweden. Discussions were held with local management teams on strategy and future developments. A 'speed dating' morning session was held with a large group of employees of the Malmö office after which the SB visited the Filborna powerplant in Helsingborg. Two of the SB members attended a dry run session with members of Stichting Preferente Aandelen Grontmij. Karin Dorrepaal and André Jonkman continued their induction programme started in 2013 by paying country visits to the Grontmij offices in UK and Germany. In preparation for her intended appointment Christine Wolff paid visits to the German and Dutch Grontmij organisations.

Remuneration report Grontmij N.V. 2014

Remuneration policy

The objective of Grontmij's remuneration policy is to attract, motivate and retain qualified board members who will contribute to the Group's long-term success. The policy is designed to reward members of the Executive Board for their contribution to the Group's performance and align their interests with those of the shareholders. The policy for both the Supervisory and Executive Boards is usually reviewed every two years. During 2014, the Supervisory Board reviewed the policy and formulated a number of changes for 2015. These will be highlighted after the 2014 policy description.

This remuneration report has been approved by the full Supervisory Board. Adjustments to the remuneration policy will be submitted to the Annual General Meetings of Shareholders (AGM) on 12 May 2015 for approval.

Executive Board remuneration policy as applied in 2014

Benchmarking and peer group

The remuneration of the members of the Executive Board in 2014 is based on a comparison with the remuneration of members of Executive Boards of other European listed and non-listed companies active in the same sector, taking into account the relevant complexity, scope and risk profile (peer group). In addition, the remuneration for each member is determined by taking into account the specific responsibilities of the members of the Executive Board. The companies in the peer group are:

- ARCADIS
- Fugro
- RoyalHaskoningDHV
- Ballast Nedam
- WS Atkins
- Sweco
- The Pöyry Group

The following elements of total remuneration are included in the comparison: total cash per year (fixed and variable) and long-term incentives, such as share and/or option schemes. The benchmarking exercise is carried out by the Supervisory Board based on advice from an independent external compensation and benefits specialist. The benchmark was carried out most recently in 2011. At the end of 2014, a new benchmarking exercise will lead to a proposal to the Annual General Meeting of Shareholders in 2015 to amend the policy, including the peer group. See under outlook 2015: changes to remuneration policy.

Fixed remuneration

The fixed annual salary bandwidths were set in 2006 and confirmed in 2009. The Supervisory Board sets the fixed annual salaries for the members of the Executive Board within these bandwidths. In principle, these bandwidths are indexed annually.
The bandwidths for 2014 are as follows:

- chairman of the Executive Board: € 371,326 - € 445,795
- other members of the Executive Board: € 265,233 - € 339,702

Variable remuneration

In designing this remuneration policy, the Supervisory Board considered the possible outcome of the variable remuneration components and the effect thereof on remuneration. The variable remuneration consists of two elements: a performance-dependent cash bonus and a long-term share plan.

As described below, the variable remuneration is linked to predetermined, assessable targets that can be influenced by performance. These targets underpin the Group's strategy because they relate to strategic and financial targets. The maximum variable remuneration for the chairman of the Executive Board, i.e. the CEO, amounts to 105% of the fixed annual salary (including 150% vesting of shares under the Long-Term Share Plan). The maximum variable remuneration for the other members of the Executive Board amounts to 75% of the fixed annual salary (including 150% vesting of shares under the Long-Term Share Plan).

In addition, members of the Executive Board are entitled to a one-off bonus of maximum 30% of their fixed annual salary provided the targets related to this bonus are met. The one-off bonus relates to a performance period starting mid-2012 and, depending on when the target is achieved, ending mid-2015, 2016 or 2017. The bonus is payable in the year in which the target is achieved.

Performance-dependent cash bonus

For the CEO, the performance dependent cash bonus represents a maximum of 60% of the fixed annual salary, two-thirds of which (40%) is based on financial targets and one-third (20%) on non-financial targets. For other members of the Executive Board, this part represents a maximum of 45% of the fixed annual salary, two-thirds of which (30%) is based on financial targets and one-third (15%) on non-financial targets. Performance is measured on each of these targets, with on-target performance leading to a pay-out of approximately 75% of the maximum bonus. Reaching the maximum threshold leads to the maximum pay-out of 100% and below the minimum threshold to zero pay-out. No cash bonus is paid if the most important operational target (EBITA) ends below 80% of the target, regardless of achievement of other (non-)financial targets (knock-out).
For commercial and strategic reasons, the financial targets are only disclosed ex post. Of the non-financial targets, only the measures are disclosed ex post.

Long-Term Share Plan (LTSP)

Under the long-term share plan, members of the Executive Board and other key management are entitled to receive conditional ordinary shares ('voorwaardelijke aandelen') subject to achieving a long-term target relating to the stock performance (total shareholder return including reinvested dividend) relative to a selected peer group (i.e. the target). For 2014, the peer group for the LTSP consists of:

- ARCADIS
- Atkins
- The Pöyry Group
- Sweco
- WYG
- Imtech
- Ballast Nedam
- Heijmans

Hyder is no longer part of the peer group as it was taken over by ARCADIS in 2014. The plan rules state that: 'in the event that a member of the peer group during a performance period does not qualify any longer as such, the peer group for the relevant performance period shall not be complemented with an alternative member'. The peer group will be updated when a new performance period starts.

The target is measured over a three-year period starting on the first day of the year in which the shares are conditionally granted (performance period). Performance will be measured annually on an average basis over a rolling period of three calendar years. The conditional ordinary shares will be granted for no financial consideration and will vest three years after granting (or on the first business day after publication of the annual results for the third year of the performance period, if that is later), if the target is met. The Executive Board and other key management are not entitled to shareholders' rights, including the right to dividends during the period between granting and vesting.
As defined in the plan rules, granting in 2014 took place on the first business day after the announcement of the annual results. The number of ordinary shares conditionally granted is based on a percentage of the fixed annual salary divided by the average share price of the ordinary shares, during the last quarter of the calendar year preceding the year in which shares are granted. For the CEO, the percentage amounts to 30% of the fixed annual salary, whilst for the CFO the percentage amounts to 20%.

All (100%) of the conditional ordinary shares granted will vest if Grontmij ranks at position 4 of the peer group list. No shares will vest if Grontmij ranks below position 7 of the peer group list. If the target is outperformed and Grontmij ranks as number 1, the maximum of 150% of the conditional ordinary shares granted will vest. In between these positions, the conditional ordinary shares will vest proportionally. As a result, the maximum percentage of variable remuneration in shares amounts to 45% of the fixed annual salary for the CEO and 30% for the CFO. After vesting, the ordinary shares are subject to a lock-up of two years, after which the members of the Executive Board and other key management obtain unrestricted control. An exception to the lock-up applies for such number of shares that is necessary to compensate for any taxes, social security contributions and/or other duties payable upon vesting.

Shares under the long-term share plan will either be issued or repurchased by Grontmij depending on Grontmij's financial position, specifically the cash available within Grontmij. The maximum number of ordinary shares that may be issued annually under the long-term share plan will not exceed 1% of the number of outstanding ordinary shares. In case a member of the Executive Board's contract is terminated, vesting of the performance shares shall be based pro rata upon the number of full months lapsed between the date of granting and the date of termination of the employment agreement divided by 36 (= total number of months in the performance period).

One-off bonus

At the AGM in May 2013, the shareholders adopted the Supervisory Board's proposal to grant a one-off bonus for members of the Executive Board equal to 30% of fixed annual salary which will become payable upon return of € 30 million to the shareholders within three years of the date of issue of shares in connection with the rights offering (29 May 2012). The one-off bonus will amount to 20% of fixed annual salary if the amount of € 30 million is returned within four years, and to 10% if returned within five years.

Pensions

The pension scheme for members of the Executive Board is a combination of collective defined-contribution scheme and an individual defined-contribution scheme. No pension premiums are paid over fixed income above a maximum of € 300,000. In addition, the Group's maximum annual pension contributions will not exceed € 75,000 per member of the Executive Board.

In 2014, the following scheme applied to the members of the Executive Board:

- up to € 67,780 of a member's fixed salary – a collective defined-contribution (via Stichting Pensioenfonds Grontmij);
- from € 67.780 to € 113,296 – a collective defined-contribution plan with a lower accrual percentage (via Stichting Pensioenfonds Grontmij);
- from € 113,296 to € 300,000 – an additional individual defined – contribution plan based on 25% of the member's fixed income from € 113,296 to € 300,000.

In view of new legislation as per 1 January 2015 on pension contributions, new arrangements relating to pension contribution for members of the Executive Board will be proposed to the Annual General Meeting of Shareholders in 2015 - see under outlook 2015: changes to the remuneration policy.

Contract terms

Executive Board members are appointed for a four-year period. If members of the Executive Board are asked to leave the Group, they will receive a severance amount equal to one year's salary. No specific agreement has been entered into between any member of the Executive Board and Grontmij N.V. providing for compensation in the event of termination of employment or dismissal as member of the Executive Board following a public bid for the Group. In 2014, the Supervisory Board reviewed the contract terms, leading to a proposal to the Annual General Meeting of Shareholders in 2015 to amend the contract terms. See under outlook 2015: changes to the remuneration policy.

Supervisory Board fairness review

The Supervisory Board retains the option of a so-called fairness review on the pay-out of all variable remuneration. In addition, there is a claw back option for the whole of the variable remuneration in case variable remuneration is paid on the basis of incorrect financial or other data. The change of control clause is compliant with the Dutch Corporate Governance Code and the applicable legislation. Other parts of the remuneration are fixed and based on applicable labour contracts not subject to a fairness review by the Supervisory Board.

Loans and guarantees

No loans, guarantees or such like are granted to the Executive Board of Grontmij.

Supervisory Board remuneration

The remuneration for the members of the Supervisory Board is assessed periodically. The AGM decides on the actual remuneration. Based on current policy, the members of the Supervisory Board receive a fixed compensation not related to the results of the Group. The remuneration of the members of the Supervisory Board is € 28,000 per annum and € 40,000 per annum for its chairman. In addition, an amount of € 1,000 is paid per meeting to those members of the Supervisory Board who are required to attend such meetings outside the country in which they are domiciled. At the end of 2014, the SB reviewed and benchmarked the current policy. Based on this review and benchmark, the Supervisory Board will propose a revised remuneration policy to the Annual General Meeting of Shareholders in 2015. See under outlook 2015: changes to the remuneration policy.

Grontmij – Proposed Remuneration Policy 2015

Background, objectives and approach

The most recent evaluation of the remuneration policy of the Executive Board was held in 2011. It is Grontmij's policy to review the policy every two to three years. In 2014, the existing remuneration policy was reviewed to ensure market conformity, full alignment with the strategic objectives of the company and fiscal changes as per 2015.
All recommendations made by the Remuneration Committee were adopted by the Supervisory Board and will be submitted for approval to the Annual General Meeting of Shareholders ('AGM') on 12 May 2015. Once approved by the AGM the adjustments to the remuneration policy shall be effective from 1 January 2015.

As part of the review, an external market analysis was conducted for the Executive Board and the Supervisory Board. Furthermore, the remuneration policy was checked for compliance with corporate governance best practices.

Executive Board

Market analysis

The Remuneration committee composed a new reference group containing 16 companies. The parameters that have been taken in consideration are turnover, market capitalisation, number of employees and profitability.
The new reference group consists of a majority of Dutch listed companies (12 out of 16), which have a similar size to Grontmij. A minority are international companies that operate in the same sector as Grontmij (4 out of 16).

The relatively larger size of these non-Dutch peers has limited influence on the 25th percentile and median of the total reference group. The companies in the reference group are the following:

• Accell	• Royal Wessanen
• AMG	• RPS Group
• Arcadis	• Sweco
• Ballast Nedam	• Ten Cate
• Heijmans	• TKH Group
• Kendrion	• TMG
• Nedap	• WS Atkins
• RoyalHaskoningDHV	• WSP Global

Given the size of Grontmij relative to the reference group, the reference point for the remuneration level for the Executive Board is set between the 25th percentile and the median of the reference group. Comparison to the reference group has indicated that the current total structural remuneration (base salary, short-term bonus and long-term share plan) for the members of the Executive Board is 15% to 20% below the reference point. The variable part of the remuneration of Grontmij drives this difference, as it is relatively low compared to the market, especially the long-term incentive ('long-term share plan'). With the one-off bonus (related to the return of € 30 million to the shareholders within three years of the date of issue in connection with the rights offering in 2012) total remuneration is at the reference point.

After careful consideration, the Supervisory Board has decided it will only propose structural increases in remuneration if the economic circumstances for Grontmij allow for this. The first opportunity to consider any such change is when Grontmij has realised its financial targets set for 2016; hence at the end of 2016, depending on the company's performance at that moment in time.

To ensure market conformity and enhance full alignment with the strategic objectives of the company until the end of 2016, the Supervisory Board will propose certain intermediary amendments to the remuneration policy for approval to the AGM in May 2015. In addition, to comply with fiscal changes as per 2015, certain changes in relation to pension will be proposed. Finally, the SB will propose to amend the severance clause in the contracts of members of the EB.

Changes in the remuneration policy per 2015

One-off incentive

The SB will propose to introduce a one-off bonus for members of the Executive Board related to achieving the Group EBITA margin target of 6%-8% in 2016. The one-off incentive with a performance period of two years amounts to € 240,000 for the CEO and € 200,000 for the CFO. The bonus is payable in 2017, upon at target performance as per the end of 2016. At target performance means an EBITA margin of 6% as per the end of 2016. If and when an EBITA margin of 8% is achieved, a maximum bonus of € 360,000 and € 300,000 respectively will be paid. When determining the pay-out, the SB will take into account the quality and sustainability of the performance delivered.

Pension

As per the first of January 2015, the fiscal regime for pension contributions for salaries above € 100,000 has changed. In order to align the current pension arrangements to the new fiscal regime, the SB has decided to propose to the AGM to amend this part of the current pension scheme.
In addition, to align the pension arrangement with market practice, the pensionable fixed income, over which pension premiums are paid, will no longer be capped at a maximum of € 300,000. At the same time, the pension premium payable for each member of the EB will no longer be capped at a maximum of € 75,000.

As a result and when approved by the AGM, the pension arrangements for the members of the EB will be, with retroactive effect as per 1 January 2015, as follows:

- up to € 67,780 of a member's fixed salary – a collective defined – contribution (via Stichting Pensioenfonds Grontmij);
- from € 67,780 to € 100,000 – a collective defined-contribution plan with a lower accrual percentage (via Stichting Pensioenfonds Grontmij);
- for the income above € 100,000 an additional individual contribution of 25% of the member's fixed income above € 100,000.

Contract terms

The SB will propose to the AGM to amend the contract of the members of the EB in such a way that the agreed severance pay as currently already included in their contract will also be due upon termination of the contract in case of a change of control.

Supervisory Board

Market analysis

The compensation for the Supervisory Board was compared to the same reference group as for the Executive Board. Companies with a one-tier board were excluded. The comparison shows that the remuneration for the Supervisory

Board is below the 25th percentile of the reference group, amongst others as a result of the absence of specific remuneration for SB committee membership.

Changes in the remuneration policy per 2015

Based on the market comparison, the Supervisory Board has decided to propose to the AGM the following amendments to the policy:

- an increase of the fixed remuneration for the vice-chairman of the SB;
- a fee for membership of the SB committees; and
- an increase in the fee that is paid to SB members to compensate for travel time to meetings outside the country of residence from € 1,000 to € 2,000.

If the proposal is adopted, the following remuneration scheme will apply as of 1 January 2015:

In thousands of €	Supervisory Board			Audit committee		Other committees	
Position	Chairman	Vice-Chairman	Member	Chairman	Member	Chairman	Member
Current annual fee	40	28	28	-	-	-	-
Proposed annual fee	40	30	28	7	5	6	4

With these adjustments, the total remuneration of the Supervisory Board will be just below the 25th percentile of the reference group.

Scenario analyses

In accordance with the best practices of the Dutch Corporate Governance Code, the Supervisory Board assessed all the possible financial outcomes relating to the level and structure of the EB's remuneration on meeting the minimum, target and maximum levels of the performance metrics. The Supervisory Board takes the outcomes of this scenario analyses into account when setting the targets.

Remuneration in 2014

For full details, please see Note 31 to the consolidated financial statements.

Executive Board

In 2014, the following compensation was paid to the Executive Board:

Executive Board remuneration

	Fixed salary		Cash bonus		Share plan		Pensions		Total	
In thousands of €	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Michiel Jaski	437	435	208	-	45	29	75	75	765	539
Frits Vervoort	345	344	120	-	24	15	75	75	564	434

Fixed salary 2014
The fixed salary was indexed with 1%.

Performance-related cash bonus 2014
In 2014, the financial criteria for the performance-dependent cash bonus targets were as follows:
- EBITA excluding exceptional items (with a weighting of 40 points): The target was to achieve EBITA excluding exceptional items of € 24.7 million (with a minimum threshold of € 20.6 million and a maximum threshold of € 25.8 million. In 2014, the company reported EBITA excluding exceptional items of € 25.1 million resulting in a score of 34 points out of 40 points;
- Trade Working Capital (TWC) as percentage of Total revenue (with a weighting of 30 points): The target was to achieve Trade Working Capital of not higher than 13% of Total revenue (with a minimum threshold of 13.5% and a maximum threshold of 12.5%. As per the end of 2014, TWC as a percentage of Total revenue amounted to 12.4% resulting in a score of 30 points out of 30 points;
- CAPEX (with a weighting of 10 points): the target was to have less than € 9.2 million of capital expenditure with a minimum threshold of € 9.9 million and a maximum threshold of € 7.4 million. In 2014, the company reported € 9.4 million of capital expenditures, resulting in a score of 3 out of 10 points.

The total score on financial targets for all members of the Executive Board amounted to 67 points out of 80 points. The non-financial performance criteria are linked to the individual responsibilities of the members of the Executive Board and are mostly qualitative.
- targets for the CEO related to the cost-saving programme, OPEX implementation, refinancing and the sale of the French business;
- targets for the CFO related to improved standardised internal reporting, procurement cost savings, refinancing and the sale of the French business.

Performance measured against these non-financial targets (with a maximum score of 40 points) resulted in a score of 32 points for the CEO and 30 points for the CFO. The total score in 2014 is 99 points out of 120 for the CEO and 97 points out of 120 for the CFO.

Long-term incentive 2014
During 2014, the CEO received 35,421 conditional shares under the Long-Term Share Plan (LTSP). The CFO received 18,493 conditional shares. If and to the extent the target is met, these shares may vest in 2019 for a maximum of 150%. No conditional shares vested in 2014. First vesting under the LTSP will be in 2015.

One-off bonus 2014
As per the end of 2014, no funds have been returned to the shareholders. Hence no bonus was paid or became payable in 2014.

Supervisory Board
In 2014, the following compensation was paid to the Supervisory Board:

In thousands of €	Supervisory Board
Jan van der Zouw, Chairman	39
Karin Dorrepaal, Vice-chairman	32
André Jonkman	29
René van der Bruggen	29
Christine Wolff (nominated member)	12
Total	**141**

The total remuneration of the Supervisory Board in 2013 amounted to € 143,000. In 2014 the total Supervisory Board remuneration was € 141,000.

Financial statements and dividend
The financial statements for 2014 were prepared and endorsed by the Executive Board pursuant to their statutory obligation under article 2:101 (2) of the Dutch Civil Code and article 2:25c (2c) of the Financial Markets Supervision Act. The statements were discussed by the Supervisory Board in the presence of the external auditor. After the review of the Independent Auditor's Report provided by Deloitte Accountants B.V., as well as its findings as summarised in a report to the Supervisory Board and the Executive Board, the financial statements were endorsed by all members of the Supervisory Board pursuant to their statutory obligation under article 2:101 (2) Dutch Civil Code. The Supervisory Board recommends the Annual General Meeting of Shareholders to adopt the financial statements. In addition, it recommends that the members of the Executive and Supervisory Boards be discharged from liability in respect of the managerial and supervisory duties that they have performed respectively.

The Supervisory Board approved the Executive Board's proposal to propose to the General Meeting of Shareholders to resolve to deduct the loss from the Other reserves. As a loss is incurred in the financial year under review, there will be no payment of dividend.

De Bilt, 24 February 2015

Jan van der Zouw (chairman)
Karin Dorrepaal (vice-chairman)
René van der Bruggen
André Jonkman

© Siemens

Wind first for Siemens Belgium

Energy

Belgium

In the coming years, Antwerp's international port on the left bank of the River Schelde will become greener. Grontmij and Siemens Belgium are joining forces to create a wind farm extending over several square kilometres and with 15 different industrial sites. Grontmij is delivering design and engineering services focusing on optimal foundation design for the new wind turbines. Siemens wants to strenghten their world wide experience with local knowledge and we are proud to be the chosen partner. The first turbines will be operational in the summer of 2015, generating green energy for some 30,000 households.

Financial statements

2014

Table of contents

Financial statements

Consolidated statement of financial position

In thousands of € (before appropriation of result)	Note	**31 December 2014**	31 December 2013
Goodwill	7	116,618	115,991
Intangible assets	8	49,303	50,904
Property, plant and equipment	9	31,699	26,130
Investments in equity accounted investees	10	456	3,329
Other financial assets	11	9,911	14,152
Deferred tax assets	12	1,994	2,335
Non-current assets		**209,981**	212,841
Receivables	13, 14	221,670	295,033
Inventories		13,465	16,564
Income taxes		814	738
Cash and cash equivalents	15	36,441	45,962
Assets classified as held for sale	5	48,646	10,704
Current assets		**321,036**	369,001
Total assets		**531,017**	581,842
Share capital		17,500	15,992
Share premium		184,478	165,476
Reserves		-66,228	-50,521
Result for the year		-20,520	-14,791
Total equity attributable to shareholders of Grontmij		**115,230**	116,156
Non-controlling interest		-85	-82
Total Group equity	16	**115,145**	116,074
Loans and borrowings	20	39,507	65,189
Employee benefits	18	10,104	11,876
Derivatives used for hedging	23	6,078	6,929
Provisions	21	29,711	29,521
Deferred tax liabilities	12	26,791	27,302
Non-current liabilities		**112,191**	140,817
Bank overdrafts	15	831	19,802
Loans and borrowings	20	37,383	15,054
Income taxes		6,963	5,943
Trade and other payables	14, 22	208,948	263,734
Employee benefits	18	1,976	2,692
Provisions	21	7,558	12,999
Liabilities classified as held for sale	5	40,022	4,727
Current liabilities		**303,681**	324,951
Total equity and liabilities		**531,017**	581,842

The notes on pages 105-159 are an integral part of these consolidated financial statements.

Consolidated income statement

In thousands of €	Note	2014	2013 Restated*
Total revenue	25	**658,638**	**690,484**
Third-party project expenses		-107,725	-123,409
Net revenue		**550,913**	**567,075**
Direct employee expenses	27	-402,322	-397,183
Direct other expenses	28	-4,065	-3,867
Total direct expenses		**-406,387**	**-401,050**
Gross margin		**144,526**	**166,025**
Other income	26	469	2,540
Indirect employee expenses	27	-55,119	-62,229
Depreciation	9	-8,247	-9,210
Amortisation	8	-5,723	-5,079
Impairments of non-current and current assets	5,7,8,9	-387	-414
Indirect other operating expenses	28	-72,177	-74,887
Total indirect expenses		**-141,653**	**-151,819**
Result on sale of subsidairies		-	-587
Share of results of investments in equity accounted investees	10	-144	-1,300
Result on sale of equity accounted investees (net of income tax)	5,10	1,815	-
		1,671	**-1,887**
Operating result	25	**5,013**	**14,859**
Finance income		2,360	2,184
Finance expenses		-12,133	-19,498
Net finance expenses	29	**-9,773**	**-17,314**
Result before income tax		**-4,760**	**-2,455**
Income tax expense	30	-3,545	633
Result after income tax from continuing operations		**-8,305**	**-1,822**
Result from discontinued operations (net of income tax)	5	-12,256	-12,991
Total result for the year		**-20,561**	**-14,813**
Attributable to:			
Shareholders of Grontmij		-20,520	-14,791
Non-controlling interest		-41	-22
Total result for the year		**-20,561**	**-14,813**
Earnings per share	17		
From continuing and discontinued operations			
Basic and diluted earnings per share (in €)		-0.30	-0.23
From continuing operations			
Basic and diluted earnings per share (in €)		-0.12	-0.03
Average number of shares (basic)		69,074,466	63,967,500
Average number of shares (diluted)		69,074,466	63,967,500

* Restated for comparison purposes in connection with discontinued operations (IFRS 5), see page 107.
The notes on pages 105-159 are an integral part of these consolidated financial statements.

Consolidated statement of comprehensive income

In thousands of €	Note	2014	2013
Total result for the year		**-20,561**	-14,813
Other comprehensive income:			
Items that will never be reclassified subsequently to the income statement			
Remeasurements of defined benefit liabilities	18	-2,604	-1,428
Related tax effects		182	52
		-2,422	**-1,376**
Items that are or may be reclassified subsequently to the income statement			
Foreign currency exchange translation differences for foreign operations		516	-726
Effective portion of changes in fair value of cash flow hedges	16	318	3,156
Ineffective portion of fair value of cash flow hedges transferred to the income statement	16	1,064	3,297
		1,898	**5,727**
Other comprehensive income (net of income tax)		**-524**	4,351
Total comprehensive income		**-21,085**	-10,462
Attributable to:			
Shareholders of Grontmij		-21,044	-10,440
Non-controlling interest		-41	-22
Total comprehensive income		**-21,085**	-10,462

The notes on pages 105-159 are an integral part of these consolidated financial statements.

Consolidated statement of changes in equity

In thousands of €	Total Group equity	Non-controlling interest	Total attributable to shareholders of Grontmij	Share capital	Share premium	Translation reserve	Hedging reserve	Other reserves	Result for the year
Balance as at 1 January 2013	126,380	-107	126,487	15,992	165,476	-3,806	-10,086	-9,661	-31,428
Result for the year 2013	-14,813	-22	-14,791	-	-	-	-	-	-14,791
Other comprehensive income:									
Foreign currency exchange translation differences for foreign operations	-726	-	-726	-	-	-726	-	-	-
Remeasurements of defined benefit liabilities	-1,428	-	-1,428	-	-	-	-	-1,428	-
Effective portion of changes in fair value of cash flow hedges	3,156	-	3,156	-	-	-	3,156	-	-
Ineffective portion of fair value of cash flow hedges transferred to income statement	3,297	-	3,297	-	-	-	3,297	-	-
Related tax effects	52	-	52	-	-	-	-	52	-
Total other comprehensive income	4,351	-	4,351	-	-	-726	6,453	-1,376	-
Total comprehensive income	-10,462	-22	-10,440	-	-	-726	6,453	-1,376	-14,791
Contribution by and distributions to owners:									
2012 Result appropriation	-	-	-	-	-	-	-	-31,428	31,428
Other equity movements:									
Recognition of equity-settled share-based payments	109	-	109	-	-	-	-	109	-
Change in ownership interest in subsidiaries:									
Non-controlling interests transferred to asset held for sale	47	47	-	-	-	-	-	-	-
Balance as at 31 December 2013	116,074	-82	116,156	15,992	165,476	-4,532	-3,633	-42,356	-14,791
Result for the year 2014	-20,561	-41	-20,520	-	-	-	-	-	-20,520
Other comprehensive income:									
Foreign currency exchange translation differences for foreign operations	516	-	516	-	-	516	-	-	-
Remeasurements of defined benefit liabilities	-2,604	-	-2,604	-	-	-	-	-2,604	-
Effective portion of changes in fair value of cash flow hedges	318	-	318	-	-	-	318	-	-
Ineffective portion of fair value of cash flow hedges transferred to the income statement	1,064	-	1,064	-	-	-	1,064	-	-
Related tax effects	182	-	182	-	-	-	-	182	-
Total other comprehensive income	-524	-	-524	-	-	516	1,382	-2,422	-
Total comprehensive income	-21,085	-41	-21,044	-	-	516	1,382	-2,422	-20,520
Contribution by and distributions to owners:									
Issue of ordinary shares	20,510	-	20,510	1,508	19,002	-	-	-	-
Cost of issuing ordinary shares	-572	-	-572	-	-	-	-	-572	-
2013 Result appropriation	-22	-22	-	-	-	-	-	-14,791	14,791
Other equity movements:									
Recognition of equity-settled share-based payments	180	-	180	-	-	-	-	180	-
Change in ownership interest in subsidiaries:									
Non-controlling interests transferred to asset held for sale	60	60	-	-	-	-	-	-	-
Balance as at 31 December 2014	115,145	-85	115,230	17,500	184,478	-4,016	-2,251	-59,961	-20,520

The notes on pages 105-159 are an integral part of these consolidated financial statements.

Consolidated statement of cash flows

In thousands of €	Note	2014	2013 Restated*
Total result for the year		-20,561	-14,813
Result from discontinued operations (net of income tax)		12,256	12,991
Result after income tax from continuing operations		**-8,305**	**-1,822**
Adjustments for:			
Depreciation of property, plant and equipment	8	8,247	9,210
Amortisation of intangible assets	9	5,723	5,079
Impairment losses	5,7,8,9	387	414
Share of results of investments in equity accounted investees	10	144	1,300
Results on sale of property, plant and equipment	26	-58	-334
Result on sale of equity accounted investees (net of income tax)	5,10	-1,815	-
Result on sale of a subsidiary (net of income tax)		-	587
Net finance expenses	29	9,773	17,314
Income tax expense	30	3,545	-633
		25,946	**32,937**
Change in amounts due to and due from customers and inventories	14	-3,077	-2,777
Change in trade and other receivables	13	10,396	27,505
Change in provisions and employee benefits	18,21	-2,211	-10,910
Change in trade and other payables	22	-2,173	-9,577
		2,935	**4,241**
Dividends received from equity accounted investees	31	5	413
Interest paid		-8,064	-13,341
Interest received		599	612
Income taxes paid		-2,851	-3,723
		-10,316	**-16,452**
Net cash from operating activities		**10,265**	**19,317**
Proceeds from sale of property, plant and equipment		175	664
Proceeds from sale of a subsidiary (net of cash disposed of)		-	-36
Acquisition of intangible assets	8	-4,001	-2,133
Acquisition of property, plant and equipment	9	-6,459	-8,230
Payment of deferred consideration relating to acquisitions		-337	-235
Acquisition of investments in equity accounted investees		-17	-19
Proceeds from disposal of investments in equity accounted investees	5,10	4,887	10
Repayments from and acquisition of other investments, net	5,11	3,989	-1,169
Net cash from investing activities		**-1,763**	**-11,148**
Proceeds used for the issue of share capital	16	20,510	-
Payment of costs of issuing ordinary shares	16	-572	-
Proceeds from the issue of loans and borrowings	20	19,796	11,145
Payment of transaction costs related to loans and borrowings	20	-1,090	-
Repayments of loans and borrowings	20	-27,144	-77,600
Net cash from intercompany settlements with discontinued operations	5	-24,059	61,874
Net cash (used for) financing activities		**-12,559**	**-4,581**
Movements in net cash position for the year of the continuing operations		**-4,057**	**3,588**
Net cash used for operating activities discontinued operations	5	-8,168	-4,211
Net cash from investing activities discontinued operations	5	104	56,322
Net cash used for financing activities discontinued operations	5	-98	-491
Net cash from/ (used for) intercompany settlements with continued operations	5	24,059	-61,874
Movements in net cash position for the year of the discontinued operations		**15,897**	**-10,254**
Movements in net cash position for the year of the continuing and discontinued operations		**11,840**	**-6,666**
Cash and cash equivalents continued operations included in consolidated statement of financial position	15	41,186	36,939
Cash and cash equivalents discontinued operations included in asset held for sale	15	4,776	11,366
Bank overdrafts continued operations included in consolidated statement of financial position	15	-1,595	-215
Bank overdrafts discontinued operations included in assets held for sale	15	-18,207	-14,543
Net cash position as at 1 January		**26,160**	**33,547**
Effect of exchange rate fluctuations on cash held		76	-721
Cash and cash equivalents continued operations included in consolidated statement of financial position	15	36,441	41,186
Cash and cash equivalents discontinued operations included in asset held for sale	5	7,418	4,776
Bank overdrafts continued operations included in consolidated statement of financial position	15	-831	-1,595
Bank overdrafts discontinued operations included in assets held for sale	5	-4,952	-18,207
Net cash position as at 31 December		**38,076**	**26,160**

* Restated for comparison purposes in connection with discontinued operations (IFRS 5), see page 107.
The notes on pages 105-159 are an integral part of these consolidated financial statements.

Table of contents

Notes to the consolidated financial statements

1 Reporting entity

Grontmij N.V. ('Grontmij' or 'Company') is a public limited company (in Dutch: "*Naamloze Vennootschap*") domiciled at De Holle Bilt 22, 3732 HM in De Bilt, the Netherlands and is listed on Euronext in Amsterdam.

The company's consolidated financial statements for the financial year 2014 include the company, its subsidiaries and joint operations (hereinafter referred to as the 'Group' and the Group's interest in associates and joint ventures). The main operational subsidiaries and joint operations are listed on page 122 of the financial statements.

The financial statements were authorised for issue by the Executive Board and the Supervisory Board on 24 February 2015. The financial statements will be presented to the Annual General Meeting of shareholders for adoption on 12 May 2015.

Main activities
The Group provides consultancy, design & engineering and management services in a broad range of market sectors related to the built and natural environment.

The Group has structured the business in seven separate geographic regions and one 'non-core activities'. The Executive Board together with the Executive Committee is directly accountable for the various operating countries. Every country reports directly to one of the Executive Board members or Executive Committee members.

The regions/countries are: the Netherlands, France (as of 30 June 2014 reported as discontinued operations), Denmark, Sweden, United Kingdom, Belgium, Germany, other markets and non-core activities. The latter includes the Group's non-core asset management business. In the segment "other markets" in Europe, we report our activities in Poland and Turkey. Outside Europe, we operate in China. Both the public sector – national and regional - and private sector are major clients for Grontmij in all our operating countries. Performance is measured based on segment operating result, as included in the internal management reports that are reviewed by the Executive Board and Executive Committee.

Within our operating countries, up to three business lines have been distinguished: Planning & Design, Transportation & Mobility, Water & Energy.

Planning & Design aims to find sustainable solutions for the built and the natural environment.

Transportation is all about moving people, goods and other materials from A to B in the most efficient, environmentally sustainable way. These transport flows have to be designed, planned and executed. In turn, Mobility works to manage these flows in more efficient ways.

Water & Energy consultants cover a wide range of projects, anything from the design of innovative plants to treat waste-water or the creation of waste plants to generate energy, and every conceivable way of working with water and power in between.

2 Basis of preparation

Going concern

The financial statements have been prepared on a going concern basis. Further reference is made to note 20 of these financial statements.

General

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (hereinafter referred to as: 'EU-IFRS'). The financial statements have been prepared on the historical cost basis, unless otherwise stated in the respective note or in note 3, significant accounting policies.

Grontmij's functional currency is the Euro. All amounts in these financial statements are presented in Euros, rounded to the nearest thousand, unless stated otherwise.

Presentation

As announced in the press release of 30 April 2014, Grontmij decided to start the process to divest the French activities. Following the Executive Board's committed plan to sell these activities, the French Engineering & Consultancy business is classified as held for sale and is qualified as discontinued operations, in accordance with the requirements of IFRS 5, as per 30 June 2014. IFRS 5.34 requires restatement of the income statement and cash flow statement for discontinued operations. Therefore reclassifications have been made in the previous year's consolidated income statement and consolidated statement of cash flows and applicable notes for comparison purposes.

Changes in IFRS and other accounting policies

The following standards, interpretations, amendments to standards and interpretations applicable to Grontmij became effective in 2014. The changes have no material impact on the 2014 financial statements:

New IFRS Standards

IFRIC 21 "*Levies*" (effective for annual periods beginning on or after 1 January 2014, endorsed by EFRAG, 13 June 2014)
IFRIC 21 provides guidance on when to recognise a liability for a levy imposed by a government, both for levies that are accounted for in accordance with IAS 37 "*Provisions, Contingent Liabilities and Contingent Assets*" and those where the timing and amount of the levy is certain. The Interpretation covers the accounting for outflows imposed on entities by governments (including government agencies and similar bodies) in accordance with laws and/or regulations.

Extended standards

Following the issuance of convertible cumulative financing preference shares, the accounting policy for non-derivative financial liabilities has been extended. These accounting policies are set out on page 111 of the financial statements.

Use of estimates and judgements

The preparation of financial statements in conformity with EU-IFRS requires the Executive Board to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amount of assets and liabilities, income and expenses. The estimates and underlying assumptions are based on past experiences and on various other factors that may be assumed to be reasonable based on the given circumstances. The results of this process form the basis for the assessment of the carrying amount of assets and liabilities that may be difficult to identify from other sources. The actual outcome may differ from these estimates.

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the consolidated financial statements and assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ending 31 December 2014 is included in the following notes:

Note	
5	Assets and liabilities classified as held for sale: measurement of the asset and liabilities classified as held for sale
7	Goodwill: key assumptions used in the calculation of the realisable value of cash flow generating units that contain goodwill
8	Intangible assets: economic life of intangible assets
9	Property, plant and equipment: economic life of property, plant and equipment
10	Investments in equity accounted investees: classification of joint arrangements
12	Deferred tax assets and liabilities: utilisation of tax losses
13,14	Receivables and amounts due from / to customers: revenue recognition
18	Employee benefits: key actuarial assumptions used in measurement of defined benefit obligations and other employee benefits
19	Share-based payments: key assumptions used in measurement of equity-settled share-based payments
20	Loans and borrowings: judgment on application of the fixed-for-fixed criteria relevant for classification of convertible cumulative preference shares
21	Provisions: key assumptions about the timing, likelihood and magnitude of the outflow of resources
23	Financial instruments: measurement of financial instruments

Important estimates and underlying assumptions are reviewed periodically. Revised estimates are recognised in the period in which the estimate was revised, if the revision impacts only on that year, or else in the year under review and future periods, if the revision impacts both the year under review and future periods.

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods accounted for in these consolidated financial statements and by all entities included in the consolidation, except those explained in note 2, which addresses changes in accounting policies.

Consolidation principles

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Non-controlling interests

Non-controlling interests represent the net assets not held by the Group and are presented within the total equity in the consolidated statement of financial position, separately from equity attributable to the shareholders of Grontmij. Total result and each component of other comprehensive income are attributed to the equity holders and to the non-controlling interests. Changes in the Group's interests in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

Loss of control of subsidiaries

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related non-controlling interest and other components of other comprehensive income. Any resulting gain or loss is recognised in the income statement.

Transactions eliminated on consolidation

Intra-Group balances, intra-Group transactions and any unrealised profits from intra-Group transactions are eliminated in the consolidation. Unrealised profits from transactions with equity accounted investees are eliminated, to the extent of the Group's interest in the entity concerned. Unrealised losses are eliminated in the same way as unrealised profits, but only to the extent that there is no evidence of impairment.

Joint operations

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangements have rights to the assets, and obligations for the liabilities relating to the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about relevant activities require unanimous consent of the parties sharing control.

The Group accounts for the assets, liabilities, revenues and expenses relating to its interest in a joint operation in accordance with the IFRSs applicable to the particular asset, liabilities, revenues and expenses.

Investments in equity accounted investees (joint ventures and associates)

The Group's investments in equity accounted investees comprise of investments in associates and joint ventures.
Associates are those entities in which the Group has significant influence, but not control or joint control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20 and 50 percent of the voting power in another entity.
A joint venture is a joint arrangement in which the Group has joint control, established by contractual agreement and requiring unanimous consent for strategic, financial and operating decisions.
The Group has the right to the net assets of the arrangement, rather than the rights to its assets and obligation for its liabilities.
Investments in associates and joint ventures are accounted for using the equity method and are recognised initially at cost. The Group's investment includes goodwill identified on acquisition, net of any accumulated impairment losses. The consolidated financial statements include the Group's share of the income and expenses and other comprehensive income of equity accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases.
When the Group's share of losses exceeds its interest in an equity accounted investee, the carrying amount of that interest, including any long-term loans, is reduced to nil, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

The result on a sale of equity accounted investees is accounted for as part of operating result in the consolidated income statement as the Group takes the view that the nature of such sale of investments is similar to those projects accounted for as revenue from services.

Foreign currencies

Foreign currency transactions

Transactions in foreign currencies are translated to the functional currencies at exchange rates at the dates of the transactions. The Group uses periodically fixed average exchange rates that approximate the exchange rates at the transaction dates.
Monetary assets and liabilities denominated in foreign currency are translated at the exchange rate at the reporting date. The exchange differences arising are recognised in profit or loss.
Non-monetary assets and liabilities denominated in foreign currency that are stated at historical cost are translated at the exchange rate prevailing at the date of transaction. Non-monetary assets and liabilities in foreign currency recognised at their fair value are translated at the exchange rates that were applicable at the date on which the value was determined.

Operations of entities with a functional currency other than the euro

The assets and liabilities of such entities including fair value adjustments on consolidation, are translated at the exchange rate prevailing at the reporting date. Income and expenses of such entities are translated at the exchange rate, prevailing at the date of transaction. The Group uses periodically fixed average exchange rates that effectively approximate the exchange rates on transaction dates. On consolidation, exchange differences arising from the translation of the net investment in foreign entities are recognised directly in the translation reserve, part of shareholders' equity. The Group treats specific intercompany loan balances, which are not intended to be repaid in the foreseeable future, as part of its net investment. In the reporting period when such an entity is disposed of, in part or in full, the related accumulated exchange differences are transferred from the translation reserve to profit or loss.

Financial instruments

Non-derivative financial instruments

The Group initially recognises loans and receivables and deposits, debt securities issued and subordinated liabilities on the date that they are originated. All other financial assets and liabilities (including assets and liabilities designated at fair value through profit or loss) are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.
The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Held-to-maturity investments

If the Group has the positive intent and ability to hold investments to maturity, then they are classified as held-to-maturity. Held-to-maturity financial assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, held-to-maturity financial assets are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses. Loans and receivables comprise of trade and other receivables.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Non-derivative financial liabilities
Non-derivative financial liabilities are classified as either non-derivative financial liabilities at fair value through profit and loss ('FVTPL') or 'other non-derivative financial liabilities'.

Non-derivative financial liabilities at FVTPL
The group has classified the convertible cumulative finance preference shares as non-derivative financial liabilities.
A non-derivative financial liability may be designated as at FVTPL upon initial measurement if:
- Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- The financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investments strategy, and information about the grouping is provided internally on that basis; or
- It forms part of a contract containing one or more embedded derivatives, and IAS 39 permits the entire combined contract to be designated as at FVTPL.

Non-derivative financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any change in fair value and is recorded in the financial income and expense line item. Fair value is determined in the manner described in note 20 Loans and borrowing and note 4 Fair value measurement.

Other non-derivative financial liabilities
The Group has the following other non-derivative financial liabilities: loans and borrowings, bank overdrafts, and trade and other payables. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortised cost using the effective interest method.

Derivative financial instruments, including hedge accounting
Where considered appropriate, the Group uses derivative financial instruments to hedge its foreign currency and interest rate risk exposures. Grontmij has an Interest rate swap which qualifies as a cash flow hedge.

Cash flow hedges
When a derivative financial instrument is designated as a cash flow hedge, the effective portion of changes in the fair value of the derivative financial instrument is recognised in other comprehensive income and presented in the hedging reserve in equity. The ineffective part of any gain or loss is recognised immediately in the income statement. The associated cumulative gain or loss is removed from equity and recognised in the income statement in the same period or periods during which the hedged transaction affects the income statement.
When a derivative financial instrument or hedge relationship no longer meets the criteria for hedge accounting, expires or is sold, but the hedged transaction is still expected to occur, the cumulative unrealised gain or loss remains in equity. The cumulative gain or loss will be recognised in the income statement in accordance with the above policy when the transaction occurs. If the hedged transaction is no longer expected to take place, the cumulative unrealised gain or loss will be immediately recognised in the income statement.

Intangible assets
Intangible assets acquired in a business combination
Intangibles assets acquired in a business combination are intangibles like trade names, customer relations and order backlogs and are measured at cost, being the fair value at the acquisition date, less accumulated amortisation and impairment losses.

Other intangible assets

Other intangible assets include software, software under construction and other. The other intangible assets are stated at cost, less accumulated amortisation and impairment losses. Software under construction is not amortized.

Amortisation

Amortisation of intangible assets is recognised in the income statement on a straight-line basis over the cost of the asset less its residual value during the estimated useful lives of the intangible assets.

The estimated useful lives of the intangible assets for the current and comparative periods are as follows:

In years	
Software	3 - 10
Software under construction	n/a
Trade names	5 - 10
Customer relations	3 - 39
Order backlogs	5
Other	4

Goodwill

All business combinations are accounted for using the acquisition method.
The Group measures goodwill at the acquisition date as:

- the fair value of the consideration transferred; plus
- the recognised amount of any non-controlling interests in the acquiree; plus if the business combination is achieved in stages, the fair value of the existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

Negative goodwill arising on an acquisition is recognised directly in the income statement.
Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that are incurred by the Group in connection with a business combination are expensed as incurred.
Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

Goodwill is stated at cost less accumulated impairment losses, if any. An impairment loss is recognised when the realisable value of the cash generating unit to which the goodwill pertains, is lower than its carrying value.

Property, plant and equipment

Property, plant and equipment are measured at cost, less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset.
At the moment an obligation arises in regard to aftercare liabilities, a provision is recognised for the present value of the total amount of the future liabilities. At the same time, an amount equal to the amount of the liability is capitalised as part of the cost of the asset.

Gains and losses on disposal of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount and are recognised as part of other income in profit or loss.

Depreciation
The depreciation of landfill sites is systematically recorded in line with waste units disposed. Land is not depreciated.
Depreciation of other property, plant and equipment is recognised in the income statement on a straight-line basis over the cost of the asset less its residual value during the estimated useful lives. Items of property, plant and equipment consist of parts with an unequal useful life, these are depreciated separately.

The estimated useful lives of other property, plant and equipment for the current and comparative periods are as follows:

In years	
Buildings	10 - 50
Plant and equipment	3 - 10
Landfill sites	10 - 20

Impairment
General
The carrying amount of the Group's tangible and intangible assets with a definite useful life, is reviewed in case there is an objective indication of impairment. If such an indication exists, the recoverable amount of the asset is estimated. When the recoverable amount is lower than the carrying amount an impairment loss is recognised in the consolidated income statement.

For goodwill and intangible assets that have indefinite lives or that are not yet available for use, the recoverable amount is estimated each year at the same time, irrespective of indications that they are impaired.

The recoverable amount of an asset represents the greater of the fair value less cost to sell and the value in use. In determining the value in use, the present value of the estimated future cash flows is calculated on the basis of a discount factor before tax which reflects the current market estimates of the time value of money and the specific risk to the asset.
For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the 'cash-generating unit, or CGU').

Reversal of impairment losses
Impairment losses in respect of goodwill cannot be reversed. An impairment loss related to other assets is reversed if and to the extent there has been a change in the estimates used to determine the recoverable amount. An impairment loss is in that case reversed only as far as the carrying amount of the asset on the reporting date does not exceed the carrying amount that would have been determined in the case no impairment loss was ever recognised.

Inventories
Inventories generally consist of projects (construction of houses) and are measured at the lower of cost or net realisable value. The net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.
These projects, where the buyers only have limited influence on the main elements in the design of the assets, and land development sites are accounted for under inventories. The transfer of risks and benefits varies depending on the contractual provisions. If management and key risks associated with ownership are being gradually transferred to the buyer during the course of the project, then revenue and results are accounted for in proportion to project progress. Valuation then takes place in the same way as for rendering of services.

Amounts due from and due to customers

Amounts due from and due to customers represent the gross unbilled amount expected to be collected from customers for rendering services performed to date. It is measured at cost plus profit recognised to date, in proportion to the progress of the project, less progress billings and recognised losses.
This is presented as part of receivables for all contracts in which costs incurred plus recognised profits exceed progress billings. If progress billings exceed costs incurred plus recognised profits, then the difference is presented as part of trade and other payables.

Non-current assets or disposal groups classified as held for sale or distribution

Non-current assets, or disposal groups comprising assets and liabilities that are expected to be recovered primarily through sale or distribution rather than through continuing use, are classified as held for sale or distribution.
Immediately before classification as held for sale or distribution, the assets, or components of a disposal group, are remeasured in accordance with the Group's accounting policies.

Thereafter, the assets, or disposal group, are measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is first allocated to goodwill, and then to remaining non-current assets. To the extent that the write-down to the fair value less cost to sell of the disposal group held for sale exceeds the carrying amount of the non-current assets within the scope of the measurement requirements of IFRS 5, that excess is not yet recognised. In this situation, the amount of the impairment loss recognised is limited to the carrying amount of the non-current assets within the disposal group to which the measurement requirements of IFRS 5 apply.

Impairment losses on initial classification as held for sale or distribution and subsequent gains and losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.
Intangible assets and property, plant and equipment once classified as held for sale or distribution are not amortised or depreciated. In addition, equity accounting of equity accounted investees ceases once classified as held for sale or distribution.

Employee benefits

Pension schemes

The Group has contributed to defined contribution plans and defined benefit plans.

Defined contribution plans

Defined contribution plans are plans where the Group has no further obligations above paying the contractual contributions.
Contributions to defined contribution pension plans are recognised as employee expenses in profit or loss in the periods during which services are rendered by employees.

Defined benefit plans

Defined benefit plans concern all post-employment plans, other than defined contribution plans.
The Group's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of the future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of the plan assets. The calculation of defined benefit obligations is performed annually by qualified actuaries using the 'projected unit credit' method.
The discount rate used is the yield on the consolidated statement of financial position date for high quality corporate bonds whose maturity is approaching the terms of the Group's liabilities. The fair value of the plan's assets is subsequently deducted.
When the calculation results in a benefit for the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in

future contributions to the plan. To calculate the present value of economic benefits, consideration is given to any applicable minimum funding requirements. An economic benefit is available to the Group if it is realisable during the life of the plan, or on settlement of the plan liabilities.

Remeasurements of the net defined benefit liability, which comprise of actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in other comprehensive income. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual report to the net defined benefit liability (asset), taking into account any changes in net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised immediately in profit or loss.

Other long-term employee benefits

Other long-term employee benefits, such as jubilee and supplementary payments for early retirement, are measured at the actuarial present value of the liability. The discount rate used is the yield on the consolidated statement of financial position date for high-quality corporate bonds whose maturity is approaching the terms of the Group's liabilities. Any actuarial gains and losses are recognised in the income statement in the period in which they arise.

Share-based payment arrangements

Equity-settled share-based payment arrangements

Equity-settled share-based payments under the Long-Term Share Plan ('LTSP') are measured at fair value at grant date. The LTSP contains a vesting condition based on total shareholder return and the ranking within a peer group. The fair value at grant date reflects these conditions.
The fair value of the equity-settled share-based payments under the LTSP is measured using a Monte-Carlo model. This model simulates share prices and TSR ranking for Grontmij and its peer companies. Other measurement inputs include risk-free interest rates, expected volatility and dividend yield.
The fair value at grant date of the equity-settled share-based payments is recognised as employee expenses on a straight-line basis over the vesting period based on Grontmij's estimate of equity instruments that will eventually vest, with a corresponding increase in equity.

Provisions

A provision is recognised when the Group has a legal or constructive obligation as a result of a past event that can be measured reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market estimates of the time value of money and, where necessary, of the specific risk pertaining to the liability. The unwinding of the discount is recognised as finance expense.

Revenue

The major part of the Group's revenue relates to contracts for services in the areas of design, consultancy, project management, engineering and contracting.
Revenue from services based on fixed-price contracts is recognised in profit or loss pro rata of the services rendered on the reporting date in proportion to the total of the contracted services; the stage of completion is assessed at the reporting date by reference to surveys of actual work performed. Revenue from services based on cost-plus contracts is recognised in profit or loss pro rata of the time spent and based on the contractual net hourly rates.

An expected loss on any contract is recognised immediately in profit or loss. Costs incurred in the period prior to securing a signed contract are recognised directly in profit or loss. When the outcome of a project cannot be estimated reliably, revenue from services is only recognised to the extent of contract costs incurred that are likely to be recoverable.

Third-party project expenses

Third-party project expenses represent the total costs of services and materials that relate directly to contracts carried out for the Group's customers. These expenses are directly attributable to total revenue.

Direct and indirect expenses

Expenses are considered to be 100% direct when these expenses attribute for a significant part (more than 50%) to billable projects.
Indirect expenses comprise of indirect employee expenses of the staff departments as finance, HR, legal, IT, communications, quality management and other indirect operating expenses as housing expenses of the various offices, office expenses including the IT systems expenses, marketing expenses, travel expenses and other indirect operating expenses including advisory expenses. In addition indirect expenses could also relate to account management not directly assigned to billable projects.

Other income

Other income recognises income not related to the core activities, such as rental income, government grants and gains on disposal of property, plant and equipment.

Leases

Lease contract of which the majority of the risks and rewards inherent to ownership do not lie with the Group are classified as operating leases. Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expenses.

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

Finance income and expense

Finance income comprises interest income on cash at banks and from loans and receivables, positive changes in the fair value of financial assets at fair value through profit or loss, change in fair value for ineffective part of hedge relationship and foreign currency gains. Finance expense comprises the interest due on loans and borrowings, interest added to provisions, negative changes in the fair value of financial assets at fair value through profit or loss, impairment losses on financial assets, change in fair value for ineffective part of hedge relationship and foreign currency losses.
Interest income and expenses are recognised in the income statement as it accrues, using the effective interest method.

Income taxes

Income taxes comprise current and deferred tax. Income taxes are recognised in profit or loss except to the extent that it relates to items recognised directly in equity.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the consolidated statement of financial position method providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the carrying amounts used for taxation purposes.
Deferred tax is not recognised for temporary differences as the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, differences relating to investments in subsidiaries and jointly-controlled entities to the extent that they probably will not reverse in the foreseeable future and for taxable temporary differences arising on the initial recognition of goodwill.
Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the consolidated statement of financial position date.
Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.
A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Statement of cash flows

The statement of cash flows is prepared in accordance with the indirect method and constitutes an explanation of the change in net cash, defined as cash and cash equivalents less bank overdrafts. In the statement of cash flows, a differentiation is made between cash flows from operating, investing, and financing activities.

Considering the nature of the Group's operations, the share in the results of equity accounted investees and dividends received is regarded as part of cash flows from operating activities.

Cash flows in currencies other than the euro are translated at the exchange rates, prevailing at the date of transaction. The Group uses periodically fixed average exchange rates that effectively approximate the exchange rates on transaction dates.

Segment reporting

The operating segments are determined based on the Group's management and internal reporting structure. All operating segments are reviewed regularly by the Executive Board and Executive Committee to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available. Inter-segment pricing is determined on an arm's length basis.

Results, assets and liabilities of a segment include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

New standards and interpretations not yet effective and not yet adopted

A number of new standards, amendments to standards and interpretations are not yet effective for the year ended 31 December 2014, and have consequently not been applied in preparing these consolidated financial statements. Although, the impact of these new standards has not yet been determined, no major impact is expected on financial statements.

Standards

IFRS 14 *"Regulatory Deferral Accounts"* (effective for annual periods beginning on or after 1 January 2016)

IFRS 15 *"Revenue from contracts with customers"* (effective for annual periods beginning on or after 1 January 2017)

IFR 9 *"Financial instruments"* (effective for annual periods beginning on or after 1 January 2018)

4 Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair value, for both financial and non-financial assets and liabilities.

When measuring the fair value of an asset or liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques. The hierarchies are as follows:
- Level 1: valuations based on inputs such as (unadjusted) quoted prices in active markets for identical assets and liabilities in active markets that the entity has the ability to access.
- Level 2: valuations based on inputs other than level 1 inputs, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable data for substantially the full term of the assets and liabilities.
- Level 3: valuations based on inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

If the inputs used to measure the fair value of an asset or liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred. During 2014, there were no transfers between fair value hierarchy levels.

The inputs used to measure the fair value are reviewed on a periodical basis and significant valuation issues are discussed in the Executive Board.

All fair value calculations of Grontmij are categorised as a level 3 hierarchy except for the fair value calculation of the derivative 'interest rate swap used for hedging' and the 'convertible cumulative finance preference shares liability at fair value through profit or loss', which are categorised as a level 2 hierarchy.

Property, plant and equipment

The fair value of property, plant and equipment recognised in the course of a business combination is based on market values.
The market value of real estate is the value for which the asset on the valuation date can be sold in a businesslike, arm's length transaction, as estimated by a third party. The market value of other property, plant and equipment is based on market prices of comparable assets.

Intangible assets

Trade names

The fair value of trade names acquired in a business combination is based on the discounted estimated royalty payments that have been avoided as a result of the trade name being owned. The determination of the fair value is based on reasonable assumptions and estimations of the economic situation during the lifetime of the asset.

Order backlogs

The fair value of order backlogs acquired in a business combination is based on the future economic benefits associated with the order backlog that are due to the Group. The determination of the fair value is based on reasonable assumptions and estimations of the economic situation during the lifetime of the asset.

Customer relations

The fair value of customer relationships acquired in a business combination is based on the sales that are attributable to customer relationships and their associated attrition rates at the date of acquisition and the future economic benefits associated with the customer relationship that are due to the Group. The determination of the fair value is based on reasonable assumptions and estimations of the economic situation during the lifetime of the asset.

Non-current assets or disposal groups classified as held for sale or distribution

Immediately before classification as held for sale the assets, or components of a disposal group, are re-measured in accordance with the Group's accounting policies. Thereafter, the assets, or disposal group, are generally measured at the lower of their carrying amount and fair value less costs to sell. The fair value less cost to sell is estimated at the present value of future cash flows and where applicable these are discounted less the expected costs to sell or they are based on enterprise value/ EBITDA multiples relating to comparable transactions in the market.

Receivables

Upon initial recognition, receivables are recognised at fair value. The fair value of receivables is estimated at the present value of future cash flows; where applicable these are discounted, using the market interest at the reporting date.

Equity-settled share-based payments

The fair value of the equity-settled share-based payments under the LTSP is measured using a Monte-Carlo model. This model simulates share prices and TSR ranking for Grontmij and its peer companies. Other measurement inputs include risk-free interest rates, expected volatility and dividend yield.

Derivative financial instruments

Brokers' quotes are used in determining the fair value of interest rate swaps. These quotes are tested for reasonableness using techniques based on discounted cash flows on the basis of the terms and conditions of the contract and applying the market interest rate for similar instruments on the reporting date.

Non-derivative financial liabilities

The fair value of non-derivative financial liabilities is calculated on the basis of the present value of future redemptions and interest payments, discounted at the market interest rate as per the reporting date. For finance leases, the market interest on the reporting date is determined with reference to similar lease contracts.

Where applicable, further information about the method and the assumptions made in determining fair values is disclosed in the note to that asset or liability.

5 Assets and liabilities classified as held for sale and discontinued operations

Assets and liabilities classified as held for sale

Golf course Naarderbos

On 17 July 2013 Grontmij signed an agreement with Flevo Invest B.V. regarding the sale of the Golf course Naarderbos for a total consideration of € 5.8 million. In the financial statements 2013 Grontmij explained that the closing was delayed, due to delay on buyer's side to raise funding. Grontmij has made various attempts to enforce execution of the agreement, including instituting summary proceedings, resulting in a decision of the Utrecht District Court on 25 April 2014 ordering Flevo Invest to meet its purchase commitment within 14 days. After which it became clear to Grontmij that Flevo Invest was unable to meet its commitments under the sale agreement, Grontmij decided to terminate the sale agreement as announced in the press release of 11 June 2014. The termination of the sale agreement led to an operating loss of approximately € 200,000 in 2014.

At that moment, Grontmij still had the intention to sell the golf course and started a new divestment process. At the end of December 2014 and in the first two weeks of January 2015 it became clear that there were no serious bids of interested parties or contacts with interested parties to prolong this divestment process. Therefore, on 29 January 2015, the Executive Board decided to terminate the sale process of the golf course. Following the requirements of IFRS 5, there was no obligation anymore to classify the golf course as held for sale at 31 December 2014. The reversal of the held for sale position has been recognised in the statement of financial position as of 31 December 2014.

Grontmij reassessed the book value of € 6,000,000 of the golf course in accordance with the applicable standards. The book value at the reversal moment amounts to € 6,000,000, being the recoverable amount which value is the lowest of the carrying amount before recognition as asset held for sale and the recoverable amount at 31 December 2014. An impairment loss of € 387,000 has been recognized during 2014. The recoverable amount of € 6,000,000 at 31 December 2014 has been recognized as part of the individual balance sheet lines as, amongst others, property, plant & equipment and finance lease liabilities.

Ruimte voor Ruimte

'Ruimte voor Ruimte' is a partnership with NIBC, BNG Gebiedsontwikkeling and the province of Noord-Brabant. Grontmij has been involved in 'Ruimte voor Ruimte' since 2001 both as partner and consultant.
As of 30 September 2014, Grontmij classified the 24% stake in and associated receivables on 'Ruimte voor Ruimte' as held for sale. On 23 December 2014, Grontmij successfully completed the divestment of its 24% stake in and associated receivables on the 'Ruimte voor Ruimte' sustainable development partnership to the Dutch province of Noord-Brabant.
The net proceeds amounted to € 8,880,000, including € 5,093,000 of loan receivable repayments. Grontmij recognised a profit from the sale of € 1,429,000 which is reported on the line 'result on sale of equity accounted investees (net of income tax)'.

Discontinued operations

French Consulting & Engineering business

As announced in the press release of 30 April 2014, Grontmij has reviewed the strategic options for the French Consulting & Engineering business and decided to start the process to divest the French activities. Following the Executive Board's committed plan to sell these activities, the French Consulting & Engineering business is classified as held for sale and is qualified as discontinued operations, in accordance with the requirements of IFRS 5, as per 30 June 2014.

Grontmij assessed the value of the components of this disposal group as per 31 December 2014 and recognised the net assets held for sale in accordance with the accounting policy set out in note 3. Measurement of the disposal group is amongst others based on the non-binding bids received in the divestment process. Following the non-binding bids, an impairment loss of € 2,821,000 was recognised, representing the carrying amount as at 31 December 2014 of the non-current assets of this disposal group.

The net asset held for sale value of the French Consulting & Engineering business at 31 December 2014 is € 8,624,000 and it is likely that following a potential sale transaction, Grontmij will incur a transaction-related loss.

Result from discontinued operations:

In thousands of €	**2014**	2013 Restated*
Total revenue	65,060	143,505
Total incremental costs relating to the sale process of the discontinued operations	-367	-
Impairment loss non-current assets	-2,821	-12,091
Total expenses	-73,991	-137,581
Result before income tax operating activities	**-12,119**	**-6,167**
Income tax expense	-137	-4,160
Result after income tax operating activities	**-12,256**	**-10,327**
Result on sale of discontinued operations including the incremental costs relating to the sale process of discontinued operations	-	-2,664
Income tax expense on profit on sale of discontinued operations	-	-
Result on sale, net of income tax	**-**	**-2,664**
Result from discontinued operations	**-12,256**	**-12,991**

* Restated for comparison purposes in connection to discontinued operations (IFRS 5), see page 107.

The results include the French Consulting & Engineering business (2014 and comparable figures for 2013) and the French Monitoring & Testing business (2013), which was disposed of on 12 September 2013. These results are shown on a separate line in the consolidated income statement. The result from discontinued operations of € -12,256,000 (2013: € -12,991,000) is attributable entirely to the owners of Grontmij. The incremental costs relating to the sale process of the discontinued operations for the period starting as of 30 April 2014 until 31 December 2014 consist of various fees of external advisors who assisted and are still assisting Grontmij in the divestment process.

Cash flows associated with discontinued operations:

In thousands of €	**2014**	2013 Restated*
Cash flows (used in) / from discontinued operations		
Net cash used for operating activities	-8,168	-4,211
Net cash from investing activities	104	56,322
Net cash used in financing activities	-98	-491
Net cash (used in) / from intercompany settlements with continued operations	24,059	-61,874
Net cash flows for the year	**15,897**	**-10,254**

* Restated for comparison purposes in connection to discontinued operations (IFRS 5), see page 107.

The net cash from investing activities in 2013 included € 59 million of net cash proceeds from the sale of the French Monitoring & Testing business.

At 31 December 2014, the French Consulting & Engineering business comprised of total assets of € 48,646,000 and total liabilities of € 40,022,000. A breakdown of these assets and liabilities is as follows:

In thousands of €	**31 December 2014**
Assets classified as held for sale	
Receivables	40,805
Income taxes	423
Cash and cash equivalents	7,418
	48,646
Liabilities directly related with assets classified as held for sale	
Non-current part of loans and borrowings	309
Non-current part of employee benefits	3,924
Non-current part of provisions	3,352
Bank overdrafts	4,952
Current part of loans and borrowings	107
Income taxes	32
Trade and other payables	24,021
Current part of employee benefits	856
Current part of provisions	2,469
	40,022
Net asset held for sale value in consolidated statement of financial position	**8,624**

* Restated for comparison purposes in connection to discontinued operations (IFRS 5), see page 107.

6 Composition of the Group

Subsidiaries

The main operational subsidiaries included in the consolidation are:

In alphabetical order, in %	**31 December 2014**	31 December 2013
Grontmij a/s, Glostrup	100	100
Grontmij AB, Stockholm	100	100
Grontmij Assetmanagement Holding B.V., De Bilt	100	100
Grontmij Belgium NV, Brussels	100	100
Grontmij Business Services B.V., De Bilt	100	100
Grontmij France S.A., Paris	-	100
Grontmij France S.A.S., Paris	100	100
Grontmij GmbH, Bremen	100	100
Grontmij Hubei Engineering Consulting Co. Ltd., Wuhan	100	100
Grontmij Ltd., Leeds	100	100
Grontmij Nederland B.V., De Bilt	100	100
Grontmij Polska Sp. Z.o.o., Poznan	100	100

In accordance with articles 379 and 414, Book 2 of the Dutch Civil Code, the list of subsidiaries and equity accounted investees is filed with the Chamber of Commerce in Utrecht, the Netherlands.

Changes compared to 2013 are:

- The main operational subsidiary Grontmij France S.A. was merged into Grontmij France S.A.S.

Joint operations

The Group identifies several joint operations. These joint operations are a result of a collaboration with several third parties and have their main activities in consultancy, design and management relating to construction projects.

The Group is entitled to a proportionate share of the joint operation's assets and, operating result and is liable for a share in the liabilities. Accordingly these shares have been consolidated in the Group's consolidated financial statements.

The Group's share in cash of the joint operations amounted to € 2,687,000 (2013: € 2,599,000).

7 Goodwill

The movements in the carrying amount are as follows:

In thousands of €	
Balance as at 1 January 2013	166,982
Movements during 2013	
Derecognition of goodwill of discontinued operations	-38,800
Impairment losses*	-12,091
Currency differences	-100
	-50,991
Balance as at 31 December 2013	115,991
Movements during 2014	
Currency differences	627
	627
Balance as at 31 December 2014	**116,618**

* Impairment losses in 2013 relate to goodwill Grontmij France. This result is included in the line 'result from discontinued operations (net of income tax) in the income statement 2013.

Impairment testing for cash-generating units containing goodwill

For the purpose of impairment testing, goodwill is allocated to the Group's cash-generating units (CGUs). The aggregate carrying amounts of goodwill allocated to each CGU are as follows:

In thousands of €	**31 December 2014**	31 December 2013
Grontmij Denmark	60,841	60,605
Grontmij Sweden	25,146	25,147
Grontmij UK (includes Roger Preston & Partners)	9,320	8,928
Grontmij GmbH (includes Grontmij BGS Ingenieurgesellschaft mbH)	8,978	8,978
Grontmij Belgium (includes Libost Groep N.V.)	5,340	5,340
Grontmij Vastgoedmanagement B.V.	3,407	3,407
Grontmij Planning & Design the Netherlands	3,095	3,095
Other (individually less than € 1.5 million)	491	491
	116,618	115,991

Annually, the Group carries out impairment tests on capitalised goodwill, based on the estimated cash flows of the related CGU. The CGU represents the lowest level within the Group at which the goodwill is monitored for internal management purposes, which is not higher than the Group's operating segment as reported in note 25. The recoverable amount of the relevant CGU is determined on the basis of their value in use. Determination of the value in use is performed by using estimated future cash flows, based on the financial budget 2015 approved by the Executive Board, the Strategic plan for the period 2016 and further financial projections for 2017-2019. Cash flows after five years are extrapolated by using a perpetual growth rate to calculate the terminal value.

Further key assumptions in the cash flow projections are:

- Total revenue growth and EBITDA development: based on historical performance and expected future market developments (a.o. based on Euroconstruct and Eurostat data), budget 2015, the Strategic plan 2016 and further financial projections for 2017-2019;
- Discount rate: to calculate the present value of the estimated future cash flows, pre-tax discount rates have been applied. The pre-tax discount rates are determined on the basis of the individual post-tax weighted average cost of capital calculated for each CGU. Compared to 2013 the pre-tax discount rate 2014 mainly decreased as a result of the decreased cost of equity.

Key assumptions	**31 December 2014**		31 December 2013	
	Pre-tax discount rate	**Perpetual growth rate**	Pre-tax discount rate	Perpetual growth rate
Grontmij Denmark	10.92%	1.30%	14.24%	1.30%
Grontmij France	n/a	n/a	16.20%	1.00%
Grontmij Sweden	11.18%	2.00%	13.68%	2.00%
Grontmij UK (includes Roger Preston & Partners)	12.02%	1.00%	13.50%	1.00%
Grontmij GmbH (includes Grontmij BGS Ingenieurgesellschaft GmbH)	11.70%	1.00%	14.10%	1.00%
Grontmij Belgium (includes Libost Groep N.V.)	13.35%	1.00%	16.38%	1.00%
Grontmij Vastgoedmanagement B.V.	11.10%	1.00%	14.10%	1.00%
Grontmij Planning & Design the Netherlands	11.10%	1.00%	14.10%	1.00%
Other (individually less than € 1.5 million)	14.04%	1.00%	15.94%	1.00%

The values assigned to the key assumptions represent management's assessment of future trends in the respective markets and are based on both external and internal sources (historical and forward looking data).

Sensitivity to changes in key assumptions

The recoverable amounts are sensitive to variations in estimates and assumptions. The impairment tests including the performed sensitivity analysis (pre-tax discount rate +3%, perpetual growth rate maximum of 1%) indicated sufficient headroom available for all cash generating units. Management believes that any reasonably possible change in the key assumptions would not cause the carrying value of any cash generating unit to exceed its recoverable amount.

8 Intangible assets

The breakdown of and movements in the carrying amounts are as follows:

In thousands of €	Total	Software	Sofware under construction	Trade names	Customer relations	Order backlogs	Other
Balance as at 1 January 2013							
Cost	98,118	19,963	-	2,768	69,180	5,819	388
Accumulated amortisation and impairment losses	-41,922	-11,537	-	-2,763	-21,541	-5,819	-262
Carrying amount	**56,196**	**8,426**	**-**	**5**	**47,639**	**-**	**126**
Movements during 2013							
Acquisitions	1,694	1,694	-	-	-	-	-
Developed internally	650	650	-	-	-	-	-
Disposals	-184	-184	-	-	-	-	-
Amortisation	-5,335	-2,105	-	-5	-3,118	-	-107
Impairment	-6	-6	-	-	-	-	-
Derecognition of intangible assets of discontinued operations	-2,028	-406	-	-	-1,622	-	-
Reclassifications	-	-21	-	-	-2	-	23
Currency differences	-83	-11	-	-	-70	-	-2
	-5,292	**-389**	**-**	**-5**	**-4,812**	**-**	**-86**
Balance as at 31 December 2013							
Cost	92,677	18,223	-	2,690	65,755	5,774	235
Accumulated amortisation and impairment losses	-41,773	-10,186	-	-2,690	-22,928	-5,774	-195
Carrying amount	**50,904**	**8,037**	**-**	**-**	**42,827**	**-**	**40**
Movements during 2014							
Acquisitions	3,026	2,350	676	-	-	-	-
Developed internally	1,221	1,221	-	-	-	-	-
Assets classified as assets held for sale	-137	-137	-	-	-	-	-
Disposals	-49	-16	-	-	-33	-	-
Amortisation	-5,803	-2,703	-	-	-3,100	-	-
Impairment	-50	-50	-	-	-	-	-
Reclassifications	-	40	-	-	-	-	-40
Currency differences	191	7	-	-	184	-	-
	-1,601	**712**	**676**	**-**	**-2,949**	**-**	**-40**
Balance as at 31 December 2014							
Cost	89,084	22,960	676	72	65,376	-	-
Accumulated amortisation and impairment losses	-39,781	-14,211	-	-72	-25,498	-	-
Carrying amount	**49,303**	**8,749**	**676**	**-**	**39,878**	**-**	**-**

The remaining periods of amortisation as at 31 December 2014 are:

In years	
Software	1 - 10
Trade names	0
Customer relations	1 - 31
Order backlogs	0
Other	0

Assets classified as assets held for sale

As of 30 June 2014 the intangible assets of the French Consulting & Engineering business is classified as held for sale and discontinued operations. Reference is made to note 5.

Software under construction

Software under construction relates to investments in new ERP and HRM software for the Group. The project was started in 2014 and implementation will be finished in 2017. Grontmij has committed itself to a capital investment of € 788,000 related to this project.

Developed internally

During 2014, an amount of € 1,221,000 of internally developed software was capitalised in the Netherlands and Belgium. These costs related to further development of amongst others Obsurv, GeoWeb and integration of two internally used systems.

9 Property, plant and equipment

The movements in the carrying amount are as follows:

In thousands of €	Total	Land and buildings	Plant and equipment	PP&E under contruction	Landfill sites
Balance as at 1 January 2013					
Cost	154,577	35,547	111,994	1,358	5,678
Accumulated depreciation and impairment losses	-116,164	-26,696	-83,790	-	-5,678
Carrying amount	38,413	8,851	28,204	1,358	-
Movements during 2013					
Capital expenditure*	9,006	49	8,957	-	-
Assets classified as held for sale	41	60	-19	-	-
Disposals	-917	-108	-809	-	-
Depreciation	-9,953	-829	-9,124	-	-
Impairment	-104	-	-104	-	-
Derecognition of property, plant and equipment of discontinued operations	-10,227	-2,433	-7,142	-652	-
Reclassifications	-	16	497	-513	-
Currency differences	-129	-6	-123		-
	-12,283	-3,251	-7,867	-1,165	-
Balance as at 31 December 2013					
Cost	113,432	32,164	75,397	193	5,678
Accumulated depreciation and impairment losses	-87,302	-26,564	-55,060	-	-5,678
Carrying amount	26,130	5,600	20,337	193	-
Movements during 2014					
Capital expenditure*	6,323	11	5,494	818	-
Reversal of assets classified as held for sale	9,659	9,500	159	-	-
Assets classified as held for sale	-1,721	-51	-1,670	-	-
Disposals	-208	-133	-75	-	-
Depreciation	-8,376	-677	-7,699	-	-
Reclassifications	-	193	-	-193	-
Currency differences	-108	-82	-30	4	-
	5,569	**8,761**	**-3,821**	**629**	**-**
Balance as at 31 December 2014					
Cost	147,654	44,539	96,615	822	5,678
Accumulated depreciation and impairment losses	-115,955	-30,178	-80,099	-	-5,678
Carrying amount	**31,699**	**14,361**	**16,516**	**822**	**-**

* In 2014 including € 0 (2013: € 27,000) financial lease capital expenditure.

Assets classified as held for sale

As of 30 June 2014 the property, plant and equipment of the French Consulting & Engineering business is classified as held for sale. Reference is made to note 5.

Reversal of assets classified as held for sale

As of 31 December 2014, Golf course Naarderbos ceased to be classified as held for sale and the presentation as asset held for sale was reversed. Reference is made to note 5.

Pledges

As at 31 December 2014, real estate (buildings) have been pledged as collateral for a secured bank loan for the amount of € 3,466,000 (2013: € 3,582,000).

Financial leases

The Group leases operating assets by means of finance lease contracts with the option to acquire these assets at the end of the term at a reduced price compared to market value. These assets serve as collateral in respect of the lease liabilities (refer to note 20); their carrying amount as at 31 December 2014 amounts to € 4,033,000 (2013: € 533,000).

10 Investments in equity accounted investees

In thousands of €	31 December 2014	31 December 2013
Investments in joint ventures	337	960
Investments in associates	119	2,369
	456	**3,329**

Joint ventures

The joint ventures engage in activities that include mainly real estate development. The Group's share of the results of joint ventures in 2014 amounted to € -302,000 (2013: € -23,000).

On 19 December 2014 Grontmij completed the sale of its 33.33% stake in the Joint venture Infraflex B.V (technical outsourcing). The group recognised a result on the sale of € 386,000.

After the sale of Infraflex B.V. there are no remaining material joint ventures left.
The table below shows the most recent aggregated data of the immaterial, joint ventures, based on the Groups' share in the joint ventures. The figures are partly based on preliminary or estimated figures mainly due to not yet finalised annual reports.

In thousands of €	31 December 2014	31 December 2013
Result after income tax from continuing operations	-302	-23
Total comprehensive income	-302	-23

Associates

The associates engage in activities that include mainly architectural acoustics. The Group's share of the results of associates in 2014 amounted to € 158,000 (2013: € -1,276,000).

As of 30 September 2014, Grontmij classified the 24% stake in and associated receivables on 'Ruimte voor Ruimte' (Ruimte voor Ruimte C.V. and Ruimte voor Ruimte B.V.) as held for sale. Grontmij successfully completed the divestment of its 24% stake in and associated receivables on the 'Ruimte voor Ruimte' sustainable development partnership to the Dutch province of Noord-Brabant on 23 December 2014. Reference is made to note 5 for further details.

After the sale of 'Ruimte voor Ruimte' the Group has no material associates left.
The table below shows the most recent aggregated data of the immaterial associates, based on the Groups' share in the associates. The figures are partly based on preliminary or estimated figures mainly due to not yet finalised annual reports.

In thousands of €	31 December 2014	31 December 2013
Result after income tax from continuing operations	158	-1,278
Total comprehensive income	158	-1,278

11 Other financial assets

In thousands of €	31 December 2014	31 December 2013
Loans and receivables	1,330	5,982
Investments held to maturity	8,581	8,170
	9,911	14,152

Loans and receivables

The loans and receivables consist of long-term loans provided to investments in equity accounted investees and a rent deposit. The long-term loans carry interest rates between and 0% and 5% (2013: 0% and 5%) and most of them have an undetermined maturity.

The decrease in loans and receivables mainly relates to the divestment of Grontmij's stake in "Ruimte voor Ruimte" sustainable development partnership. Reference is made to note 5 for further details.

Investments held to maturity

This item relates to a deposit with a bank to cover the future cash outflows relating to expenses on one of the Group's landfill sites. The balance is pledged to the licensee of the landfill site.

The credit, liquidity and market risks associated with these financial assets are discussed in note 23.

12 Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

In thousands of €	Assets		Liabilities		Net	
	31 December 2014	31 December 2013	31 December 2014	31 December 2013	31 December 2014	31 December 2013
Intangible assets, PP&E	903	960	9,271	9,819	-8,368	-8,859
Amounts due from and to customers	372	295	17,437	17,529	-17,065	-17,234
Employee benefits	1,495	1,251	-714	-514	2,209	1,765
Aftercare liabilities	-	-	5,352	472	-5,352	-472
Untaxed reserves	-	-	997	846	-997	-846
Other provisions	-	-	-28	-382	28	382
Tax losses carried forward	3,995	-609	-289	-59	4,284	-550
Set off of tax	-5,374	-541	-5,374	-541	-	-
Other items	603	979	139	132	464	847
Net deferred tax assets and liabilities	**1,994**	2,335	**26,791**	27,302	**-24,797**	-24,967

Movements in net deferred taxes during the year under review can be summarised as follows:

In thousands of €	**1 January 2014**	**Recognised in profit or loss**	**Transfer to assets held for sale**	**Reclassifications and other**	**31 December 2014**
Intangible assets, PP&E	-8,859	465	-	26	-8,368
Amounts due from and to customers	-17,234	191	-	-22	-17,065
Employee benefits	1,765	254	-	190	2,209
Aftercare liabilities	-472	-4,880	-	-	-5,352
Untaxed reserves	-846	-210	-	59	-997
Other provisions	382	-353	-	-1	28
Tax losses carried forward	-550	4,775	-	59	4,284
Other items	847	-370	-	-13	464
Net deferred taxes (liability)	**-24,967**	**-128**	**-**	**298**	**-24,797**

In thousands of €	1 January 2013	Recognised in profit or loss	Acquired in business combinations	Reclassifications and other	31 December 2013
Intangible assets, PP&E	-13,003	3,901	235	8	-8,859
Amounts due from and to customers	-17,149	-718	-	633	-17,234
Employee benefits	2,452	-753	-54	120	1,765
Aftercare liabilities	-499	27	-	-	-472
Untaxed reserves	-721	-148	-	23	-846
Other provisions	958	47	-	-623	382
Tax losses carried forward	536	-1,109	-	23	-550
Other items	10	835	-	2	847
Net deferred taxes (liability)	-27,416	2,082	181	186	-24,967

Reclassifications and other include movements in employee benefits in relation to IAS 19 (Employee benefits) for an amount of € 183,000 (2013: € 110,000) and movements due to changes in exchange rates for an amount of € 115,000 (2013: € 75,000).

Movements in aftercare liabilities of € 4,880,000 (2013: € -27,000) relate to the aftercare obligation of landfill sites in the Netherlands.

The movement in tax loss carry forward mainly relates to recognition of some of the tax losses in the Netherlands of € 4,833,000 (2013: € nil) in conjunction with and to the extent of the available deferred tax liability on the aftercare obligation, based on IAS 12.28.

Unrecognised tax losses as at 31 December 2014 amount to € 92,765,000 (2013: € 94,527,000). Approximately € 3 million has a duration up to 5 years, approximately € 85 million has a duration of 6-9 years, and the remainder of approximately € 4 million has an indefinite duration.

Deferred tax assets have not been recognised in respect of these tax losses because it is not probable that future taxable profits will be available against which the Group can utilise the benefits from them.

13 Receivables

In thousands of €	Note	**31 December 2014**	31 December 2013
Amounts due from customers for work in progress	14	89,946	128,046
Trade receivables		103,127	123,319
Insurance reimbursement claims		11,210	16,932
Due from equity accounted investees		315	605
Prepaid expenses		7,732	9,303
Other tax receivables		890	5,505
Other receivables		8,450	11,323
		221,670	**295,033**

Amounts due from customers relate to unbilled revenues at the reporting date; reference is made to note 14.

Trade receivables concern billed revenue as per the reporting date that has not yet been received, net of adjustments for impairment.

All receivables as at 31 December 2014 are due within one year. Credit and currency risks relating to trade and other receivables are disclosed in note 23.

Impairment losses

The ageing of trade receivables and the related impairment at the reporting date was:

In thousands of €	**31 December 2014**		31 December 2013	
	Gross	**Impairment**	Gross	Impairment
Not past due	74,041	-9	82,285	-43
Past due: 0 to 30 days	16,528	-83	18,426	-229
Past due: 31 to 180 days	8,445	-187	15,662	-602
Past due: more than 180 days	7,770	-3,378	22,257	-14,437
	106,784	**-3,657**	**138,630**	**-15,311**

The movements in the allowance for doubtful debts in respect of trade receivables during the year were as follows:

In thousands of €	**2014**	2013
Balance as at 1 January	**-15,311**	**-15,138**
Entities disposed of	-	-67
Utilisations	912	764
Movements through profit or loss	949	-1,175
Derecognition of allowance for doubtful debts of discontinued operations	-	1,864
Allowance for doubtful debts classified as assets held for sale	8,125	-
Reversal of allowance for doubtful debts classified as held for sale	-36	-
Reclassifications	1,674	-1,607
Currency differences	30	48
Balance as at 31 December	**-3,657**	**-15,311**

The allowance for doubtful debts for trade receivables is used to post impairment losses unless the Group is certain that no recovery of the amount receivable is possible. In that case the amount is written off directly against the financial asset.

As of 30 June 2014 the allowance for doubtful debt of the French Consulting & Engineering business is classified as held for sale. Reference is made to note 5.

14 Amounts due from and due to customers

In thousands of €	Asset item		Liability item		Total	
	31 December 2014	31 December 2013	**31 December 2014**	31 December 2013	**31 December 2014**	31 December 2013
Services	**89,946**	128,046	**-67,452**	-93,742	**22,494**	34,304

15 Cash and cash equivalents

Cash and cash equivalents concern cash in hand and at banks and other demand deposits. Overdraft balances payable on demand are, as far as these relate to compensating balances, netted against Cash and cash equivalents.
As at 31 December 2014, an amount of € 77,000 relates to cash in hand (2013: € 150,000). The total balance of cash and cash equivalents is unrestricted with the exception of an amount of € 3,617,000 (2013: € 2,302,180). The interest rate risk and a sensitivity analysis for financial assets and liabilities are disclosed in note 23. Restrictions relate to social funds for which, due to legislation, cash should be available, and projects for which money deposits were made to separated bank accounts.
All restricted cash is unavailable for the Group's day-to-day operations.

16 Equity

On 3 March 2014, Grontmij issued 6,032,500 ordinary shares at an issue price of € 3.40 per share by means of a sub 10 Accelerated Book Building ('ABB') and raised in total an amount of € 20.5 million.

Costs amounting to € 572,000, directly related to the ABB issuance have been deducted from the other reserves.

Share capital
The authorised share capital in 2014 amounted to 320 million (2013: 140 million) shares and is divided into 150 million (2013: 70 million) ordinary shares each with a nominal value of € 0.25, 160 million (2013: 70 million) protective preference shares each with a nominal value of € 0.25, and 10 million (2013: nil) finance preference share each with a nominal value of € 0.25. The number of ordinary shares issued and fully paid-up as at 31 December 2014 was 70,000,000 and as at 31 December 2013 63,967,500.

Number of ordinary shares	
Shares on issue at 1 January 2014	**63,967,500**
Issue of new ordinary shares	6,032,500
Shares on issue at 31 December 2014	**70,000,000**

No protective preference shares are issued. Grontmij did not purchase any of its own shares.

Proposal for treatment of the loss 2014

As a loss is incurred in the financial year under review, there will be no distribution of profit and subsequently no payment of dividend (2013: € nil) per ordinary share.

Pursuant to article 45 paragraph 6 of the Articles of Association, the Executive Board, having obtained the approval of the Supervisory Board, proposes to present for acceptance to the General Meeting of Shareholders to deduct the loss from the other reserves, the latter containing the accumulated deficit of previous years and forming part of the distributable part of the equity.

Share premium

The share premium is comprised of capital contributions from shareholders above nominal value and is regarded as paid up capital. Share premium is distributable free of tax.

Translation reserve

This reserve comprises the currency translation differences relating to the translation of the financial statements of Group entities with a functional currency other than the euro. This reserve qualifies as a legal reserve under Dutch law.

Hedging reserve

The hedging reserve represents the cumulative effective portion of the cumulative net change in the fair value of a cash flow hedging instrument related to hedged transactions that have not yet occurred. The cumulative net change in fair value of the cash flow hedging instrument that is recognised and accumulated under the heading of the hedging reserve will be reclassified to the income statement only when the hedged transaction affects the income statement. After receiving the proceeds of the ABB, the cash flow hedge became partially ineffective. The ineffective part of the net change in fair value on the interest swap amounting to € 1,064,000 (2013: € 3,297,000), recorded in the hedging reserve, was reclassified to the income statement in the finance expenses. This reserve qualifies as a legal reserve under Dutch law.

Other reserves

The other reserves contains the accumulated deficit of previous years and also other legal reserves of € 3,154,000 (2013: € 5,897,000).

The latter relates to legal reserves under Dutch law, reflecting retained profits from equity accounted investees and joint operations as far as the Group is not able to manage the distribution thereof independently and capitalised costs for internally developed software.

Non-controlling interest

Non-controlling interest as at 31 December amounts to € -85,000 (2013: € -82,000). This book value comprises amongst others the minority interest of 35% in Park Frederiksoord B.V.

17 Earnings per share

The result from continuing operations attributable to shareholders of Grontmij amounts to € -8,263,000 (2013: € -1,800,000) and the result from discontinued operations attributable to shareholders of Grontmij amounts to € -12,256,000 (2013: € -12,991,000).

The basic and diluted earnings per share at 31 December 2014 and 2013 are calculated as follows:

	2014 Continuing operations	**2014 Discontinued operations**	**2014 Total**	2013 Continuing operations	2013 Discontinued operations	2013 Total
Earnings per share						
Basic earnings per share (in €)	-0.12	-0.18	-0.30	-0.03	-0.20	-0.23
Diluted earnings per share (in €)	-0.12	-0.18	-0.30	-0.03	-0.20	-0.23
Weighted average number of shares (basic)	69,074,466	69,074,466	69,074,466	63,967,500	63,967,500	63,967,500
Weighted average number of shares (diluted)	69,074,466	69,074,466	69,074,466	63,967,500	63,967,500	63,967,500

Weighted average number of ordinary shares	**2014**	2013
Weighted average number of ordinary shares used in the calculation of basic earnings per share	69,074,466	63,967,500
Weighted average number of ordinary shares used in the calculation of diluted earnings per share	69,074,466	63,967,500

18 Employee benefits

The Group has entered into several plans that provide pensions for employees upon retirement; these include both defined contribution plans and defined benefit plans.

The Netherlands

The vast majority of the Dutch pension plan consist of a collective defined contribution plan. The contribution is based on a fixed premium. The funding agreement does not include any provisions covering additional funding by the Netherlands in the event of deficits. According to pension fund estimates, the fund had reserves as at 31 December 2014 amounting to 110,1% (2013: 109,8%).

The Dutch defined benefit plan relates to a conditional pre pension plan for around 900 participants. The plan is only applicable for active employees younger than the age of 56 on 1 January 2006 and on 31 December 2005 in service. The plan is in place until 31 December 2020. The employers contribution until 31 December 2020 is a fixed annual amount of € 1,320,000.

Both plans are administered by Stichting Pensioenfonds Grontmij, a fund that is legally separated from the Group. The Executive Board of the pension fund comprises 3 employee, 4 employer representatives and 1 retired employee representative.

Germany and the United Kingdom

Germany and the United Kingdom participate in defined contribution plans with local pension funds or with insurance companies. Both countries have limited defined benefit plans. The German plan is unfunded.

Sweden

Retirement pension and family pension obligations for salaried employees in Sweden are secured through pension insurance with Alecta. According to a statement issued by the Emerging Issues Task Force of the Swedish Financial Accounting Standards Council (URA 42), this constitutes a multi-employer plan. Sweden did not have access to information that would enable the company to record this plan as a defined benefit plan. Consequently, the ITP ('Industrins Tilläggs Pension') pension plan secured through insurance with Alecta is recorded as a defined contribution plan. The year's contributions for pension insurance taken out with Alecta total € 3,241,000 (2013: € 2,912,000). Alecta's surplus can be distributed to the policyholders and/or the insured. At the end of December 2014 Alecta's surplus measured as a collective consolidation ratio was 144% (2013: 148%). The collective consolidation ratio reflects the market value of Alecta's assets as a percentage of insurance obligations, calculated in accordance with Alecta's actuarial assumptions, which do not correspond with IAS 19.

Other countries

Furthermore, the Group participates in defined contribution plans with local pension funds or with insurance companies in Belgium and Denmark. There is no post-employment benefit plan in Poland.

The defined benefit plans expose the Group to actuarial risks, such as interest rate risk, investment risk, longevity risk and salary risk as shown in the sensitivity analysis.

The valuations of the different defined benefit plans are performed by qualified independent actuaries at the measurement date of 31 December 2014.

Break down of the accumulated total of employee benefits

In thousands of €	**31 December 2014**	31 December 2013
Present value of funded obligations	9,868	8,340
Present value of unfunded obligations	3,708	3,112
	13,576	**11,452**
Fair value of plan assets	-4,100	-3,524
Present value of net obligations	**9,476**	**7,928**
Asset ceiling	-	-
Recognised liability for defined benefit obligations	**9,476**	**7,928**
Liability for jubilee benefits and supplementary payments for early retirement	2,604	6,640
Total employee benefits	**12,080**	**14,568**
Current part of employee benefits	1,976	2,692
Total employee benefits non-current part	**10,104**	**11,876**

Changes in the present value of funded and unfunded obligations

In thousands of €	**2014**	2013
Balance as at 1 January	**11,452**	**10,460**
Current service cost	915	865
Interest cost	400	368
Remeasurement result: actuarial result arising from demographic assumptions	-217	-
Remeasurement result: actuarial result arising from financial assumptions	2,680	124
Remeasurement result: actuarial result arising from experience adjustments	-378	1,499
Benefits paid	-1,530	-1,749
Currency differences	113	-17
Other	141	-98
	2,124	**992**
Balance as at 31 December	**13,576**	**11,452**

Changes in the present value of plan assets

In thousands of €	2014	2013
Balance as at 1 January	3,524	2,791
Interest income	149	113
Remeasurement result: return on plan assets excluding interest income	62	194
Employers' contributions	1,799	2,151
Benefits paid	-1,530	-1,749
Currency differences	96	-21
Other	-	45
	576	733
Balance as at 31 December	4,100	3,524

Expense recognised in profit or loss

In thousands of €	2014	2013
Current service cost	915	865
Net interest expense	251	255
Expenses recognised in the income statement: defined benefit plans	1,166	1,120
Expenses recognised in the income statement: defined contribution plans	29,848	31,098
Total pension expenses recognised in the consolidated income statement	31,014	32,218
Remeasurement result: actuarial result arising from demographic assumptions	-217	-
Remeasurement result: actuarial result arising from financial assumptions	2,680	5
Remeasurement result: actuarial result arising from experience adjustments	-378	1,617
Remeasurement result: return on plan assets excluding interest income	-62	-194
Total pension expenses recognised in the consolidated statement of comprehensive income	2,023	1,428
Total net pension expenses	33,037	33,646

All pension expenses are included in the consolidated income statement under the line employee expenses, see note 27 Direct and indirect employee expenses.

Expected contributions to defined benefit plans for 2015 amount to approximately € 1,832,000.

Principal actuarial assumptions for pension plans

In %	2014	2013
Discount rate as at 31 December	2.30 - 3.40%	3.60 - 4.40%
Future salary increases	1.00 - 3.10%	1.00 - 3.40%
Future pension increases	1.50 - 4.00%	1.50 - 4.00%
Average longevity at retirement age for current employees in years:		
- Males	22	22
- Females	26	25

Assumptions regarding future mortality are based on statistics and tables published in the countries concerned.

Composition of plan assets

In thousands of € / In %	2014 Amount	2014 %	2013 Amount	2013 %
Equity securities	1,549	37.8%	1,864	52.9%
Fixed income	48	1.2%	1,396	39.6%
Real estate	-	0.0%	138	3.9%
Cash and cash equivalents	2,503	61.0%	126	3.6%
Total plan assets as at 31 December	**4,100**	**100.0%**	**3,524**	**100.0%**

The plan assets do not include Grontmij shares.

The strategic mix of the Dutch defined benefit plan is 23% equity instruments, 65% bonds, 7% investment property and 5% commodities. Tactical investment policy allows for a deviation of five percentage points. The strategic mix of the UK defined benefit plan is 96% equity instruments, 3% bonds and 1% in other instruments.

Sensitivity analysis

Significant actuarial assumptions for the determination of the defined benefit obligation, amounting to € 13,576,000 at 31 December 2014, are discount rate, expected salary increase and mortality. The sensitivity analyses below have been determined based on reasonably possible changes of the respective assumptions based on a 1% change occurring at the end of the reporting period, while holding all other assumptions constant.

In thousands of €	Defined benefit obligation		
	Minus 1%	Applied	Plus 1%
Discount rate	16,684	13,576	11,210
Future salary growth	12,936	13,576	14,251
Future pension increases	11,519	13,576	16,260
Future mortality	13,166	13,576	14,012

The sensitivity analysis presented above may not be representative of the actual change in defined benefit obligation as it is unlikely that the change in assumptions occur in isolation of one another as some of the assumptions may be correlated.

Principal actuarial assumptions for jubilee and early retirement

The provision for jubilee and early retirement payments is calculated at a discount rate of 1.30% (2013: 2.50%).

19 Share-based payment arrangements

Share plans

The Company has the following share-based payment arrangements:

Long-Term Share Plan ('LTSP') for Executive Board and (key) management (Equity-settled share-based payment arrangement)

Under the LTSP the Executive Board and other key management are entitled to receive conditional ordinary shares subject to achieving a long-term target relating to the stock performance (total shareholder return including reinvested dividend) relative to a selected peer group (i.e. the target). For 2014, the peer group consists of Arcadis, Atkins, Pöyry, Sweco, WYG, Imtech, Ballast Nedam and Heijmans. Hyder is no longer part of the peer group as it was taken over by Arcadis in 2014.

The target is measured over a three year period starting at the first day of the year in which the shares are conditionally granted. Performance will be measured annually on an average basis over a rolling period of three calendar years. The conditional ordinary shares will be granted for no financial consideration and will vest three years after granting (or on the first business day after publication of the annual results for the third year of the performance period, if that is later), if the target is met. The Executive Board and other key management are not entitled to any shareholders' rights including the right to dividends, during the period between granting and vesting.

Granting will take place each year on the first business day after the announcement of the annual results. In 2014 granting took place on 27 February. The number of ordinary shares conditionally granted is based on a percentage of the fixed annual salary divided by the average share price of the ordinary shares during the last quarter of the calendar year preceding the year in which shares are granted. For the CEO, the percentage amounts to 30% of the fixed annual salary, whilst for the CFO the percentage amounts to 20%.

100% of the conditional ordinary shares granted will vest if Grontmij ranks at position 4 of the peer group list. No shares will vest if Grontmij ranks below position 7 of the peer group list. If the target is outperformed and Grontmij ranks as number 1, the maximum of 150% of the conditional ordinary shares granted will vest. In between these positions, the conditional ordinary shares will vest proportionally. After vesting, the ordinary shares are subject to a lock-up of two years, after which the members of the Executive Board and other key management obtain unrestricted control.
An exception to the lock-up applies for such number of shares that is necessary to compensate for any taxes, social security contributions and/or other duties payable upon vesting.

Shares under the LTSP will either be issued or repurchased by Grontmij depending on Grontmij's financial position, specifically the cash available within Grontmij. The maximum number of ordinary shares that may be issued annually under the LTSP will not exceed 1% of the number of outstanding ordinary shares.

Overview of the granted rights to conditional shares:

Rights to conditional shares granted on	Granted	End of lock up period
31 August 2012	211,831	1 January 2017
1 March 2013	209,043	1 January 2018
27 February 2014	153,288	1 January 2019

The weighted average fair value of the conditional shares granted in 2014 is € 1.33 (2013: € 0.96, 2012: € 0.76).
An amount of € 180,227 (2013: € 125,134) has been included in wages and salaries (see note 27 Direct and indirect employee expenses) with respect to the equity-settled share-based payment arrangements.

Stichting Employee Share Purchase Plan (Cash-settled share-based payment arrangements)
In 2008, a Group employee share-ownership scheme, the Employee Share Purchase Plan (ESPP), was introduced. This scheme was designed for all Grontmij employees with the exception of the members of the Executive Board. To date, the scheme has been rolled out in the Netherlands, Germany, Poland and the United Kingdom. The scheme has been amended in 2014. Based on the new plan rules, employees can, for a maximum amount of € 5,000 per year, purchase shares in Grontmij N.V. which will be held by Stichting Grontmij ESPP (Foundation) for the benefit and account of the participant and against the issue of participations. Stichting ESPP purchases the shares on NYSE Euronext. The price to be paid by the employees for the purchase of shares is equal to the average closing price (in Euros) of a share Grontmij N.V. as quoted on Euronext Amsterdam during the last 3 trading days of

the ESPP-trading period minus a discount of 10%. Shares must be retained during a so-called 'lock-up period' of 2 years during which they may not be sold. In case an employee leaves the company within the lock-up period, his or her shares will remain blocked until the end of the blocking period.

Number of ordinary shares Stichting ESPP	**2014**	2013
Balance as at 1 January	**98,563**	70,919
Purchased	4,204	31,163
Sold	-6,192	-5,490
Awarded according to matching principle	11,867	1,971
	9,879	**27,644**
Balance as at 31 December	**108,442**	98,563

Stichting Medewerkersparticipatie Grontmij

The Stichting Medewerkersparticipatie Grontmij ('Stichting SMPG') offered employees the opportunity to acquire participations in ordinary shares of Grontmij N.V. Stichting SMPG has terminated its activities in 2013. The Stichting was formally dissolved on 8 July 2014. All of the participations (80.924 ordinary shares) were sold in 2013. Reference is made to note 31.

20 Loans and borrowings

This part of the notes contains information on the terms and conditions of the Group's interest bearing loans and other financial liabilities, valued at amortised cost or fair value through profit and loss.

In thousands of €	**31 December 2014**	31 December 2013
Non-current liabilities		
Bank loans - credit facilities	31,500	60,819
Secured bank loans	3,912	3,903
Unsecured other loans	188	122
Finance lease liabilities	3,907	345
	39,507	**65,189**
Current liabilities		
Bank loans - credit facilities	17,181	14,564
Convertible cumulative finance prefence shares	19,767	-
Secured bank loans	309	302
Finance lease liabilities	126	188
	37,383	**15,054**
Total loans and borrowings	**76,890**	80,243

Terms and redemption scheme

In thousands of €				31 December 2014		31 December 2013	
	Currency	Nominal interest rate	Year of maturity	**Nominal value**	**Carrying value**	Nominal value	Carrying value
Bank loans - credit facilities	EUR	Euribor + spread	2016	49,000	48,681	76,000	75,383
Convertible cumulative finance prefence shares	EUR	2.00%	Variable	19,490	19,767	-	-
Secured bank loans	EUR	Euribor + spread	2020	771	771	546	546
Secured bank loan	DKK	0.55% - 1.22%	2022 - 2032	3,450	3,450	3,658	3,658
Finance lease liabilities	SEK	4.15%	2015 - 2016	331	331	468	468
Finance lease liabilities	EUR	Various	Variable	3,702	3,702	66	66
Unsecured other loans	EUR	Various	Variable	188	188	122	122
Total loans and borrowings				**76,932**	**76,890**	80,860	80,243

The current margin grid paid on the credit facility deviates between 2.5% and 5.25% on top of the market rate.

Leverage ratio	Margin (% per annum)
> = 3,5	5.25
> = 3,00 < 3,50	4.50
< 3,00 > = 2,50	4.25
<2,50 > = 2,00	3.75
< 2,00 > = 1,50	3.00
< 1,50	2.50

Early 2014 Grontmij started discussions with its major shareholders (being the shareholders holding a substantive interest of at least 5% in the share capital of Grontmij) and its lending banks (ING Bank, Nordea and RBS) to reach a sustainable capital structure going forward. This resulted in the strengthening of its balance sheet through an equity Issue of € 20.5 million ('the Equity Issue') and the issue of convertible cumulative finance preference shares of € 19.5 million ('Cumprefs') in the first half of 2014. This equity and cumpref raising was accompanied by a more flexible financing arrangement ('the Credit Facility Amendment') which was signed on 13 May 2014 and contains amendments to the current credit facility.

Amendment of the Credit Facility

The main amendments are:

- A reset of the financial covenant schedules (leverage and interest coverage ratio) to reflect the seasonality pattern of the business and to create more financial flexibility.
- Option for postponement of the scheduled repayments in 2014 (in total € 15 million).
- Additional liquidity by means of the cancellation of mandatory repayments of the net proceeds of the Danish Marine divestment and of the net proceeds from earmarked future disposals for a total amount of € 10 million.

In addition one of the lending banks approved to split off a part (€ 5 million) of an existing uncommitted overdraft facility into a committed overdraft facility from March 2014 up to the end of November 2014 allowing the Group to have sufficient committed headroom in line with the seasonality pattern of the business. As a result the available committed credit facility lines in 2014 increased from € 103 million at the beginning of the year to € 108 million from March 2014 up to November 2014 ending at € 103 million at the end of December 2014 (assuming postponement of the scheduled repayments). The Group has made use of the option to postpone the quarterly scheduled repayments in aggregate of € 15 million on the Term Loan in 2014 towards the maturity date of the Credit Facility (May 2016).

For the amendment of the current Credit Facility Grontmij paid an amendment fee of 0.50% on the total outstanding commitments at the time of amendment, amounting to € 515,000 which is capitalised on the existing debt position.

The pledges on the shares of Grontmij International B.V., Grontmij Nederland Holding B.V. and Grontmij France S.A.S. (due to merger with Grontmij France S.A.) remain in force.

In addition to the facilities described above the Group also has available the following credit lines:
- Uncommitted credit lines for approximately € 21 million.
- Leasing and other loans for approximately € 4.2 million.
- Mortgages for approximately € 4.2 million.

Covenant Schedule and covenant revision

The leverage ratio is the Net debt position divided by the Group's EBITDA. The interest cover is the Group's EBITA divided by Net financial income and expenses. Both ratios take some exclusions into account according to the amended Credit Facility (such as restructuring costs).
The result of the Group's 2014 covenant reset is the following:

Covenants levels	Leverage ratio[1]			Interest coverage ratio[2]		
	New	Old	Difference	**New**	Old	Difference
31 December 2014	2.75	2.50	0.25	3.25	4.00	-0.75
31 March 2015	2.75	2.50	0.25	4.00	4.00	0.00
30 June 2015	2.75	2.50	0.25	4.00	4.00	0.00
30 September 2015	2.75	2.50	0.25	4.00	4.00	0.00
31 December 2015	2.50	2.50	0.00	4.00	4.00	0.00
31 March 2016	2.75	2.50	0.25	4.00	4.00	0.00

Covenants calculated according to specific definitions in the credit facility:
[1] net debt / adjusted EBITDA (adjusted means amongst others corrected for acquisitions, disposals of non-current assets and exceptionals)
[2] EBITA / adjusted net financial income & expenses (adjusted means amongst others corrected for arrangement fees, effect of IRS)

The leverage ratio per 31 December 2014 was 0.8x, within the allowed covenant ratio of 2.5x.
The interest coverage ratio per 31 December 2014 was 4.5x, within the covenant of >3.25x.

On 24 February 2015 Grontmij and its lending banks have agreed on a revised covenant schedule for the interest coverage ratio. The interest coverage ratio, based on the same definition as applied in 2014, in each quarter of 2015 will be as follows:

Covenants levels	Interest coverage ratio		
	New	Old	Difference
31 March 2015	3.00	4.00	-1.00
30 June 2015	3.25	4.00	-0.75
30 September 2015	3.25	4.00	-0.75
31 December 2015	3.75	4.00	-0.25
31 March 2016	4.00	4.00	0.00

Convertible cumulative financing preference shares issuance

The issuance and placement of 5,459,246 Cumprefs at an issue price of € 3.57 per Cumpref (the ABB issue price plus 5%) took place on 15 April 2014 after this was approved by the General Meeting in an extraordinary meeting held on 11 April 2014, raising a total amount of € 19,490,000. The main characteristics of the Cumprefs are:
- Dividend: The Cumprefs have preference, both with regard to dividends and distributions upon liquidation, over ordinary shares but are subordinated to all debt instruments and the protective preference shares (which currently are not issued). No distribution of (interim) dividend on

ordinary shares may be made as long as the profit distributions to which holders of Cumprefs are entitled have not been made in full. The Cumprefs carry the right to receive an annual dividend of two per cent, to be calculated over the nominal value of the Cumprefs plus the share premium paid on the Cumprefs. If payment of dividend does not occur in a financial year, it shall be added to the dividend reserve formed for each series of Cumprefs. Each five years the dividend percentage to be paid will be adjusted;
- Conversion: upon request of the holder of Cumprefs, Cumprefs are convertible into ordinary shares as of one year after the issue date, or sooner in case of change of control. The terms and conditions of conversion will be determined by the Executive Board, subject to approval of the general meeting and of the meeting of holders of Cumprefs. The terms set at the extraordinary General Meeting of 11 April 2014 include amongst other things the conversion ratio and the anti-dilution protection. The nominal value of the Cumprefs, the share premium paid on the Cumprefs, the dividend reserve and other accumulated but unpaid dividend on the Cumprefs determine the number of ordinary shares that the Cumprefs convert into. Each five years, the conversion price, (that is the basis of the conversion ratio), will be adjusted;
- Repurchase: Grontmij has the right to repurchase the Cumprefs five years after the issue date or upon receipt of a conversion request from the holder. The purchase price shall be the 'Market Value of the Convertible Cumprefs' which is the nominal value plus share premium paid on each Cumpref (and equal to the issue price) plus the dividend reserve and other accumulated but unpaid dividend plus, in case the ordinary share price of Grontmij N.V. trades above the Conversion price, the difference between the arithmetic mean of the daily volume weighted average prices (VWAP) of Grontmij's ordinary shares during the three business days preceding the day of repurchase notice and the issue price (which is set at € 3.57 the first five years);
- Voting rights: one voting right is attached to each Cumpref.

Although the Cumprefs are shares under Dutch law, the Cumprefs are classified as liability under IFRS because they do not meet the so-called 'fixed-for-fixed' test in IAS 32. This means that the number of ordinary shares that the Cumprefs may be converted into varies due to factors other than the passage of time. This is due to the following conversion features:
- The five year reset of the conversion price and conversion premium
- The five year reset of the dividend yield
- The fact that reserved dividend and accrued dividend may also convert into ordinary shares.

In addition, the fact that Grontmij has multiple settlement options (conversion or repurchase), that each do not in itself meet the conditions to classify as equity, also lead to the conclusion that the Cumprefs classify as a financial liability.

The Cumprefs contain multiple embedded derivatives (e.g. early redemption, conversion and 5 year reset features). Grontmij accounts for the entire instrument at fair value through profit and loss. For further details on the fair value measurement, please be referred to note 23.

The transaction costs of issuance, amounting to € 577,000, are expensed as finance result in the consolidated income statement.

The Cumprefs will not be considered as a financial liability for the calculation of the leverage ratio and the interest cover ratio as agreed with the lending banks.

The classification of the Cumprefs as described above regard the consolidated financial statements. In its company financial statements ("enkelvoudige jaarrekening"), prepared in accordance with Part 9. Book 2 of the Dutch Civil Code, Grontmij will classify the Cumprefs as equity. For the calculations to be made under Grontmij's dividend policy, last discussed at the extraordinary General Meeting on 11 April 2014, 'net income after tax' should be read as the net income in the company financial statements and the Cumprefs will be carved out for the calculation of the leverage ratio and interest coverage ratio.

Going Concern

The Credit Facility Amendment (including the revised interest coverage ratio schedule as agreed on 24 February 2015) in the amount of € 103 million and the Equity Issue and Cumpref issuance, both realized in the first half of 2014, provide sufficient flexibility for the Group in order to sustain the operations of the Group in the foreseeable future in the normal course of business. The divestment of the French activities is progressing and the final outcome is not certain yet.

The Group's 2014 Financial Statements are prepared on a going concern based on the following circumstances, assumptions and expectations:

- The Budget 2015 and the Strategic and long-term planning 2016 -2019 (taking into account sensitivities where appropriate);
- The significant reduction in Net debt in 2014 and current cash forecasts;
- The divestment of the French Consulting & Engineering business is progressing. The divestment of these activities will have an impact on the covenant levels going further, depending on the timing of the divestment, the nature of the divestment and the cash flows from the divestment;
- Grontmij is in a continuous dialogue with its lending banks on the divestment of the French activities. To complete this divestment Grontmij needs ultimately approval of its lending banks. Grontmij intends to discuss appropriate covenant levels with its lending banks, if necessary, at the time of disposing the French activities.

For further information on the Group's interest rate, currency and liquidity risks, reference is made to note 23.

Finance lease liabilities

In thousands of €	**31 December 2014**			31 December 2013		
	Future minimum lease payments	**Interest**	**Present value of minimum lease payments**	Future minimum lease payments	Interest	Present value of minimum lease payments
Less than one year	431	303	128	206	18	188
Between one to five years	1,494	1,181	313	378	33	345
More than five years	10,540	6,948	3,592	-	-	-
	12,465	**8,432**	**4,033**	**584**	**51**	**533**

The increase in finance lease liabilities mainly relates to the derecognition of golf course Naarderbos as asset held for sale and reclassification of its related balance sheet items.

21 Provisions

The movements in the provisions are as follows:

In thousands of €	**Total**	Aftercare liabilities	Restructuring	Legal liabilities	Other
Balance as at 1 January 2014	**42,520**	18,088	2,844	18,507	3,081
Classified to assets held for sale	-4,327	-	-166	-3,721	-440
Added	14,232	38	10,175	3,377	642
Utilized	-14,036	-134	-8,287	-5,303	-312
Released	-2,638	-464	-8	-1,424	-742
Interest	838	767	71	-	-
Other	722	-	-	-	722
Currency differences	-42	-	-15	-41	14
	-5,251	207	1,770	-7,112	-116
Balance as at 31 December 2014	**37,269**	18,295	4,614	11,395	2,965
Current part of provisions	7,558	132	4,581	1,857	988
Balance as at 31 December 2014, non-current part	**29,711**	18,163	33	9,538	1,977

As of 30 June 2014 the provisions of the French Consulting & Engineering business are classified as held for sale. Reference is made to note 5.

Aftercare liabilities

The Group has the obligation for the aftercare of waste sites in the Netherlands, ensuring that waste products are processed for storage and ensuring their long-term maintenance. Provisions for landfill sites are calculated on the basis of the RINAS model of the IPO (the umbrella organisation for the twelve provinces in the Netherlands) and calculated at a discount rate of 4.00-5.00% (2013: 4.00% - 5.00%). The increase in these provisions is realised in proportion to the disposal of waste per sector.

The provision is measured at the present value of estimated future expenditure based on experience. Key assumptions in this measurement are the discount rate, inflation, cost price of materials and dues for cleaning of waste water. In this respect, the current market and the risks associated with the liability have been taken into account in determining the future cash flows.

Of these provisions, an amount of € 612,000 relates to the period 2016 up to 2019, and an amount of € 17,551,000 relates to the period after 2019.

Restructuring

During 2014, the Group carried out the redundancy plans and cost reductions that were planned mainly for the Netherlands, France and Denmark. Provisions were recognised for reductions in direct and indirect personnel and obsolete housing. The estimate has been based on the redundancy and cost reduction plans and may vary as a result of final settlements. The restructuring provision will be utilized within 2 years.

Legal liabilities

The legal liabilities relates to warranties and claims for damages. The Group is involved in legal proceedings in various jurisdictions as a result of its normal business activities. The Group has set up adequate provisions for those claims where management believes it is probable that a liability has been incurred and the amount is reasonably estimable. These provisions are reviewed periodically and adjusted if necessary. Final settlements can differ from this estimate, and could require revisions to the estimated provisions. The outflow of funds is dependent on the outcome of the legal proceedings. The provision will be utilized within 5 years.

Other provisions

The other provisions mainly relate to provisions for maintenance in arrears of office buildings and foreign tax risks. Of these provisions, an amount of € 1.182,000 relates to the period 2016 up to 2019, and an amount of € 795,000 relates to the period after 2019.

22 Trade and other payables

In thousands of €	Note	**31 December 2014**	31 December 2013
Amounts due to customers for work in progress	14	67,452	93,742
Trade creditors		43,833	49,431
VAT and wage tax		29,226	39,236
Social insurance contributions		100	84
Pension contributions		3,213	4,618
Amounts due to equity accounted investees		1,203	2,555
Employee related expenses		40,559	47,939
Waste processing expenses		4,759	4,532
Service cost paid in advance		1,778	2,232
Other		16,825	19,365
		208,948	**263,734**

The Group's currency and liquidity risk relating to trade and other payables is disclosed in note 23.

23 Financial instruments and associated risks

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or other counterparty is unable or unwilling to meet its contractual obligations. This risk occurs primarily in our receivables from customers, both before and after billing.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the Group's customer base, including the default risk of the industry and country in which customers operate, have less of an influence on credit risk. The large number of customers is a major reason for the absence of concentration of credit risk.

A credit policy has been established under which important new customers are analysed individually for creditworthiness before the standard payment and delivery terms and conditions are offered by the Group's entities. The major part of the Group's customers has been transacting with the Group for over four years, and losses have occurred infrequently.

The Group does not require collateral in respect of trade and other receivables.

The Group establishes an allowance for doubtful debts that represents its estimate of incurred losses in respect of trade receivables on individually significant exposures.

The carrying amount of the financial assets represents the maximum credit risk. The maximum exposure to credit risk at the reporting date is as follows:

In thousands of €	Note	**31 December 2014**	31 December 2013
Loans and receivables	11	1,330	5,982
Investments held to maturity	11	8,581	8,170
Amounts due from customers for work in progress	14	89,946	128,046
Trade and other receivables	13	123,992	157,684
Cash and cash equivalents	15	36,441	45,962
Financial assets in continued operations		**260,290**	**345,844**
Financial assets included in assets held for sale	5	45,099	-
		305,389	**345,844**

The maximum exposure to credit risk at the reporting date (by geographic region):

In thousands of €	**31 December 2014**	31 December 2013
The Netherlands	52,461	53,607
France	-	50,724
Denmark	37,307	51,011
Sweden	17,202	21,787
UK	14,946	15,960
Belgium	51,343	59,730
Germany	41,141	37,050
Other markets	16,066	12,952
Non-core activities and other	12,673	15,909
Unallocated	17,151	27,115
Exposure to credit risk included in continued operations	**260,290**	**345,844**
Exposure to credit risk included in assets held for sale	45,099	-
	305,389	**345,844**

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due.

The Group's principal sources of liquidity consist of cash flows from operations, cash and cash equivalents and available credit facilities

The Group's liquidity needs are affected by many factors, some of which are based on normal ongoing business operations while others relate to both economic and engineering sector uncertainties . As our cash requirements fluctuate based on the timing and extent of these factors, the Group seeks to ensure that its sources of liquidity will be sufficient to meet its liquidity requirements throughout every phase of the business cycle.

Although our cash requirements fluctuate we believe that cash generated from operations, together with the liquidity provided by existing cash balances and our credit facilities are adequate to meet our requirements. We intend to return cash to our shareholders in the form of dividend payments, subject to our actual and anticipated liquidity requirements. We refer to the Dividend policy on page 16 of the annual report.

The goal is to maintain a strong capital base so as to maintain investor, principal, creditor and market confidence and to sustain future development of the business.

The Group's policy is to provide financial guarantees for subsidiaries and joint arrangements when deemed necessary.

The following are the contractual maturities of the financial liabilities; including estimated interest payments:

In thousands of €	Note	31 December 2014				
		Carrying amount	**Contractual cash flows**	**1 year or less**	**2-5 years**	**More than 5 years**
Non-derivative financial liabilities						
Bank loans (secured/unsecured)	20	52,902	-56,319	-18,534	-34,913	-2,872
Convertible cumulative finance prefence shares	20	19,767	-	-	-	-
Other loans (secured/unsecured)	20	188	-188	-	-	-188
Finance lease liabilities	20	4,033	-8,799	-424	-1,428	-6,947
Trade and other payables	22	208,948	-208,948	-208,948	-	-
Bank overdraft	15	831	-831	-831	-	-
		286,668	**-275,085**	**-228,737**	**-36,341**	**-10,007**
Non-derivative financial liabilities included in liabilities held for sale		29,428	-29,011	-29,011	-	-
		316,097	**-304,096**	**-257,748**	**-36,341**	**-10,007**
Derivative financial liabilities						
Interest rate swaps used for hedging		6,266	-6,270	-3,226	-3,045	-
		6,266	**-6,270**	**-3,226**	**-3,045**	**-**

In thousands of €	Note	31 December 2013				
		Carrying amount	Contractual cash flows	1 year or less	2-5 years	More than 5 years
Non-derivative financial liabilities						
Bank loans (secured/unsecured)	20	79,587	-88,856	-19,407	-66,358	-3,091
Other loans (secured/unsecured)	20	122	-122	-	-122	-
Finance lease liabilities	20	534	-584	-206	-378	-
Trade and other payables	22	170,410	-170,410	-170,410	-	-
Bank overdraft	15	19,802	-19,802	-19,802	-	-
		270,455	-279,774	-209,825	-66,858	-3,091
Derivative financial liabilities						
Interest rate swaps used for hedging		7,221	-7,259	-3,034	-4,225	-
		7,221	-7,259	-3,034	-4,225	-

Currency risk

Currency risk is the risk that fluctuations in foreign currencies adversely affect the Group's results.

The Group's sensitivity to changes in foreign currency exchange rates is relatively limited. A major part of both the Group's income and expenses is denominated in Euros. Moreover, those Grontmij operating companies with a different functional currency (China, Denmark, Poland, Sweden, Turkey and the UK) mainly have local operations and exposure to foreign-exchange currency risk is limited.

The Group's exposure to foreign currency risk based on the denominated carrying amounts is as follows:

In thousands of €	31 December 2014				31 December 2013			
	DKK	**SEK**	**GBP**	**PLN**	DKK	SEK	GBP	PLN
Trade and other receivables	170,617	96,174	6,976	12,341	237,406	149,930	6,837	8,529
Bank loans (secured/unsecured)	-25,686	-	-	-	-27,301	-	-	-
Financial lease liabilities	-	-3,124	-	-	-	-4,138	-	-
Trade and other payables	-190,747	-104,983	-7,266	-9,039	-197,557	-145,448	-7,573	-8,846
Total exposure	**-45,816**	**-11,933**	**-290**	**3,302**	12,548	344	-736	-317

Exchange rates applied:

	Average rate		Reporting date spot rate	
	2014	2013	**2014**	2013
DKK	0.13411	0.13403	0.13430	0.13400
GBP	1.24071	1.17770	1.28700	1.20430
PLN	0.23874	0.23817	0.23290	0.24030
SEK	0.10988	0.11558	0.10600	0.11290

Sensitivity analysis

A 5 % weakening of the euro against the following currencies at 31 December would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis as last year.

In thousands of €	2014		2013	
	Equity	**Profit or loss**	Equity	Profit or loss
DKK	1,098	86	1,302	239
GBP	1,601	77	1,431	187
PLN	406	25	393	20
SEK	947	120	885	87

A 5 % strengthening of the euro against the above currencies at 31 December would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remained constant.

Interest rate risk

This is the risk that interest-rate fluctuations will adversely affect our results.

When appropriate the Group uses interest-rate swaps to hedge interest-rate risk exposure arising from corporate financing activities. Interest rate swaps are measured at fair value, with changes in fair values booked through profit or loss unless the derivative is designated and effective as hedge of future cash flows, in which case changes are recorded in equity.

At the reporting date the interest rate profile of the Group's interest bearing financial instruments is as follows:

Carrying amount, in thousands of €	**31 December 2014**	31 December 2013
Fixed rate instruments		
Financial assets	8,254	9,665
Financial liabilities	-23,162	-4,126
	-14,908	5,539
Variable rate instruments		
Financial assets*	1,324	5,562
Financial liabilities	-53,728	-76,117
	-52,404	-70,555

* The cash and cash equivalents are not included although they are sometimes interest bearing, depending on local banking arrangements.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant. There is an interest rate swap (floating to fixed) in place for a notional amount of € 140 million, with a fixed interest rate of 2.21%. Currently hedge accounting is applied for € 50 million of the notional amount of € 140 million. The accumulated positive/negative effects stemming from the future cash flows of the interest rate swaps are, dependent on the level of effectiveness, partially recognised into equity and in the income statement. The interest rate swaps are in place until November 2016.

In thousands of €	Profit or loss		Equity	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
31 December 2014				
Variable rate instruments	-524	524	-	-
Interest rate swap	1,830	-1,822	1,015	-1,015
Cash flow sensitivity (net)	**1,306**	**-1,298**	**1,015**	**-1,015**
31 December 2013				
Variable rate instruments	-706	706	-	-
Interest rate swap	2,186	-1,925	2,118	-2,117
Cash flow sensitivity (net)	1,480	-1,219	2,118	-2,117

Fair value measurements of financial assets and financial liabilities

Interest rate swap

The Group has an interest rate swap measured at fair value. The interest rate swap is settled on a quarterly basis. The fair value as at 31 December 2014 amounts to € -6,266,000 (2013: € -7,221,000). Fair value is the price that would be received on the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The valuation technique used is the discounted cash flow method. The future cash flows are estimated based on forward interest rates from observable yield curves at the end of the reporting period and contract interest rates, discounted at a rate that reflects the credit risk of various counterparties.

Convertible cumulative finance preference share

Due to the issuance of the Cumprefs Grontmij ('Cumprefs') recognised a new financial instrument category, i.e. financial liabilities designated as at fair value through profit or loss. The fair value of the Cumprefs consists of the number of ordinary shares the Cumprefs (including accrued dividend) would convert into if conversion would take place at the reporting date, times the closing price (or issue price if the closing price is lower than the issue price) of Grontmij's ordinary shares at the reporting date. The fair value of the Cumprefs recognised under loans and borrowings is

€ 19,767,000. This fair value is equal to the Cumpref issuance receipts and the accrued dividend as the shares trade below the issue price at 31 December 2014. We refer also to note 20.

Other assets and liabilities

The estimated fair values as at 31 December 2014 of other financial assets and liabilities approximate their carrying amount because of the short-term nature of these instruments amongst others cash and cash equivalents and trade payables or because of the fact that any recoverability loss is reflected in an impairment loss (trade receivable). Level 3 of the fair value hierarchy was used for measuring these fair values.

24 Liabilities and assets not recognised in the consolidated statement of financial position

Leases

The Group has entered into a number of operational lease contracts relating to the use of office buildings, cars and office machinery. The lease contracts typically run for an initial period of between one and ten years.

Non cancellable operational leases and rentals for continuing operations:

In thousands of €	**31 December 2014**	31 December 2013
Non-cancellable operational leases and rentals		
Less than one year	29,160	24,682
Between two to five years	49,178	48,306
More than five years	18,766	21,330
	97,104	**94,318**

Non cancellable operational leases and rentals for discontinued operations:

In thousands of €	**31 December 2014**	31 December 2013
Non-cancellable operational leases and rentals		
Less than one year	3,278	2,891
Between two to five years	5,100	5,428
More than five years	541	1,545
	8,919	**9,864**

In 2014, an amount of € 32,410,000 was recognised as an expense in the income statement in respect of these rental agreements and operating leases for continuing operations (2013: € 31,919,000). For discontinued operations an amount of € 5,617,000 was recognised as an expense in the income statement in respect of these rental agreements and operating leases (2013: € 6,545,000).

Contingent liabilities

The Group is involved as partner in a number of partnerships like joint ventures, associates and joint operations. Certain partnerships (e.g. 'V.o.f') are subject to joint and several liability. Risks arising in connection with these partnerships are generally mitigated through the use of project private limited companies.

Grontmij N.V. is guarantor up to a maximum amount of € 8.5 million for possible liabilities of Grontmij France SAS towards the purchaser of the French Monitoring & Testing business. Purchaser consists of a pool of investors led by Siparex, one of France's leading private equity investment specialists, and including Bpifrance Investissement, Cathay Capital and BNP Paribas Développement.
The Group is liable to pay out a survivor's benefit of € 636,000 (2013: € 677,000) in case one of its employees deceases during the term of the employment contract.

Guarantees

Guarantees issued by financial institutions amount to € 30,785,000 for the continued operations and € 2,145,000 for the discontinued operations (2013: € 37,254,000 for the total operations).
Guarantees provided by members of the Group amount to € 18,678,000 for the continued operations and € 5,000,000 for the discontinued operations (2013: € 17,335,000 for the total operations).

Legal disputes

The Group is party to various legal disputes, generally incidental to its business. The various claims are not generally considered significant. On the basis of legal and other advice, the Executive Board is of the view that the outcome of pending legal disputes will not have a significant impact on the consolidated financial position of Grontmij. However, should this be the case, adequate provisions have been recognised as well as the related insurance reimbursement receivables. The extent to which an outflow of funds will be required is dependent on the outcome of the legal disputes.

Contingent assets

Grontmij is entitled to a receivable under certain conditions. The contingent asset is conditional upon a municipality to provide a license to another party, which should continue certain landfill activities after 2016. The current value is € 2,948,000 whereas the nominal value is € 3,250,000.

25 Segment reporting

The Executive Board and Executive Committee are directly accountable for our different operating countries. Every country reports directly to one of the Executive Board or Executive Committee members. In this respect the Group recognises eight geographical segments and one other activities. The latter includes the Group's non-core activities in the Netherlands relating to real-estate projects, landfill sites, and waste management. The Group's operations in Poland, Turkey and China are reported in the segment other markets. The Group's operations in a number of other countries – in total less than 3% of the Group's revenue and assets – are reported in the segments whose management is primarily responsible for their performance.

Following the classification of the French Consulting & Engineering business as assets held for sale and discontinued operations as per 30 June 2014 (see note 5), segment France and part of the segment Unallocated and Eliminations have been excluded from the segment reporting for the result items (2014 and 2013) and for the allocated assets and liabilities (2014 and 2013).

Segment information is presented in respect of the Group's geographical segments. This segmentation of the Group is based on its geographical management structure, i.e.:

- the Netherlands (NL);
- Denmark (DK);
- Sweden (SE);
- United Kingdom (UK);
- Belgium (BE);
- Germany (GE);
- Other markets; and
- Non-core activities.

Performance is measured based on segment operating result, as included in the internal management reports that are reviewed by the Executive Board and Executive Committee. The results of a segment comprise such items as are charged to the segment or may reasonably be charged thereto. Intersegment transactions are conducted at arm's length.

The accounting policies of the reportable segments are the same as the Group's accounting policies described in note 3. Segment result before income tax represents the result earned by each segment including allocation of central head office costs and directors' salaries, share of profits of joint ventures and associates, gain recognised on disposal of interest in former associates, other income and finance result, but excluding the profit of discontinued operations.

The Group has no customers for which revenues are individually significant.

Segment information 2014

In thousands of €	**NL**	**DK**	**SE**	**BE**	**UK**	**GE**	**Other markets**	**Non-core activities**	**Unallocated and eliminations**	**Total**
External revenue from services	206,036	138,237	80,451	85,148	61,868	58,515	16,747	11,636	-	658,638
Intersegment revenue	3,566	633	1,530	329	747	161	3,843	-	-10,809	-
Total revenue	**209,602**	**138,870**	**81,981**	**85,477**	**62,615**	**58,676**	**20,590**	**11,636**	**-10,809**	**658,638**
Share of results of investments in equity accounted investees	113	37	-	-	-	-	-	-305	11	-144
Result on sale of equity accounted investees (net of income tax)	386	-	-	-	-	-	-	1,429	-	1,815
Depreciation	-2,771	-1,418	-642	-1,113	-632	-496	-129	-922	-124	-8,247
Amortisation	-314	-1,196	-	-404	-688	-303	-36	-	-2,782	-5,723
Impairments of non-current assets	-	-	-	-	-	-	-	-387	-	-387
Operating result	93	454	2,786	4,072	1,398	3,781	49	-1,255	-6,365	5,013
Finance income	1,124	1,783	531	531	666	159	276	604	-3,314	2,360
Finance expenses	-858	-774	-116	-93	-188	-195	-294	-1,657	-7,958	-12,133
Result before income tax	359	1,463	3,201	4,510	1,876	3,744	31	-2,308	-17,636	-4,760
Income tax expense	-60	266	-807	-1,748	-343	-1,226	-57	-	430	-3,545
Total assets	173,595	82,933	34,713	78,986	47,951	57,918	17,886	56,460	-68,071	482,371
Total liabilities	109,940	60,969	15,778	39,589	15,927	28,542	10,700	43,558	50,847	375,850
Non-current assets (goodwill, intangible assets, property, plant and equipment)	15,086	9,763	1,766	8,120	9,659	10,895	402	13,180	128,749	197,620
Investments in equity accounted investees	-10	-113	-	-2	-	-3	-	-297	-31	-456
Acquisition of intangible assets and goodwill	-979	-538	-	-473	-	-473	-62	-	-1,722	-4,247
Capital expenditure property, plant and equipment	-1,927	-1,446	-329	-465	-436	-556	-158	-921	-11	-6,249
Average FTEs	1,800	1,066	680	774	700	602	322	36	40	6,020

Segment information 2013

In thousands of €	NL	DK	SE	BE	UK	GE	Other markets	Non-core activities	Unallo-cated and elimi-nations	Total
External revenue from services	217,721	143,710	98,293	80,692	62,397	54,675	21,216	11,862	-82	690,484
Intersegment revenue	1,773	745	706	857	663	554	2,391	-	-7,689	-
Total revenue	**219,494**	**144,455**	**98,999**	**81,549**	**63,060**	**55,229**	**23,607**	**11,862**	**-7,771**	**690,484**
Share of results of investments in equity accounted investees	51	21	-	302	-	-	-	-1,674	-	-1,300
Result on sale of equity accounted investees (net of income tax)	-	-	-	-	-	-	-	-	-	-
Depreciation	-3,189	-1,385	-686	-1,218	-810	-495	-155	-898	-374	-9,210
Amortisation	-184	-1,112	-	-132	-653	-254	-133	-	-2,611	-5,079
Impairments of non-current assets	-70	-344	-	-	-	-	-	-	-	-414
Operating result	3,941	5,419	1,968	4,681	1,823	3,654	554	-2,058	-5,123	14,859
Finance income	-	1,686	507	452	327	145	484	715	-2,132	2,184
Finance expeneses	-479	-1,078	-153	-80	-40	-162	-275	-1,178	-16,053	-19,498
Result before income tax	3,461	6,027	2,321	5,054	2,109	3,637	763	-2,521	-23,306	-2,455
Income tax expense	-870	-1,249	-574	-1,777	1,637	-1,236	-407	-	5,109	633
Total assets	183,332	102,359	38,657	85,586	42,772	53,390	17,377	57,953	-55,366	526,060
Total liabilities	81,667	76,321	20,955	48,959	14,146	26,138	10,105	42,743	86,588	407,622
Non-current assets (goodwill, intangible assets, property, plant and equipment)	15,276	10,421	2,226	8,701	9,895	10,665	324	3,620	129,690	190,818
Investments in equity accounted investees	-583	-76	-	-2	-	-3	-	-2,593	-19	-3,276
Acquisition of intangible assets and goodwill	-650	-369	-	-682	-	-331	-31	-	-70	-2,133
Capital expenditure property, plant and equipment	-4,272	-1,678	-165	-769	-612	-329	-212	-100	-120	-8,257
Average FTEs	1,894	1,133	702	769	748	579	296	44	35	6,200

Reconciliation of reportable segments to consolidated totals

In thousands of €	2014	2013
Total assets to total assets consolidated		
Total assets for reportable segments	482,371	526,060
Assets classified as assets held for sale for discontinued operations	48,646	55,782
Total assets consolidated	**531,017**	**581,842**
Total liablities to total liabilities consolidated		
Total liabilities for reportable segments	375,850	407,622
Liabilities directly related with assets classified as held for sale for discontinued operations	40,022	58,146
Total liabilities consolidated	**415,872**	**465,768**
Non-current assets (goodwill, intangible assets, property, plant and equipment) to total non-current assets (goodwill, intangible assets, property, plant and equipment) consolidated		
Non-current assets (goodwill, intangible assets, property, plant and equipment) for reportable segments	197,620	190,818
Non-current assets (goodwill, intangible assets, property, plant and equipment) directly related with assets classified as held for sale for discontinued operations	-	2,207
Total non-current assets (goodwill, intangible assets, property, plant and equipment) consolidated	**197,620**	193,025

26 Other income

In thousands of €	2014	2013
Gains on sale of property, plant and equipment	58	334
Gains on sale of Danish marine activities	-	1,622
Rental income and other items	411	584
	469	**2,540**

27 Direct and indirect employee expenses

In thousands of €	Note	2014	2013
Wages and salaries		324,226	321,071
Compulsory social security contributions		47,093	48,701
Contributions to defined contribution plans	18	29,848	30,608
Expenses related to defined benefit plans	18	1,166	1,610
Agency staff		22,747	23,910
Other employee expenses		32,361	33,512
		457,441	**459,412**

Staff (full time equivalents)

In 2014, the average number of full time equivalents (FTE) was 6,020 (2013: 6,200), of which 5,747 were employed by the Group (2013: 5,920), and 273 concerned agency staff (2013: 280). The average number of FTE employed outside the Netherlands was 4,144, of which 3,926 (2013: 4,030) FTEs were employed by the Group, and the FTE number of agency staff abroad was 218 (2013: 197).

28 Direct and indirect other operating expenses

In thousands of €	2014	2013
Housing expenses	31,727	32,469
Office expenses	25,760	26,778
Marketing expenses	3,117	3,515
Travel expenses	3,002	3,174
Other operating expenses	12,636	12,818
	76,242	**78,754**

Other operating expenses relate to expenses such as insurances and advisory expenses.

29 Net finance expenses

In thousands of €	**2014**	2013
Interest income on bank balances and deposits	442	109
Interest income from loans and receivables	195	216
Interest income on long-term finance receivables	30	156
Foreign exchange profit	1,250	925
Income from valuation held to maturity investment	410	390
Other interest income	33	388
Finance income	**2,360**	**2,184**
Interest expense on bank overdraft and short term loans	2,151	408
Interest expense on loans and borrowings	5,424	10,602
Ineffective portion of the cumulative fair value of the interest rate swap reclassified from OCI to the income statement	1,064	3,297
Ineffective portion of the cumulative fair value of the interest rate swap	-534	-
Unwinding of discount on aftercare liabilities and restructuring provisions	838	916
Cumpref transaction costs	577	-
Interest expense charged to projects	191	248
Waiver fees	30	270
Foreign exchange loss	813	1,476
Other finance expenses	1,579	2,281
Finance expenses	**12,133**	**19,498**
Net finance expenses	**-9,773**	**-17,314**

30 Income tax expense

Income tax expense recognised in the consolidated income statement amounts to € -3,545,000 (2013: € 633,000). This item consists of current and deferred income tax and is composed as follows:

In thousands of €	**2014**	2013
Current income tax		
Current year	-3,451	-3,552
Adjustments for prior years	34	716
	-3,417	**-2,836**
Deferred income tax		
Originating from and reversal of temporary differences	-418	743
Reversal of temporary differences prior years	-8	2,331
Changes in tax rates	298	395
	-128	**3,469**
Income tax expense	**-3,545**	**633**

The reconciliation of the applicable tax rate and the effective tax rate is as follows:

In thousands of €; percentages rounded to the nearest decimal	2014		2013	
Result before income tax	-4,760		-2,455	
Tax charge based on weighted average applicable rate	-1,018	-21.4%	-454	-18.5%
Changes in tax rates	-298	-6.3%	-396	-16.1%
Unrecognised tax losses	9,754	204.9%	5,575	227.1%
Previously unrecognised tax losses and deferred tax assets	-4,785	-100.5%	-2,235	-91.0%
Adjustment for prior years	-34	-0.7%	-716	-29.2%
Reversal of temporary differences prior years	8	0.2%	-2,330	-94.9%
Tax exempted results from equity accounted investees	-478	-10.0%	181	7.4%
Non-deductable expenses and other exempt items	-230	-4.8%	519	21.1%
Other	626	13.2%	-777	-31.6%
Tax charge and effective tax rate, respectively	**3,545**	**74.5%**	**-633**	**-25.8%**

31 Related parties

The Group's related parties comprise joint ventures, associates, the Executive Board, the Supervisory Board, other key management, Stichting Pensioenfonds Grontmij, Stichting Administratiekantoor van aandelen Grontmij N.V., Stichting Medewerkersparticipatie Grontmij and Stichting Employee Share Purchase Plan.
A full list of subsidiaries, joint ventures and associates is filed with the Chamber of Commerce in Utrecht, the Netherlands.
Outstanding balances with related parties are priced on an arm's length basis and are settled in cash, none of the balances is secured.

For related party transactions regarding to Grontmij N.V. we refer to the company financial statements note 7 Related parties.

Joint Ventures and Associates

Joint ventures

At the end of 2014, transactions between the Group and its joint ventures concerned an amount of € 8,101,000 (2013: € 8,497,000). In 2014, dividends to an amount of € 5,000 (2013: € 413,000) were received. At year-end 2014, amounts totalling € 315,000 are due to the Group from its joint ventures (2013: € 1,121,000) and amounts totalling € nil are due to its joint ventures from the Group (2013: € 2,555,000). Transactions with joint ventures are on an arm's length basis.

Associates

At the end of 2014, transactions between the Group and its associates concerned an amount of € 96,000 (2013: € 1,936,000). In 2014, dividends to an amount of € nil (2013: € nil) were received. At year-end 2014, amounts totalling € 96,000 are due to the Group from its associates (2013: € 4,455,000) and amounts totalling € nil are due to its associates from the Group (2013: € nil).

Compensation of key management personnel

Key management personnel are those persons having authority and responsibility for the Company as a whole. The company determined that key management personnel consist of the members of the Executive Board, the members of the Supervisory Board and the members of the Executive Committee.

Executive Board

Executive Board members received the following remuneration:

In thousands of €	Period remunerations		Pension contributions		Variable remunerations				Total	
					Performance-dependent cash bonus		Long-term share plan			
	2014	2013	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013
C.M. Jaski	437	435	75	75	208	-	45	29	765	539
F. Vervoort	345	344	75	75	120	-	24	15	564	434
G.P. Dral	-	216	-	83	-	-	-	15	-	314
	782	995	**150**	233	**328**	-	**69**	59	**1,329**	1,287
(Accrued) costs for payment of notice period, severance, and other costs										
G.P. Dral, notice period *	-	171	-	-	-	-	-	-	-	171
G.P. Dral, severance payment **	-	410	-	75	-	-	-	-	-	485
	-	581	**-**	75	**-**	-	**-**	-	**-**	656
Total	**782**	1,576	**150**	308	**328**	-	**69**	59	**1,329**	1,943
Crisis levy C.M. Jaski									-	66
Crisis levy F. Vervoort									-	44
Crisis levy G.P. Dral									-	47
Total									**1,329**	2,100

* including holiday days paid out
** including other costs (legal and outplacement)

Over 2014, Mr. Jaski will receive € 208,000 as performance dependent cash bonus and Mr Vervoort € 120,000. The Company accrued for these bonuses in the year 2014. The Executive Board did not receive a bonus over 2013.

The members of the Executive Board are entitled to the Long-Term Share Plan. Under this plan they receive conditional ordinary shares which may vest subject to achieving a long-term target relating to the stock performance (total shareholder return including reinvested dividend) relative to a selected peer group (i.e. the target). Reference is made to note 19 Share-based payment arrangements.

In thousands of €	**Outstanding at the beginning of 2014**	Granted [1]	Vested [1]	Forfeited	**Outstanding at the end of 2014**	Minimum number of shares	Maximum number of shares	Fair value per share at the grant date €	Rights to conditional shares granted on	Vesting
C.M. Jaski										
Two and a half- year grant	51,655	-	-	-	51,655	-	77,483	0.73	31 August 2012	2015
Three- year grant	44,453	-	-	-	44,453	-	66,680	0.96	1 March 2013	2016
Three- year grant	-	35,421	-	-	35,421	-	53,132	1.33	27 February 2014	2017
F. Vervoort										
Two and a half- year grant	26,968	-	-	-	26,968	-	40,452	0.73	31 August 2012	2015
Three- year grant	23,208	-	-	-	23,208	-	34,812	0.96	1 March 2013	2016
Three- year grant	-	18,493	-	-	18,493	-	27,740	1.33	27 February 2014	2017
Total EB	**146,284**	53,914	-	-	**200,198**	-	300,297			

1) Assuming 100% vesting

Members of the Executive Board receive an allowance for representation expenses and have a company car at their disposal. Apart from those disclosed above, there are no other arrangements with members of the Executive Board. For further detail we refer to the Executive Board remuneration paragraph on page 90 of the annual report.

Supervisory Board

Supervisory Board members received the following remuneration:

In thousands of €	**2014**	2013
J. van der Zouw (chairmain)	39	43
R.J.A. van der Bruggen	29	28
J.H.J. Zegering Hadders	-	13
K.L. Dorrepaal	32	30
A. Jonkman	29	29
	129	**143**

In thousands of €	**2014**	2013
Nominated member		
C. Wolff (nominated for appointment as from 12 May 2014)	12	-
	12	-

Mrs. C. Wolff is nominated for appointed as member of the Supervisory Board at the Annual General Meeting of shareholders on 12 May 2015. The chairman had a leave of absence from November 2013 to April 2014 for health reasons. Karin Dorrepaal replaced him temporarily as chairman.

Other key management

During 2014 the Executive Committee consisted of 6 members, two members of the Executive Board and four country managers. Approximately 20% of the country managers total time is allocated to responsibilities at Group level.

For their role as Executive Committee member they received the following remuneration*:

In thousands of €	**2014**	2013
Period remuneration	222	212
Pension contribution	24	17
Cash bonus	91	92
Share-based payments	7	10
	344	**331**

* Excluding remuneration of the Executive Board members.

Members of the Executive Committee have a company car at their disposal and receive an allowance for training and education. This compensation is not included in the period remuneration as presented above.

Shares held by the Executive Board, the Supervisory Board and other management

At 31 December 2014, Mr C.M. Jaski and Mr F. Vervoort each held 1 share in Grontmij France S.A.S.

At 31 December 2014, Mr C.M. Jaski held 70.880 ordinary shares Grontmij N.V.

At 31 December 2014, Mr F. Vervoort held 53.100 ordinary shares Grontmij N.V.

Other related parties

Stichting Pensioenfonds Grontmij

Stichting Pensioenfonds Grontmij is charged with administering the committed pension rights allocated to the employees of Grontmij and its Dutch subsidiaries. Transactions between the Group and Stichting Pensioenfonds Grontmij mainly comprise the transfer of pension premiums. In 2014, an amount of € 14,332,000 (2013: € 15,918,000) was invoiced by the Stichting Pensioenfonds Grontmij in respect of pension premiums.

At year-end 2014, a nominal amount of € 2,620,000 was due to Stichting Pensioenfonds Grontmij from Grontmij (2013: € 2,525,000 due to Stichting Pensioenfonds Grontmij from Grontmij).

Both at year-end 2014 and 2013, Stichting Pensioenfonds Grontmij held no shares in Grontmij.

Stichting Administratiekantoor van aandelen Grontmij N.V.

The board of Stichting Administratiekantoor van aandelen Grontmij N.V. (the "Trust Office") decided to terminate the administration of ordinary shares Grontmij N.V. in 2012.
When legally possible the Trust Office will be dissolved.

Stichting Medewerkersparticipatie Grontmij

Activities of the Stichting SMPG were discontinued in 2013.The Stichting was dissolved on 8 July 2014. For detailed information reference is made to note 19.

Stichting Employee Share Purchase Plan

Stichting Employee Share Purchase Plan Grontmij ('Stichting ESPP') holds 0.15% (2013: 0.15%) of the ordinary shares in Grontmij. Transactions between Grontmij and Stichting ESPP will usually comprise financing and dividend payments. In 2014 and 2013, Grontmij paid no dividend. The operational expenses of Stichting ESPP are borne by Grontmij. At 31 December 2014, a nominal amount of € 29,574 (2013: € 1,500) was due from Stichting ESPP to Grontmij. For detailed information reference is made to note 19.

32 Subsequent events

On 24 February 2015 Grontmij and its lending banks have agreed on a revised covenant schedule for the interest coverage ratio. Reference is made to note 20.

Company statement of financial position

In thousands of € (before appropriation of result)	Note	**31 December 2014**	31 December 2013
Investments in subsidiaries		37,512	70,622
Investments in equity accounted investees		30	19
Non-current assets	2	**37,542**	**70,641**
Receivables	3	187,462	185,567
Cash and cash equivalents		16,614	13,505
Current assets		**204,076**	**199,072**
Total assets		**241,618**	**269,713**
Share capital ordinary shares		17,500	15,992
Share capital convertible cumulative financing preference shares		1,365	-
Share premium ordinary shares		184,478	165,476
Share premium convertible cumulative financing preference shares		18,125	-
Translation reserve		-4,016	-4,532
Hedging reserve		-2,251	-3,633
Other legal reserves		3,154	5,897
Statutory reserves		278	-
Other reserves		-63,970	-48,253
Result for the year		-19,665	-14,791
Shareholders' equity	4	**134,998**	**116,156**
Non-current liabilities	5	**14,655**	**27,000**
Current liabilities	6	**91,965**	**126,557**
Shareholders' equity and liabilities		**241,618**	**269,713**

Company income statement

In thousands of €	Note	**2014**	2013
Result from participating interests after tax	2	-20,431	-10,678
Other results		766	-4,113
Result after income tax		**-19,665**	-14,791

Table of contents

Notes to the company financial statements

1 Basis of preparation

General

The Company financial statements have been prepared in accordance with Part 9, Book 2 of the Dutch Civil Code and they form part of the financial statements of Grontmij for the year 2014. The Company income statement has been prepared in accordance with article 402, Part 9, Book 2 of the Dutch Civil Code, which allows a simplified income statement in the Company financial statements in the event that an income statement is included in the consolidated Group financial statements.

For the valuation of assets and liabilities and in determining the result in its company financial statements, Grontmij has availed itself of the option provided for in article 362 par. 8, Book 2 of the Dutch Civil Code. This states that the policies regarding the valuation of assets and liabilities and determination of the result of the company financial statements correspond with those applied for the consolidated financial statements, which are prepared in conformity with IFRS as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code. The relevant accounting policies set out in note 3 to the consolidated financial statements as provided in pages 108 to 118, have been applied consistently to all periods accounted for in these Company financial statements except for the classification of the convertible cumulative finance preference shares ('Cumprefs'). Grontmij is of the opinion that given the nature of this financial instrument it shall be classified in the company statement of financial position in accordance with its legal substance.

Accounting policies

Investments in subsidiaries are accounted for using the net equity value method. The net equity value method is determined on the basis of the accounting principles applied by the Company.

2 Non-current assets

A summary of the main (operational) subsidiaries is provided in note 6 of the notes to the consolidated financial statements. A full list of subsidiaries, joint ventures and associates is filed with the Chamber of Commerce in Utrecht, the Netherlands.

The movements in the carrying amount of financial assets are as follows:

In thousands of €	Total	Investments in subsidiaries	Investments in equity accounted investees
Balance as at 1 January 2013	83,371	83,352	19
Movements during 2013			
Share in the results	-10,678	-10,678	-
Currency differences	-726	-726	-
Remeasurements of defined benefit liabilities	-1,376	-1,376	-
Recognition of equity-settled share-based payments	50	50	-
Other movements	-	-	-
Balance as at 31 December 2013	**70,641**	**70,622**	**19**
Movements during 2014			
Share in the results	-20,420	-20,431	11
Dividend received	-37,000	-37,000	-
Currency differences	516	516	-
Capital increase subsidiaries	26,115	26,115	-
Remeasurements of defined benefit liabilities	-2,421	-2,421	-
Recognition of equity-settled share-based payments	111	111	-
Balance as at 31 December 2014	**37,542**	**37,512**	**30**

3 Receivables

In thousands of €	**2014**	2013
Amounts due from subsidiaries	185,807	184,214
Interest	1,328	-
Prepaid expenses and other receivables	327	1,353
	187,462	**185,567**

4 Shareholders' equity

Movements in shareholders' equity are as follows:

In thousands of €	Total	Share capital Ordinary shares	Share capital Cumprefs	Share premium Ordinary shares	Share premium Cumprefs	Translation reserve	Hedging reserve	Other legal reserves	Statutory reserves	Other reserves	Result for the year
Balance as at 1 January 2013 as previously reported	126,487	15,992	-	165,476	-	-3,806	-10,086	8,984	-	-18,645	-31,428
Impact of changes in accounting policies	-	-	-	-	-	-	-	-	-	-	-
Balance as at 1 January 2013	126,487	15,992	-	165,476	-	-3,806	-10,086	8,984	-	-18,645	-31,428
Result for the year 2013	-14,791	-	-	-	-	-	-	-	-	-	-14,791
Other comprehensive income:											
Foreign currency exchange translation differences for foreign operations	-726	-	-	-	-	-726	-	-	-	-	-
Remeasurements of defined benefit liabilities	-1,428	-	-	-	-	-	-	-	-	-1,428	-
Effective portion of changes in fair value of cash flow hedges	3,156	-	-	-	-	-	3,156	-	-	-	-
Ineffective portion of fair value of cash flow hedges transferred to income statement	3,297						3,297	-	-		
Related tax effects	52	-	-	-	-	-	-	-	-	52	-
Total other comprehensive income	4,351	-	-	-	-	-726	6,453	-	-	-1,376	-
Total comprehensive income	-10,440	-	-	-	-	-726	6,453	-	-	-1,376	-14,791
Contribution by and distributions to owners:											
2012 Result appropriation	-	-	-	-	-	-	-	-	-	-31,428	31,428
Other equity movements:											
Movement in legal reserve	-	-	-	-	-	-	-	-3,087	-	3,087	-
Recognition of equity-settled share-based payments	109	-	-	-	-	-	-	-	-	109	-
Balance as at 31 December 2013	**116,156**	**15,992**	-	165,476	-	-4,532	-3,633	5,897	-	-48,253	-14,791
Result for the year 2014	-19,665	-	-	-	-	-	-	-	-	-	-19,665
Other comprehensive income:											
Foreign currency exchange translation differences for foreign operations	516	-	-	-	-	516	-	-	-	-	-
Remeasurements of defined benefit liabilities	-2,604	-	-	-	-	-	-	-	-	-2,604	-
Effective portion of changes in fair value of cash flow hedges	318	-	-	-	-	-	318	-	-	-	-
Ineffective portion of fair value of cash flow hedges transferred to income statement	1,064	-	-	-	-	-	1,064	-	-	-	-
Related tax effects	182	-	-	-	-	-	-	-	-	182	-
Total other comprehensive income	-524	-	-	-	-	516	1,382	-	-	-2,422	-
Total comprehensive income	-20,189	-	-	-	-	516	1,382	-	-	-2,422	-19,665
Contribution by and distributions to owners:											
Issue of ordinary shares	20,510	1,508		19,002		-	-	-	-	-	-
Issue of convertible cumulative finance preference shares	19,490		1,365		18,125	-	-	-	-	-	-
Cost of issuing ordinary shares	-572	-	-	-	-	-	-	-	-	-572	-
Cost of issuing cumprefs	-577	-	-	-	-	-	-	-	-	-577	-
2013 Result appropriation	-	-	-	-	-	-	-	-	-	-14,791	14,791
Other equity movements:											
Movement in legal reserves	-	-	-	-	-	-	-	-2,743	-	2,743	-
Dividend on convertible cumulative financing preference shares	-	-	-	-	-	-	-	-	278	-278	-
Recognition of equity-settled share-based payments	180	-	-	-	-	-	-	-	-	180	-
Balance as at 31 December 2014	134,998	17,500	1,365	184,478	18,125	-4,016	-2,251	3,154	278	-63,970	-19,665

For further details reference is made to note 16 Equity of the consolidated financial statements except for the disclosures stated below.

Share capital

Authorised capital

The authorised share capital at 31 December 2014 amounted to 320 million (2013: 140 million) shares and is divided into 150 million (2013: 70 million) ordinary shares each with a nominal value of € 0.25, 160 million (2013: 70 million) protective preference shares each with a nominal value of € 0.25, and 10 million (2013: nil) finance preference shares each with a nominal value of € 0.25.

Issuance preference shares

On 15 April 2014, the issuance and placement of 5,459,246 Cumprefs at an issue price of € 3.57 per Cumpref (the ABB issue price plus 5%) took place after this was approved by the General Meeting in an extraordinary meeting held on 11 April 2014. These Cumprefs are shares under Dutch law and classify as equity under Dutch GAAP whereas the Cumprefs have been classified as a financial liability under IFRS in the consolidated statement of financial position. For further details on the main characteristics of the Cumprefs, please be referred to note 20 of the consolidated Financial Statements. As a consequence, this different treatment leads to a difference between the consolidated equity attributable to shareholders and the statutory shareholders' equity and consolidated result and statutory result as stated in the company financial statements.
The reconciliation of this difference is shown below.

No protective preference shares are issued. Grontmij did not purchase any of its own shares.

Issued and fully paid up capital

The number of ordinary shares issued and fully paid-up as at 31 December 2014 was 70,000,000 (€ 17,500,000) and as at 31 December 2013, 63,967,500 (€ 15,991,875). The number of financing preference shared issued and fully paid up at 31 December 2014 was 5,459,246 (€ 1,364,812). There were no preference shares issued and fully paid up at 31 December 2013.

Reconciliation between consolidated equity attributable to shareholders and statutory shareholders' equity

In thousands of €	Total	Share capital Ordinary shares	Share capital Cumprefs	Share premium Ordinary shares	Share premium Cumprefs	Translation reserve	Hedging reserve	Other legal reserves	Statutory reserves	Other reserves	Result for the year
Consolidated equity attributable to shareholders as at 31 December 2014	**115,230**	**17,500**	**-**	**184,478**	**-**	**-4,016**	**-2,251**	**3,154**	**-**	**-63,115**	**-20,520**
Cumprefs classification	19,490	-	1,365	-	18,125	-	-	-	-	-	-
Dividend accrual related to cumprefs	278	-	-	-	-	-	-	-	278	-278	278
Costs of issuing cumprefs	-	-	-	-	-	-	-	-	-	-577	577
Total reconciliated items	**19,768**	**-**	**1,365**	**-**	**18,125**	**-**	**-**	**-**	**278**	**-855**	**855**
Statutory shareholders' equity as at 31 December 2014	**134,998**	**17,500**	**1,365**	**184,478**	**18,125**	**-4,016**	**-2,251**	**3,154**	**278**	**-63,970**	**-19,665**

Reconciliation between consolidated result attributable to shareholders and statutory result

In thousands of €	Total
Consolidated result attributable to shareholders as at 31 December 2014	**-20,520**
Dividend accrual related to cumprefs	278
Costs of issuing cumprefs	577
Total reconciliated items	**855**
Statutory result as at 31 December 2014	**-19,665**

Proposal for treatment of the loss 2014

As a loss is incurred in the financial year 2014, there will be no distribution of profit.
Pursuant to article 45 paragraph 6 of the Articles of Association, the Executive Board, having obtained the approval of the Supervisory Board, proposes to present for the acceptance to the General Meeting of Shareholders to deduct the loss from the other reserves, the latter containing the accumulated deficit of previous years and forming part of the distributable part of the equity.

Other legal reserves

The other legal reserves consist of a legal reserve for the retained profits from equity accounted investees and joint operations to the extent that the Group is not able to enforce the distribution of these retained profits independently for the amount of € 1,185,000 (2013: € 4,594,000) and a legal reserve for capitalised cost for internally developed software amounting to € 1,969,000 (2013: € 1,303,000). These legal reserves qualify as a legal reserve in accordance with Part 9 of Book 2 of the Dutch Civil Code. These reserves may not be reduced through distributions to shareholders.

Statutory reserves

Pursuant to art. 45(1) of the articles of association of Grontmij N.V. a dividend reserve for the convertible cumulative financing preference shares ('Cumprefs') must be maintained. Holders of Cumprefs have a right to be paid dividend first, before holders of protective preference shares (if any) and holders of ordinary shares. Statutory reserves are part of the distributable part of the equity.

5 Non-current liabilities

In thousands of €	**31 December 2014**	31 December 2013
Loans and borrowings	6,000	17,908
Interest rate swap used for hedging	6,078	6,929
Provisions	800	800
Deferred tax liability	1,777	1,363
	14,655	**27,000**

6 Current liabilities

In thousands of €	**31 December 2014**	31 December 2013
Bank overdrafts	68,586	51,274
Loans and borrowings	-	14,779
Amounts due to subsidiaries	17,554	56,390
Accrued expenses and other liabilities	5,825	4,114
	91,965	**126,557**

7 Related parties

The Company's related parties comprise subsidiaries. None of the balances is secured.

Subsidiaries Grontmij

Transactions between Grontmij N.V. and its subsidiaries in 2014 concerned an amount of € 7,138,000 in management fees (2013: € 7,533,000), and € -730,000 in financing costs (2013: € -115,000).

Grontmij N.V. has amounts due from subsidiaries of € 185,807,000 (2013: € 184,214,000) as at 31 December 2014. Furthermore, Grontmij N.V. has amounts due to subsidiaries of € 17,554,000 (2013: € 56,394,000) as at 31 December 2014.

8 Remuneration of the Executive Board and the Supervisory Board

The employee expenses in the Company relate entirely to the Executive Board and Supervisory Board. A summary of the remuneration of the Executive Board and the Supervisory Board pursuant to article 383 paragraph 1, Book 2 of the Dutch Civil Code is as follows:

In thousands of €	**2014**	2013
Wages and salaries	1,300	1,600
Crisis levy	-	157
Compulsory social security contributions	25	35
Pension contribution	152	312
	1,477	**2,104**

In 2014 the Company employed 2 persons (2013: 3) none of which are working outside the Netherlands.

For further reference see note 31 Related parties of the consolidated financial statements.

9 Auditor's remuneration

	2014			2013		
In thousands of €	**Deloitte Accountants B.V.**	**Other Deloitte network**	**Total**	Deloitte Accountants B.V.	Other Deloitte network	Total
Financial statement audit	396	509	905	371	687	1,058
Other assurance engagements	25	2	27	57	9	66
Tax advisory services	-	86	86	-	145	145
Other non-audit services	-	106	106	-	134	134
	421	**703**	**1,124**	**428**	**975**	**1,403**

10 Liabilities not recognised in the company statement of financial position

Contingent liabilities

Guarantees issued by financial institutions on behalf of Grontmij N.V. amount to € 2,300,000 (2013: € 3,335,000). Grontmij N.V. provided guarantees to external parties in 2014 amounting to € 7,517,000 (2013: € 4,479,000).

Grontmij N.V. is guarantor up to a maximum amount of € 8.5 million for possible liabilities of Grontmij France S.A.S. towards the purchaser of the French Monitoring & Testing business. Purchaser consists of a pool of investors led by Siparex, one of France's leading private equity investment specialists, and including Bpifrance Investissement, Cathay Capital and BNP Paribas Développement.
Grontmij N.V. has entered into a contract for the acquisition and implementation of a new ERP and HRM system for the Group of € 788,000. This project started in 2014 and is expected to be finalised in 2017.

Grontmij N.V. heads a single tax entity for corporate tax purposes, encompassing practically all of its 100% subsidiaries in the Netherlands. As a consequence, Grontmij N.V. is severally liable for the tax debts of the single tax entity as a whole.

De Bilt, 24 February 2015

Executive Board
Michiel Jaski
Frits Vervoort

Supervisory Board
Jan van der Zouw (chairman)
Karin Dorrepaal (vice-chairman)
René van der Bruggen
André Jonkman

Other **information**

Statutory provisions on profit appropriation

The rules provided for under the Articles of Association governing the appropriation of profits can be summarised as follows:

General

Distributions of profits can be made for an amount not exceeding the distributable part of the equity.

Protective preference shares

From the profits made, first a distribution will be made on preference shares, if outstanding. The dividend paid equals the average one month EURIBOR rate, increased by an up count of at least 3 percent and at most 5 percent. The distribution is calculated over the paid-up part of the nominal value of the preference shares.

If and to the extent the profit is insufficient to pay this distribution on the preference shares in full, the Executive Board may resolve to pay the deficit out of the reserves (with the exception of the reserves established specifically for financing preference shares). If and for so far as this distribution cannot be paid out of these reserves, profits made in subsequent years must first be used to pay such the deficit to holders of preference shares before any distribution may be paid on the financing preference shares or ordinary shares.

Reservation by the Executive Board

Subsequently to the payment of dividend on the preference shares, the Executive Board, with the approval of the Supervisory Board, is authorised to reserve an amount of the remaining profits.

Finance preference shares

From the profits remaining after the reservation by the Executive Board revered to above, on every financing preference share a distribution is made (or added to the reserves established for this purpose) that is currently equal to 2% of the nominal value of the such shares plus the share premium attached to such shares. This percentage shall be adjusted every five years in accordance with the parameters laid down in the Articles of Association.

If the profits are not sufficient to make this distribution, the deficit shall be charged to the profits reserved by the Executive Board in accordance with the above paragraph.

Ordinary shares

The profits remaining after the distribution or reservation on the financing preference shares referred to above shall be at the free disposal of the general meeting.

Proposal for treatment of the loss 2014

As a loss is incurred in the financial year under review, there will be no distribution of profit and subsequently no payment of dividend (2013: € nil).

Pursuant to article 45 paragraph 6 of the Articles of Association, the Executive Board, having obtained the approval of the Supervisory Board, proposes to present for acceptance to the General Meeting of Shareholders to deduct the loss from the other reserves, the latter containing the accumulated deficit of previous years and forming part of the distributable part of the equity.

As mentioned in the report of the Supervisory Board, the following result appropriation is proposed:

In thousands of €	**2014**	2013
Result for the year	-19,665	-14,791
Deduction from the other reserves	19,665	14,791
Dividend	**-**	-

Subsequent events

Reference is made to note 32 of the consolidated financial statements.

Independent auditor's report

To: The General Meeting of Grontmij N.V.

Report on the Audit of the Financial Statements 2014

Our Opinion

We have audited the accompanying financial statements 2014 of Grontmij N.V. ('the Company'), based in De Bilt. The financial statements include the consolidated financial statements and the company financial statements.

In our opinion:

- The consolidated financial statements give a true and fair view of the financial position of Grontmij N.V. as at 31 December 2014 and of its result and its cash flows for the year 2014 in accordance with International Financial Reporting Standards as adopted by the European Union ('IFRS-EU') and with Part 9 of Book 2 of the Dutch Civil Code.
- The company financial statements give a true and fair view of the financial position of Grontmij N.V. as at 31 December 2014 and of its result for the year 2014 in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The consolidated financial statements comprise:

- the consolidated statement of financial position as at 31 December 2014;
- the following statements for 2014: consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended; and
- the notes comprising a summary of the significant accounting policies and other explanatory information.

The company financial statements comprise:

- the company statement of financial position as at 31 December 2014;
- the company income statement for the year 2014; and
- the notes comprising a summary of the significant accounting policies and other explanatory information.

Basis for Our Opinion

We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. Our responsibilities under those standards are further described in the "Our responsibilities for the audit of the financial statements" section of our report.

We are independent of Grontmij N.V. in accordance with the "Verordening inzake de onafhankelijkheid van accountants bij assurance-opdrachten" (ViO) and other relevant independence regulations in the Netherlands. Furthermore we have complied with the "Verordening gedrags- en beroepsregels accountants" (VGBA).

We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Materiality

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. The materiality affects the nature, timing and extent of our audit procedures and the evaluation of the effect of identified misstatements on our opinion.

Based on our professional judgment we determined the materiality for the financial statements as a whole at €2 million. The materiality is based on earnings from continuing operations before interest, tax, amortization and excluding exceptional items (8%). We have also taken into account misstatements and/or possible misstatements that in our opinion are material for the users of the financial statements for qualitative reasons.

We agreed with the Supervisory Board that misstatements in excess of €100 thousand, which are identified during the audit, would be reported to them, as well as smaller misstatements that in our view must be reported on qualitative grounds.

Scope of the Group Audit

Grontmij N.V. is at the head of a group of entities. The financial information of this group is included in the consolidated financial statements of Grontmij N.V. Because we are ultimately responsible for the opinion, we are also responsible for directing, supervising and performing the group audit. In this respect we have determined the nature and extent of the audit procedures to be carried out for group entities. Decisive were the size and / or risk profile of the group entities or operations. On this basis, we selected group entities for which an audit or review had to be carried out on the complete set of financial information or specific items.

Our group audit mainly focused on significant group entities being Netherlands, France, Denmark, United Kingdom, Belgium, Sweden, Germany and Poland. We have performed audit procedures ourselves at corporate entities, including the group's non-core asset activities, and the group entity in the Netherlands. When auditing France, Denmark, United Kingdom, Belgium, Sweden, Germany and Poland, we used the work of other auditors within the Deloitte network. At other group entities we have performed review procedures or specific audit procedures.
By performing the procedures mentioned above at group entities, together with additional procedures at group level, we have been able to obtain sufficient and appropriate audit evidence about the group's financial information to provide an opinion on the consolidated financial statements.

Our Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements. We have communicated the key audit matters to the Supervisory Board. The key audit matters are not a comprehensive reflection of all matters discussed.

These matters were addressed in the context of our audit of the financial statements as a whole and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue recognition and the valuation of amounts due from and due to customers

The Company's disclosures about revenue recognition and amounts due from and due to customers are included in the significant accounting policies in Note 3 as well as in Note 13 and 14.

The revenue recognition and corresponding results on contracts are affected by a variety of uncertainties that depend on the outcome of future events. They are sensitive to local contracts and to management's ability to appropriately manage these uncertainties. The process to measure the amount of revenue including the determination of the appropriate timing of recognition involves significant management judgment.

We have identified revenue recognition and the valuation of amounts due from and due to customers as a key audit matter. Our audit procedures included, amongst others, evaluating management's controls relating to revenue recognition, including the determination of the percentage of completion and the timing of revenue recognition, and controls relating to the valuation of amounts due from and due to customers. In addition we performed substantive testing and analytical procedures. These procedures included challenging the appropriateness of management's assumptions and management estimates in relation to revenue recognition and the valuation of amounts due from and due to customers. We also assessed whether the revenue recognition policies adopted complied with IFRS-EU.

Valuation of goodwill

The amount of goodwill recognized in the Company's statement of financial position is significant. The Company's disclosures about goodwill are included in Note 7. Under IFRS-EU the Company is required to annually test the amount of goodwill for impairment. This annual impairment test was significant to our audit in view of the developments in the market and because the assessment process is judgmental and complex.
The recoverable amount for the goodwill has been determined based on the value in use by estimating future cash flows. We challenged management's assumptions used in the impairment model for goodwill, including the cash flow projections, discount rates, perpetuity rates and sensitivities used. We verified the sources on which the test was based and assessed the reasonableness of the assumptions.

Accounting for intended disposal of the French business

On 29 April 2014 the Company decided to divest the French business. Note 5 to the financial statements discloses the result from the discontinued operations as well as the net assets to be disposed of. The French business is significant to the group and this intended disposal has therefore been identified as a key audit matter.
We considered the valuation and presentation of associated items to be a key audit matter. Procedures were performed to assess whether the valuation and presentation as held for sale and discontinued operations is in accordance with IFRS-EU. These procedures also included challenging management's assumptions used in determining fair value less cost to sell.

Classification of cumulative preference shares

On 15 April 2014 the Company issued convertible cumulative finance preference shares raising €19.5 million in proceeds for the Company. The assessment of the Company as to classification of these cumulative preference shares as a financial liability was significant to our audit and has been identified as a key audit matter. We considered management's analysis regarding classification of the convertible cumulative finance preference shares and assessed whether the classification complied with IFRS-EU for the consolidated financial statements and with Part 9 of Book 2 of the Dutch Civil Code for the company financial statements.

Responsibilities of the Executive Board and the Supervisory Board for the Financial Statements

The Executive Board is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS-EU and Part 9 of Book 2 of the Dutch Civil Code, and for the preparation of the Report of the Executive Board in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore, management is responsible for such internal control, as management determines necessary, to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, management is responsible for assessing the Company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, management should prepare the financial statements using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so. Management should disclose events and circumstances that may cast significant doubt on the Company's ability to continue as a going concern.

The Supervisory Board is responsible for overseeing the Company's financial reporting process.

Our Responsibilities for the Audit of the Financial Statements

Our objective is to plan and perform the audit assignment in a manner that allows us to obtain sufficient and appropriate audit evidence for our opinion.

Our audit has been performed with a high, but not absolute, level of assurance, which means we may not have detected all errors and fraud.

We have exercised professional judgment and have maintained professional skepticism throughout the audit, in accordance with Dutch Standards on Auditing, ethical requirements and independence requirements.
Our audit included e.g.:

- Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtaining an understanding of internal control relevant to the audit 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.
- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Concluding on the appropriateness of management's use of the going concern basis of accounting, and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures; and
- Evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Supervisory Board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant findings in internal control that we identify during our audit.

We provide the Supervisory Board with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Supervisory Board, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.

Report on other legal and regulatory requirements

Report on the Report of the Executive Board and other information

Pursuant to the legal requirements of Part 9 of Book 2 of the Dutch Civil Code (concerning our obligation to report about the Report of the Executive Board and other information), we declare that:

- We have no deficiencies to report as a result of our examination whether the Report of the Executive Board, to the extent we can assess, has been prepared in accordance with Part 9 of Book 2 of the Dutch Civil Code, and whether the information as required by Part 9 of Book 2 of the Dutch Civil Code has been annexed.
- We report that the Report of the Executive Board, to the extent we can assess, is consistent with the financial statements.

Engagement

In accordance with the decision made by the Supervisory Board, which was confirmed by the General Meeting of Grontmij N.V. at its meeting of 13 May 2014, we were engaged as auditor of Grontmij N.V. for the financial year ending 31 December 2014. We have operated as statutory auditor since 2011.

Amsterdam, 24 February 2015

Deloitte Accountants B.V.

M.R. van den Berg

Report Stichting Preferente aandelen Grontmij

The purpose of Stichting Preferente aandelen Grontmij (the 'Foundation') is to look after the interests of Grontmij, its business and those involved. This purpose can be pursued through acquiring preference shares and exercising the rights attached to those shares. The possibility of issuing preference shares to the Foundation is an anti-takeover measure (see page 80 of the annual report).

As at 31 December 2014, no preference shares were issued.

Activities

The board of the Foundation held two meetings during the year under review. The following topics were discussed during these meetings:

- Grontmij's annual figures for 2013 and the interim results for 2014;
- an amendment of the option agreement in light of the refinancing of Grontmij N.V.
- the renewal and increase of the Foundation's credit facility also in the light of the refinancing of Grontmij N.V.;
- the composition of the Foundation's board, the reappointment of Mr Van Halderen and the board's retirement schedule

Composition

On 31 December 2014 the board consisted of the following members:

R.J.M. de Beaufort (1947 Chairman
Nationality
Dutch
Term ends and eligible for re-appointment
2015
Most important previous position
Managing director of Bank Insinger De Beaufort

S.C. Peij (1970) Vice-chairman
Nationality
Dutch
Term ends and eligible for re-appointment
2017
Current position
Director of Governance University (Netherlands) B.V.

A.J. ten Cate (1953)
Nationality
Dutch
Term ends and eligible for re-appointment
2016
Current position
Owner-director of Enatco B.V., a consultancy firm for the pharmaceutical industry.

L.M.J. van Halderen (1946)
Nationality
Dutch
Term ends and eligible for re-appointment
2018
Most important previous position
CEO and member of the Management Board of Nuon N.V.

In the year under review, the Foundation's board re-appointed Mr Van Halderen for a further four-year term.

As at 31 December 2014, Mr De Beaufort held 38,194 (2013: 35,131) Grontmij shares. As at 31 December 2014 Mr Ten Cate, Mr Van Halderen and Mr Peij (2013: 6,666) held no Grontmij shares.

Based on the remuneration policy, the actual remuneration (excluding any VAT) in the year under review amounted for Mr De Beaufort to € 7,000 (2013: € 7,000), for Mr Ten Cate to € 5,000 (2013: € 5,000), for Mr Van Halderen to € 5,000 (2013: € 5,000) and for Mr Peij to € 5,000 (2013: € 5,000).

Other

The operating costs of the Foundation amounted to € 68.116 (2013: € 52,000) and are borne by Grontmij, in accordance with existing agreements. The Foundation is independent of Grontmij in accordance with the provisions of article 5:71 paragraph 1 sub c of the Financial Markets Supervision Act ('FMSA', Wet op het financieel toezicht).

Contact

Stichting Preferente aandelen Grontmij
P.O. Box 203, 3730 AE De Bilt, The Netherlands
info@stichtingpreferenteaandelengrontmij.com.

De Bilt, 24 February 2015
R.J.M. de Beaufort (chairman)
S.C. Peij (vice-chairman)
A.J. ten Cate
L.M.J. van Halderen

Grontmij N.V.
P.O. Box 203, 3730 AE De Bilt
The Netherlands
T +31 888 11 66 00

corporate.communication@grontmij.com
www.grontmij.com
www.twitter.com/grontmijgroup
2014annualreport.grontmij.com