



2014

ANNUAL REPORT



One company,
one location,
one purpose.



Contents

| | |
|--|----|
| Key figures | 5 |
| Preface | 7 |
| 1.0 About Smals | |
| 1.1 Mission and vision of the group | 9 |
| 1.2 Strategy and areas of attention | 11 |
| 2.0 Supervisory Board | |
| 2.1 Pre-advice by the Supervisory Board | 13 |
| 3.0 Report by the management | |
| 3.1 Looking back on 2014 | 15 |
| 3.2 Prospects | 17 |
| 3.3 Personnel policy | 18 |
| 3.4 CSR and sustainability | 20 |
| 3.5 Lean working processes | 23 |
| 3.6 R&D activities | 23 |
| 3.7 Realised projects | 24 |
| 4.0 Results 2014 | |
| 4.1 Consolidated balance | 33 |
| 4.2 Consolidated profit-and-loss account | 34 |
| 5.0 Auditors' certificate | |
| 5.1 Auditors' report | 35 |
| 6.0 Miscellaneous data | |
| 6.1 Organisational structure | 39 |

No rights can be derived from the information included in this Annual Report.



Key figures

| x € 1,000 | 2014 | 2013 |
|-------------------------------------|--------|--------|
| Turnover | 28,976 | 26,115 |
| Operating results | 532 | 958 |
| Result before corporation tax | 278 | 713 |
| Net profit | 93 | 600 |
| Equity capital | 13,251 | 13,358 |
| Provisions | 5,345 | 7,619 |
| Miscellaneous borrowed capital | 27,295 | 20,056 |
| (of which equalisation reserve KBP) | 5,083 | 6,266 |
| Operational cashflow | 3,175 | 3,455 |
| EV / TV | 30% | 33% |
| Net profit / EC | 0% | 5% |





*One company,
one location,
one purpose.*



Shifting market conditions and the current economic climate, both in the Netherlands and in the world, have triggered a major change in course for Royal Smals NV regarding the coming years.

Traditionally, Smals' focus lies on the extraction of sand and gravel, which has been the company's core activity since its foundation in 1885. As a result of the economic crisis and the building crisis that followed, the demand for sand and gravel has strongly diminished. Furthermore, stocks of sand and gravel are increasing. This is because the Dutch government has been granting a great number of permits, for example in the context of the programme Ruimte voor de Rivier, allowing rivers to be broadened.

As a consequence, there will not be a good balance between demand and supply, at least until 2022, and Smals sees only limited opportunities to improve its position in the sand and gravel business. For this reason, we have chosen to change the course for the company and consider the available opportunities from a wider perspective. We have laid the basis for this changed strategy in 2013 and 2014

From the company's reconsidered mission, we have formulated a renewed vision and a modified strategy regarding the entire Smals Group.

Based on this strategy, we have decided that the different parts of the organisation should collaborate more efficiently, combine their knowledge and expertise more effectively, and approach the market in a more univocal manner.

What makes us unique is our consolidated expertise in the areas of extraction and upgrading of sand and gravel, area development, dredging, and water-oriented transport. More than ever, we should endeavour to combine this expertise, in order to continue to be the special player in hydraulic engineering that we are. In addition, we observe the necessity to broaden our knowledge, raise our turnover, and increase our margin.

In 2014, we have embarked upon the new Smals. All subsidiaries have been combined under the one roof, in Cuijk, the Netherlands, and a single workshop has been created for the entire group. One company, one location, one purpose. And one joint goal. In 2014, broadening our knowledge has also resulted in the taking over of the Klaar group, specialised in small-scale dredging works with a focus on sludge processing and dewatering.

In this annual report, you will read how we determined upon the changed course and which first steps have already been taken to realise it. Smals will go for an integrated approach to working within our specific field of knowledge, both in the Netherlands and abroad.

In 2014, we took the first steps. But we have a long way to go yet. This is only the beginning of the transformation of our company. As a special player in hydraulic engineering we will go out into the world in order to realise growth. The foundation has been laid. Our people are ready. And the management, the stockholders, and the members of the board are utterly confident that we have made the right decisions. We are on course!

Frans van der Linden
General Manager Royal Smals

Chapter 1

1.1 Mission and vision of the group

In 2014, Smals drew up a new mission regarding the entire group. This mission describes why we do what we do.

When determining the mission, we have looked at the developments we observed in the market, socially as well as geographically, and at the knowledge, expertise, and specialisms that exist in our company. The mission should enable us to grow and anticipate the changing conditions in the world around us. Another challenge was to define a mission for the group as a whole, rather than for each individual subsidiary separately.

Based on this, the management team has defined the following mission:

Together, we help build a safe and pleasant living environment, both for now and for the future.

From this mission, we have formulated a vision.

Vision

Royal Smals is a family business operating on an international scale. We are, and plan to remain, leading and unique in our offering of integrated solutions for water-related projects and optimum use of all soil flows resulting from these.

We think up, develop, realise, manage, and maintain hydraulic-engineering works, while always keeping in mind the environment and a sustainably safe community. To serve our customers in an optimum way, we regularly enter into strategic partnerships.

Smals intends to grow on the basis of a healthy financial situation, while maintaining its independence. Growth is realised by broadening and upscaling our activities. To achieve this, our continuously improving organisation is supported by motivated people with an appropriately high level of knowledge and experience.





1.2 Strategy and areas of attention

Our strategy is to support our mission and vision and should lead to a structurally sound basis, financially speaking.

Based on the mission and vision, it is our strategy to develop Royal Smals into a unique contractor in hydraulic engineering, whereby all subsidiaries positively contribute to the group result. An essential field of knowledge is the optimum use of soil flows resulting from our works. This knowledge is anchored in Bouwgrondstoffen, our business unit involved in raw materials for the construction industry. That is why this subsidiary is of vital importance to the execution of our strategy.

To achieve this, we need to grow, whereby growth is understood to be growth in turnover. As a result, we will be able to improve our performance and raise flexibility, meaning we are able to anticipate internal and external developments. Growth may be realised autonomously or by means of acquisition.

In addition to growth, we also feel it is necessary to further implement our policy of centralisation and our acting as a single company. We must further combine our knowledge and expertise and provide broad support for this.

Thanks to this combination of knowledge and expertise in hydraulic engineering, Smals will become a unique player in Europe. The following qualities are combined under the one roof:

- Knowledge of a wide range of permits in the Netherlands and Germany.
- Collaboration with interest groups in the Netherlands and Germany, including national governments, departments of public works, the provinces, local governments, environmental groups, district water boards, green funds, people living in the vicinity, etc.
- Knowledge of landscaping and relandscaping of nature areas and urban environments.
- Maintenance of nature areas.
- Knowledge of the dredging of sand, gravel, and sludge.
- Knowledge of the deployment of soil flows resulting from the works.
- Knowledge of solutions in the area of mechanical engineering and the in-house development, engineering and building of installations needed to carry out projects.
- The Netherlands' oldest producer and supplier of sand, with own extractions and production installations with long-term concessions.
- Expert and well-equipped Technical Service department.
- Extensive and well-maintained equipment: the right equipment for the job!

Chapter 2



Mr C.J.J. Halkes

Mr C.J.J. Halkes has been a commissioner with Royal Smals NV since 1 July 2004. As director/owner of Te Strake BV, with interests in the high-tech sector, he gained many years of experience in the building and direction of an innovative family business with subsidiaries in various countries around the world.



Mr J.J. Fransen van de Putte

Mr J.J. Fransen van de Putte has been a commissioner with Royal Smals NV since 1 July 2007. After having worked with other companies for a number of years, he joined Royal DSM in 1978 and stayed with them until 2006. In various position, he had been involved in marketing, sales, strategy, personnel, general management, and major projects.

2.1 Pre-advice by the Supervisory Board

The Supervisory Board hereby presents you with the Annual Report 2014 by Royal Smals NV, drawn up by the management. This annual report has been provided with an approved auditors' certificate. The Board has discussed the annual accounts and the auditors' certificate with the accountant. Based on these, among other things, we have decided to adopt this annual report and at the same time to discharge the Management for their policy during this financial year.

The financial year 2014 has once again been a difficult year for the building sector. Sand and gravel provision, and the trade in sand and gravel, remained at the same low level as the previous year. Volumes and margins remained under pressure. The attention of the Management and the Supervisory Board remained focussed on the structural improvement of results, among other things by reducing the costs and improving efficiency. Furthermore, we jointly targeted the further reinforcement and broadening of activities.

And these efforts proved successful. The balance position remained well within the covenants with banks. Moreover, it allowed us to make investments.

The acquisition of Klaar Bagger technieken fits in well with Royal Smals' existing dredging activities and has disclosed interesting markets. It has increased the distribution of activities of the group. In addition, signs point to a slight recovery of the building segment in 2015. Despite these positive signs, we must remain focussed on the control of costs and efficiency during the present year.

We would like to conclude by giving our sincere word of thanks to the Management and employees for their positive efforts in these dynamic market circumstances.

Cuijk, 19 March 2015

Mr J.J. Fransen van de Putte

Mr C.J.J. Halkes

The Supervisory Board in 2014

- 5 meetings with the Management
- Regular consultations apart from these meetings
- Maintaining a good relationship with shareholder/s
- Attending the meeting of Management and department heads regarding the future strategy of Smals
- Frequent consultation with Management and Chairman of the Board
- Chairman of the Board attended a meeting of the Works Council
- Extensive self-evaluation of the composition and functioning of the Board. Particularly regarding the relationship with the Management

Stepping down of Mr Webers

Mr H.A.A.M. Webers had indicated that the expansion of the the activities of Royal Smals in the area of dredging could possibly lead to a conflict of interests regarding Royal Smals and his employer. That is why he had resigned from his position as a member of the Supervisory Board of Royal Smals NV as from 2 February 2015. We would like to thank Mr Webers for his stimulating and professional input in the Board.

Chapter 3

3.1 Looking back on 2014

Regarding the financial year 2014, a profit of € 0.1 million Euros has been made based on the realisation of incidental profits.

The operational results for 2014 have largely been determined by the market for building and raw materials. As from 2015, we are expecting a slight recovery. The results from contract work also fell short of expectations as a result of the unfavourable market circumstances.

In 2014, the group has been reinforced by the acquisition of the Klaar group, which is active in small-scale dredging works. Their activities are complementary to the dredging works carried out by Aannemingsbedrijf Geluk. The objective of this take-over was to realise a growth in turnover and profit within the dredging division, in order to reduce our dependency upon the more traditional building activities and arrive at a structural positive operational result.

The group is now active in the contracting of hydraulic-engineering works, the rental of transport and dredging equipment, and the production of raw materials for the construction industry.

The group structure has been divided up into divisions, to meet these developments. Thanks to this structure, we are now better able to anticipate our customers' needs and wishes and we can more easily make adjustments where necessary.

In 2014, the industrial sand-extraction operation in the Kraaijenbergse Plassen has been concluded. The extraction has been moved to the project Over de Maas as from late 2014. For the medium term and long term - between 15 and 20 years - the group will have ample stock positions.

In addition, the group has a large fleet of dredging and transport equipment for the international dredging and rental markets. Since 2014, we have actively and successfully focussed on the rental of equipment that is not needed to carry out external works and projects. Rental of equipment is considered to be one of the core activities of the company. Therefore, it will be developed further.





3.2 Prospects

The results for 2015 are expected to considerably exceed those for 2014. The primary reason for this is the higher operational result. Furthermore, there will be incidental profits resulting from the conclusion of various projects and the selling off of surplus assets.

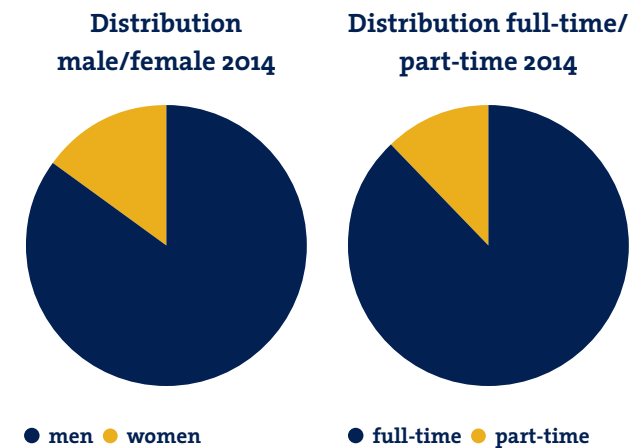
No important mutations regarding the size of the workforce are expected.



3.3 Personnel policy

On 31 December 2014, 95 employees (87.5 FTE) were employed within the Smals Group.

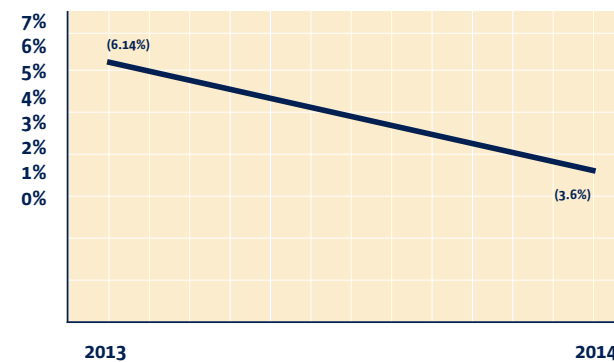
The ratios male/female – full-time/part-time are as follows:



Absenteeism

In 2013, the figure for absenteeism was rather high: 6%. One of the objectives for 2014 had been to reduce the figure for absenteeism with at least 1%. In this context, extra attention was paid in 2014 to the reduction of absenteeism. For example, all managers and supervisors attended the training course supervision of absentees.

These extra efforts have resulted in a reduction of absenteeism to 3.6% in 2014, which is an improvement of 2.5%. We have more than achieved our goal.



Regarding accidents and resulting absenteeism, we may note that no personal accidents leading to absenteeism have taken place in 2014.

Development of employees

An important objective of our organisation is to realise “growth by broadening and upscaling our activities”. We cannot achieve this without our employees. Because of the centralisation of our organisation, we had already started combining the knowledge and expertise present. However, more is needed to obtain maximum success. To enable the envisaged growth and development of the organisation, we need employees who have the right level of knowledge.

To achieve this, we have switched from an active to a proactive education policy in 2014. Together with our employees, we are now actively studying the educational and training needs of each employee, as well as the employer. We link the desired development of each employee with the intended development and growth of the organisation as a whole. This way, we gear each other’s wishes to each other and keep employees satisfied.

The new assessment system, which was introduced on 1 January 2015 and which comprises an assessment interview and a performance interview, is completely based upon stimulating the development of each individual employee in relation to the growth of the company.

In 2014, around € 70,000 has been spent on education and training. This comes down to approximately € 700 per employee, on average.

Anniversaries in 2014

We greatly value the fact that our employees feel good about their company. That is why we offer good terms of employment and a safe and pleasant working environment. Looking at the number of anniversaries that were celebrated in 2014 regarding employees’ years within the organisation, we may conclude that we have a great many loyal colleagues who enjoy working with us. In 2014 we celebrated nine anniversaries: five employees had been with us for 25 years, two for 12.5 years, and two for 35 years. And in 2015 we will be celebrating ten anniversaries. One employee will have been with us for 12.5 years, eight for 25 years, and one for 40 years.



3.4 CSR and sustainability

Around mid 2014, Royal Smals purchased the dredging company Klaar. Together with Geluk, this company has been incorporated in the new holding Smals Dredging. At the same time, the offices in Cuijk, the Netherlands, have been centralised.

In connection with the merger of Klaar and Geluk, a project was started around mid 2014 to arrive at a single quality and environmental management system for the newly set up company Smals Dredging BV.

In this context, the second half of 2014 was used to draw up an environmental policy for Smals Dredging. This policy is aimed at reducing the carbon footprint, particularly by making focussed investments and introducing clever innovations. This means that Dredging goes beyond what is required by law. For example, we set up and implemented a management system regarding CO2-conscious operation of the organisation and the monitoring of CO2 emission in a carbon footprint. Towards the end of 2014, this management system has been audited by an external body according to the guidelines by SKAO, the independent Dutch Foundation for Climate-Friendly Procurement and Business. The management system for CO2-conscious operation meets the requirements of Level 3 of the CO2 performance ladder. Early 2015, the CO2-conscious certificate Level 3 has been granted.

A few initiatives and measures that have been initiated in 2014:

- Follow-up study effect flow inverters in pipeline on energy consumption. A reduction in energy consumption is expected. The project is carried out in collaboration with the supplier (chain initiative).
- During the year of the report, multiple internal and external communications have taken place regarding the progress in the area of CO2 reduction and the CO2 performance ladder.
- During meetings with the client, the effect of choices in the project on the CO2 performance has been discussed.
- It was decided to equip new jet engines with consumption meters.
- Company cars purchased meet energy label A and/or B.
- Improved jet pump (modification jet head) sand dredger Maas. Objective is to create a more favourable material ratio, which should lead to a more efficient production and, consequently, reduced fuel consumption.
- A new charging pole has been installed near the new office, for electrical and hybrid cars.
- Sand dredger Linge has been equipped with a small additional engine, so that the main generator does not have to be operated outside of production hours for heating and necessary lighting.
- The main offices Smals Dredging and Smals Bouwgrondstoffen have been centralised.
- Energy management and lighting have been realised in the new workshop, whereby a minimum energy load has been aimed for.
- In October, the nuclear-energy act permit regarding encapsulated resources for sand dredgers by Aannemingsbedrijf Geluk BV has been brought up to date.
- In November, the environmental management system of Smals Bouwgrondstoffen has been reassessed by the certification body DNV GL Business Assurance. A small non-conformity was noted. This deviation has been removed within the set term, allowing the ISO 14001 certificate of Smals Bouwgrondstoffen to be continued.
- Around mid 2014, the sand-processing installation (ZVI) Vierlingsbeek has been moved to its new extraction location in Over de Maas, near Alphen, the Netherlands. Thanks to its thorough preparations, no incidents occurred during this move.
- An energy-reduction plan had been drawn up for the sand-processing installation currently deployed in the project Over de Maas. The energy reduction is expected to amount to 10%.
- Continuous monitoring should reveal whether there are any technological possibilities to minimise the noise produced by our installations and hence avoid nuisance.



Plas 5

Application Note Soil Management Kraaijenbergse Plassen Plas 5 has been started up. This means that we have applied for a permit to allow us to make a part of the lake Plas 5 less shallow over a period of 15 years. The application is based on an area-specific policy, and is submitted in collaboration with the Brabants Landschap.

Looking ahead to 2015

In the third quarter of 2015, all certificates of Klaar and Geluk will be brought up to the level of Smals Dredging BV. During this period, ISO 14001 certificate of Smals Bouwgrondstoffen will also be brought up to the level of Royal Smals.



3.5 Lean working processes

At the end of 2014, we started implementing working processes according to the Lean system. During this process, the organisation is supervised by Pro-Circle, an external company specialised in this process. The objective is to introduce a working method according to Lean,

which should raise efficiency of the internal processes and reduce costs and waste. As a result, the cost price will be lowered, allowing us to offer our customers better prices.

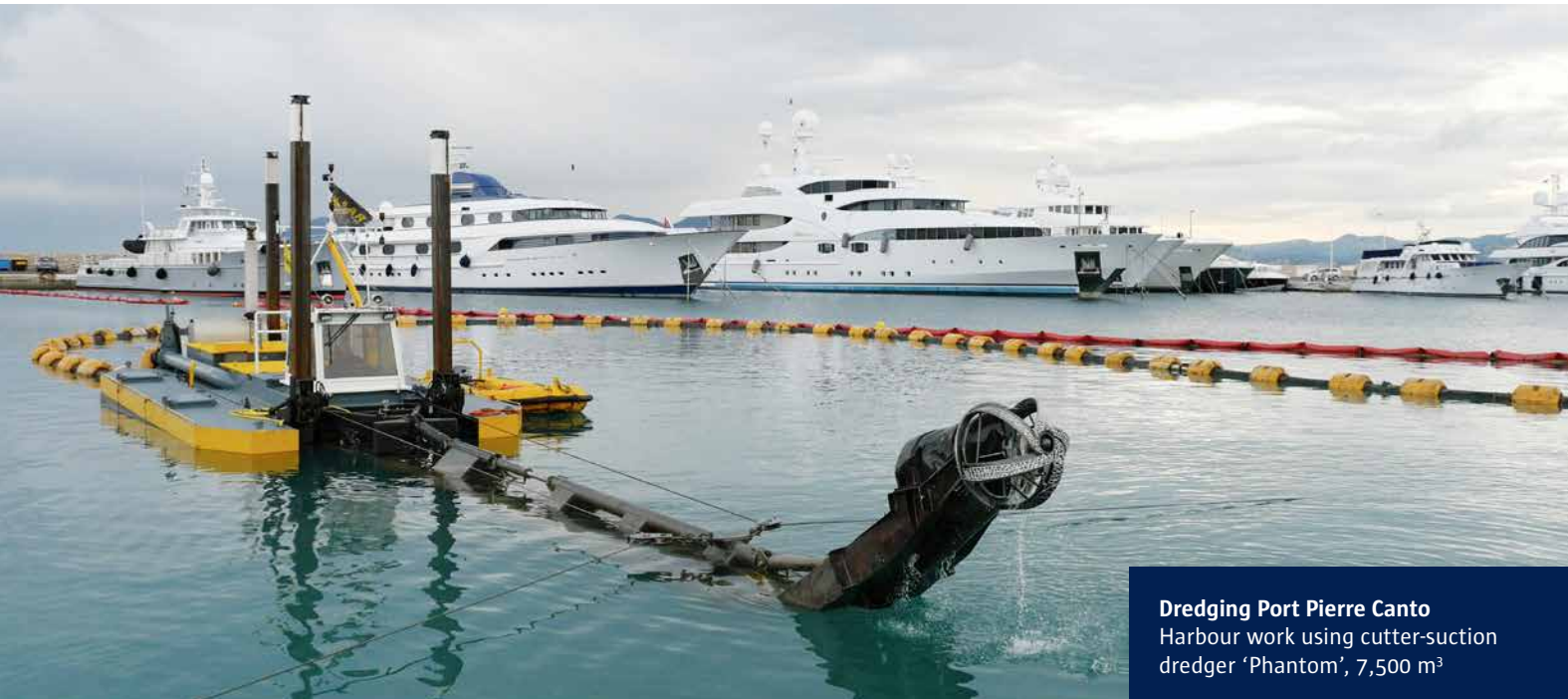
3.6 R&D activities

Our R&D activities are aimed at the development of products and technologies matching the current scope of Smals. With these new developments, Smals intends to offer its customers more sustainable and more efficient solutions and, together, solve water-management issues in even better ways. They form the basis on which we work on various projects.

These projects are aimed at the dewatering and sustainable application of sludge and residual flows as raw materials, and the optimisation of existing processes.

3.7 Realised projects

In 2014, Smals has completed various projects, involving the extraction and supply of raw materials for the construction industry, landscape development after sand extraction, and dredging works. Below, we have represented an overview of the most important works we carried out.



Dredging Port Pierre Canto
Harbour work using cutter-suction dredger 'Phantom', 7,500 m³



Smals Bouwgrondstoffen
5,200,000 m³ extraction of raw materials



Barth
Dredging harbour and access canal with cutter-suction dredger 'Pionier', 83,000 m³



Pocheweiher
Sludge dredging with cutter-suction dredger 'Pollux', 8,000 m³



Eemskanaal
Clean-up dredging works using crane pontoon 'De Staaij', 39,000 m³



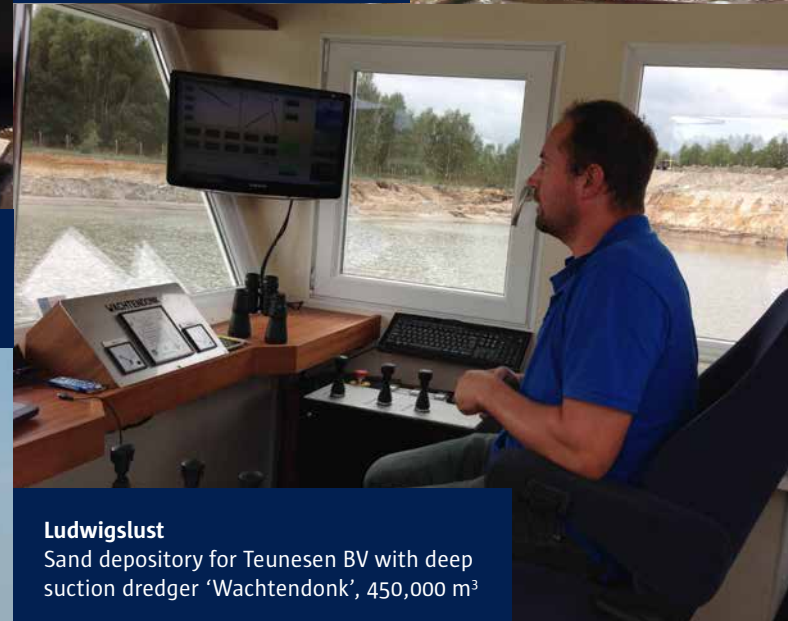
Calduran Hoogersmilde
Suppletion depository with bucket-wheel suction dredger 'Vecht', 350,000 m³



Husum
Clean-up of harbour using cutter-suction dredger 'Phoenix' 40,000 m³



Smals Verhuur
Rentals Cuijk and Dommelsvoort



Ludwigslust
Sand depository for Teunesen BV with deep suction dredger 'Wachtendonk', 450,000 m³



K3Delta Bommel
Super-suppletion using bucket-wheel suction dredger 'Linge' by order of K3Delta, 430,000 m³



Lomm
Execution by order of Kaliwaal BV with deep suction dredger 'Schelde', 1,000,000 m³



Over de Maas
Extraction of 150,000 m³ industrial sand using deep suction dredger 'Maas'



Evionnaz Aushub Rhone
Dredging with cutter-suction dredger 'Phoenix', 60,000 m³



Grödel Elsterwerdaer Floßkanal
Dredging works using cutter-suction dredger 'Pollux', 8,000 m³



Entschlammung Fischereihafen
Dredging five small harbours along the Drau using cutter-suction dredger 'Pluto', 9,000 m³



Oude Haske
Sand depository with deep suction dredger 'Biesbosch', 153,000 m³



K3Delta
Crevasse suppletion Lingemeer for K3Delta with bucket-wheel suction dredger 'Linge', 230,000 m³



Wachtendonk
Sand extraction deep suction dredger 'Wachtendonk', 2,000,000 m³



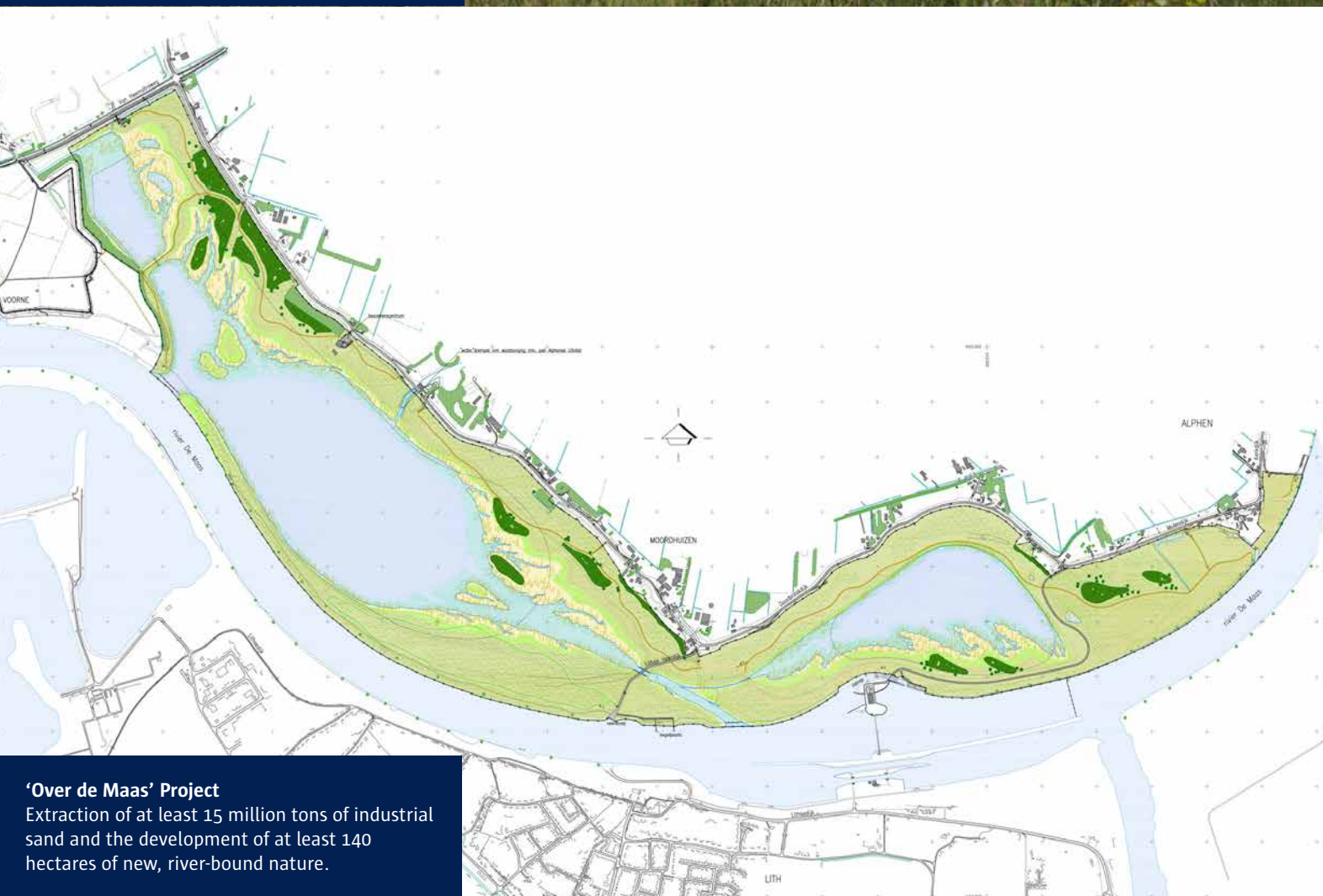
'Kraaijenbergse Plassen' Project

Approximately 120 million m³ sand extraction using the integrated development of nature, recreation, and housing.



'Geertjesgolf' Project

During a period of 15 years, an average annual amount of industrial sand of between 1.6 and 1.7 million tons will be supplied from the Voorhaven, the Oostplas and the Westplas.



'Over de Maas' Project

Extraction of at least 15 million tons of industrial sand and the development of at least 140 hectares of new, river-bound nature.



'IJsselmeer' Project

With the IJsselmeer plan, Royal Smals responds to the government's wish to have all future large-scale sand extraction carried out in large open water areas rather than on land.

Chapter 4

4.1 Consolidated balance as per 31 December 2014

| | | 31-12-2014 | 31-12-2013 |
|-------------------------|-----|-------------------|-------------------|
| | | € | € |
| ASSETS | | | |
| | | | |
| FIXED ASSETS | | | |
| Immaterial fixed assets | (1) | 245,773 | 0 |
| Material fixed assets | (2) | 17,747,721 | 13,781,232 |
| Financial fixed assets | (3) | 7,426,782 | 7,305,857 |
| | | 25,420,275 | 21,087,089 |
| | | | |
| FLOATING ASSETS | | | |
| Stocks | (4) | 9,290,577 | 14,156,068 |
| Receivables | (5) | 9,183,386 | 5,431,752 |
| Liquid assets | | 354,781 | 358,289 |
| | | 18,828,744 | 19,946,109 |
| | | | |
| TOTAL ASSETS | | 44,249,020 | 41,033,198 |

| | | 31-12-2014 | 31-12-2013 |
|-----------------------------|-----|-------------------|-------------------|
| | | € | € |
| LIABILITIES | | | |
| | | | |
| GROUP CAPITAL | | 13,250,736 | 13,358,198 |
| THIRD PARTY INTEREST | | -8,931 | -137 |
| PROVISIONS | (6) | 5,344,551 | 7,618,928 |
| LONG-TERM DEBTS | (7) | 6,159,311 | 10,467,155 |
| SHORT-TERM DEBTS | (8) | 19,503,353 | 9,589,054 |
| | | | |
| TOTAL LIABILITIES | | 44,249,020 | 41,033,198 |

4.2 Consolidated profit-and-loss account for 2014

| | 2014 | 2013 |
|--|-------------------|-------------------|
| Net turnover | 28,913,681 | 26,114,742 |
| Change in stocks ready product and work in hand | 62,305 | -87,536 |
| Sum of corporate revenue | 28,975,986 | 26,027,206 |
| Cost of raw materials | 7,485,627 | 7,864,141 |
| Cost of work contracted out and other external costs | 2,497,268 | 1,322,325 |
| Wages and salaries | 5,059,019 | 4,190,689 |
| Social security | 1,284,729 | 1,017,179 |
| Amortisation on fixed assets | 3,077,353 | 2,855,215 |
| Miscellaneous corporate costs | 9,039,790 | 7,819,676 |
| Sum of corporate liabilities | 28,443,786 | 25,069,225 |
| Operating result | 532,200 | 957,981 |
| Income from interest and similar | 32,400 | 32,400 |
| Costs of interest and similar | -286,999 | -277,257 |
| Result from regular operation before tax | 277,601 | 713,124 |
| Tax on result from regular operation | 228,459 | 199,994 |
| Result from regular operation after tax | 49,142 | 513,130 |
| Third party interest in result | 8,793 | 4,957 |
| Share in result non-consolidated participations | 34,603 | 82,019 |
| Net profit | 92,538 | 600,106 |



Chapter 5

5.1 Auditors' report

Auditors' report by the independent accountant

Declaration regarding annual report

We have audited the annual report 2014 of Royal Smals NV, Herten, the Netherlands. This annual report comprises the consolidated and individual balances as per 31 December 2014 and the consolidated and individual profit-and-loss account for 2014, including the explanation, which comprises an overview of the accounting policies applied and other explanations.

Responsibility of the management

The management of the company is responsible for the drawing up of the annual report, which should accurately present the capital and the result, as well as the drawing up of the management report; both in agreement with Title 9 Book 2 of the Dutch Civil Code.

The management is also responsible for the creation of such an internal control as is deemed necessary in order to enable the drawing up of the annual report without any material deviations as a result of fraud or errors.

Responsibility of the accountant

Our responsibility is to give a judgement regarding the annual report based on our audit. We have carried out our audit in conformity with Dutch law, including Dutch auditing standards. These require us to meet the ethical directives that apply to us, and perform and plan in such a way that a reasonable amount of certainty is obtained regarding the annual report in that it does not contain any deviations of material importance.

An audit includes activities to verify the information regarding amounts and the explanations in the annual report. The selected activities depend on the formation of judgement applied by the accountant, including the assessment of the risks that the annual report may contain deviations of material importance as a result of fraud or error.

While making these risk assessments, the accountant will maintain such internal control as is relevant regarding the drawing up of the annual report and the creation of a true representation thereof, aimed at carrying out auditing activities befitting the circumstances. However, these risk assessments are not intended to express any judgement regarding the effectiveness of the internal control of the company. An audit also comprises an evaluation regarding the suitability of the accounting policies applied and the reasonableness of the estimations made by the management of the company, as well as an evaluation of the overall presentation of the annual report.

We are of the opinion that the information we have obtained in order to make a verification is sufficient to be able to support our judgement.

Judgement regarding annual report

According to our judgement, the annual report provides a true presentation of the size and composition of the capital of Royal Smals NV as per 31 December 2014 and of the results for 2014, in accordance with Title 9 Book 2 of the Dutch Civil Code.

Declaration regarding other requirements demanded by or based on the law

Pursuant to Section 2:393 sub 5 at e and f of the Dutch Civil Code, we report that we have observed no deficiencies as a result of the audit, and that, as far as we have been able to verify, the report by the management has been drawn up in accordance with Title 9, Book 2 of the Dutch Civil Code, and that the information as required in Section 2:392 sub 1 at b - h has been provided. We also report that the management report, as far as we have been able to verify, agrees with the annual report as required in Section 2:391 sub 4 of the Dutch Civil Code.

Eindhoven, 19 March 2015

Ernst & Young Accountants LLP

6.1 Organisational structure

In the consolidated annual report for 2014, information has been included regarding Royal Smals NV, Herten, the Netherlands, and the 100% participations in:

- Smals Bouwgrondstoffen BV, Herten, the Netherlands, as well as its 100% participations in:*
- Smals Berkendonk BV, Herten, the Netherlands
 - Smals IJsselmeer BV, Herten, the Netherlands
 - Agricol BV, Roermond, the Netherlands
 - Immonoc NV, Grimbergen, the Netherlands (75%)
 - Smals Verhuur BV, Cuijk, the Netherlands
 - Fillcon BV, Herten, the Netherlands
 - IJ-zand BV, Herten, the Netherlands

Smals Dredging BV, Cuijk, the Netherlands, as well as its 100% participations in:

- Klaar Baggertechnieken BV
- Klaar Infra & Milieu BV
- Klaar Naßbagger und Umwelttechnik GmbH
- Aannemingsbedrijf Geluk BV, Doetinchem, the Netherlands
- Geluk Nassbaggerei GmbH, Itterbeck, Germany
- Smals Participaties BV, Herten, the Netherlands
- Smals IKW BV, Roermond, the Netherlands
- Smals Grind BV, Herten, the Netherlands
- Other interests

Organisational structure





**TOGETHER, WE HELP BUILD
A SAFE AND PLEASANT
LIVING ENVIRONMENT,
BOTH FOR NOW AND
FOR THE FUTURE.**

Concept and realisation: Merkvast



www.smals.com

Royal Smals NV
Keersluisweg 9
5433 NM Cuijk, the Netherlands

☎ +31 (0)485 335 170
✉ info@smals.com