Disclosure of interests in other companies

Audit & Reporting Quality

Publication date: 29 October 2015

The Netherlands Authority for the Financial Markets (AFM)

The AFM is a strong proponent of fairness and transparency in the financial markets.

As the independent conduct supervisor, we contribute to sustainable financial prosperity in the Netherlands.

Disclaimer
This is an English translation of the original Dutch text, furnished for convenience only. In the event of any conflict between this translation and the original Dutch text, the latter shall prevail.

Contents

1. Management summary

The initial application of IFRS 10 (Consolidated financial statements), IFRS 11 (Joint arrangements) and IFRS 12 (Disclosure of interests in other entities) entails significant changes in financial reporting for various companies and became mandatory for companies applying IFRS with effect from the 2014 financial year.

Under IFRS 12, the disclosure requirements are principle-based. The objective of IFRS 12 is 'to require the disclosure of information that enables the users of financial statements to evaluate the nature of and risks associated with interests in other entities and the effects of these interests on the company's financial position, financial performance and cash flows'. If this objective is not achieved, additional disclosures are necessary. These new standards have been formulated because users stated that they did not have sufficient insight into the composition of companies and the risks associated with this.

The aim of this review is to establish how the disclosure objectives of IFRS 12 are applied and whether the users of the financial statements have better insight into the composition of companies and the associated risks. IFRS 12 consists of disclosure objectives regarding all interests in other companies, including the consolidated interests under IFRS 10 and the joint arrangements under IFRS 11.

The AFM notes that the majority of the companies reviewed still need to make progress in making their disclosures more company-specific and thus meet the disclosure requirements. Companies need to be guided by the (information) principles of IFRS 12. This will provide users with better understanding of the structure of the company and the effect of its interests in other companies.

The specific areas in which companies can improve their disclosures are:

- The disclosure of the company structure: it is not always clear which segments and operations are connected to which interests - minority interests[1], joint arrangements (joint ventures and joint operations).
- Joint operations and their effect on the company are frequently given only cursory disclosure.
- There could be clearer explanation of which minority interests, interests in associates and joint ventures are material for the company in question.

[1] A consolidated (group) company in which the parent has an interest of less than 100% (and therefore another company has a minority interest in the group equity).

The disclosure of the company structure: it is not always clear which segments and operations are connected to which interests - minority interests, joint arrangements (joint ventures and joint operations)

The AFM notes that the disclosure of company structure, which has to provide insight into the structure of the group, varies widely. Nearly all companies disclose the main subsidiaries included in the consolidation. In most cases however, this is a long list of the companies included in the consolidation without further explanation. This list often also includes the joint operations, so that companies make no distinction between subsidiaries and joint operations other than stating the participation percentage. The relationship with the operations and/or segments to which the minority interests and joint ventures and joint operations relate is usually not disclosed. The effect of these interests and joint arrangements on the segments and operations concerned is therefore not clear in all cases. Better disclosure of the structure would enable users to understand other disclosures such as those relating to segment reporting more easily.

Joint operations and their effect on the company are frequently given only cursory disclosure

The size and financial consequences of joint operations may be significant, for example in the case of construction companies that are engaged in long-term projects in concert with other parties. 25 per cent of the companies in the review population stated that they are engaged in joint operations. The expressly stated disclosure requirements in IFRS are very limited in this respect. Most companies provide no or very cursory disclosure of these operations, such as the total revenue and/or summary balance sheet information. Only one company provides detailed information by segment.

For joint operations, one company includes its share in the assets and liabilities in its financial statements. The liability and therefore the exposure of the company may however be greater than is apparent from the figures. IFRS 12.3 prescribes that additional disclosures must be provided if this is needed for the achievement of its objective. Accordingly, the AFM considers that companies should provide greater insight into the nature and size of these joint operations and the segment in which they occur.

IFRS 12 requires insight into important considerations and estimates used to decide whether a joint arrangement should be classified as a joint venture or as joint operations. Most of the companies that report either joint operations or joint ventures limit themselves to providing a standard disclosure text. Only one company refers to the internal criteria used for the classification, without providing further details. Investors will have greater insight if companies state the considerations on which they base their decision to consolidate an interest or classify it as a joint venture, as required by the standard.

There could be clearer explanation of which minority interests, interests in associates and joint ventures are material for the company in question

For around 70 per cent of the companies, the associates and/or the joint arrangements item would appear to be material. The same also seems to apply to half of the companies for the minority interests item. The materiality is estimated by the AFM on the basis of equity and/or the company's result. There may of course be other, company-specific and qualitative considerations why an interest is material or not.

Few companies report whether minority interests, associates and joint ventures are individually material or not material. IFRS requires disclosure of material minority interests, associates and joint ventures. The impact on the result of the total individual non-material associates and joint ventures must be disclosed. Some companies disclose all their minority interests, associates and joint ventures. For all these interests, these companies provide less financial information than that prescribed under IFRS for material interests. It is thus not clear to users whether an individual interest is material. Clarification in this respect would assist users to make a better estimate of the impact of these interests.

The company's assessment of the impact of individual non-material interests can lead to companies providing a more extensive disclosure in order to meet the objective of IFRS 12. For instance, one company in the review population discloses that joint ventures and associates are not material individually, however in total they cover a large proportion of its operations. This company includes more extensive information at aggregate level in order to meet the objective of IFRS 12.

In addition, it is important that the disclosure of the financial information with respect to associates and joint ventures is not provided in isolation, but is a further explanation of the figures stated in the statement of financial information and the statement of income. This connection is not there in all cases. While several companies provide qualitative information, a company-specific disclosure that is linked to the statement of financial position would help investors to understand the investments in associates and/or joint ventures.

2. Rationale, objective and scope

2.1 Rationale

The initial application of IFRS 10 (Consolidated financial statements), IFRS 11 (Joint arrangements) and IFRS 12 (Disclosure of interests in other entities) entails significant changes in financial reporting and became mandatory for companies applying IFRS with effect from the 2014 financial year.

Under IFRS 10, consolidation is based on control. IFRS 11 determines how companies should distinguish between joint ventures and joint operations. Based on this classification, the treatment of joint ventures is according to the equity method. In the case of joint operations, the company's share in the assets and liabilities are recognised in the financial statements. The possibility of proportional consolidation of joint ventures has thus lapsed. The disclosure requirements of IFRS 12 are principle-based. The disclosure 'has to provide information that enables the users of financial statements to evaluate the nature of and risks associated with interests in other entities and the effects of these interests on the company's financial position, financial performance and cash flows'. These new standards have been formulated because users stated that they did not have sufficient insight into the composition of companies and the risks associated with this.

2.2 Objective

The objective of the review is to establish how the disclosure objectives of IFRS 12 are being applied. IFRS 12 consists of disclosure objectives regarding all interests in other companies, including the consolidated interests under IFRS 10 and the joint arrangements under IFRS 11. With this review, the AFM wishes to establish whether users of financial statements have a better understanding of the composition of companies and the associated risks. The AFM has also reviewed the disclosure on the effect of introduction of the new reporting standards.

Moreover, the AFM notes that the new standards are principle-based. The objective of IFRS 12 is that the disclosure should provide 'information that enables the users of financial statements to evaluate the nature of and risks associated with interests in other entities and the effects of these interests on the company's financial position, financial performance and cash flows'. If this objective is not achieved, additional disclosures are necessary. For this reason, there is no clear idea of what the disclosure should consist of in advance. Prior to its review, the AFM accordingly consulted with investors to obtain an impression of preliminary expectations with regard to these disclosures.
After completion and publication of the thematic review, the AFM will study how it can actively encourage preparers and auditors to address the items requiring improvement. It will also put questions to companies if the review findings give reason to do so. In 2016 the AFM will check whether disclosure in the financial statements for 2015 has improved or not.

2.3 Scope

The AFM has selected the companies to be reviewed on the basis of the nature of their activities and whether they are expected to experience (significant) effects from the application of IFRS 10, 11 and 12.

A total of 31 companies spread across all market segments are included in the review. The companies selected consist of financial institutions (11), companies working on long-term projects in collaboration with third parties (10) and other companies (companies with material or non-material minority interests and/or joint arrangements and/or associates) (10).

A questionnaire was prepared for the review based on the disclosure requirements for interests in other entities as stated in IFRS 12 and the provisions of IAS 8 regarding the disclosure of changes in accounting policies. The disclosures in the financial statements were listed and analysed on the basis of this questionnaire.

Since the European supervisor, the European Securities Market Authority (ESMA), will also carry out a review of the application of IFRS 10, 11 and 12 in 2015, we have as far as possible tried to achieve synergy with the ESMA review. ESMA is expected to report the findings of its review in early 2016.

3. Review findings

Our review findings are shown in detail in the sections below. A list of 'good practices'[2] is included in Appendix 4. The good practices mentioned are intended to serve as examples of company-specific texts that fulfil the disclosure objectives and requirements, and thus achieve the objective of IFRS 12. By citing these good practices, the AFM intends to inspire companies and help them to make transparent disclosure of their interests in other entities. The AFM's review includes companies from all stock exchange segments which are engaged in various operations. We wish to note that there are no significant differences in our findings between the various market segments or operations.
The AFM notes that the majority of the companies reviewed still need to make progress in making their disclosures more company-specific and thus meet the disclosure requirements. Companies need to be guided by the objective of IFRS 12. This will provide users with better understanding of the structure of the company and the effect of its interests in other companies.

3.1 The disclosure of the company structure: it is not always clear which segments and operations are connected to which interests - minority interests, joint arrangements (joint ventures and joint operations)

The AFM notes that the disclosure of company structure, which has to provide insight into the structure of the group, varies widely. Nearly all companies disclose the main subsidiaries included in the consolidation. In most cases however, this is a long list of the companies included in the consolidation without further explanation. This list often also includes the joint operations, so that companies make no distinction between subsidiaries and joint operations other than stating the participation percentage. The relationship with the operations and/or segments to which the minority interests and joint ventures and joint operations relate is usually not disclosed. The effect of these interests and joint arrangements on the segments and operations concerned is therefore not clear in all cases. Better disclosure of the structure would enable users to understand other disclosures such as those relating to segment reporting more easily.

3.2 Joint operations and their effect on the company are frequently given only cursory disclosure

The size and financial consequences of joint operations may be significant, for example in the case of construction companies that are engaged in long-term projects in concert with other parties. 25 per cent of the companies in the review population stated that they are engaged in joint operations. The expressly stated disclosure requirements in IFRS are very limited in this respect. Most companies provide no or very cursory disclosure of these operations, such as the total

[2] The good practices cited in this report are examples of specific disclosures in existing financial statements and annual reports. The AFM hopes that other companies will be inspired by these good practices to improve the quality and relevance of their disclosures. The good practices should not be seen as a standard or as the only correct substance of existing or future disclosures. Other content may be used to comply with legislation and regulation. The quotation of good practices in this report does not imply any statement by the AFM regarding the financial statements in question as a whole.

revenue and/or summary balance sheet information. Only one company provides detailed information by segment.

For joint operations, one company includes its share in the assets and liabilities in its financial statements. The liability and therefore the exposure of the company may however be greater than is apparent from the figures. IFRS 12.3 prescribes that additional disclosures must be provided if this is needed for the achievement of its objective. Accordingly, the AFM considers that companies should provide greater insight into the nature and size of these joint operations and the segment in which they occur.

IFRS 12 requires insight into important considerations and estimates used to decide whether a joint arrangement should be classified as a joint venture or as joint operations. Most of the companies that report either joint operations or joint ventures limit themselves to providing a standard disclosure text. Only one company refers to the internal criteria used for the classification, without providing further details. Investors will have greater insight if companies state the considerations on which they base their decision to consolidate an interest or classify it as a joint venture, as required by the standard.

Good practice 1 in appendix 4 (Heijmans) shows the impact of joint arrangements.

3.3 There could be clearer explanation of which minority interests, interests in associates and joint ventures are material for the company in question

For around 70 per cent of the companies, the associates and/or the joint arrangements item would appear to be material. The same also seems to apply to half of the companies for the minority interests item. The materiality is estimated by the AFM on the basis of equity and/or the company's result. There may of course be other, company-specific and non-quantitative considerations why an interest is material or not.

Few companies report whether minority interests, associates and joint ventures are individually material or not material. IFRS requires disclosure of material minority interests, associates and joint ventures. The impact on the result of the total individual non-material associates and joint ventures must be disclosed. Some companies disclose all their minority interests, associates and joint ventures. For all these interests, these companies provide less financial information than that prescribed under IFRS for material interests. It is thus not clear to users whether an individual interest is material. Clarification in this respect would assist users to make a better estimate of the impact of these interests.

The company's assessment of the impact of individual non-material interests can lead to companies providing a more extensive disclosure than that strictly required under the standard. For instance, one company in the review population discloses that joint ventures and associates are not material individually, however in total they cover a large proportion of its operations. This company includes more extensive information at aggregate level in order to meet the objective of IFRS 12.

In addition, it is important that the disclosure of the financial information with respect to associates and joint ventures is not provided in isolation, but is a further explanation of the figures stated in the statement of financial information and the statement of income. This connection is not there in all cases. While several companies provide qualitative information, a company-specific disclosure that is linked to the statement of financial position would help investors to understand the investments in associates and/or joint ventures.

The following three examples of good practice are cited in Appendix 4:

Good practice 2 (Brookfield Asset Management) concerns the disclosure of material minority interests. The disclosure states the subsidiaries held by Brookfield Asset Management with material minority interests. Additional information is provided regarding control, governance and market listings (if applicable). Part of this disclosure concerns a reconciliation between the figures disclosed and the consolidated statement of financial position.

Good practice 3 (DSM) concerns an integrated disclosure of material and non-material associates with a connection to the statement of financial position. This disclosure is both qualitative and quantitative. It states which associates are material to the company. Reference is also made in the financial statements to the discussion of the results in the directors' report.

Good practice 4 (Vopak) is an example of aggregate information on non-material joint ventures and associates. In this disclosure, Vopak explains that a large part of the operations is conducted using joint ventures and associates, but that none of these interests are individually material. The financial information provided thereafter shows the impact for Vopak, with a distinction drawn between segments.

3.4 Other observations

3.4.1 Statement of limitations

IFRS 12 requires statement of significant limitations in three respects:

- significant limitations regarding the possibility for the parent (and the subsidiaries) to use assets or settle liabilities, such as limitations regarding the transfer of cash (for instance, for dividends or loans) and guarantees that could limit dividend, other capital distributions or loans,
- rights for the protection of minority shareholders that could limit control over assets and liabilities,
- the carrying amount of the assets and liabilities concerned.

The disclosures on these points could be improved. For most companies, the disclosure is restricted to information on the statutory reserves. Financial institutions disclose restrictions arising from capital requirements. Some other companies disclose that other matters, such as bank covenants, limit their distribution of dividend, without further explanation (for example to what extent). With regard to joint ventures, the most common restriction stated is that dividend distribution has to be approved by the joint venture partner. Some companies refer to the corporate governance of their subsidiaries, that have their own responsibility. The AFM notes that many companies have operations in countries where currency or other restrictions apply, as a result of which assets are not or less easily available. There is rarely any disclosure in this respect.

None of the companies reviewed provided a disclosure of the size of the assets and liabilities involved in the stated restrictions.

The disclosure of restrictions is important since restrictions may limit the distribution of dividend or the provision of loans from or to principal or other holding companies. Other limitations may exist in addition to those as a result of the articles of association and statutory and contractual limitations, such as those arising from the governance of a subsidiary or its place of business, that must be disclosed. The AFM expects companies to disclose these restrictions as well.

3.4.2 Liabilities not shown in the statement of financial position

Many companies do not disclose the investment commitments and other contingent liabilities of associates and joint ventures. This information may be relevant for a complete understanding of the associates and joint ventures. The liabilities entered into by the company itself with respect to these interests are disclosed together with the disclosure of interests in some cases and together with the total of contingent liabilities in other cases. A reference from the disclosure of interests to the disclosure of the total of contingent liabilities could be useful to the users of the financial statements.

3.4.3 Considerations with respect to consolidation and the consolidation base

IFRS 12 requires disclosure of key estimates and considerations with respect to consolidation. While several companies state that their considerations as to whether consolidation should be applied or not are important, many of them do not state what these considerations are. In many cases it will be immediately apparent whether consolidation has to be applied. There may however be situations in which further disclosure is needed with respect to the considerations of whether there is a situation of control. This is not clear in all cases and therefore needs to be disclosed. In the financial sector for example, there is the consideration of whether an investment fund should be consolidated or not. More generally, the disclosure of the consolidation of interests of less than 50 per cent and the non-consolidation of interests of more than 50 per cent can be improved by providing more details with respect to the considerations involved.

3.4.4 Structured entities

Structured entities are mainly used by financial institutions. The disclosure requirements in IFRS 12 have been tightened because during the global financial crisis it emerged that the liabilities ensuing from these entities were not (or not clearly) recognised or disclosed in the financial statements. The AFM notes that these structured entities are now more clearly disclosed. The existence or absence of financial liabilities with respect to structured entities (such as guarantees) is also stated. The AFM considers that these clearer disclosures benefit investors.

3.4.5 First application of IFRS 10 and IFRS 11

Generally speaking, the financial effects of the changes to accounting policies are adequately disclosed. The AFM however notes that the reasons for reclassification of joint arrangements as a result of the first application of IFRS 10 and IFRS 11 are not clearly stated in all cases.

In addition, the AFM notes that many companies set off the financial effects of the changes in accounting policies. This does not provide the required insight. In one company's case, the effect of consolidation (instead of proportional consolidation) set off the effect of joint venture accounting (instead of proportional consolidation).

4. Appendix 1, Good practices

Good practice 1: the impact of joint arrangements (Heijmans N.V. 2014 financial statements, page 182)

This disclosure shows the effect of joint arrangements on the determination of the result and the statement of financial position of Heijmans. If there are individual combinations that are material, these can also be stated, including the segment to which they belong.

Het aandeel van de Groep in de bedrijfsopbrengsten en de balans van gezamenlijke bedrijfsactiviteiten zijn onderstaand per segment aangegeven.

2014 Bedrijfssegmenten in € mln	Vastgoed	Woning-bouw	Utiliteit	Infra	Eliminatie	Totaal
Opbrengsten	28,6	6,4	7,7	103,4	-5,0	141,1
Kosten	-29,3	-5,7	-6,9	-99,1	5,0	-136,0
Vaste activa	4,0	0,0	0,0	0,6	0,0	4,6
Vlottende activa	61,5	3,1	3,0	18,7	-1,2	85,1
Totaal activa	**65,5**	**3,1**	**3,0**	**19,3**	**-1,2**	**89,7**
Langlopende verplichtingen	24,0	0,0	0,0	0,0	0,0	24,0
Kortlopende verplichtingen	10,4	2,7	2,1	18,4	-1,2	32,4
Totaal verplichtingen	**34,4**	**2,7**	**2,1**	**18,4**	**-1,2**	**56,4**
Eigen vermogen	**31,1**	**0,4**	**0,9**	**0,9**	**0,0**	**33,3**

Good practice 2: disclosure of material minority interests (Brookfield Asset Management 2014 financial statements, pages 103 -104)

The disclosure states the subsidiaries held by Brookfield Asset Management with material minority interests. Additional information is provided regarding control, governance and market listings (if applicable). Part of this disclosure concerns a reconciliation between the figures disclosed and the consolidated statement of financial position.

4. SUBSIDIARIES

The following table presents the details of the company's subsidiaries with significant non-controlling interests:

	Jurisdiction of Formation	Voting Rights Held by Non-Controlling Interests[1]		Ownership Interest Held by Non-Controlling Interests[2]	
		Dec. 31, 2014	Dec. 31, 2013	**Dec. 31, 2014**	Dec. 31, 2013
Brookfield Property Partners L.P. ("BPY")	Bermuda	—	—	**32.3%**[3]	10.6%
Brookfield Renewable Energy Partners L.P. ("BREP")	Bermuda	—	—	**37.5%**[4]	35.0%
Brookfield Infrastructure Partners L.P. ("BIP")	Bermuda	—	—	**71.5%**	71.5%
Brookfield Residential Properties Inc. ("BRP")	Canada	**29.4%**	31.5%	**29.4%**	31.5%

1. Control of the limited partnerships (BPY, BREP and BIP) resides with their respective general partners which are wholly owned subsidiaries of the company. The company's general partner interest is entitled to earn base management fees and incentive distribution rights
2. The company's ownership interest in BPY, BREP and BIP includes holding a combination of redemption-exchange units (REUs), Class A limited partnership units, special limited partnership units and general partnership units in each subsidiary, where applicable. Each of BPY, BREP and BIP's partnership capital includes its Class A limited partnership units whereas REUs and general partnership units are considered non-controlling interests for the respective partnerships. REUs share the same economic attributes in all respects except for the redemption right described above. The REUs and general partnership units participate in earnings and distributions on a per unit basis equivalent to the per unit participation of the Class A limited partnership units of the subsidiary.
3. During 2014, BPY completed a tender offer for its publicly traded subsidiary Brookfield Office Properties Inc. ("BPO") the consideration being a combination of cash and BPY units which resulted in a decrease in the company's ownership in BPY from 89.4% to 67.7%
4. During 2014, BREP completed an equity issuance, decreasing the company's ownership interest by 2.5% to 62.5%

The table below presents the exchanges in which the company's subsidiaries with significant non-controlling interests were publicly listed as of December 31, 2014:

	TSX	NYSE
BPY	BPY.UN	BPY
BREP	BEP.UN	BEP
BIP	BIP.UN	BIP
BRP	BRP	BRP

All publicly listed entities are subject to independent governance. Accordingly, the company has no direct access to the assets of these subsidiaries.

AS AT DECEMBER 31, 2014 (MILLIONS)	BPY	BREP	BIP	BRP
Current assets	$ 4,524	$ 694	$ 1,560	$ 1,493
Non-current assets	61,051	19,155	14,935	1,884
Current liabilities	(5,356)	(687)	(821)	(364)
Non-current liabilities	(31,920)	(10,281)	(9,352)	(1,417)
Non-controlling interests	(14,618)	(5,075)	(4,932)	(496)
Equity attributable to Brookfield[1]	$ 13,681	$ 3,806	$ 1,390	$ 1,100

FOR THE YEAR ENDED DECEMBER 31, 2014 (MILLIONS)	BPY	BREP	BIP	BRP
Revenues	$ 4,373	$ 1,714	$ 1,924	$ 1,532
Net income attributable to:				
Non-controlling interests	$ 1,821	$ 131	$ 190	$ 78
Shareholders	2,599	72	39	176
	$ 4,420	$ 203	$ 229	$ 254
Other comprehensive income (loss) attributable to:				
Non-controlling interests	$ (139)	$ 445	$ (48)	$ (21)
Shareholders	(308)	423	(13)	(50)
	$ (447)	$ 868	$ (61)	$ (71)
Distributions paid to non-controlling interests in common equity	$ 185	$ 176	$ 288	$ —
Cash flows from (used in):				
Operating activities	$ 483	$ 700	$ 691	$ 128
Investing activities	(5,000)	(2,037)	(1,073)	(62)
Financing activities	4,455	1,299	42	(189)

The following table outlines the composition of accumulated non-controlling interests presented within the company's consolidated financial statements:

(MILLIONS)	Dec. 31, 2014	Dec. 31, 2013
BPY	$ **14,618**	$ 12,810
BREP	**5,075**	4,002
BIP	**4,932**	5,127
BRP	**496**	515
Brookfield Incorporações S.A. ("BISA")	**106**	505
Individually immaterial subsidiaries with non-controlling interests	**4,318**	3,688
	$ **29,545**	$ 26,647

Good practice 3: Integrated disclosure of material and non-material associates with link to the statement of financial position (DSM N.V. 2014 financial statements, pages 158 – 160)

This disclosure is both qualitative and quantitative. It states which associates are material to the company. Reference is also made in the financial statements to the discussion of the results in the annual report.

The disclosure of the financial information distinguishes between material and non-material associates. The financial information is not limited to the statement of financial position and the statement of income of the associates, but also includes for instance contingent liabilities (see also section 3.4.2 of this report). The disclosure also states the loans included in the statement of financial position item.

10 Associates and joint ventures

The application of IFRS 11 impacted the accounting for the DSM interest of 50% in DSM Sinochem Pharmaceuticals and POET-DSM Advanced Biofuels which were proportionally consolidated in earlier years. With the adoption of IFRS 11, it has been determined that the interests in both companies have to be classified as joint venture under IFRS 11 and accounted for using the equity method. The transition was applied retrospectively and the comparative information was restated. DSM has a 49% interest and significant influence in DPx since the formation of this company early in 2014 and also accounts for this interest using the equity method. Relations with these joint ventures and their strategic importance are discussed in more detail in the sections Pharma Partnerships and Innovation Center in the Report by the Managing Board. Entities that meet the definition of joint operations of IFRS 11 were not identified.

DSM's share in its most important associates and joint ventures is disclosed below:

Company		DSM interest	
		2014	2013
DSM Sinochem Pharmaceuticals, Ltd. (Hong Kong, China)	joint control	50%	50%
POET-DSM Advanced Biofuels LLC (Sioux Falls, South Dakota, USA)	joint control	50%	50%
DPx Holdings (Cayman Islands)	significant influence	49%	-

The following table provides an overview of DSM's investments in associates and joint ventures.

Associates and joint ventures

	2014					
	DPx	DSP	POET-DSM	Other[1]	Total	2013R
Balance at 1 January	**-**	**130**	**81**	**84**	**295**	**250**
Changes:						
- Share of profits	(51)	3	(4)	(9)	(61)	(5)
- Acquisitions	-	-	-	-	-	26
- Capital payments	-	2	26	7	35	58
- Dividend received	-	-	-	(3)	(3)	(4)
- New loans	3	14	28	8	53	24
- Disposals	-	-	-	(1)	(1)	-
- Consolidation changes	422	-	-	(25)	397	-
- Reclassification to held for sale	-	-	-	(1)	(1)	(24)
- Transfers	-	(1)	-	1	-	(18)
- Exchange differences	46	4	16	1	67	(12)
- Other	(7)	(10)	-	(2)	(19)	-
Total changes	413	12	66	(24)	467	45
Balance at 31 December	**413**	**142**	**147**	**60**	**762**	**295**
Of which carrying amount of the investment	362	109	106	40	617	247
Of which loans granted	51	33	41[2]	20	145	48

[1] Amongst others Japan Fine Coatings, Xinhui Meida-DSM Nylon and Actamax are included in Other
[2] The outstanding loan receivable is secured for 50% by a guarantee from the joint venture partner POET LLC

Loans include a USD 61 million loan granted to DPx in 2014 with an annual fixed interest rate of 10.75% and an expected 5-year maturity. Loans of € 6 million and € 12 million to DSP maturing in 2016 together with a loan of CNY 115 million to be repaid in or before 2017. A USD 50 million loan to POET-DSM with a 5% interest repayable in 2018 and secured for 50% by a guarantee from the joint venture partner.

Associates and joint ventures on a 100% basis

	DPx[1]		DSP		Other[2]		Total	
	2014	2013R	**2014**	2013R	**2014**	2013R	**2014**	2013R
Assets								
Intangible assets	1,405	-	16	15	21	18	1,442	33
Property, plant and equipment	819	-	241	215	315	243	1,375	458
Other non-current assets	110	-	36	74	15	14	161	88
Inventories	362	-	75	73	13	17	450	90
Receivables	296	-	172	105	83	102	551	207
Cash and cash equivalents	70	-	67	56	48	36	185	92
Other current assets	-	-	-	3	5	65	5	68
Total assets	**3,062**	**-**	**607**	**541**	**500**	**495**	**4,169**	**1,036**
Liabilities								
Provisions (non-current)	-	-	3	3	3	2	6	5
Borrowings (non-current)	1,625	-	47	35	80	23	1,752	58
Other non-current liabilities	299	-	9	45	6	13	314	58
Provisions (current)	42	-	-	-	-	18	42	18
Borrowings and financial derivatives (current)	25	-	145	118	22	15	192	133
Other current liabilities	410	-	181	129	99	146	690	275
Total liabilities	**2,401**	**-**	**385**	**330**	**210**	**217**	**2,996**	**547**
Net assets (100% basis)	**661**	**-**	**222**	**211**	**290**	**278**	**1,173**	**489**
Of which non-controlling interest	-	-	4	4	-	-	-	-
Net assets excluding goodwill	661	-	222	211	290	278	1,173	489
Contingent liabilities	-	-	-	-	-	-	-	-
Summarized statement of profit or loss								
Revenue (net sales)[3]	984	-	399	368	368	443	1,751	811
Operating profit (EBIT)	**92**	**-**	**9**	**(2)**	**(25)**	**(11)**	**76**	**(13)**
Interest income	-	-	-	1	-	-	-	1
Interest expense	(56)	-	(6)	(7)	(4)	(1)	(66)	(8)
Other financial income and expense	(1)	-	8	(3)	-	3	7	-
Share of the profit of associates	(1)	-	-	-	-	-	(1)	-
Profit before income tax expense	**34**	**-**	**11**	**(11)**	**(29)**	**(9)**	**16**	**(20)**
Income tax expense	9	-	(5)	(5)	-	(1)	4	(6)
Profit for the year (continuing operations)	**43**	**-**	**6**	**(16)**	**(29)**	**(10)**	**20**	**(26)**
Post-tax result discontinued operations	-	-	-	-	-	-	-	-
Exceptional items	(152)	-	-	22	2	1	(150)	23
Income tax expense exceptional items	4	-	-	-	-	-	4	-
Profit for the year (total)	**(105)**	**-**	**6**	**6**	**(27)**	**(9)**	**(126)**	**(3)**
Other comprehensive income	(35)	-	(4)	(10)	-	-	(39)	(10)
Total comprehensive income	**(140)**	**-**	**2**	**(4)**	**(27)**	**(9)**	**(165)**	**(13)**
EBITDA	**177**	**-**	**23**	**21**	**(18)**	**(6)**	**182**	**15**
Depreciation, amortization and impairment	(85)	-	(14)	(23)	(7)	(5)	(106)	(28)

1 DPx is included from 11 March until end of fiscal year 2014 (31 October).
2 POET-DSM Advanced Biofuels is included in Other in view of the commercial start-up of the plant. At year-end 2014 total assets amounted to €258 million and net assets amounted to €211 million. Revenue for 2014 was €0 and EBITDA was -€8 million. Furthermore, Japan Fine Coatings, Xinhui Meida-DSM Nylon and Actamax are included among others.
3 Excluding sales to DSM of €18 million (DPx) and €12 million (DSP).

Good practice 4: Aggregate information on non-material joint ventures and associates (Vopak N.V. 2014 financial statements, pages 140 and 142)

In this disclosure, Vopak explains that a large part of the operations is conducted using joint ventures and associates, but that none of these interests are individually material. The financial information provided thereafter shows the impact for Vopak, with a distinction drawn between segments. Vopak refers to its disclosure of the liabilities (see also section 3.4.2 of this report).

Note 3.4 Joint ventures and associates

Vopak's interest in the principal joint ventures and associates consists of: 28 (2013: 29) unlisted joint ventures and 4 (2013: 2) unlisted associates. Although the Group conducts a large part of its activities by means of these joint ventures and associates, none of these entities are currently individually material for the Group. The nature of, and changes in, the risks associated with its interests in joint ventures and associates is primarily linked to the region and/or the activities. For the disclosure of the nature, extent and financial effects of our joint ventures, we make a distinction in the activities of the division Europe, Middle East & Africa (mainly oil storage terminals), LNG (joint ventures with long-term contracts), and Asia (mainly industrial terminals).

Summarized statement of financial position at 31 December

	EMEA joint ventures		Asia joint ventures		LNG joint ventures		Other joint ventures		Total joint ventures		Total associates	
In EUR millions	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013	2014	2013
Non-current assets	1,010.7	936.4	1,728.3	1,381.3	1,133.9	1,110.6	104.0	156.3	3,976.9	3,584.6	504.9	70.8
Cash and cash equivalents	94.9	88.1	150.9	108.5	70.2	116.4	42.1	21.5	358.1	334.5	19.8	46.9
Other current assets	66.8	58.3	64.0	74.5	25.0	27.2	10.9	12.8	166.7	172.8	54.0	-
Total assets	**1,172.4**	**1,082.8**	**1,943.2**	**1,564.3**	**1,229.1**	**1,254.2**	**157.0**	**190.6**	**4,501.7**	**4,091.9**	**578.7**	**117.7**
Financial non-current liabilities	184.7	186.9	767.1	489.3	763.9	790.7	85.7	121.9	1,801.4	1,588.8	310.5	43.6
Other non-current liabilities	121.1	92.8	37.5	35.0	252.9	194.6	22.1	10.8	433.6	333.2	17.9	-
Financial current liabilities	76.7	51.6	24.4	43.9	62.1	100.2	4.8	2.1	168.0	197.8	-	-
Other current liabilities	74.1	73.5	163.6	190.6	28.3	32.5	18.8	20.0	284.8	316.6	31.8	30.8
Total liabilities	**456.6**	**404.8**	**992.6**	**758.8**	**1,107.2**	**1,118.0**	**131.4**	**154.8**	**2,687.8**	**2,436.4**	**360.2**	**74.4**
Net assets	**715.8**	**678.0**	**950.6**	**805.5**	**121.9**	**136.2**	**25.6**	**35.8**	**1,813.9**	**1,655.5**	**218.5**	**43.3**
Vopak's share of net assets	283.1	269.0	442.1	379.3	68.6	73.9	11.7	15.0	805.5	737.2	63.1	10.8
Goodwill on acquisition	16.5	15.9	2.4	3.0	48.5	44.6	-	-	67.4	63.5	6.2	-
Vopak's carrying amount of net assets	**299.6**	**284.9**	**444.5**	**382.3**	**117.1**	**118.5**	**11.7**	**15.0**	**872.9**	**800.7**	**69.3**	**10.8**

Contingent assets and liabilities

Our LNG joint venture in Altamira received a material claim in 2014, reference is made to note 8.8 'Contingent assets and contingent liabilities'.

Summarized statement of total comprehensive income

In EUR millions	EMEA joint ventures 2014	EMEA joint ventures 2013	Asia joint ventures 2014	Asia joint ventures 2013	LNG joint ventures 2014	LNG joint ventures 2013	Other joint ventures 2014	Other joint ventures 2013	Total joint ventures 2014	Total joint ventures 2013	Total associates 2014	Total associates 2013
Revenues	206.9	272.1	268.2	238.2	226.5	228.7	32.6	38.2	734.2	777.2	17.5	-
Operating expenses	- 100.8	- 114.7	- 98.3	- 59.5	- 60.4	- 61.7	- 11.4	- 14.9	- 270.9	- 250.8	- 4.6	-
Depreciation, amortization and impairment	- 49.9	- 47.5	- 77.7	- 22.7	- 41.2	- 40.8	0.2	- 7.7	- 168.6	- 118.7	- 4.3	-
Operating profit (EBIT)	**56.2**	**109.9**	**92.2**	**156.0**	**124.9**	**126.2**	**21.4**	**15.6**	**294.7**	**407.7**	**8.6**	**-**
Net finance costs	- 6.0	- 9.8	- 10.0	- 7.0	- 46.1	- 48.7	- 6.3	- 6.6	- 68.4	- 72.1	- 2.2	-
Income tax	- 4.4	- 12.9	- 28.4	- 31.6	- 23.8	- 21.3	- 1.3	- 1.8	- 57.9	- 67.6	- 0.7	-
Net profit	**45.8**	**87.2**	**53.8**	**117.4**	**55.0**	**56.2**	**13.8**	**7.2**	**168.4**	**268.0**	**5.7**	**-**
Other comprehensive income	0.3	1.3	- 4.6	- 1.4	- 38.4	46.5	- 5.6	4.7	- 48.3	51.1	-	-
Total comprehensive income	**46.1**	**88.5**	**49.2**	**116.0**	**16.6**	**102.7**	**8.2**	**11.9**	**120.1**	**319.1**	**5.7**	**-**
Vopak's share of net profit	17.9	35.9	20.5	48.9	28.1	28.5	6.3	3.0	72.8	116.3	1.7	-
Vopak's share of other comprehensive income	0.1	0.5	- 2.3	- 0.7	- 18.5	22.1	- 2.8	2.4	- 23.5	24.3	-	-
Vopak's share of total comprehensive income	**18.0**	**36.4**	**18.2**	**48.2**	**9.6**	**50.6**	**3.5**	**5.4**	**49.3**	**140.6**	**1.7**	**-**

The Netherlands Authority for the Financial Markets (AFM)
T +31(0)20 797 2000 | F +31(0)20 797 3800
Postbus 112723 | 1001 GS Amsterdam
www.afm.nl