Annual Report 2012
Company profile

IHC Merwede is focussed on the continuous development of design and construction activities for the specialist maritime sector. It is the global market leader for efficient dredging and mining vessels and equipment – with vast experience accumulated over decades – and a reliable supplier of custom-built ships and supplies for offshore construction.

IHC Merwede has in-house expertise for engineering and manufacturing innovative vessels and advanced equipment, as well as providing life-cycle support. Its integrated systematic approach has helped to develop optimum product performance and long term business partnerships.

The company’s broad customer base includes dredging operators, oil and gas corporations, offshore contractors and government authorities.

IHC Merwede has over 3,000 employees based at various locations in The Netherlands, Brazil, China, Croatia, France, India, Malaysia, the Middle East, Nigeria, Singapore, Slovakia, South Africa, the United Kingdom and the United States.

Technological innovation will remain the company’s underlying strength through its continuous investment in research and development. Moreover, it helps to safeguard a sustainable environment.

Key figures 2008-2012

<table>
<thead>
<tr>
<th>Amounts in millions of euros, unless stated otherwise</th>
<th>2012</th>
<th>2011</th>
<th>2010</th>
<th>2009</th>
<th>2008</th>
</tr>
</thead>
<tbody>
<tr>
<td>New orders</td>
<td>678.7</td>
<td>1,056.9</td>
<td>1,024.4</td>
<td>452.9</td>
<td>1,329.6</td>
</tr>
<tr>
<td>Revenue</td>
<td>894.9</td>
<td>1,049.8</td>
<td>1,007.8</td>
<td>1,125.7</td>
<td>1,090.1</td>
</tr>
<tr>
<td>Order portfolio as at 31 December</td>
<td>963.6</td>
<td>1,178.8</td>
<td>1,167.2</td>
<td>1,129.9</td>
<td>1,791.7</td>
</tr>
<tr>
<td>Profit for the period</td>
<td>36.9</td>
<td>103.2</td>
<td>100.7</td>
<td>58.8</td>
<td>78.5</td>
</tr>
<tr>
<td>Profit for the period attributable to owners of the company</td>
<td>34.7</td>
<td>100.9</td>
<td>98.8</td>
<td>56.7</td>
<td>76.5</td>
</tr>
<tr>
<td>EBITDA</td>
<td>83.9</td>
<td>161.4</td>
<td>152.7</td>
<td>101.9</td>
<td>111.9</td>
</tr>
<tr>
<td>Group equity</td>
<td>370.4</td>
<td>371.6</td>
<td>340.6</td>
<td>227.7</td>
<td>210.3</td>
</tr>
<tr>
<td>Total assets</td>
<td>832.3</td>
<td>934.5</td>
<td>904.5</td>
<td>846.7</td>
<td>836.8</td>
</tr>
<tr>
<td>Group equity / Total assets</td>
<td>45%</td>
<td>40%</td>
<td>38%</td>
<td>27%</td>
<td>25%</td>
</tr>
<tr>
<td>Group equity / Capital employed</td>
<td>76%</td>
<td>82%</td>
<td>79%</td>
<td>72%</td>
<td>68%</td>
</tr>
<tr>
<td>Average number of employees (head count)</td>
<td>3,239</td>
<td>3,109</td>
<td>3,016</td>
<td>3,060</td>
<td>2,623</td>
</tr>
</tbody>
</table>
Introduction

2012 was a transitional year for IHC Merwede Holding B.V. (“the company” or “IHC Merwede”). With its late cyclical business model, the company continued to perform well during the early years of the financial crisis due to an impressive order book.

However, since the second half of 2011 and into 2012, the impact of the economic slowdown may be evidenced by the lower order intake and increased competition within IHC Merwede’s niche market segments. This has resulted in lower sales and lower margins. Although, this started in Europe, the economic slowdown has also spread to the BRIC countries (Brazil, Russia, India and China) during 2012.

On a more positive note, the decline in the market was limited. However the remaining prospective business needs a longer lead time before it is awarded to the successful supplier. From a political viewpoint, the right measures have been taken and put in place – albeit late – to stabilise the financial system. This means that the bottom of the cycle was perhaps reached in the last quarter of 2012.

The long-lasting effect of the economic crisis resulted in lower sales in 2012, a smaller order book at the end of the year and a lower profit. In contrast, there has been an optimistic start to 2013 and IHC Merwede is well placed to win some major orders. Importantly, these would help to fill the order book and give the company the solid foundations it needs for future growth.

The shareholders of IHC Merwede started internal negotiations on a restructure of their shareholdings. In order to achieve the intended shareholding structure, the Hydrohammer Group1 has been earmarked for divestment.

Financial results

The Supervisory Board of IHC Merwede Holding B.V. hereby presents the Annual Report 2012. This incorporates the financial statements for the year as drawn up by IHC Merwede Holding B.V.’s Board of Management. The financial statements were audited by and discussed with KPMG Accountants N.V. (KPMG). They issued an unqualified independent auditor’s report on the 2012 financial statements.

IHC Merwede Holding B.V.’s financial statements were authorised for issue by the Board of Management and approved by the Supervisory Board on 22 March 2013. The company’s result attributable to the owners of the company for the 2012 financial year was €34.7 million. The balance sheet totals €832.3 million with Group Equity standing at €370.4 million.

The Board of Management has proposed distributing a dividend of €17.35 million to the shareholder IHC B.V. and adding the remaining amount of €17.35 million to the other reserves. This has been approved by the Supervisory Board.

Supervision

During the financial year 2012, the Supervisory Board met 8 times, with the Board of Management also in attendance and covered the following subjects:

- strategy of the group
- market developments and major future projects
- operational and financial results and forecasts
- corporate financing of the group
- optimising the structure of the group
- fiscal policy
- investment proposals
- acquisition proposals
- further internationalisation of the group
- research and development policy
- major projects, including risk management assessment
- management succession and development
- staff and remuneration policy
- health, safety and environmental subjects, and
- corporate social responsibility and sustainability.

The Supervisory Board received from the Board of Management all relevant related documents and information on discussed subjects, allowing them to make an independent and fair opinion on the company’s overall activities.

From time to time, business unit reviews were held by the respective director before the Supervisory Board to elaborate on their development and strategy.

Alternating members of the Board attended some of the meetings between the Works Council and the Board of Management. These meetings were always constructive and focused on solutions, as may be evidenced by the respectful and good labour relations between management and personnel.

Conclusion

Despite the adverse economic climate, the group was able to further strengthen its position in its core markets in 2012. The net result of €34.7 million demonstrates that even under fierce competition and in difficult market conditions, IHC Merwede is able to post sound results and increase its solvency.

The Supervisory Board would therefore like to express its appreciation to all employees for fulfilling their responsibilities and their commitment towards IHC Merwede.

Sliedrecht, 22 March 2013

The Supervisory Board:
J.J.C.M. van Dooremalen, Chairman
C.J. de Bruijn
J.C. ten Cate
C. Korevaar
J.L. van Nieuwenhuizen

1 Hydrohammer Group consist of the following statutory entities: IHC Hydrohammer B.V., IHC Aannemingsmaterieel B.V., Hydro-Ram Inc.; IHC Deutschland GmbH; IHC Sea Steel Ltd, IHC Fast Frames Ltd; IHC Equipement & Services S.A.S., SCI La Main Fermee and activities for IHC Hydrohammer B.V. currently under IHC Asia Pacific Pte. Ltd.
Report of the Board of Management

Introduction

IHC Merwede experienced a difficult period in 2012 due to the crisis that started in Europe, but affected a large part of the world from the early part of the year. Long-term bank funding was in many cases no longer available, which triggered uncertainty over financing and much longer lead times for the confirmation of orders. In addition, leading reputable customers faced more stringent conditions to obtain finance agreements, which in turn delayed infrastructure projects and – most importantly for IHC Merwede – the ordering of specialist equipment.

For the shipbuilding market in general, 2012 has been devastating and many shipyards have seen their order books in rapid decline without any new orders being secured. As a result, competition intensified in the remaining active shipbuilding niches, such as offshore and dredging vessels. Under these difficult and uncertain conditions, IHC Merwede’s order intake of €679 million – although down from €1,057 million in 2011 – remains encouraging.

The dredging market in Europe was quiet during 2012, with most activities in China and the Middle East. Nevertheless, the main drivers in this market remain intact and it is forecasted to pick up again from the second half of 2013.

In contrast, the offshore market remained buoyant in 2012, driven by the massive Brazilian and Australian oil and gas projects. The level of activity for this market is predicted to remain high in 2013.

The Mining division, which was established in 2012, is showing promising signs for 2013. However, equipment sales were much lower than expected due to the postponement of orders.

The absence of long-term finance in the market has necessitated IHC Merwede to integrate tailor-made pre- and post-delivery finance solutions in its proposals to customers. This ties in with IHC Merwede’s strategy to offer fully integrated vessels and equipment packages in a one-stop shop approach. In 2012, the company was given a mandate to arrange a $500 million post-delivery finance agreement, demonstrating how IHC Merwede’s capabilities in this area have been recognised by its customers.

Despite the difficult economic conditions in 2012, IHC Merwede continued its internationalisation strategy by opening a regional office in Singapore. The company also continued to strengthen links with local shipyards in protected and low-cost markets.

IHC Merwede started the ‘One IHC Merwede’ programme in 2012. This will lead to the standardisation of all systems, procedures and methods across the whole business. The backbone of the programme will be the introduction of a group-wide ERP (enterprise resource planning) system, with one version of master data and a central database.

‘One IHC Merwede’ – including a phased rollout across the entire group – will proceed until 2016. It will result in cost reductions, greater reliability and flexibility, reduced lead times and an increase in the creation of value.

It is likely that 2013 will be another transitional year for IHC Merwede. The offshore market is set to expand further, while the dredging market is showing signs that it will pick up in the second half of the year. The order intake is expected to be higher than last year, keeping the total order book on a par with approximately one year’s workload.

However, margins will continue to be under pressure in 2013. The sound order book and prospect of a recovering economy from the second half of 2013 into 2014 provide IHC Merwede with a healthy basis for its future development.

Financial

Revenue and result development

Revenue during the year decreased by 14.7% to €894.9 million (2011: €1,049.8 million). The production facilities were not fully occupied; delays in planning of new orders resulted in pacing down production, less optimised slipway usage and idle time in some business units.

External costs decreased with 13.5% to €553.3 million (2011: €616.2 million). These expenses amounted to 59.6% of revenue, which is an increase of 0.9 percentage point compared to 2011 (58.7%).

The employee costs increased by 2.5% to €252.6 million (2011: €246.4 million). Expressed as a percentage of revenue, employee costs increased from 23.5% in 2011 to 28.2% in 2012.

The average costs per employee amounted to €60,258, an increase of 4.5% compared to 2011. Depreciation and impairment of property, plant and equipment increased from €23.4 million in 2011 to €29.3 million in the year under review, caused by investments in rental equipment and an impairment of €1.4 million on a production facility abroad.

The result from operating activities, plus the depreciation and impairment of property, plant and equipment and amortisation and impairment of intangible assets (“EBITDA”) was €83.9 million (2011: €161.4 million), a decrease of 48% compared to the previous year, due to lower revenues, lower positive production results on orders in progress in 2012 and lower positive occupancy results.

Order book

The order book as at 31 December 2012 included the orders for two dredging vessels, for which firm agreement was reached in 2012. In early 2013 the final contract documentation was signed. The level of the order book is just below €1 billion, and is approximately 17% lower than the order book of the last three years. Nevertheless, the prospects for the near future are positive.

Sales in 2012 amounted to €679 million, a decrease of €378 million compared to 2011. Some projects are delayed to 2013 to be decided on. The group expects a satisfactory utilisation of the permanent production capacity of the group for 2013.

Cash flow

The following represents the cash flows in the last two years:

<table>
<thead>
<tr>
<th>In millions of euros:</th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net cash flows from:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating activities (excluding changes in working capital)</td>
<td>83.8</td>
<td>148.2</td>
</tr>
<tr>
<td>Changes in working capital</td>
<td>14.8</td>
<td>-159.6</td>
</tr>
<tr>
<td>Investing activities</td>
<td>-41.3</td>
<td>-54.6</td>
</tr>
<tr>
<td>Financing activities</td>
<td>-122.8</td>
<td>-17.4</td>
</tr>
<tr>
<td>Net decrease in cash and cash equivalents</td>
<td>-66.5</td>
<td>-83.4</td>
</tr>
</tbody>
</table>

Working capital

Working capital amounted to €64.7 million negative as at 31 December 2012 (excluding the reclassification ‘Held for sale’) is less negative than the previous year (€104.6 million); such fluctuations are inherent to the character of the company, as work in progress is financed on a milestone payment schedule. Dependent on the agreed payment schedule and the stage of completion of the projects under construction, the amount due to or due from customers or the amount of trade receivables may differ substantially.

Working capital management continues to be an important activity in the group. Uniformisation of processes and reporting, integrated planning over the whole production process and central credit management are all part of this approach.

Investments

Investments in property, plant and equipment during 2012 can be broken down as follows:

<table>
<thead>
<tr>
<th>In millions of euros:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land, docks, slipways, dry docks, business premises, floating equipment</td>
</tr>
<tr>
<td>Plant and machinery</td>
</tr>
<tr>
<td>Rental equipment and other operating fixed assets</td>
</tr>
<tr>
<td>Other items</td>
</tr>
<tr>
<td>Total investments</td>
</tr>
</tbody>
</table>

Investments in property, plant and equipment are directly related to the expansion of the business in recent years. Investments in rental equipment are related to increasing demand from customers to hire rather than buy.

Investments in other non-current financial assets include participations in limited partnerships, which are incorporated to finance shipbuilding projects of customers.

Balance sheet

The condensed balance sheet as at 31 December is:

<table>
<thead>
<tr>
<th>In millions of euros:</th>
<th>31 Dec 2012</th>
<th>31 Dec 2011</th>
<th>Difference</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-current assets</td>
<td>298.9</td>
<td>308.2</td>
<td>-9.3</td>
</tr>
<tr>
<td>Working capital (excluding assets and liabilities held for sale and cash and cash equivalents)</td>
<td>-64.7</td>
<td>-104.6</td>
<td>+39.9</td>
</tr>
<tr>
<td>Net assets / liabilities held for sale</td>
<td>62.5</td>
<td>-</td>
<td>+62.5</td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>179.9</td>
<td>250.0</td>
<td>-70.1</td>
</tr>
<tr>
<td>Net assets</td>
<td>476.6</td>
<td>453.6</td>
<td>+23.0</td>
</tr>
<tr>
<td>Non-current liabilities</td>
<td>106.2</td>
<td>82.0</td>
<td>+24.2</td>
</tr>
<tr>
<td>Group equity</td>
<td>370.4</td>
<td>371.6</td>
<td>-1.2</td>
</tr>
<tr>
<td>Financing</td>
<td>476.6</td>
<td>453.6</td>
<td>+23.0</td>
</tr>
</tbody>
</table>

Group equity decreased by €1.2 million. This decrease is the balance of the profit for the 2012 financial year (€36.9 million) less the distributed dividend for 2011 (€52.7 million), a positive movement in the hedging reserve (€15.9 million after tax) related to hedge accounting on outstanding contracts, and a few smaller changes during the 2012 financial year. The solvency ratio as at 31 December 2012 was 45%, an increase of 5% compared to 31 December 2011. The current ratio as at year-end 2012 was 1.5 (year-end 2011: 1.3).
Report of the Board of Management

**Financing**

Since 2011, the group has a 3-year financing arrangement - in 2012 extended with one year - with a bank consortium comprising of ABN Amro, BNP Paribas, DBS, Deutsche Bank, ING Bank and Rabobank. This arrangement consists of a €900 million of committed bank guarantee facilities, €300 million of uncommitted capex/acquisition facilities and €100 million of uncommitted ‘customer financing facilities’. The customer financing facilities are meant to offer financing arrangements in case customers prefer alternative payment schedules. At the end of 2012 €200 million of this customer financing facility was committed, and first drawings are planned in 2013.

In addition to the above mentioned credit facilities, the IHC Merweve Group has a €100 million guarantee facility with NV Nationale Borg-Maatschappij. The total amount of outstanding bank guarantees as at 31 December 2012 was €406 million (2011: €553 million).

The commitments pursuant to the financial covenants agreed with the bank consortium have been met in full as at 31 December 2012.

**General market developments**

There was some concern for the global economy once again in 2012. This had a knock-on effect for the maritime industry, with overcapacity in many shipyards.

In contrast, IHC Merweve’s markets were performing relatively well. This was due to the demand for: infrastructure development (dredging); precious metals (mining); and oil and gas (offshore). Other shipbuilders tried to enter these markets; which had a significant impact on the company’s pricing model.

A lack of available finance for customers delayed many sales agreements. IHC Merweve has now bridged this gap with a list of finance options on offer, thanks to the help of Government-driven initiatives.

Although the large dredging contractors are still performing relatively well, it is not a good time for large investments. IHC Merweve’s order book is therefore dominated by smaller dredging vessels, excluding: a large cutter suction dredger destined for Saudi Arabia; and a trailing suction hopper dredger to be supplied to China.

The mining market is still relatively small, but there have been signs of growth in 2012 as customers invest in more advanced equipment. IHC Merweve’s integrated package of dredging vessels and mineral processing plants is unique to the market.

The pipelaying vessels ordered by SapuraKencana and Subsea 7 in early 2012 were a major breakthrough in the offshore market. This is the first time that a completely integrated vessel has been ordered from one company. With the Brazilian project booming, Petrobras will continue to invest and IHC Merweve is in a strong position to win more business.

Offshore wind is still a priority in the renewable energy sector thanks to Government funding. IHC Merweve is now developing more sophisticated equipment in response to this demand. The company also acquired Wave Rotor technology from EcoFys in 2012, which is now managed by IHC Tidal Energy.

The number of orders gained by IHC Merweve was less than in previous years mainly due to the delays caused by arranging finance. However, the value of possible future orders is still promising and the company has enough work in place to fill production capacity over the next 12 months.

IHC Merweve’s four strategic priorities remain: internationalisation; growth; product and process development; and internal and external cooperation. These subjects have underlined the company’s business development programme during the past year and will continue into 2013.

The ongoing strategy of internationalisation has extended its reach with IHC Merweve vessels and equipment operating globally, and local production facilities meeting demand. With more than 400 employees based outside The Netherlands, and operating companies, service stations and offices in 13 countries, the company’s ethos is to develop close working relationships with customers.

IHC Merweve produces the majority of its parts and components in low-cost countries, and the number of vessels assembled outside The Netherlands is also increasing. The company recognises that many customers require more standard and less expensive products. In doing so, it has succeeded in perfecting the logistical process, while achieving its customary high-quality standards and keeping all of its deliveries on schedule.

While the company’s headquarters will remain in The Netherlands and custom-built vessels will continue to be built in The Netherlands, it is establishing regional headquarters in strategic locations around the world. These include Singapore, which opened in 2012, China, Brazil and the USA, which will be developed during 2013. IHC Merweve has taken this step to rationalise its local presence, transfer power and decision-making capabilities, and secure building capacity in partner shipyards.

IHC Merweve remains focused on exploring new markets (for example, renewable energy) and expanding its product portfolio (such as the introduction of more standard vessels). It will continue to assess the innovative vessels and advanced equipment that are required to service innoving new sectors within dredging, mining and offshore.

Possible future acquisitions – that fit into IHC Merweve’s corporate profile – will be pursued within the world of technology. Similarly, the leading international markets will be the main priority for investing in collaborations and joint ventures to obtain low-cost production capacity.

IHC Merweve will continue to invest three per cent of its revenue in innovation and product development. It is also applying for more European development funding than ever before and aiming to improve the efficiency of its R&D funnel.

Externally, IHC Merweve’s financial team has been establishing new and innovative ways to develop the company’s finance packages. This has meant working closely with banks, financial institutions and Governments to match the market’s requirements.

The Product Market Combinations (PMCs) have been established in 2012. One of the main goals of this initiative was to become more customer orientated and operate closer to the market. This has already been well received, with positive feedback that IHC Merweve is finding much better solutions to meet its customers’ needs.

The PMCs were also created for sharing resources more effectively and more coordinated functions have been established across every aspect of the business as a result. Knowledge on such topics as best practice and capacity is being transferred in a much more efficient manner and the company’s business is more flexible than it was previously.

There have been significant changes in 2012 to the way in which IHC Merweve employees work together. The new corporate operating principles and “One IHC Merweve” programme have nurtured the standardisation of operating procedures and working methods. Employees are helping to implement these processes to perform tasks in a clearer, more efficient and cost-effective manner.

**Strategy**

IHC Merweve’s financial team has been establishing new and innovative ways to develop the company’s finance packages. This has meant working closely with banks, financial institutions and Governments to match the market’s requirements.

**Risk management**

Risk management is completed via a process of risk identification and analysis, mitigating actions and follow-up monitoring. The final responsibility lies with the Chief Financial Officer. The types of risks inherent within the company’s business have not altered substantially, although due to the financial crisis, market conditions dictate which resilient action will be required by the company.

**Market risks**

IHC Merweve’s order intake is irregular due to the nature of the company’s business focusing on high-end integrated projects with a large capital value. This risk is mitigated by increasing flexibility within the organisation through outsourcing and subcontracting, hiring additional workforce and renting slipway capacity. The portfolio approach – with a focus on the three markets of dredging, mining and offshore – lowers the commercial risk of irregular order intake, because each market has its own economic cycle and the interconnection between the markets is limited.

IHC Merweve also focuses on high-end equipment, both for internal use (through integration on its innovative vessels) and external sale. The delivery of spare parts for existing ships and increased priority given to the life-cycle approach of integrated vessels – including the transfer of knowledge to customers and training of their crews – intensifies customer relationships and allows access to potential markets. IHC Merweve is also active in the rental market for offshore and construction equipment.

The crisis in the shipbuilding industry has led to greater rivalry in the niche segments, where orders are still being placed. This has resulted in increased price competition, especially in the lower end of the product range. To adapt to the new market conditions, IHC Merweve will concentrate on the following: placing further emphasis on high-end engineered vessels; engineering and building lower-end products through cooperation agreements in low-cost shipyards; internationalisation; redefining and standardising all of the company’s systems, processes and methods through the “One IHC Merweve” programme in order to increase efficiency and reduce costs.

**Contract risks**

Contract risks are identified and evaluated by the legal department. External expert advice is sought for contracts governed by foreign law. The legal department works...
together with the treasury department to carry out a credit review before the company enters into major contracts.

IHC Merwede has a strict acceptance policy for political and payment risks. In principle, these are covered by credit insurance or a letter of credit, except in the case of existing customers with an excellent credit rating. IHC Merwede is also in continuous dialogue with Atradius Dutch State Business to look for tailor-made solutions to mitigate political and payment risks.

Interest rate and currency risk
All currency risks are managed in accordance with the company’s strict hedging policy. The amount of US dollar cash flow has considerably increased in 2012 due to higher activity in the offshore market. The other major foreign currencies are British pounds and Chinese renminbi. All currency risks are hedged with foreign exchange contracts.

The company follows a policy of ensuring that all of its exposure to changes in interest rates on loans and borrowings is on a fixed-rate basis. This is done by entering into interest rate swaps for almost all loans and borrowings.

Credit risk
The company has strict acceptance and risk policies for credit risks. Risks are assessed using information from recognised institutions that provide credit information. Moreover, credit risks are covered by obtaining collateral such as bank guarantees and confirmed letters of credit, credit insurance and advance payments. The company has established a credit policy under which each new customer’s creditworthiness is analyzed before the company’s standard payment and delivery terms and conditions are offered. These procedures and the geographical diversity of the customer base reduce the credit risk.

Liquidty risk
Liquidty risk is the risk that the company will encounter difficulty in meeting its financial obligations when they fall due. The company’s approach to managing liquidity is to ensure, as far as possible, that it always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the company’s reputation.

Project risks
Project risk management is at the core of IHC Merwede’s processes. The company provides engineering, design and custom-built solutions in accordance with customer requirements. Experienced project management conducts and monitors risk analyses, from the proposal to completion, highlighting all aspects of risk and assuring adequate mitigation measures on all critical project risk issues.

From 2013 onwards, project management will be standardised by adopting PRINCE2 standards in all IHC Merwede business units. Simultaneously, the project risk management and reporting will also be strengthened by the introduction of mandatory procedures throughout all of IHC Merwede. The focus is on the reduction of the variation in project results by proactive identification of significant technical, commercial and contractual risks. Reporting is done through project gate reviews and workshops.

Execution risks
Execution risk is controlled by monitoring the engineering, construction and commissioning of all equipment on a continuous basis. Monthly progress reports include comparisons with the original budget, actual revenue and incurred costs at the reporting date, and the estimated forecast of the project result at completion. All major contracts are reported to and discussed with the Board of Management. Work in progress is insured for damage.

Human Resources
Observing the company’s order book and the markets in which it operates has enabled the Human Resources (HR) department to react to the challenges of and decide on its priorities for 2012. It is active in the promotion of ‘One IHC Merwede’ and responsible for internal communication on this project.

This was particularly the case in relation to job severity of the production staff, who were successfuly mobilised over several locations when there was a gap in the production schedule. HR has also reacted to market conditions by decreasing the level of the flexible workforce by 30% to 600 workers in the past 12 months. This will continue to fluctuate in response to demand.

Internationalisation has played a more prominent role in HR’s activities during 2012. The new Singapore office illustrates how it has helped to attract knowledge and expertise to the organisation. IHC Merwede is aiming to establish similar regional headquarters in China, Brazil and the USA. Smaller teams of people are also being assembeld in countries such as India, South Africa and Dubai.

Committed to academic development, IHC Merwede has helped to bring about a significant change in the Dutch Government’s attitude towards technical education in recent years. As the baby boomer generation is reaching retirement age, not enough pupils are opting for a technical education to replace them. IHC Merwede needs to recruit young people for all levels of the business and so it is continuing to invest in the development of its own future workforce.

An initiative with other maritime companies to promote technical education has been successful in presenting a united front to politicians, who once again acknowledge an established manufacturing industry in The Netherlands. The Government is currently investing in this sector of the educational system.

The HR department’s new ADP Workforce and native software systems have also made an impact. These provide the company with valuable information and reporting functionality for administration, recruitment and management of the flexible workforce. In addition to ensuring the company complies with employment law, the fully automated system monitors attendance at IHC Merwede’s locations in The Netherlands, and promotes the company’s rules and health and safety policies to third parties before they enter its facilities.

The health, safety and wellbeing of all employees remain a top priority and as the statutory retirement age is rising to 67, IHC Merwede encourages its personnel to work, think and live healthily.

Whilst Dutch law provides for gender diversity requirements on the boards of large companies, with at least 30% of the board members being female and at least 30% of the board members being male, the company does not satisfy this condition. This is due to the fact that the boardmembers were already in function before 2012 and no change has occurred in 2012.

Corporate social responsibility
As a key part of sustainable entrepreneurship, corporate social responsibility (CSR) means taking responsibility and being accountable for the fact that the company’s activities and decisions have on people and the environment. In early 2012, the Board of Management approved IHC Merwede’s CSR strategy.

The company would like to develop this to respond to market opportunities, growth and innovation, while respecting the interests of the environment and society at the earliest possible stage. In summary, it addresses a significant and topical issue to balance the short-term objectives and interests of the company with its long-term strategy.

Trends and developments in society
As a leader in the development of maritime technologies for high-end applications in the dredging, offshore and mining markets, IHC Merwede would like to take responsibility for the social and environmental effects of its activities. Therefore, IHC Merwede’s CSR policy is driven by international trends and developments in society across the wide range of markets served by its various divisions.

Important developments in sustainability for the dredging market are found in: international laws and regulations with regard to such emissions as NOx and SOx; raising awareness of the effects of turbidity; and underwater sound.

The offshore industry has devoted much attention to CSR-related issues under the influence of pressure from society and the development of increasingly stringent laws and regulations. These issues include the safety of employees on board offshore installations and the reduction of the environmental impact of offshore operations, especially with regard to accidents.

After land-based mining, the developments in offshore mining and especially the deep-sea mining industry are being carefully followed by environmental organisations and highlighted by the media. There is little information currently known on the impact of mining operations on deep-sea ecosystems and important stakeholders are working on determining a position on deep-sea mining. Environmental studies on potential impacts and the development of mitigation measures are of great importance for the development of deep-sea mining operations.

IHC Merwede takes responsibility of responding to these trends and developments in society by translating these global issues into product requirements. Dedicated research and development programmes on the reduction of energy consumption, and several partnerships to explore and reduce the environmental impact of dredging, offshore and mining activities, contribute to the development of sustainable products. An understanding of the environmental performance of the company’s production facilities is gathered by carbon footprint assessments.

IHC Merwede’s CSR strategy
The IHC Merwede CSR strategy will contribute to the timely development of products that meet the strictest laws and requirements by looking ahead towards the development of (environmental) regulations and social developments. To focus on the balance of its responsibilities towards people, planet and profit, IHC Merwede has built its CSR strategy on the following three foundations: sustainable entrepreneurship; social responsibility; and environmental accountability.

Sustainable entrepreneurship regards the company’s responsibility to guarantee future profitability and financial autonomy, and its ability to comply with its CSR
commitments. In terms of social responsibility, IHC Merwede acknowledges its responsibility to people working within the group's business units and production sites, as well as those employed by suppliers, sub-contractors and the foreign shipyards with which it collaborates. Regarding environmental accountability, IHC Merwede takes its responsibility of reducing the environmental impact of its products and services seriously, as well as its production processes in the third pillar of environmental accountability.

A CSR steering committee has been set up to guide the development and implementation of this strategy. The group has been operational since mid-2011. It has an advisory role for the development of the CSR strategy with the Board of Management and a supporting and directing role regarding the implementation of the strategy within IHC Merwede's business units.

IHC Merwede Foundation

One of the most recent spin-offs of IHC Merwede’s CSR strategy was the establishment of the IHC Merwede Foundation. The general aim of the IHC Merwede Foundation is contributing to a better global society by connecting the company's dedication and knowledge to people around the world in need of support. The foundation will arrange all charitable transactions to support social and cultural or other organisations that serve the common good on behalf of the enterprises within the IHC Merwede group.

IHC Merwede uses the foundation to focus on launching cultural and community supporting initiatives with a sustainable character and the active involvement of its employees. These projects will also be realised by intensive cooperation with local communities. From the date of establishment, the IHC Merwede Foundation has been granted with ANBI status by the Dutch tax authorities. The foundation will arrange all enterprises within the IHC Merwede group.

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The Future

Like 2012, it appears that 2013 will again be a transitional year. However, with better prospects than 12 months ago, IHC Merwede is looking forward to some growth across all of its markets.

Overall, the revenue in 2013 is expected to be similar to 2012. The level of profitability for 2012 was lower than it was in 2011 – an exceptionally good year – although this is considered satisfactory in the current climate. There were also a number of outstanding issues on certain projects, but with these now complete, the profit should increase slightly in 2013.

There is certainly room for optimism due to an encouraging list of promising projects and potential new orders. IHC Merwede will continue to invest in the development of the company as a whole and aim to further increase its portfolio of products and services. Examples of future new activities include start-up ventures and the acquisition of technology companies, as well as more sophisticated financial packages and other services.

The intention is to continue to strengthen the company’s position by offering an even more integrated package to customers. Other strategic locations will be investigated for the possibility of becoming regional headquarters. These include China, which will take priority, followed by Brazil and the USA.

The company’s sales operation will also be executed with a more regional influence. Overall, IHC Merwede is going through significant organisational change, which will include the location of sales personnel at the heart of each market.

Investments will remain on same level as in 2012. No major acquisitions are foreseen in 2013. R&D expenses will continue to be more than 3% of revenue highlighting the innovation strategy of the company. With some major orders entering production in 2013, number of personnel will remain throughout 2013 stable while some increase in flexible workforce can be expected. The company has also secured the necessary financing facilities with its core banks until June 2015 and is currently negotiating a further extension.

Sustainability has also been a priority for IHC Merwede and a clear direction has now been established for the future. The market now requires sustainable solutions, especially as much of the demand is being driven by international customers. Other strategic locations will be investigated for positioning by offering an even more integrated package to customers. Other strategic locations will be investigated for the possibility of becoming regional headquarters. These include China, which will take priority, followed by Brazil and the USA.

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Sustainability has also been a priority for IHC Merwede and a clear direction has now been established for the future. The market now requires sustainable solutions, especially as much of the demand is being driven by international Customers, and therefore this has to be a significant part of the company’s offering.

Sliedrecht, 22 March 2013

Board of Management:
G.L.M. Hamers, President
D.A.A.J.A.G. Vander Heyde, CFO
F. Brouwer

Report of the Board of Management

Abbreviated financial information 2012

Consolidated income statement

<table>
<thead>
<tr>
<th>In thousands of euros</th>
<th>2012</th>
<th>2011</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>894,942</td>
<td>1,049,756</td>
</tr>
<tr>
<td>Other income</td>
<td>3,665</td>
<td>3,857</td>
</tr>
<tr>
<td>Operating income</td>
<td>898,607</td>
<td>1,053,613</td>
</tr>
<tr>
<td>External costs</td>
<td>533,275</td>
<td>616,205</td>
</tr>
<tr>
<td>Employee expenses</td>
<td>252,599</td>
<td>246,371</td>
</tr>
<tr>
<td>Depreciation and impairment of property, plant and equipment</td>
<td>29,322</td>
<td>23,366</td>
</tr>
<tr>
<td>Amortisation and impairment of intangible assets</td>
<td>6,762</td>
<td>5,688</td>
</tr>
<tr>
<td>Other expenses</td>
<td>28,815</td>
<td>29,679</td>
</tr>
<tr>
<td>Operating expenses</td>
<td>850,773</td>
<td>921,309</td>
</tr>
<tr>
<td>Result from operating activities</td>
<td>47,834</td>
<td>132,304</td>
</tr>
<tr>
<td>Finance income</td>
<td>3,702</td>
<td>4,097</td>
</tr>
<tr>
<td>Finance expenses</td>
<td>-3,243</td>
<td>-3,620</td>
</tr>
<tr>
<td>Net finance income</td>
<td>459</td>
<td>477</td>
</tr>
<tr>
<td>Share of result of equity accounted investees (net of income tax)</td>
<td>102</td>
<td>477</td>
</tr>
<tr>
<td>Profit before income tax</td>
<td>48,395</td>
<td>132,385</td>
</tr>
<tr>
<td>Income tax expense</td>
<td>-11,499</td>
<td>-29,235</td>
</tr>
<tr>
<td>Profit for the period</td>
<td>36,896</td>
<td>103,150</td>
</tr>
<tr>
<td>Profit attributable to:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Owners of the company</td>
<td>34,708</td>
<td>100,915</td>
</tr>
<tr>
<td>Non-controlling interests</td>
<td>2,188</td>
<td>2,235</td>
</tr>
<tr>
<td>Profit for the period</td>
<td>36,896</td>
<td>103,150</td>
</tr>
</tbody>
</table>
Consolidated financial information 2012

Consolidated balance sheet

(31 Dec 2012) | (31 Dec 2011)
---|---
**Assets**
Property, plant and equipment | 192,257 | 222,574
Investment property | 5,186 | 5,337
Intangible assets and goodwill | 53,515 | 54,224
Investments in equity accounted investees | 448 | 685
Deferred tax assets | 252 | 297
Other non-current financial assets | 47,324 | 25,109
Non-current assets | 298,982 | 308,226
Inventories | 78,589 | 113,272
Due from customers for work in progress | 23,741 | 106,524
Trade and other receivables | 157,039 | 151,079
Current tax receivables | 12,819 | 5,398
Cash and cash equivalents | 179,856 | 249,962
Assets held for sale | 81,224 | -
Current assets | 533,268 | 626,235
Total assets | 832,250 | 934,461

**Group equity**
Share capital | 250 | 250
Share premium reserve | 68,136 | 68,136
Reserves | 262,791 | 197,776
Unappropriated result | 34,708 | 100,915
Total equity attributable to equity holders of the company | 365,885 | 367,077
Non-controlling interests | 4,517 | 4,542
Total Group equity | 370,402 | 371,619

**Liabilities**
Loans and borrowings | 38,606 | 37,072
Derivatives | 8,316 | 7,703
Deferred tax liabilities | 57,386 | 34,099
Provisions | 3,923 | 3,086
Total non-current liabilities | 106,231 | 81,960
Trade and other payables | 206,029 | 258,032
Due to customers for work in progress | 23,741 | 106,524
Current portion of loans and borrowings | 12,712 | 67,741
Current tax liabilities | 386 | 169
Provisions | 32,548 | 39,341
Liabilities held for sale | 18,725 | -
Total current liabilities | 355,617 | 480,882
Total liabilities | 461,848 | 562,842
Total Group equity and liabilities | 832,250 | 934,461

Consolidated statement of cash flows

(31 Dec 2012) | (31 Dec 2011)
---|---
**Profit for the period** | 36,896 | 103,150
Adjustments for:
Depreciation and amortisation expenses | 36,084 | 29,054
Revaluation of land | 315 | 1,532
Gain on sale of property, plant and equipment | -160 | -9
Share of result of equity accounted investees | -102 | 396
Net finance income | -459 | 477
Income tax expense | 11,499 | 29,235
Changes in provisions | -6,831 | 7,745
Interest received | 4,394 | 3,142
Interest paid | -1,327 | -2,788
Income tax paid | 3,470 | -22,757
Net cash flow from operating activities (excluding changes in working capital) | 83,779 | 148,223
Changes in working capital (excluding cash and cash equivalents):
- Acquisition of rental fleet | -30,453 | -21,523
- Inventories | 15,950 | 6,605
- Due from customers for work in progress | 82,783 | -69,949
- Trade and other receivables (excluding derivatives and accrued interest) | 909 | 9,584
- Due to customers for work in progress | -29,373 | -77,884
- Trade and other payables (excluding derivatives and accrued interest) | -25,034 | -6,435
Changes in working capital | 14,782 | -159,592
Net cash flow from operating activities | 98,561 | -11,369
Acquisitions of intangible assets and property, plant and equipment | -26,291 | -23,303
Proceeds from divestments of property, plant and equipment | 5,873 | 150
Acquisition of subsidiaries, net of cash acquired | -140 | -9,660
Investments in other non-current financial assets | -24,256 | -21,469
Dividends received | 419 | 139
Issue of loans and receivables | 4,394 | 3,142
Repayment of granted loans and receivables issued | -1,327 | -2,788
Net cash flow used in investing activities | -41,307 | -54,611
Additions to loans and borrowings | 1,767 | 62,500
Repayment of loans and borrowings | -72,827 | -28,516
Dividends paid | -50,400 | -49,430
Dividends paid to minority interests | -2,294 | -1,986
Net cash flow used in financing activities | -123,754 | -17,432
Net increase / (decrease) in cash and cash equivalents | -66,500 | -83,412
Cash and cash equivalents as at 1 January | 249,962 | 331,723
Movements in net cash and cash equivalents | -66,500 | -83,412
Reclassification to assets held for sale | -4,062 | -1,651
Effect of exchange rate fluctuations on cash held | 456 | 1,651
Cash and cash equivalents as at December | 179,856 | 249,962
Notes to the abbreviated financial information

1. General

The abbreviated financial information is derived from the financial statements 2012, which are prepared in accordance with the International Financial Reporting Standards (IFRS) and interpretations as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Netherlands Civil Code. The abbreviated financial information gives the headlines of the financial position of IHC Merwede Holding BV and its consolidated subsidiaries (together referred to as the ‘Group’) for the year ended 31 December 2012.

For a better understanding of the Group’s financial position, we emphasise that the abbreviated financial statements should be read in conjunction with the unabridged financial statements, from which the abbreviated financial statements were derived. An unqualified auditor’s report thereon dated 22 March 2013 was issued by KPMG Accountants N.V. The unabridged financial statements 2012 are available at the company or at the Chamber of Commerce in Rotterdam.

2. Significant accounting policies

An abbreviation of a selection of the most significant accounting policies is included below. For a full overview of the accounting policies refer to the unabridged financial statements 2012.

Basis of preparation
The consolidated financial statements are presented in euros unless indicated otherwise, the euro being the Group’s functional currency. The consolidated financial statements are based upon historical cost unless stated otherwise.

Estimates
The preparation of the financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions based on experience and various other factors that can be considered reasonable under the circumstances. Those estimates and assumptions form the basis for judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual outcome may differ from these estimates. The most important judgments in the financial statements concern the assessment of the result of contract work, measurement of warranty provisions, the measurement of recoverable amounts of cash-generating units containing goodwill, recoverability of development costs and valuation of inventories.

Basis of consolidation
Subsidiaries are entities controlled by the Group. Control exists when the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been aligned with the policies adopted by the Group.

Foreign currencies
The assets and liabilities of foreign operations that are denominated in foreign currencies, including goodwill and fair value adjustments arising on acquisition, are translated to euro at exchange rates at the reporting date. The income and expenses of foreign operations are translated to euro at exchange rates at the date of the transaction. Foreign currency differences are recognised in the currency translation reserve in equity. Exchange rate differences as a result of operational transactions and of the translation at the end of the reporting period of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss in the reporting period.

Derivatives
The Group holds derivative financial instruments to decrease its exposure to foreign currency risks and interest rate risks. Derivatives measured at fair value and changes therein are recognised in the consolidated income statement, unless hedge accounting is applied.

Impairment
The carrying amount of the Group’s assets, excluding inventories, work in progress, deferred tax assets and assets that are classified as held for sale, are reviewed on each balance sheet date to determine whether there is any indication of impairment. If there is any such indication, the assets’ recoverable amount is estimated. The recoverable amount of goodwill, assets with an indefinite useful life or intangible assets that are not yet available for use is estimated annually at the same time.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill (if applicable) attributable to cash-generating units and subsequently deducted pro rata to reduce the carrying amounts of the other assets in the unit.

Property, plant and equipment
Land is measured at cost on initial recognition and subsequently at fair value less accumulated impairment losses. The fair value is defined as the estimated amount for which land could be exchanged between a willing buyer and a willing seller in an arm’s length transaction after proper marketing wherein the parties had each acted knowledgeably. Disposal costs are not deducted in determining the fair value. The fair value of land is based on appraisals performed by an independent valuator or for recently acquired land, the fair value is based on the cost price. Any surplus arising on revaluation is recognised in the revaluation reserve in equity except to the extent that the surplus reverses a previous revaluation debit on the same asset recognised in profit or loss, in which case the credit to that extent is recognised in profit or loss. Any deficit on revaluation is recognised in profit or loss except to the extent that it reverses a previous revaluation surplus on the same asset, in which case the credit is re-recognition in the revaluation reserve in equity. The revaluation reserve is transferred to other reserves upon ultimate disposal of the asset. Land is not depreciated.

Intangible assets
Intangible assets acquired in business combinations (trade name, order backlog, customer relations, technology) are measured at cost, being the fair value at acquisition date less accumulated depreciation and accumulated impairment losses. Goodwill represents the excess of the cost of the acquisition over the Group’s interest in the net fair value of the identifiable assets, liabilities and contingent liabilities acquired. Goodwill is measured at cost less any accumulated impairment losses.

Due from (to) customers for work in progress
Work in progress is measured at cost of the work performed at reporting date, plus a part of the estimated results upon completion of the project in proportion to the progress made and net of progress billings, advances and provisions. Provisions are recognised for expected losses on work in progress as soon as they are foreseeable; if necessary, any profits already recognised are reversed. Costs include all expenditure related directly to specific projects plus an allocation of fixed and variable indirect production costs incurred in the Group’s contract activities based on normal operating capacity and capitalised borrowing costs. The progress of a project is determined on the basis of the cost incurred of the work done in relation to the expected total costs of the project. Profits are not recognised unless a reliable estimate can be made of the total result of the project at completion. The balance of the value of work in progress, progress billings and advance payments is determined for each project and presented as Due from customers for work in progress. For projects where the progress billings and advance payments exceed the value of work in progress, the balance is presented as Due to customers for work in progress.

Revenue
Contract revenue includes the initial amount agreed in the contract plus any variations in contract work, claims and incentive payments, to the extent that it is probable that they will result in revenue and can be measured reliably. As soon as the outcome of a construction contract can be estimated reliably, contract revenue is recognised in profit or loss in proportion to the stage of completion of the contract. Contract costs are recognised when incurred. If the contract is not completed, unless they create an asset related to future contract activity. When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable. An expected loss on a contract is recognised immediately in profit or loss.

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable, net of returns, trade discounts, volume rebates and taxes. Revenue from the sale of goods is recognised when the significant risks and rewards of ownership have been transferred to the buyer, recovery of the consideration is probable, the associated costs and possible return of goods can be estimated reliably, there is no cash received from the external parties that is not directly related to specific goods and services provided, and the title of ownership has been transferred. Revenue is recognised when delivery of goods occurs at the agreed price and it is probable that the economic benefits will flow to the Group. If the sale is made on credit terms, the revenue is recognised when the customer pays for the goods. If the customer does not pay within the terms of credit, the Group makes provisions for any possible loss that may arise on the sale. The Group accounts for incremental taxes on sales. The Group’s provision for taxes on sales is recognised when the Group is entitled to recover the tax, or if the tax becomes payable.

Profit and loss reserve
The profit and loss reserve is stated at the nominal value of the share capital. Dividends are recognised in profit or loss in the period declared.

Translation reserve
The translation reserve in Group equity.

Impairment
The carrying amount of a non-financial asset, the amount accumulated in equity is included in the carrying amount of the asset when the asset is recognised. In other cases the amount accumulated in equity is reclassified to profit or loss in the same period that the hedged item affects profit or loss.

The portion of the gain or loss on an instrument used to hedge a net investment in a foreign operation that is determined to be an effective hedge is recognised directly in the currency translation reserve in Group equity.

Due to (from) customers for work in progress
Work in progress is measured at cost of the work performed at reporting date, plus a part of the estimated results upon completion of the project in proportion to the progress made and net of progress billings, advances and provisions. Provisions are recognised for expected losses on work in progress as soon as they are foreseeable; if necessary, any profits already recognised are reversed. Costs include all expenditure related directly to specific projects plus an allocation of fixed and variable indirect production costs incurred in the Group’s contract activities based on normal operating capacity and capitalised borrowing costs. The progress of a project is determined on the basis of the cost incurred of the work done in relation to the expected total costs of the project. Profits are not recognised unless a reliable estimate can be made of the total result of the project at completion. The balance of the value of work in progress, progress billings and advance payments is determined for each project and presented as Due from customers for work in progress. For projects where the progress billings and advance payments exceed the value of work in progress, the balance is presented as Due to customers for work in progress.

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The translation reserve in Group equity.


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Rental income from property, plant and equipment is recognised as revenue on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

3. Research & development expenses

Research & development expenses, net of grants received, amounted to €12.8 million (2011: €12.9 million) and are included in external costs and employee expenses.

4. Order book

The order book at year-end 2012 amounted to €964 million (year-end 2011: €1,179 million). The order book of 2012 includes orders for two dredging vessels, for which firm agreement was reached and the Letter of Intent was signed in December 2012. In early 2013 the contract documentation was signed.

Independent auditor’s report

To: the Board of Management of IHC Merwede Holding B.V.

The accompanying abbreviated financial information, which comprise the consolidated income statement for the year ended 31 December 2012, the consolidated balance sheet as at 31 December 2012, the consolidated statement of cash flows for the year then ended and notes, comprising a summary of the significant accounting policies and other explanatory information, is derived from the audited financial statements of IHC Merwede Holding B.V. for the year ended 31 December 2012. We expressed an unqualified audit opinion on those financial statements in our report dated 22 March 2013. Those financial statements, and the abbreviated financial statements, do not reflect the effects of events that occurred subsequent to the date of our report on those financial statements.

Management’s responsibility

Management is responsible for the preparation of the abbreviated financial information on the basis described in note 1.

Auditor’s responsibility

Our responsibility is to express an opinion on the abbreviated financial information based on our procedures, which were conducted in accordance with Dutch law, including the Dutch Standard on Auditing 810 ‘Engagements to report on summary financial statements’.

Opinion

In our opinion, the abbreviated financial information derived from the audited financial statements of IHC Merwede Holding B.V. for the year ended 31 December 2012 are consistent, in all material respects, with those financial statements, on the basis described in note 1.

Rotterdam, 22 March 2013

KPMG Accountants N.V.

L.H. Bang RA