Management report of the board of directors

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Report on the financial statements for the financial year

On 19 September 2013, CFE was informed of an agreement under which Ackermans & van Haaren would transfer its 50% stake in DEME to CFE. This transaction was to be followed by Ackermans & van Haaren making a mandatory public offer for CFE at a price of €45 per share.

The shareholders' meeting that took place on 13 November 2013 approved a capital increase via a contribution in kind, involving Ackermans & van Haaren contributing 2,256,450 registered shares in Dredging, Environmental & Marine Engineering NV (DEME) in return for 12,222,222 newly issued CFE shares with a price of €45 per share.

However, this capital increase was subject to two conditions precedent, which were met on 24 December 2013.

After these transactions, CFE now has sole control over DEME, and owns, directly or indirectly, all shares in DEME.

For the good understanding of financial data, we emphasize that all consolidated figures relating to the income statement and cash flow statement take into account only 50% of DEME's activity. However, the consolidated balance sheet at 31 December 2013 includes DEME at 100%. The order book at 31 December 2013 also includes DEME at 100%.

1. OVERVIEW OF THE YEAR

CONSOLIDATED REVENUE BY DIVISION

	31 December		
€ million	2013	2012	% change
Dredging & Environment (DEME at 50%)	**1,265.8**	**957.5**	**32.2%**
Contracting	**976.6**	**900.8**	**8.4%**
Construction	*711.0*	*645.2*	*10.2%*
Rail & Road	*95.5*	*99.3*	*-3.8%*
Multitechnics	*170.1*	*156.3*	*8.8%*
Real Estate & Management Services	**21.8**	**35.0**	**n.s.**
PPP-Concessions	**4.3**	**11.7**	**n.s.**
Holding company and consolidation adjustments	**-1.1**	**-6.7**	**n.s.**
Total	**2,267.3**	**1,898.3**	**19.4%**

CONSOLIDATED OPERATING INCOME BY DIVISION

(**before** items specific to the capital increase and the treatment of goodwill arising from the consolidation of the additional 50% stake in DEME arising from the contribution in kind and capital increase)

	31 December		
€ million	2013	2012*	% change
Dredging & Environment (DEME at 50%)	**105.1**	**69.1**	**52.1%**
Contracting	**-29.5**	**5.0**	**-**
Construction	*-23.7*	*-2.5*	-
Rail & Road	*4.5*	*5.7*	-
Multitechnics	*-10.3*	*1.8*	-
Real Estate & Management Services	**3.8**	**10.4**	**-63.5%**
PPP-Concessions	**-1.4**	**3.7**	**-**
Holding company and consolidation adjustments	**-10.8**	**-7.0**	**-**
Total	**67.2**	**81.2**	**-17.2%**

CONSOLIDATED NET INCOME ATTRIBUTABLE TO OWNERS OF THE PARENT BY DIVISION

(**before** items specific to the capital increase and the treatment of goodwill arising from the consolidation of the additional 50% stake in DEME arising from the contribution in kind and capital increase)

	31 December		
€ million	2013	2012*	% change
Dredging & Environment (DEME at 50%)	**52.0**	**43.3**	**20.1%**
Contracting	**-37.7**	**3.6**	**-**
Construction	*-28.8*	*-1.3*	-
Rail & Road	*2.9*	*4.0*	-
Multitechnics	*-11.8*	*0.9*	-
Real Estate & Management Services	**1.8**	**5.7**	**-68.4%**
PPP-Concessions	**0.9**	**3.1**	**-71.0%**
Holding company and consolidation adjustments	**-9.1**	**-6.3**	**n.s.**
Total	**7.9**	**49.4**	**-83.9%**

(**after** items specific to the capital increase and the treatment of goodwill arising from the consolidation of the additional 50% stake in DEME arising from the contribution in kind and capital increase)

	31 December		
€ million	2013	2012*	% change
Non-recurring items	-89.2	-	-
Total	**-81.2**	**49.4**	**n.s.**

* Amounts restated resulting from the change in accounting method arising from the application of IAS 19 Revised

CONSOLIDATED ORDER BOOK BY DIVISION

	31 December			
€ million	2013	2012 - Proforma	2012	% change
Dredging & Environment	**3,049.0 ***	**3,317.0 ***	**1,658.5 ****	**-8.1% ***
Contracting	**1,310.3**	**1,195.6**	**1,195.6**	**+9.6%**
Construction	1,077.4	*964.2*	*964.2*	*11.7%*
Rail & Road	*80.3*	*65.8*	*65.8*	*22.0%*
Multitechnics	*152.6*	*165.6*	*165.6*	*-7.9%*
Real Estate & Management Services	**28.6**	**14.1**	**14.1**	**n.s.**
PPP-Concessions	**-**	**-**	**-**	**n.s.**
Holding company and consolidation adjustments	**-**	**-**	**-**	**n.s.**
Total	**4,387.9**	**4,526.7**	**2,868.2**	**-3.1%**

* DEME at 100%
** DEME at 50%

Consolidated revenue was €2,267 million in 2013, representing a 19.4% increase relative to 2012.

Revenue in **Dredging & Environment** rose 32.2% to €1,266 million (including DEME at 50%).

Revenue in **Contracting** increased by 8% to €977 million.

Total order intake in 2013, at constant scope, was €2,263 million, including €1,132 million in Dredging & Environment (DEME at 50%) and €1,091 million in contracting.

The **order book** stood at €4,388 million at end-2013, versus €2,868 million at end-2012. The change in scope increased order by €1,525 million (DEME figures from 50 to 100%).

Operating income (before items specific to the capital increase and the treatment of goodwill arising from the consolidation of the additional 50% stake in DEME arising from the contribution in kind and capital increase) amounted to €67.2 million, down 17.2% relative to 2012. The decline was due to the Contracting division. Operating income in the dredging business was much higher than in 2012, despite a tougher start to the year arising from weather conditions and despite some large projects starting late.

Net income attributable to owners of the parent (before items specific to the capital increase and the treatment of goodwill arising from the consolidation of the additional 50% stake in DEME arising from the contribution in kind and capital increase) was €7.9 million versus €49.4 million in 2012.

After the aforementioned items, there was a **net loss attributable to owners of the parent** of €-81.2 million, compared with net income of €49.4 million in 2012.

ANALYSIS OF THE ORDER BOOK AND RESULTS BY DIVISION

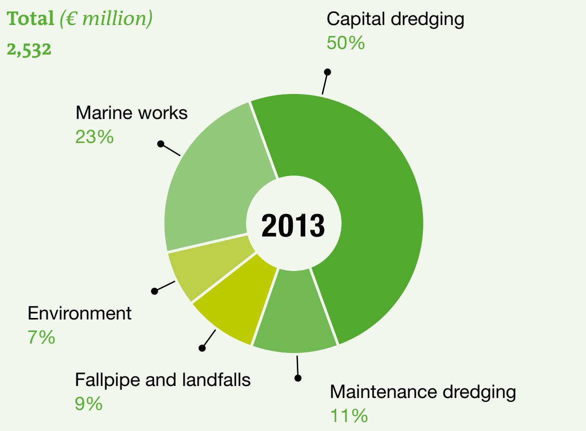
Dredging & Environment division

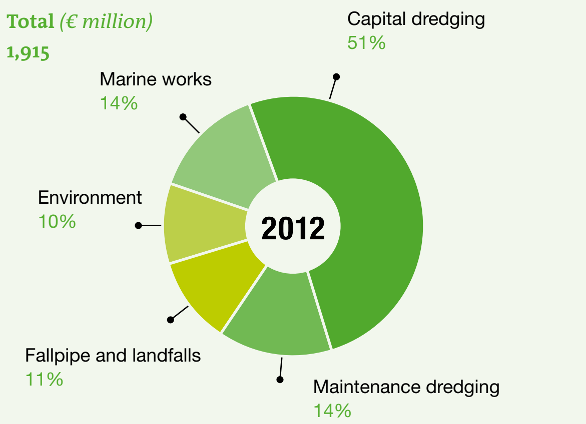
(The amounts stated in this section relating to DEME are at 100%. CFE owns 100% of this company since the end of 2013).

Revenue

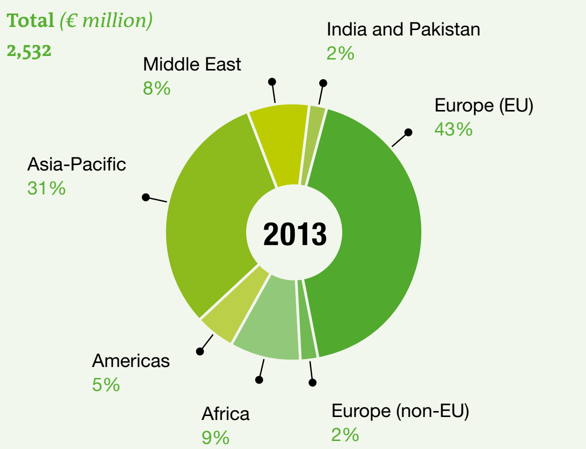
After a difficult start of the year due to winter weather conditions and the deferred start of major projects in Qatar and Australia at the end of the first quarter, activity picked up quickly, and revenue rose more than 32% over the full year to €2,532 million (€1,915 million in 2012).

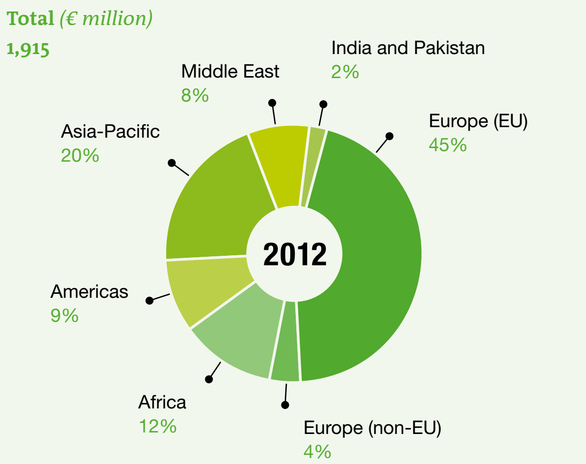
Revenue by business area





Revenue by geographical area





During 2013, DEME started the Wheatstone LNG project in Australia and finalized the Gladstone LNG project by working on the western basin. In the Middle East, DEME completed the "energy islands" project off the coast of Abu Dhabi and started construction work on the access channel to New Port, in the south of Doha. In Africa, DEME completed development work on the Eko Atlantic project in Nigeria, and started reclamation works on two adjoining industrial developments. In renewable energies sector, GeoSea was particularly busy, carrying out installation works on offshore wind turbines in the North Sea (C-Power and Northwind farms) and in the Baltic Sea (Baltic 2).

Order book

CFE's order book fell to €3,049 million at the end of 2013, compared with €3,317 million at end-2012. This decline was to be expected after the two large projects won in 2012 entered the performance phase in 2013. During 2013, however, DEME won several large contracts, both in dredging and in its more specialist business areas.

It won several significant contracts in renewable energies sector (in Germany and in the UK), contracts relating to energy projects (in Colombia, Venezuela, India and in Australia) and, at the end of the year, the Jurong Island Westward extension contract in Singapore. These new orders demonstrate the merits of DEME's diversification strategy over the last few years.

Operating income

Operating income followed a similar trend to revenue, with DEME posting excellent results in the second half of the year. Operating income totaled €216.5 million, up 54% relative to the 2012 figure of €140.4 million despite a difficult project in the Emirates. This project is now finalized and negotiations are still on going with the client concerning variation orders.

EBITDA was boosted by a high fleet occupancy rate and rose 24.8% to an all-time high of €437.8 million.

Net income attributable to owners of the parent

Net income attributable to owners of the parent, despite an increase in financial charges and in tax expense, rose sharply to €109.1 million (€89.4 million in 2012).

During the year, DEME actively pursued projects to improve the efficiency of its fleet and continued its research efforts aimed at developing wave and tidal power technologies.

The investment plan initiated in 2008 has now been completed, with the last disbursements made in early 2013. Debt levels ended the year at €711 million, down from €742 million at the end of 2012.

In early 2013, DEME issued a €200 million bonds over 6 years.

Construction division

Revenue

€ million	2013	2012	% change
Civil Engineering	137.2	138.5	-0.9%
Buildings, Benelux	442.5	432.7	2.3%
Buildings, International	131.3	74.0	77.4%
Total	**711.0**	**645.2**	**10.2%**

Revenue rose more than 10% to €711 million in 2013. However, performance varied within the division:

- Civil Engineering revenue was stable in Benelux, after falling for more than a year previously;
- revenues in the Buildings, Benelux business grew slightly, although there were some large variations, including strong growth at MBG and BPC, and a decline at CFE Brabant;
- there was strong growth in the Buildings, International business, driven by Poland. However, growth was weaker than overall expected, since delays with payments and approvals of progress statements, along with amendments, had an adverse impact on project completion.

Order book

	31 December		
€ million	2013	2012	Variation en %
Civil Engineering	200.6	190.6	5.2%
Buildings, Benelux	640.0	527.8	21.3%
Buildings, International	236.8	245.8	-3.7%
Total	**1,077.4**	**964.2**	**11.7%**

In Civil Engineering, the order book grew slightly, with MBG winning orders to renovate the Brussels South wastewater treatment plant and build a landing stage in Zeebrugge.

The order book in the Buildings, Benelux business increased sharply. MBG won orders for the construction of a new building at AZ Sint-Maarten hospital in Louvain and three high-rise buildings at Kattendijkdok in Antwerp. BPC won the contract for a building on Avenue de la Toison d'Or and for the "Chambon" building in Brussels.

The international order book contracted slightly. However, CFE International won a contract for three high-rise buildings in Nigeria, although it is not yet included in the order book pending the arrangement of financing.

Operating income

Operating income deteriorated sharply, resulting in a loss of €23.7 million. The loss resulted from:

- major difficulties with the project to build schools in Belgium's German-speaking community;
- a client calling the bank guarantee relating to a project completed several years ago;
- weak activity level in Civil Engineering, together with execution problems on certain projects in Wallonia and restructuring measures;
- the decision to differ the start of projects in Chad, approval delays of progress statements and of amendments leading to differed recognition of profits;
- the restructuring of activities in Qatar.

Net income attributable to owners of the parent

In terms of net income attributable to owners of the parent, the division made a loss of €-28.8 million versus a loss of €-1.3 million in 2012.

Rail & Road division

Revenue

Revenue in the Rail & Road division fell with 3.8% to around €96 million. The decline was due to the roads business, where the market was under pressure.

Order book

The order book in the Rail & Road division rose +22% to €80.3 million. The increase was driven by the roads business. The outlook in the Rail & Road division remains positive, since there are still some large rail contracts at the tender stage.

Operating income

Operating income was €4.5 million in 2013, down from €5.7 million in 2012. The decline was due to the roads business, which suffered an additional loss relating to an old dispute, which was settled out-of-court during the year.

Net income attributable to owners of the parent

Net income attributable to owners of the parent came in at €2.9 million, compared with €4.0 million in 2012.

Multitechnics division

Revenue

The Multitechnics division generated revenue of €170 million, representing growth of 8.8% relative to 2012. Almost all entities generated growth, although VMW West and ETEC had a fall in revenue. This intentional decrease in business is the consequence of the serious problems experienced by these two companies during the year.

Order book

The order book fell to €152.6 million at end-2013, versus €165.6 million at end-2012. The decline was due to VMA West (formerly Elektro Van De Maele) and ETEC.

Operating income

The division made a significant operating loss of €-10.3 million. The loss was the direct result of the aforementioned operating difficulties at VMA West, Brantegem and to a lesser extent ETEC. In addition, the delayed recognition of profits on a procurement contract in Vietnam and a dispute regarding compliance with performance obligations on an environmental project dragged down operating income. VMA's operating income remained excellent.

Furthermore, losses incurred by ETEC and VMA West have required the goodwill related to both entities, amounting to €3.8 million to be fully impaired. This impairment has been presented in the net result of the holding.

Net income attributable to owners of the parent

The division made a loss of €-11.8 million at this level, as opposed to income of €0.9 million in 2012.

Real Estate & Management Services division

2013 was a transitional year, driven by good sales relating to construction projects such as Van Maerlant (Brussels), Oosteroever (Ostend), Gdansk and Obozowa (Poland) and Beggen and Bettembourg (Luxembourg). Performance was also supported by projects in the development phase for which the permits are requested such as Solvay and Erasme (Brussels) and Kons (Luxembourg), which should start in 2014.

Overall, despite the large amount of properties at the development stage, the value of real-estate projects fell slightly, and the value of properties at the marketing stage remained low.

Value of real-estate projects

	31 December		
€ million	2013	2012	% change
Properties at the marketing stage	18	19	-5.3%
Properties at the construction stage	43	45	-4.4%
Properties at the development stage	99	102	-2.9%
Total	**160**	**166**	**-3.6%**

Operating income

Operating income fell to €3.8 million from €10.4 million in 2012. This decline was partly the result of development costs incurred in 2013 and recognised directly in expenses.

Net income attributable to owners of the parent

Net income attributable to owners of the parent came in at €1.8 million, down from €5.7 million in 2012.

PPP - Concessions division

Revenue

Revenue fell from €11.7 million in 2012 to €4.3 million in 2013. The international activity is concentrated on Rent-A-Port with projects in Vietnam and Oman. Rent-A-Port has sold its share in the OKFTZ in Nigeria. In Belgium, the division continued to focus on studies, with major projects (Liefkenshoekspoortunnel, Coentunnel) gradually entering the operational phase during 2014.

Operating income

The division made an operating loss of €-1.4 million, due to study costs on major projects.

Net income attributable to owners of the parent

Net income attributable to owners of the parent was supported by Rent-A-Port (accounted for under the equity method) and amounted to €0.9 million, down from €3.1 million in 2012.

Holding company and consolidation adjustments

In terms of net income attributable to owners of the parent, this unit posted a loss of €-9.1 million. The loss includes goodwill impairment charges on two subsidiaries in the Multitechnics division (€-3.8 million) as mentioned here above.

Items specific to the capital increase and the treatment of goodwill arising from the consolidation of the additional 50% stake in DEME arising from the contribution in kind and capital increase.

Applying IFRS 3 "Business combinations", the acquisition of an additional 50% stake in DEME caused CFE to remeasure its existing 50% stake at its fair value of €550 million resulting from the agreement between AvH and VINCI on 19 September 2013. This remeasurement led to the recognition of a capital gain that increased the net income attributable to owners of the parent with €118.2 million in 2013.

Also as a result of IFRS 3, the newly acquired stake in DEME was valued on the basis of the value of the 12,222,222 CFE shares at the shareprice of December 24, 2013 issued as consideration for the stake.

The application of IFRS 3 therefore caused the net carrying value of DEME to be increased to €1,321 million, leading to the recognition of €459.7 million of goodwill.

The comparison between this net carrying value and an estimate of DEME's recoverable value, as required by IAS 36 "Impairment of assets", prompted CFE to take a goodwill impairment charge of €207.4 million.

Overall, therefore, the transaction adversely affected net income attributable to owners of the parent by €89.2 million in 2013.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS, CASH FLOW AND CAPEX TABLES

CFE's financial position was strengthened by the capital increase carried out in the fourth quarter of 2013. Equity totalled €1,203.1 million at 31 December 2013, as opposed to €530.8 million at 31 December 2012.

Net financial debt(*) amounted to €781.4 million, including €711.6 million related to DEME and €60.0 million related to CFE excluding DEME. The remaining amount of €9.8 million is related to accrued interests. After the change in the scope of consolidation, this debt includes 100% of DEME's debt. On a comparable basis, it totalled €936 million at 30 June 2013 and €771 million at 31 December 2012.

This figure breaks down into long-term debt of €849 million, offset by net cash of €67 million. At 31 December, the bonds issued by CFE in May 2011 were reclassified as short-term debt, since holders of these bonds may request early redemption under a change-of-ownership clause.

Cash flows relating to investing activities amounted to €59 million, compared with €197 million in 2012 (figures including DEME at 50%). These cash flows fell sharply after the end of DEME's investment programme.

Cash flow resulting from the acquisition of 50% of DEME's cash position amounted to €166.7 million. The working capital requirement increased slightly. This was due to financing relating to the construction phase of the Charleroi police station project. Receivables arising from this project will be sold to a bank at the end of 2014.

CFE has €100 million of confirmed long-term credit facilities for its general financing needs, of which €70 million were unused at 31 December 2013. The Group is in compliance with its banking covenants.

DEME's investments in dredgers and other marine equipment are subject to separate financing arrangements secured on those assets. In the first quarter of 2013, DEME issued €200 million of 6-year bonds (DEME at 100%). The issue was fully subscribed.

** Net financial debt at 31 December 2013 does not include the fair value of derivative instruments, which represented a liability of €41 million at 31 December 2013.*

Year ended 31 December € thousands	2013 (DEME at 50%)	2012 (DEME at 50%)
Net cash flow from operating activities	**64,885**	**150,008**
Cash flow from investing activities	**-59,083** [1]	**-196,971**
Cash flow resulting from the acquisition of 50% of DEME's cash position	**166,702**	**-**
Cash flow from (used in) financing activities	**41,130**	**95,152**
Net increase/(decrease) in cash position	213,634	48,189
Equity (excluding non-controlling interests) at start of period	524,612	499,748
Equity (excluding non-controlling interests) at end of period	1,193,153	524,612
Net income for the period attributable to owners of the parent **	7,929	49,363
ROE ***	1.5%	9.9%

** Net income attributable to owners of the parent before items specific to the capital increase and the treatment of goodwill arising from the consolidation of the additional 50% stake in DEME arising from the contribution in kind and capital increase.

*** ROE based on net income attributable to owners of the parent before items specific to the capital increase and the treatment of goodwill arising from the consolidation of the additional 50% stake in DEME arising from the contribution in kind and capital increase.

[1] Taking into account the last instalments related to investments paid during the first quarter 2013, the cash consideration for investments of DEME in 2013 amounts to 209 million euro (taking DEME at 100%)

2. PARENT COMPANY FINANCIAL STATEMENTS

CFE's revenues fell in 2013. This was due to lower business levels in civil engineering and in the buildings business in southern Belgium.

The company made an operating loss because of heavy losses on the project to build schools in Belgium's German-speaking community, weak business levels in civil engineering, together with execution problems on certain projects in the Wallonia region, restructuring measures and a claim on a guarantee relating to a former project.

Income from financial assets fell because of lower dividends paid by subsidiaries.

Exceptional expenses arose from measures taken to address difficulties at certain subsidiaries.

CFE made a net loss of €24.7 million.

(€ thousands)	2013	2012
Sales and other income	381,040	407,806
Revenue	293,572	349,506
Operating income/(loss)	-32,389	-721
Net financial items	16,974	24,294
Recurring income	-15,415	23,574
Non-recurring income	124	44
Non-recurring expenses	-9,376	-273
Income before tax	-24,667	23,345
Tax	-33	-4
Net income	-24,700	23,341

3. DIVIDEND

In the 30 April 2014 general meeting of shareholders, the Board of Directors of CFE will propose a gross dividend of €1.15 per share, representing a net dividend of €0.8625 and a total distribution of €29,111,654. After distribution, retained earnings will amount to €610,272

Corporate governance declaration

1. CORPORATE GOVERNANCE

The Company has adopted the Belgian Corporate Governance Code (2009) as its reference code.

CFE's corporate governance charter, established on the basis of the reference code, may be consulted on the Company's website (www.cfe.be).

On 24 December 2013, the corporate governance charter was amended as follows:

- the number of shares was increased from 13,092,260 to 25,314,482,
- subscribed capital was increased from €21,374,971.42 to €41,329,482.42,
- the maximum number of directors was increased from 12 to 14.

In its corporate governance charter, CFE applies the principles of the Belgian Corporate Governance Code (2009).

CFE's approach to corporate governance goes beyond compliance with the Code, taking the view that it is essential to base the conduct of its activities on an ethical approach to behaviour and decision-making and a strongly embedded corporate governance culture.

CFE's corporate governance charter is currently undergoing an in-depth review. A new version will be published in 2014.

2. COMPOSITION OF THE BOARD OF DIRECTORS

On 31 December 2013, CFE's Board of Directors consisted of 13 members, whose terms of office began on the dates listed below and will expire immediately after the general meetings of shareholders in the years listed below:

	Start of term	End of term
C.G.O. SA, represented by Philippe Delaunois **	06/05/2010	2014
Renaud Bentégeat *	18/09/2003	2017
Luc Bertrand	24/12/2013	2017
John-Eric Bertrand	24/12/2013	2017
Jan Suykens	24/12/2013	2017
Koen Janssen	24/12/2013	2017
Piet Dejonghe	24/12/2013	2017
Alain Bernard	24/12/2013	2017
Philippe Delusinne	07/05/2009	2016
Christian Labeyrie	06/03/2002	2016
Consuco SA, represented by Alfred Bouckaert	06/05/2010	2014
BVBA Ciska Servais, represented by Ciska Servais	03/05/2007	2015
Jan Steyaert	07/05/2009	2016

* Managing director responsible for day-to-day operations

** Philippe Delaunois has been a member of CFE's Board of Directors in a personal capacity since 5 May 1994

In the 30 April 2014 general meeting of shareholders, the Board of Directors will make a proposal to renew the terms of two directors for a limited period of two years. This limited period is justified by the obligation of the Company to comply with the law of 28 July 2011 introducing the principle of quota in the composition of the board of directors of listed companies. From 1 January 2017, the Board of Directors of the company will be composed of at least one-third women.

2.1 CORPORATE OFFICES AND DUTIES OF BOARD MEMBERS

Directors

The table below summarises the mandates and duties of the 13 Board members at 31 December 2013.

C.G.O. SA,
represented by
Philippe Delaunois

CFE
Avenue Hermann-Debroux 40-42
B-1160 Brussels

Chairman of the Board of Directors
Director

Philippe Delaunois was born in 1941. He has degrees in civil engineering and metallurgy from Mons Polytechnic University and in commercial engineering from Mons State University. He is also a graduate of Harvard Business School.

He spent most of his career in the steel industry, and until 1999, was managing director and general manager of Cockerill-Sambre.

He is an Officer of the Order of Léopold (Belgium) and Chevalier of the Légion d'Honneur (France) and won a Manager of the Year award in 1989. He was chairman of the Union Wallonne des Entreprises (Walloon Business Association) from 1990 to 1993, and has been honorary consul of Austria for Hainaut and Namur since 1990.

Corporate offices:

A-listed companies:

- Director of Mobistar
- Director of SABCA

B-non-listed companies:

- Director of mutual pension insurance company Intégrale
- Director of CLi
- Director of CLE
- Director of DEME
- Director of ETEC

C-associations:

- Director of Europalia ASBL
- Director of the ASBL Ordre de Léopold
- Director of the Chapelle Musicale Reine Elisabeth

Renaud Bentégeat

CFE
Avenue Hermann-Debroux 40-42
B-1160 Brussels

Managing director

Renaud Bentégeat was born in 1953 and holds a bachelor's degree in public law, a Masters degree (DEA) in public law, a Masters degree (DEA) in political analysis and a diploma from the Political Studies Institute of Bordeaux. He began his career in 1978 at Campenon Bernard. He was then named head of the legal department, director of communication, administrative director and secretary-general responsible for legal services, communication, administration and human resources for Compagnie Générale de Bâtiment et de Construction (CBC). From 1998 to 2000, he was director of building for the Greater Paris region at Campenon Bernard SGE, before being promoted to deputy general manager of VINCI Construction in Central Europe, and managing director of Bâtiments et Ponts Construction and Bâtipont Immobilier in Belgium. Since 2003, he has been the managing director of CFE.

Renaud Bentégeat is an Officer of the Order of Léopold (Belgium), and Chevalier of the Légion d'Honneur and Chevalier of the Ordre National du Mérite (France).

Corporate offices:

A-listed companies:

- Managing director of CFE

B-non-listed companies:

- Director of Amart
- Director of Bavière Developpement
- Director of BPC
- Director of CLi
- Director of IFC
- Director of CFE Polska
- Director of CIW
- Director of CLE
- Director of CM
- Director of DEME
- Director of Rent-A-Port
- Director of RAP-Energy
- Director of Promotion Léopold
- Director of SFE
- Director of Sogech
- Member of the Supervisory Board of CFE Hungary
- Chairman and CEO of Compagnie Générale de Bâtiment et de Construction (CBC)
- Chairman and CEO of Ufimmo

C-associations:

- President of the Chambre Française de Commerce et d'Industrie de Belgique (French Chamber of Commerce and Industry of Belgium)
- Director of the Association des Entrepreneurs Belges de Grands Travaux (ADEB-VBA) (Association of Belgian Construction Contractors)
- Foreign Trade Adviser for France
- Director of UCCIFE (union of French chambers of commerce and industry)

Luc Bertrand

Ackermans & van Haaren
Begijnenvest, 113
B-2000 Antwerp

Member of the Appointments and Remuneration Committee from 22 January 2014

Director

Luc Bertrand was born in 1951 and in 1974 obtained a commercial engineering degree from KU Leuven. He started his career at Bankers Trust, where he worked as Vice-President and Regional Sales Manager, Northern Europe. In 1985, he was appointed director of Ackermans & van Haaren and he has worked at Ackermans & van Haaren since 1986.

Corporate offices:

A-listed companies:

- Director and Chairman of the executive committee, Ackermans & van Haaren
- Chairman of the Board of Directors, Leasinvest Real Estate
- Director of Atenor Group
- Director of Groupe Flo
- Director of Sipef
- Director of Schroders

B-non-listed companies:

- Chairman of the Board of Directors, DEME
- Chairman of the Board of Directors, Dredging International
- Chairman of the Board of Directors, Finaxis
- Chairman of the Board of Directors, Sofinim
- Chairman of the Board of Directors, Egemin International
- Chairman of the Board of Directors, Tour & Taxis (Kon. Pakhuis, Openb. Pakhuis, Parking)
- Chairman of the Board of Directors, Van Laere
- Director of AvH Coordination Center
- Director of Anfima
- Director of Axe Investments
- Director of Baarbeek
- Director of Banque J.Van Breda & Co.
- Director of Belfimas
- Director of BOS
- Director of Brinvest
- Director of Delen Investments CVA
- Director of Delen Private Bank
- Director of DEME Coordination Center
- Director of Extensa Group
- Director of Gemeni Natural Resources
- Director of Groupe Financière Duval
- Director of Holding Groupe Duval (FR)
- Director of JM Finn & Co (UK)
- Director of Leasinvest Immo Lux Sicav
- Director of Manuchar
- Director of N.M.C.
- Director of Profimolux
- Director of Rent-A-Port
- Director of RAP-Energy
- Director of Scaldis Invest
- Director of Tour & Taxis (Projet T&T)
- Director of ING Belgium
- Director of Thorton & Co

C-associations:

- Chairman of Middelheim Promotors
- Member of the Board of Directors, KU Leuven
- Member of the Board of Directors, Institut de Duve
- Member of the Board of Directors, Institut de Médecine Tropicale
- Member of the Board of Directors, Musée Mayer van den Bergh
- Chairman of Guberna (Belgian Governance Institute)
- Vice-chairman of VOKA
- Member of the Board of Directors, INSEAD Belgique
- Member of the Board of Directors, Vlerick Leuven Gent School
- Member of the Board of Directors, VKW Synergia

John-Eric Bertrand

Ackermans & van Haaren
Begijnenvest, 113
B-2000 Antwerp

Director

John-Eric Bertrand was born in 1977 and has a degree in commercial engineering (UCL 2001, magna cum laude), a Masters degree in International Management (CEMS, 2002) and an MBA from INSEAD (2006). Before joining Ackermans & van Haaren, Mr Bertrand worked as a senior auditor at Deloitte and as a senior consultant at Roland Berger Strategy Consultants. Since 1 September 2008, he has been investment manager at Ackermans & van Haaren.

Corporate offices:
A-listed companies:
- Director of Sagar Cements

B-non-listed companies:
- Director of Alfa Park
- Director of Egemin International
- Director of Egemin
- Director of Oriental Quarries & Mines
- Director of Van Laere
- Director of Bracht, Deckers & Mackelbert (BDM)
- Director of Assurances Continentales (Asco)
- Director of Holding Groupe Duval
- Director of AvH Resources India
- Director of Groupe Thiran
- Member of the investment committee of Inventures

Jan Suykens

Ackermans & van Haaren
Begijnenvest, 113
B-2000 Antwerp

Director

Jan Suykens was born in 1960 and has a degree in applied economics (UFSIA, 1982) and an MBA from Columbia University (1984). He worked for several years in corporate and investment banking at Générale de Banque before joining Ackermans & van Haaren in 1990.

Corporate offices:
A-listed companies:
- Member of the executive committee, Ackermans & van Haaren
- Director of Leasinvest Real Estate

B-non-listed companies:
- Chairman of the Board of Directors, Anima Care
- Chairman of the Board of Directors, Delen Private Bank
- Chairman of the Board of Directors, Banque J.Van Breda & Co.
- Director of Delen Private Bank Luxembourg
- Director of Corelio
- Director of DEME
- Director of Extensa Group
- Director of Van Laere
- Director of AvH Coordination Center
- Director of Anfima
- Director of Gemini Natural Resources
- Director of T&T Koninklijk Pakhuis
- Director of T&T Parking
- Director of T&T Openbaar Pakhuis
- Director of Profimolux
- Director of Sofinim
- Director of Leasinvest Immo Lux
- Director of Mediacore
- Director of JM Finn & Co
- Director of Project TT
- Director of ABK Bank

Koen Janssen

Ackermans & van Haaren
Begijnenvest, 113
B-2000 Antwerp

Director

Koen Janssen was born in 1970 and has a degree in civil engineering and electromechanics (KU Leuven, 1993), along with an MBA from IEFSI (France, 1994). He worked for Recticel, ING Investment Banking and ING Private Equity before joining Ackermans & van Haaren in 2001. Since 1 April 2012, he has been a member of Ackermans & van Haaren's executive committee..

Corporate offices:
A-listed companies:
Member of the executive committee, Ackermans & van Haaren
B-non-listed companies:
Chairman of the Board of Directors, Société Nationale de Transport par Canalisations
Director of DEME and member of the Audit Committee
Director of NMC and member of the Audit Committee
Director of Max Green
Director of Bedrijvencentrum Regio Mechelen
Director of Dredging International
Director of Ligno Power
Director of Napro (JV SNTC-Air Products)
Director of Nitraco (SNTC-Praxair)
Director of Quinten Matsys (filiale SNTC)
Director of Rent-A-Port
Director of Rent-A-Port Energy
Director of Canal Re (subsidiary of SNTC)
Director of Sofinim Lux

Piet Dejonghe

Ackermans & van Haaren
Begijnenvest, 113
B-2000 Antwerp

Member of the Audit Committee
since 22 January 2014

Director

Piet Dejonghe was born in 1966 and has a degree in law (KU Leuven, 1989), a postgraduate degree in management (KU Leuven, 1990) and an MBA from INSEAD (1993). Before joining Ackermans & van Haaren in 1995, he worked as a lawyer at Loeff Claeys Verbeke and as a consultant at Boston Consulting Group.

Corporate offices:
A-listed companies:
Member of the executive committee, Ackermans & van Haaren
Director of Groupe Flo
B-non-listed companies:
Chairman of the Board of Directors, Distriplus
Chairman of the Board of Directors, Trasys Group
Director of Delen Private Bank
Director of Banque J.Van Breda & Co.
Director of Groupe Financière Duval
Director of Brinvest
Director of Delen Private Bank Luxembourg
Director of Financière Flo
Director of Profimolux
Director of Sofinim
Director of GB-INNO-BM
Director of Ligno Power
Director of GIB Corporate Services
Director of Baloise Belgium
Director of Holding Groupe Duval

Alain Bernard

DEME
Haven 1025
Scheldedijk, 30
B-2070 Zwijndrecht

Director

Alain Bernard was born in 1955 and has a degree in civil engineering and construction (KU Leuven, 1978), along with a degree in civil engineering and industrial management (KU Leuven, 1979). Mr Bernard joined the DEME group in 1980 as project manager. He was CEO of Dredging International and COO of the DEME group between 1996 and 2006. Mr Bernard was appointed CEO of the DEME group in 2006.

Corporate offices:
A-listed companies:
B-non-listed companies:
- Chief Executive Officer, DEME
- Director of various DEME group subsidiaries
- Director of Aquafin

C- associations :
- Chairman of the Belgian Dredging Association

Philippe Delusinne

RTL Belgium
Avenue Jacques Georgin, 2
B-1030 Brussels

Member of the Audit Committee

Independent director

Philippe Delusinne was born in 1957 and is the holder of a diploma in marketing and distribution from ISEC Brussels and a Short MBA from the Sterling Institute of Harvard University. He subsequently held the positions of account manager at Publicis, client services director at Impact FCB, deputy general manager at McCann Erikson and Chief Executive Officer of Young & Rubicam in 1993. He has been Chief Executive Officer of RTL Belgium since March 2002.

Corporate offices:
A-listed companies:
- Member of the Supervisory Board of Métropole Télévision (M6), Paris

B-non-listed companies:
- Managing director of RTL Belgium
- Managing director of Radio H
- Managing director of RTL Belux
- Chairman and managing director of IP Plurimedia
- Representative of CLT-UFA, Managing director of Cobelfra
- Representative of CLT-UFA, Managing director of New Contact
- Managing director of INADI
- Director of CLT-UFA
- Chairman of Home Shopping Service Belgium

C-associations:
- Member of the advisory committee, Conseil Supérieur de l'Audiovisuel (French audiovisual sector regulator)
- Vice-chairman of the Théâtre Royal de La Monnaie
- Chairman of les Amis des Musées Royaux des Beaux-Arts de Belgique (Friends of the Royal Museums of Fine Arts of Belgium)
- Chairman of the Association of Commercial Television in Europe (ACT)
- Director of the Belgian Association for Self-Regulation of Journalistic Ethics (ASBL)

Christian Labeyrie

VINCI
1, cours Ferdinand-de-Lesseps,
F-92851 Rueil-Malmaison Cedex

Member of the Audit Committee

Director

Born in 1956, Christian Labeyrie is Executive Vice-President and Chief Financial Officer of the VINCI group, and a member of its Executive Committee. Before joining VINCI in 1990, he held various positions in the Rhône-Poulenc and Schlumberger groups. He started his career in the banking industry.

Christian Labeyrie is a graduate of HEC, the Escuela Superior de Administración de Empresas (Barcelona) and McGill University (Canada), and holds a DECS diploma (advanced accounting degree). He is a Chevalier of the Légion d'Honneur and a Chevalier of the Ordre National du Mérite.

Corporate offices:
A-listed companies:
- Member of the Executive Committee of the VINCI group

B-non-listed companies:
- Director of Eurovia
- Director of VINCI Park
- Director of ASF
- Director of Escota
- Director of Arcour
- Director of the Stade de France consortium
- Director of VFI
- Director of LCL Actions Euro, part of the Crédit Agricole Asset Management group
- Member of the Supervisory Board of VINCI Deutschland
- Board Member of the Banque de France – Hauts-de-Seine branch

Consuco SA, represented by Alfred Bouckaert

Avenue de Foestraets, 33A
B-1180 Brussels

Member of the Audit Committee since 22 January 2014

Member of the Appointments and Remuneration Committee

Independent director

Born in 1946, Alfred Bouckaert has a degree in economics from KUL (the Catholic University of Louvain).

He started his career in 1968 as a stockbroker at JM Finn & Co in London. In 1972, he joined Chase Manhattan Bank where he held various commercial and credit posts before becoming commercial banking manager for Belgium. He was appointed general manager for Chase in Copenhagen (Denmark) in 1984. Two years later, be became general manager and country manager for Chase in Belgium. In 1989, Chase Manhattan Bank sold its Belgian business to Crédit Lyonnais and Alfred Bouckaert was made responsible for merging the two banks' operating activities in Belgium. In 1994, Crédit Lyonnais asked Alfred Bouckaert to head the bank's European operations. In 1999, he took over the management of AXA Royale Belge and was also appointed country manager for the Benelux countries. He became general manager for Northern Europe (Belgium, Netherlands, Luxembourg, Germany and Switzerland) in 2005 and was a member of AXA's Management Board between October 2006 and May 2010, with responsibility for the Northern, Central and Eastern Europe region. In April 2007, he was appointed chairman of the Board of Directors of AXA Belgium, retaining this position until 27 April 2010.

Between 2011 and 2013, he was chairman of the Board of Directors at Belfius Banque & Assurances.

Corporate offices:
A-listed companies:
- Director of Leasinvest Real Estate

B-non-listed companies:
- Director of KBL Banque
- Director of Mauritius Commercial Union Ltd.
- Director of Vandemoortele
- Director of Ventosia (investment fund for notaries)
- Director of Vesalius Biocapital II Arkiv
- Chairman of First Retail International

C-associations:
- Director of the Chambre Française de Commerce et d'Industrie de Belgique (French Chamber of Commerce and Industry of Belgium)
- Director of Institut de Duve (ICP)

BVBA Ciska Servais, represented by Ciska Servais

Boerenlegerstraat 204
B-2650 Edegem

Chair of the Appointments and Remuneration Committee

Independent director

Ciska Servais is a partner in the law firm Astrea. She is active in the field of administrative law, focusing in particular on environmental and town planning law, real estate law and construction law. She has extensive experience as a consultant in judicial procedures and negotiations, she teaches university courses and is a regular speaker at seminars.

She graduated with a Bachelors degree in law from the University of Antwerp (1989), and obtained a Masters (LL.M) in international legal coperation from the Free University Brussels (V.U.B.) in 1990. She also obtained a special degree in ecology from the University of Antwerp (1991).

She started her traineeship in 1990 at the law firm Van Passel & Greeve. She became a partner of Van Passel & Vennoten in 1994 and, subsequently, of Lawfort in 2004. In 2006, she co-founded the law firm Astrea.

Ciska Servais publishes mainly on the subject of environmental law, including on the wastewater treatment decree, environmental liability and regulations regarding the movement of soil.

She is a member of the Antwerp Bar.

Corporate offices:
A-listed companies:
- Chairman of the Audit Committee, Montea Comm. VA
- Member of the Appointments and Remuneration Committee, Montea Comm.VA

B-non-listed companies:
- Astrea bv cvba

Jan Steyaert

Mobistar
Boulevard Reyers, 70
B-1030 Brussels

Chairman of the Audit Committee

Independent director

Born in 1945, Jan Steyaert has worked for most of his career in the telecoms sector. He started his career as a company auditor. In 1970, he joined Telindus (a listed company) where he successively held the positions of Chief Financial Officer, Chief Executive Officer and Chairman of the Management Board of the Telindus Group and its affiliated companies until 2006.

He has been a member of the Board of Directors of Mobistar since its creation in 1995 and has been its chairman since 2003.

He is an Officer of the Order of Léopold II and has been appointed a Chevalier in the Order of the Crown.

Corporate offices:
A-listed companies:
- Chairman of Mobistar

B-non-listed companies:
- Director of Credoc
- Director of Portolani
- Director of Automation
- Director of e-Novates
- Director of Blue Corner
- Director of 4iS

C-associations:
- Director of Anima Eterna VZW
- Director of VVW VZW
- Chairman of the Dhondt-Dhaenens Foundation and Museum in Deurle

Proposed reappointment of directors in the ordinary general meeting of shareholders

The term of office of C.G.O. SA, represented by Philippe Delaunois, as director will expire at the end of the ordinary general meeting of shareholders of 30 April 2014. A proposal will be made to shareholders in the 30 April 2014 general meeting to reappoint C.G.O. SA, represented by Philippe Delaunois, as director for a two-year term expiring at the end of the general meeting of shareholders held in 2016. C.G.O. SA, represented by Philippe Delaunois, is not an independent director according to the independence criteria defined in Article 526c of Belgium's Companies Code and in the country's Corporate Governance Code.

The term of office of Consuco SA, represented by Alfred Bouckaert, as director will expire at the end of the ordinary general meeting of shareholders of 30 April 2014. A proposal will be made to shareholders in the 30 April 2014 general meeting to reappoint Consuco SA, represented by Alfred Bouckaert, as director for a two-year term expiring at the end of the ordinary general meeting of shareholders held in 2016. Consuco SA, represented by Alfred Bouckaert, is an independent director according to the independence criteria defined in Article 526c of Belgium's Companies Code and in the country's Corporate Governance Code.

2.2 EVALUATION OF THE INDEPENDENCE OF BOARD DIRECTORS

Of the 13 members of the Board of Directors on 31 December 2013, nine cannot be considered as independent under the terms of Article 526c of Belgium's Companies Code and the country's Corporate Governance Code:

- Renaud Bentégeat, who is the managing director of the company;
- Alain Bernard, who is the managing director of DEME, a wholly-owned subsidiary of the company;
- Luc Bertrand, Jan Suykens, Piet Dejonghe, Koen Janssen and John-Eric Bertand, who represent the controlling shareholder Ackermans & van Haaren;
- Christian Labeyrie, who represents VINCI Construction, which owns a 12.11% stake in the company;
- C.G.O. SA, represented by Philippe Delaunois, who has held more than two consecutive mandates.

According to decisions made at the general meetings of shareholders of 7 May 2009, 6 May 2010 and 5 May 2011, the independent directors are: Philippe Delusinne, SPRL Ciska Servais, represented by Ciska Servais, Jan Steyaert and Consuco SA, represented by Alfred Bouckaert.

It should be noted that all CFE's independent directors were able to carry out their mission with complete independence in 2013.

2.3 LEGAL SITUATION OF CORPORATE OFFICERS

None of CFE's directors (i) has been found guilty of fraud or any other crime, or punished by the regulatory authorities, (ii) has been associated with a bankruptcy, receivership or liquidation or (iii) has been prevented by a court from acting as a member of an administration, management or supervisory body of a public company or from participating in the management or business decisions of a public company.

2.4 CONFLICTS OF INTEREST

2.4.1 Rules of conduct

All directors are required to show independence of judgment, whether they are executive directors or not, and in the case of non-executive directors, whether they are independent or not.

Every director must organise his or her personal and professional affairs in such a way as to avoid any direct or indirect conflict of interest with the company.

The Board of Directors is particularly mindful of potential conflicts of interest with a director or a group company, and takes particular care to apply the special procedures provided for in Articles 523 and 524 of the Companies Code.

Transactions or other contractual relationships between the company, including its associated companies, and the directors must be concluded on normal market terms.

Non-executive directors are not authorised to conclude agreements with the company, whether directly or indirectly, relating to the supply of paid services, without the express consent of the Board of Directors. They must consult the Chairman, who decides whether or not to submit the exemption request to the Board of Directors.

2.4.2 Application of procedures

As far as CFE is aware, no director has found himself in a situation of conflict of interest this year, and the applicable rules of conduct have been observed.

Certain directors hold offices in other companies whose businesses sometimes compete with those of CFE. Six directors were also appointed after being proposed by Ackermans & van Haaren, CFE's controlling shareholder.

2.5 ASSESSMENT OF THE BOARD OF DIRECTORS, ITS COMMITTEES AND MEMBERS

2.5.1 Method of assessment

With the assistance of the Appointments and Remuneration Committee, and potentially that of outside experts, the Board of Directors, under the direction of its Chairman, regularly assesses its composition, its size and the way it functions, as well as the composition, size and operation of its specialist committees. The purpose of these assessments is to contribute to the continuous improvement of the company's governance while taking changes of circumstances into account.

During these assessments, the Board of Directors checks, among other things, whether important matters are adequately prepared and discussed both by the Board itself and by its specialist committees.

It checks whether every director makes an effective contribution having regard to his skills, his attendance at meetings and his constructive involvement in discussions and decision-making, and also whether the current composition of the Board of Directors and its specialist committees is desirable.

Special attention is also paid to the assessment of the Chairman of the Board of Directors.

The Board of Directors draws conclusions from this assessment of its performance by acknowledging its strengths and addressing its weaknesses. If necessary, this may involve a proposal to appoint new members, a proposal not to re-elect existing members or the adoption of any measure considered appropriate to ensure that the Board of Directors functions effectively. The same applies to the specialised committees.

Once a year, the non-executive directors carry out an assessment of their interaction with executive management. For this purpose, they meet once a year without the CEO or any other executive directors attending.

2.5.2 Assessment of performance in 2013
In the second half of 2013, a formal assessment of the Board of Directors was carried out. It was performed by the Chairman of the Board of Directors assisted by Guberna (the Belgian institute of directors). The conclusions of this assessment were presented in the board meeting of 3 December 2013.

3. OPERATION OF THE BOARD OF DIRECTORS AND ITS COMMITTEES

3.1 THE BOARD OF DIRECTORS

Role and jurisdiction of the Board of Directors

Role of the Board of Directors

The Board of Directors performs its duties in the interest of the Company.

The Board of Directors determines the Company's direction and values, its strategy and its key policies. It examines and approves related significant operations, ensures that they are properly executed and defines any measures needed to carry out its policies. It decides on the level of risk it is prepared to take.

The Board of Directors focuses on the long-term success of the Company by providing entrepreneurial leadership and by assessing and managing risks.

The Board of Directors ensures that the financial and human resources needed by the Company to achieve its objectives are available, and it puts in place the structures and means required to achieve these objectives. The Board of Directors pays special attention to social responsibility, gender balance and diversity in general within the Company.
The Board of Directors approves the budget and examines and closes the accounts.

The Board of Directors:
- approves the general internal control and risk management system and checks that this system is correctly implemented;
- takes all measures needed to ensure the integrity of the financial statements;
- supervises the activities of the Statutory Auditor;
- reviews the performance of the managing director and the steering committee;
- ensures that the specialist committees of the Board of Directors function properly and efficiently.

Powers of the Board of Directors

General powers of the Board of Directors

With the exception of powers expressly reserved for the general meeting of shareholders and within the limits of the Company's objectives, the Board of Directors has the power to carry out all actions that are needed or useful to meet the Company's objectives.

The Board of Directors reports on the exercise of its responsibilities and management to the general meeting of shareholders. It prepares the resolutions to be put to the general meeting of shareholders.

Powers of the Board of Directors with regard to capital increases (authorised capital)

Following the authorisation given by the general meeting of shareholders, the Board of Directors is authorised to increase the Company's capital – in one or more operations – by up to €2,500,000, excluding issue premiums, by means of cash or non-cash contributions, by incorporation of reserves and with or without the issue of new shares. Within the scope of authorised capital, the Board of Directors may decide to issue shares, in which case it determines the terms of issue of the new shares and, in particular, the issue price.

The authorised capital of CFE allows the issue of 1,531,260 additional shares in the event of a capital increase with issue of shares on the basis of their par value.

This authorisation expires on 21 May 2015, but a proposal will be made to the extraordinary general meeting of shareholders of 30 April 2014 to renew it for a five-year period, in accordance with the relevant legal provisions.

Powers of the Board of Directors with regard to acquisition of treasury shares

The general meeting of shareholders of 7 May 2009 authorised CFE's Board of Directors to acquire a maximum of 1,309,226 CFE treasury shares. The shares can be purchased at a price equal to the average closing price of CFE shares during the 20 trading days on Euronext Brussels immediately preceding the acquisition, plus a maximum of ten per cent (10%) or minus a maximum of fifteen per cent (15%).

This authorisation expires on 25 May 2014, but a proposal will be made to the extraordinary general meeting of shareholders of 30 April 2014 to renew it for a five-year period, in accordance with the relevant legal provisions.

The agreement of the general meeting of shareholders is not required for the acquisition of treasury shares by CFE with a view to distributing them to employees.

By virtue of an express statutory provision, treasury shares held by CFE that are listed on the primary market of a stock exchange or officially listed on a stock exchange located in a member state of the European Union may be transferred without the prior authorisation of the general meeting of shareholders.

Powers of the Board of Directors with regard to the issuing of bonds

Subject to the application of the relevant legal provisions, the Board of Directors may decide to create and issue bonds, which may be bonds convertible into shares.

Operating procedures of the Board of Directors

The Board of Directors is organised so as to ensure that decisions are taken in the interest of the Company and that work is executed efficiently.

Meetings of the Board of Directors

The Board of Directors meets regularly and with sufficient frequency to perform its obligations effectively. It also meets whenever required in the interest of the Company. The Board has increased the number and duration of its meetings, some of which include visits to ongoing projects.

In 2013, the Board of Directors considered all major issues concerning CFE. It met nine times.

In particular, the Board of Directors:

- approved the financial statements for 2012 as well as the financial statements for the first half of 2013;
- examined the 2013 budget and the updates to that budget;
- examined the 2014 budget;
- examined the financial position of CFE and changes in its debt levels;
- examined changes in the value of real-estate projects;
- examined the performance of VMA West (formerly Elektro Van De Maele) and ordered a special audit of that company;
- decided the remuneration and bonus arrangements for the managing director and executives, following a proposal by the Appointments and Remuneration Committee;
- decided, on the basis of proposals by the Appointments and Remuneration Committee, to appoint new general managers and decided the new composition of the steering committee.

The Board of Directors also acknowledged the agreement of 19 September 2013 between Ackermans & van Haaren and VINCI, under which Ackermans & van Haaren was to transfer to CFE its 50% stake in DEME. This transaction was to be followed by Ackermans & van Haaren making a mandatory public offer for CFE at a price of €45 per share.

In relation to this matter, the Board of Directors decided to ask:

- CFE's statutory auditor to prepare the report provided for by article 602 of the Belgian Companies Code relating to the transfer in kind planned by Ackermans & van Haaren of a 50% stake in DEME NV in return for the issue of 12,222,222 new shares;
- a leading bank to deliver a fairness opinion on the transaction as presented to the market.

The Board of Directors prepared the special report provided for by article 602 of the Belgian Companies Code to support the proposal put to CFE's general meeting of shareholders to increase its share capital through issuing 12,222,222 new CFE shares in return for the transfer in kind by Ackermans & van Haaren of 2,256,450 registered shares in DEME NV.

The Board of Directors decided to increase the maximum number of directors specified in the Corporate Governance Charter to 14 and to amend point III.I.3 of that Charter, subject to the offer's conditions precedent being met.

The Board of Directors decided to convene an extraordinary general meeting of shareholders on 13 November 2013 to discuss this capital increase and to adopt the recommendation by the Appointments and Remuneration Committee to appoint six new directors proposed by Ackermans & van Haaren.

The Board of Directors asked the extraordinary general meeting to appoint two directors to verify the fulfilment of the conditions precedent related to the offer.

The table below indicates the individual attendance rate of directors at Board meetings in 2013.

Director	Attendance/Total number of meetings
C.G.O. SA, represented by Philippe Delaunois	9/9
Renaud Bentégeat	9/9
Philippe Delusinne	8/9
Richard Francioli	8/9
Bernard Huvelin	4/9
Christian Labeyrie	9/9
Jean Rossi	6/9
Consuco SA, represented by Alfred Bouckaert	9/9
BVBA Ciska Servais, represented by Ciska Servais	8/9
Jan Steyaert	8/9

Jacques Ninanne was appointed Secretary of the Board of Directors. Therefore, he took part in Board meetings in 2013.

The decision-making process within the Board of Directors

Except in the case of force majeure resulting from wars, uprisings or other public disturbances, the Board of Directors can only validly take decisions if at least half of the members are present or represented.

Board members who are unable to attend a meeting may be represented by another Board member. In accordance with legal and regulatory provisions, each member can have only one proxy vote.

Letters, telegrams, telexes, faxes or e-mail messages conveying the proxy vote are attached to the minutes of the Board meeting at which they are used.

If so decided by the chairman of the Board, meetings may be attended by all or some of the members via audio or video conference. These members are deemed to be present for the purpose of calculating quorum and majority. The secretary of the board takes the necessary steps to organise any such audio or video conference.

Resolutions are passed by majority vote of the members present or represented.

In the event that members need to abstain from taking part in deliberations as a result of legal considerations, the said resolutions will be passed by majority vote of the other members present or represented.

In the event of a tie, the chairman of the Board of Directors will have the casting vote.

After each meeting, the deliberations are recorded in minutes signed by the chairman of the Board of Directors and by a majority of the Board members who took part in the deliberations.

The minutes summarise the discussions, specify the decisions taken and, if applicable, any reservations raised by the board members.

They are recorded in a special register kept at the Company's head office.

The main characteristics of the Board of Directors' assessment process are stipulated in the internal regulations published in the Company's Corporate Governance Charter.

3.2 THE APPOINTMENTS AND REMUNERATION COMMITTEE

At 31 December 2013, this committee comprised:
- BVBA Ciska Servais, represented by Ciska Servais, chair *
- Consuco SA, represented by Alfred Bouckaert *

* *independent directors*

Richard Francioli was a member of the Appointments and Remuneration Committee until 24 December 2013.

On 24 January 2014, the Board of Directors appointed Luc Bertrand as a member of the Appointments and Remuneration Committee.

The committee met five times in 2013.

Over the course of the financial year, the committee examined:
- the fixed and variable remuneration paid to the managing director;
- the fixed and variable remuneration paid to senior management;
- the annual remuneration report (under Belgium's act of 6 April 2010);
- the remuneration of the directors;
- the succession plan for CFE's Chief Financial Officer and the appointment of Fabien De Jonge as Chief Financial Officer from 1 March 2014;
- the reorganisation of CFE's steering committee and the creation of an Orientation Committee;
- CFE's organisational structure;
- appointments of new directors following the change in the ownership structure. administrateurs suite au changement d'actionnariat.

The table below indicates the individual attendance rate of the members of the Appointments and Remuneration Committee at meetings in 2013.

Members	Attendance/Total number of meetings
BVBA Ciska Servais, represented by Ciska Servais, chair *	5/5
Richard Francioli	4/5
Consuco SA, represented by Alfred Bouckaert *	5/5

* independent directors

Members of the Appointments and Remuneration Committee are paid €1,000 per meeting. The chair is paid €2,000 per meeting.

The main characteristics of the Appointments and Remuneration Committee's assessment process are set out in the internal regulations published in the Company's corporate governance charter.

3.3 THE AUDIT COMMITTEE

At 31 December 2013, this committee comprised:
- Jan Steyaert, chair *
- Philippe Delusinne *
- Christian Labeyrie

* *independent directors*

On 22 January 2014, the Board of Directors appointed Piet Dejonghe and Consuco SA, represented by Alfred Bouckaert as members of the Audit Committee.

CFE's Board of Directors pays particular attention to ensuring that Audit Committee members have financial, accounting and risk management skills.

The Audit Committee is chaired by Jan Steyaert, who meets the independence criteria defined in Article 526c of Belgium's Companies Code.

Jan Steyaert has a degree in economics and finance. He has held various professional posts, including working for an auditing firm and for Telindus, a listed company, where he was CFO before becoming CEO and then chairman of the Board of Directors. This confirms Mr Steyaert's competence in terms of accounting and auditing.

The Statutory Auditor participates in the work of the Audit Committee when the committee so requests.

This committee met five times during the 2013 financial year.

It performed the following tasks:
- it examined the financial statements for full-year 2012 and for the first half of 2013;
- it examined the draft 2014 budget before it was presented to the Board of Directors;
- it examined the audit report analysing the accounting and financial position of VMA West (formerly Elektro Van De Maele);
- it assessed the tasks of the Statutory Auditor and, together with him, redefined the content of these tasks, taking into account known changes arising during the financial year;
- it examined the organisation of the finance department;
- it undertook a review of the main risks and analysed the risk map;
- it reviewed the tax situation of group entities;
- it monitored the development and implementation of the ERP project.

The Audit Committee paid particular attention to the group's internal control and monitored steps taken by CFE to improve it.

The table below indicates the individual attendance rate of the members of the Audit Committee at meetings in 2013.

Members	Attendance/Total number of meetings
Jan Steyaert *	5/5
Philippe Delusinne *	4/5
Christian Labeyrie	5/5

* independent directors

Members of the Audit Committee are paid €1,000 per meeting. The chair is paid €2,000 per meeting.

The main characteristics of the Audit Committee's assessment process are set out in the internal regulations published in the Company's corporate governance charter.

4. SHAREHOLDER BASE

4.1 EQUITY AND SHAREHOLDER BASE

At the end of the financial year, CFE's share capital amounted to €41,329,482.42, made up of 25,314,482 shares, with no declared par value. The Company's shares are registered or in electronic form.

The shares are registered until fully paid up. Once fully paid up, they may be converted into shares in electronic form, at the choice and expense of the shareholder.

The registry of registered shares is kept in electronic form and in hard copy. Management of the electronic registry has been entrusted to Euroclear Belgium (CIK SA).

Registered shares may be converted into shares in electronic form and vice-versa on request by their holder and at their expense. Shares in electronic form are converted into registered shares by making the corresponding entry in the register of CFE shareholders. Registered shares are converted into shares in electronic form by entering them into an account in the name of their owner or holder opened with an approved account-keeper or clearing house.

Bearer shares that were not registered in a securities account as of 31 December 2013 were automatically converted into shares in electronic form on that date and placed in a specific securities account held in CFE's name with Euroclear. There are 21,080 shares in this account, equal to 0.08% of the company's share capital.

CFE's equity base as of 31 December 2013 was as follows:

Shares with no par value	25,314,482
registered shares	18,404,102
shares in electronic form	6,889,300
shares in electronic form at 31/12/2013 (former bearer shares)	21,080

Shareholders owning 3% or more of the voting rights relating to the shares they hold:

Ackermans & van Haaren NV Begijnenvest, 113 B-2000 Antwerp (Belgium)	15,288,662 shares or 60.39%
VINCI Construction SAS 5, cours Ferdinand-de-Lesseps F-92851 Rueil-Malmaison Cedex (France)	3,066,440 shares or 12.11%

4.2 SHARES INCLUDING SPECIAL RIGHTS OF CONTROL

At the close of the financial year, no shareholder owned shares with special rights of control.

4.3 VOTING RIGHTS

Ownership of a CFE share entitles the owner to vote in CFE's general meeting of shareholders and automatically assumes approval of CFE's Articles of Association and the decisions of CFE's general meeting of shareholders. Shareholders' liability for the Company's commitments only extends to the value of the shares held.

The Company recognises only one owner per share as concerns the exercise of rights granted to shareholders. The Company may suspend the exercise of the rights attached to shares held jointly or subject to a life interest or pledge, until a single person is designated as beneficiary of these rights in respect of the Company.

Since 1 January 2008, the exercise of any rights attached to physical bearer shares is suspended until they are registered in a securities account or in the register of shareholders.

4.4 EXERCISE OF SHAREHOLDER RIGHTS

The company's shareholders have rights conferred by the Belgian Companies Code and by the articles of association. They have the right to attend any of the company's general meetings of shareholders and to vote in them. Each share gives the right to one vote in a general meeting of shareholders. The conditions for being admitted to a general meeting of shareholders are set out in the company's articles of association and are also stated in the notice of meeting.

In 2013, there were two general meetings of shareholders.

The ordinary general meeting of shareholders was held, in accordance with the articles of association, on 2 May 2013. In this meeting, shareholders approved the company's financial statements for the period ended 31 December 2012 and the renewal of Renaud Bentégeat, Christian Labeyrie, Richard Francioli, Philippe Delusinne and Jan Steyaert's terms of office as directors.

An extraordinary general meeting of shareholders took place on 13 November 2013. In that meeting, shareholders i) approved the capital increase via a contribution in kind, involving Ackermans & van Haaren contributing 2,256,450 shares in DEME in return for the issue of 12,222,222 new shares in the company to be subscribed at a price of €45 per share, ii) approved the appointment of Luc Bertrand, Jan Suykens, Piet Dejonghe, Koen Janssen, John-Eric Bertrand and Alain Bernard as directors and iii) noted the resignation of Bernard Huvelin, Richard Francioli and Jean Rossi as directors.

The decisions taken in the 13 November 2013 extraordinary general meeting of shareholders were subject to two conditions precedent:

- the competent competition authorities approving Ackermans & van Haaren's acquisition of control over CFE;
- the lack of any material adverse change, assessed on the basis of a fall of 25% or more in the BEL20 index between the date the transaction was announced (19 September 2013) and the day before the capital increase is carried out.

On 18 December 2013, the European Commission approved the change of control, and as a result, given the lack of any material adverse change since 19 September 2013, the capital increase took place on 24 December 2013. The resignations and appointments of directors became effective on that date.

5. INTERNAL CONTROL

5.A INTERNAL CONTROL AND RISK MANAGEMENT

5.A.1 Introduction

5.A.1.1 Definition – frame of reference

"Internal control may be defined as a system developed by the management body and implemented under its responsibility by executive management. It contributes to good management of the company's activities, the effectiveness of its operations and the efficient use of its resources, as a function of the goals, size and complexity of the company's activities.

More particularly, the internal control system aims to ensure:

- the application (execution and optimisation) of the policies and goals set by the management body (e.g. performance, profitability, protection of resources, etc.);
- the reliability of financial and non-financial information (e.g. preparation of the financial statements, the management report, etc.;
- compliance with laws, regulations and other legal texts (e.g. the Articles of Association)."

(Excerpt from the guidelines relating to the Belgian act of 6 April 2010 and the Belgian Code of Corporate Governance (2009) published by the Corporate Governance Commission - version 10/01/2011, page 8).

Like any other control system however, the internal control system, no matter how well designed and applied, cannot guarantee the absolute elimination of such risks.

5.A.1.2 Scope of application of internal control

The internal control system applies to CFE and the subsidiaries included in its scope of consolidation.

In 2013, the boards of directors of DEME (jointly controlled until 24 December 2013), Rent-A-Port and Groep Terryn were responsible for internal control at those companies. However, CFE seeks to encourage the application of its own best practices through its representatives on these boards.

For 2013, sections 5.A.2 to 5.A.5 only apply to CFE SA and its subsidiaries excluding the three aforementioned subsidiaries.

5.A.2. Organisation of internal control

5.A.2.1 Principles governing conduct and behaviour

CFE's business activities require the teams exercising them to be close to their clients. To enable each profit-centre manager to take the appropriate operating decisions rapidly, a decentralised organisation has been set up in the Construction, Real Estate & Management Services, Multitechnics, Rail & Road and PPP–Concessions divisions.

CFE's organisational structure necessitates delegating authority and responsibility to operational and functional participants at every level of the organisation. Delegation is exercised within the framework of a general directive and in compliance with CFE's principles of conduct and operation:

- strict compliance with the rules common to the entire group regarding entering into commitments, taking risks, accepting new business, and reporting financial, accounting and management information;
- transparency and loyalty of managers to their line management and functional departments;
- compliance with all the laws and regulations applicable in countries where the group operates, regardless of the particular subject;
- communication of the group's rules and guidelines to all employees;
- safety of people (employees, service providers, subcontractors, etc.);
- efforts to enhance financial performance.

5.A.2.2 Participants in the internal control system

CFE's **Board of Directors** is a collegial body responsible for controlling the company's management, setting strategic guidelines for it and ensuring the company's satisfactory operation. It considers all major matters pertaining to the group.

The Board of Directors has set up specialised committees handling the auditing of financial statements, along with remuneration and appointments.

At 31 December 2013, the steering committee consisted of:

- the managing director responsible for CFE's day-to-day management;
- CFE's corporate deputy general manager and CFO;
- the general manager of Buildings activities in Brabant and Wallonia, in charge of BPC, CFE Brabant and Amart;
- the general manager of CFE's civil engineering operations, in charge of MBG, BAGECI, CFE Nederland, GEKA Bouw and the development of civil engineering activities internationally;
- the general manager of the PPP-Concessions division and the international Buildings business;
- the general manager of the Real Estate & Management Services division;
- the general manager of the Multitechnics and Rail & Road divisions;
- CFE's head of human resources.

The **steering committee** is responsible for implementing group strategy defined by the Board of Directors, and applying policies related to its management and the general directive mentioned above.

At 31 December 2013, the Orientation Committee consisted of:

- members of the steering committee;
- the chairman of the Risk Committee;
- the managing director of CLE and activities in Tunisia;
- the managing director of the Buildings business in Africa and Sri Lanka;
- the managing director of Sogesmaint.

The **Orientation Committee's** task is to contribute its expertise to the steering committee in order to support the implementation of group strategy.

The holding company has a limited structure appropriate to the group's decentralised organisation. The functional departments of the holding company are tasked with establishing and ensuring correct application of group rules and procedures and decisions made by the managing director. On the financial level, cash management is centralised at the level of the holding company. As concerns the subsidiaries, the express approval of the holding company's finance department is required before entering into relations with a banking organisation. The holding company also directly manages specific project financing.

At 31 December 2013, CFE did not have an audit department, but the Board of Directors, based on a proposal by the Audit Committee, approved the recruitment of an internal auditor who is due to start work in 2014.

5.A.3. Identification of risk and risk management system

A risk map was produced in the third quarter of 2013 and presented to the Audit Committee on 18 October 2013.

The aim was to identify major risks most requiring attention, based on a review and a systematic assessment of risks.

The approach included defining targets, and identifying and assessing risks.

The most critical risks identified during the analysis were:

- for the group as a whole, accidents and deficiencies in the management of projects,
- for international activities, unavailability of supervisory staff and a lack of security (risk of damage to people and property),
- for the buildings and civil engineering businesses, unavailability of supervisory staff and a lack of control over the schedule,
- for the Rail & Road division, difficulties with recruiting and retaining staff,
- for the Multitechnics division, relations with general contractors and a shortage of qualified staff,
- for the property development business, problems with marketing and regulations.

All of these risks are described in more depth in section 5.B.

5.A.4. Main internal control procedures

5.A.4.1 Compliance with laws and regulations

The applicable laws and regulations set standards of conduct and are an integral part of the control process.
The legal department of the holding company monitors legal developments in order to identify the various rules applicable to the group and passes this information on to the members of the steering committee and employees concerned.

5.A.4.2 Application of the general directive

The general directive issued by CFE's managing director to members of the steering committee defines the operations requiring prior information or approval by the group's senior management or functional departments.

This directive, which was updated in late 2013, covers the following areas:

- risks taken in contracts;
- the acquisition or sale of real-estate assets;
- the acquisition or sale of other tangible assets;
- the acquisition or sale of companies;
- human resources;
- administrative and legal management;
- banking relations and financial commitments;
- financial information;
- internal and external communication;
- ethical behaviour;
- workforce-related and social responsibility.

These operating rules must be respected by all members of the steering committee.

Additional directives containing more restrictive rules may be formulated by members of the steering committee in relation to their area of competence. These rules are communicated to employees with the requisite authority at the head of a profit centre. However, additional directives may not, under any circumstances, constitute an exception to CFE's operating rules.

5.A.4.3 Procedures relating to commitments – risk committees

Given the specific nature of the business activities, strict upstream control procedures are applied.

Risk Committee

All binding offers involving an amount of over €50 million (Construction division) or €10 million (Multitechnics and Rail & Road divisions) must be approved by the Risk Committee.

The same is true of any project:

- that requires an unusual level of financial resources from the group (including all PPP-type transactions);
- that involve a new technology or a technology in which the group has insufficient skills;
- that contains unusual workforce-related obligations;
- that will be performed in a country where the group does not yet operate.

The Risk Committee comprises the following members:

- the group's managing director;
- the chairman of the Risk Committee;
- the member of the steering committee responsible for the subsidiary or the branch;
- the operational or functional representatives of the entity concerned;
- the CFO of the group.

Real-estate committee

No acquisition of land or any commitment to acquire or develop real estate can be carried out without the prior approval of the real estate investment committee, which consists of:

- the group's managing director;
- the CFO of the group;
- the general manager of the Real Estate & Management Services division;
- the manager in charge of the project;
- the general secretary of the Real Estate & Management Services division,
- the head of finance and administration in the Real Estate & Management Services division.

Furthermore, any real estate investment in an amount exceeding €5 million must receive the prior approval of CFE's Board of Directors.

With regard to acquisition projects, any acquisition of a majority or minority stake falls within the responsibility of the managing director after authorisation by the Board of Directors.

5.A.4.4 Procedures relating to monitoring operations

The divisions have their own operations control systems suited to the specific features of their activity.

Key performance indicators relating to sales, order intake, the order book and net financial debt is drawn up every month by the finance department on the basis of information forwarded by the various operational entities.

The managers of the various entities prepare a monthly report on key facts.

The budget procedure is common to all the group's divisions and their subsidiaries. It includes five annual meetings:

- the initial budget presented in November of year N-1 and reviewed in depth in March of year N;
- the first budget update presented in April of year N;
- the second budget update presented in July/August of year N;
- the third update presented in November of year N.

These meetings, which are attended by the group's managing director, the group's CFO, the head of management control and consolidation, the steering-committee member and manager responsible for the entity concerned and its head of finance and administration, examine:

- the volume of business for the financial year in progress and the status of the order book;
- the forecast profit margin of the profit centre, with details of profit margins per project (or by department for the Multitechnics and Rail & Road divisions);
- the analysis of current risks including an exhaustive presentation of legal disputes whether as claimant or defendant;
- the status of guarantees given;
- investment or divestment requirements;
- the cash position and projected changes in the next 12 months.

5.A.4.5 Procedures relating to the production and processing of accounting information

The management control and consolidation department, which reports to the group's finance department, is responsible for producing and analysing financial and accounting information for dissemination both inside and outside the group and for ensuring its reliability.

In particular, it is responsible for the:

- production, validation and analysis of the interim and annual consolidated financial statements and provisional data (consolidation of budgets and budget updates);
- definition and monitoring of accounting procedures within the group and application of IFRS standards.

The management control and consolidation department sets the timetable for the preparation of interim and annual financial statements. These instructions are forwarded to the finance departments of the different entities concerned and accompanied by information or training sessions.

The management control and consolidation department is responsible for the accounting treatment of complex operations and ensures that they are validated by the Statutory Auditor.

At the end of each accounting period, the finance managers of the principal entities present the accounts of the relevant subsidiary or branch to the group's head of finance and administration and head of management control and consolidation.

The head of management control and consolidation is a member of the Audit Committees of DEME, Rent-A-Port and RAP-Energy, and attends account-closing meetings held by these entities.

The Statutory Auditor informs the Audit Committee of any observations concerning the interim and annual financial statements before they are presented to the Board of Directors.

Before signing its reports, the Statutory Auditor requests confirmation letters from the managers of the group and its subsidiaries.

In these statements, the managers of the group and the various subsidiaries confirm, in particular, that all the elements at their disposal have been submitted to the Statutory Auditor to enable it to carry out its assignment and that the effects of any anomalies observed by it and still unresolved at the date of those letters do not have a material impact on the consolidated and parent-company financial statements.

5.A.5. Actions carried out to strengthen internal control and risk management

In 2013, several initiatives were undertaken to strengthen internal control.

These included:

- preparing a risk map (see section 5.A.3);
- updating the general directive (see section 5.A.4.2);
- formalising the Risk Committee, chaired by a member of the Orientation Committee;
- combining some of the Multitechnics division's smaller entities, such as VMA West, Ariadne and Vanderhoydoncks, which are now supervised by VMA's management. The same approach was taken to ETEC, which is now directly controlled by Engema's management. These combinations, which have been effective since the end of 2013, have increased CFE's control over these entities;
- maintaining efforts to install an integrated management system (ERP) in several of the group's subsidiaries and branches.

The appointment of an internal auditor in 2014 also forms part of the group's strategy of increasing control over its operations.

5.B RISK FACTORS

5.B.1 Risks common to the segments in which CFE operates

5.B.1.1 Operational risks

5.B.1.1.1 Project execution

The main characteristic of the dredging and contracting businesses is the commitment made when submitting a proposal to perform a task that is by its nature unique, for a price with predetermined terms and within an agreed time schedule.

The risk factors therefore relate to:

- the price of the task to be performed and, in the event of divergence between the anticipated price and the actual price, the possibility (or not) of obtaining coverage for additional costs and price increases;
- design, if this is the contractor's responsibility;
- performance of the contract;
- control of the elements included in the cost price;
- project time schedule and deadlines;
- performance obligations (quality, schedule) and the related direct and indirect consequences;
- warranty obligations (10-year guarantee, maintenance);
- compliance with safety and other workforce-related obligations that are also extended to service providers.

5.B.1.1.2 Dredging

Dredging activities are performed by DEME and its subsidiaries.

DEME is one of the world's leading players in dredging. Its market includes both maintenance dredging and capital (infrastructure) dredging. The latter is particularly related to growth in world trade and decisions on the part of governments to invest in major infrastructure projects.

DEME has also developed a range of services for the oil and gas industry, including protection of offshore facilities and protection of deep-water subsea pipelines and cables.
DEME is also a major player in the development of offshore wind farms, operating in two areas:

- as a concession-holder via minority stakes in concessions, mainly off the Belgian coast;
- as a general contractor specialising in the construction and maintenance of offshore wind farms, capable of providing a comprehensive service to its clients.

DEME also operates in the environmental sector through DEC. This company specialises in the treatment of polluted sludge and sediments, along with the remediation of brownfield sites.

Through DBM (DEME Building Materials), DEME is also active in the aggregate supply market.

Operational risks relating to dredging and reclamation works
In its dredging, reclamation and hydraulic civil engineering operations, DEME faces not only the risks described in section 5.B.1.1.1, but also various specific operational risks related to:

- determining the type and composition of the earth to be dredged;
- weather conditions, including extreme events such as storms, tsunamis and earthquakes;
- wear and tear affecting equipment;
- technical incidents and breakdowns that may affect the performance of vessels;
- project design and engineering;
- changes in the regulatory framework during the contract;
- relations with subcontractors, suppliers and partners.

Operational risks related to the development of concessions
As stated above, DEME has for several years been developing an offshore wind farm concession business. In this business, DEME faces specific risks related to these investments:
- unstable regulatory framework;
- technological developments;
- the ability to finance these large projects.

Operational risks related to fleet investments
Dredging is primarily a maritime activity, which is characterised by its capital-intensive nature due to the need for regular investments in new vessels in order to keep the fleet at the leading edge of technology. For this reason, DEME is faced with complex investment decisions and specific operational risks relating to these investments:
- technical design of the investment (type of dredger, capacity, power, etc.) and expertise in new technologies;
- time between the investment decision and commissioning of the vessel, and anticipating future market developments;
- control over construction by the shipyard once the investment decision has been made (cost, performance, conformity, etc.);
- occupancy of the fleet and scheduling of activities;
- financing.

DEME has qualified staff with the capacity to design dredgers and design and execute large-scale projects. Given the very nature of the activity and the many external factors to be taken into account, the risks inherent in this business cannot be completely eliminated.

5.B.1.1.3 Contracting
Contracting activities are carried out through three divisions: Construction, Multitechnics and Rail & Road.

Construction division
This division operates mainly in Benelux, Central Europe and Africa, and specialises in:
- building and refurbishing office buildings, residential properties, hotels, schools, universities, shopping and leisure centres, hospitals, industrial buildings and port infrastructure;
- building engineering structures (tunnels, bridges, dams, locks), developing quays, building jetties and wastewater treatment facilities, installing piles and building gas terminals.

Multitechnics division
This division operates mainly in Belgium and specialises in:
- tertiary electricity, electromechanical facilities, telecoms networks, industrial automation, the production of low-voltage panels and high-voltage cabinets, electromechanical work for wastewater treatment and pumping stations;
- HVAC (heating, ventilation and air conditioning) facilities, electrical and HVAC maintenance.

Rail & Road division
This division operates solely in Belgium and specialises in rail work, energy transportation, roadworks, asphalt paving and public lighting.

The operational risks in contracting activities are described in section 5.B.1.1.1.

5.B.1.1.4 Real estate
CFE has developed its Real Estate & Management Services business in Belgium, Luxembourg and Poland.

Real estate activity is directly or indirectly affected by certain macroeconomic factors (interest rates, propensity to invest, savings, etc.) and political factors (development of supra-national institutions, development plans, etc.) that influence the behaviour of participants in the market, in terms of both supply and demand.

This activity is also characterised by long operating cycles, which means that operators need to anticipate decisions and make long-term commitments.

In addition to general sector risks, each project has its own specific risks:
- choosing land for investment;
- defining the project and its feasibility;
- obtaining the various permits and authorisations;
- controlling construction costs, fees and financing;
- marketing.

5.B.1.1.5 PPP-Concessions
The concessions business consists of carrying out DBFM (Design, Build, Finance, Maintain) projects in Belgium and, via 45%-owned subsidiary Rent-A-Port, developing and managing ports and providing consultancy services regarding port engineering.

The division's activities involve long-term operations (20 years or more) and recurrent cash flows during the maintenance and operational phases of projects, enabling the relevant companies to repay loans.

5.B.1.2 Economic climate
CFE is, by its very nature, perceived as being subject to strong cyclical fluctuations. Nevertheless, this observation must be qualified for each segment or sub-segment of activity, since the key factors can vary between them.

For example:
- Dredging activities are more sensitive to the international economic climate, trends in world trade and government investment policy as concerns major infrastructure and sustainable development works. Slower growth in one or more of DEME's markets may adversely affect its business levels and earnings.
- Civil engineering activities in the Construction division are linked to government investment in large infrastructure programmes. These programmes have been reduced considerably by the recent recession.
- Construction activities and real-estate development

activities related to the office property market move in line with the traditional economic cycle, while the residential business depends more directly on general economic conditions, consumer confidence and interest rates.

5.B.1.3 Management and workforce

CFE suffers from a chronic shortage of qualified supervisory staff and workers. The success of projects, in the study, preparation and execution phases, depends both on employees' qualifications and skills and on their availability in the labour market.

5.B.2 Market risks (interest rates, exchange rates, insolvency)

5.B.2.1 Interest-rate risk

CFE makes major investments extending over long periods of time. In this context and in terms of the availability of long-term credit, project finance or major capital expenditure (vessels), CFE applies a policy of interest rate hedging where necessary. Nevertheless, interest-rate risk cannot be entirely eliminated.

5.B.2.2 Exchange-rate risk

Given the international nature of its activities and the fact that some contracts are performed in foreign currencies, CFE – and DEME in particular – is exposed to exchange-rate risk. To mitigate this risk, CFE engages in exchange-rate hedging and forward foreign exchange contracts. Nevertheless, exchange-rate risk cannot be entirely eliminated.

5.B.2.3 Credit risk

To reduce underlying solvency risk, CFE checks on the solvency of its clients when submitting its proposal, regularly monitors accounts receivable and adjusts its positions with them where necessary. For clients showing a material credit risk, downpayments and/or bank payment guarantees are required before work starts.

In markets outside Europe, if a country is eligible and the risk can be covered by credit insurance, CFE obtains coverage from organisations specialising in this area, such as Credendo Group.

Nevertheless, credit risk cannot be entirely eliminated.

5.B.2.4 Liquidity risk

Tighter liquidity and the difficulty of obtaining credit under economically acceptable conditions remain a concern. CFE succeeded in preserving its positions in 2013 through strict cash management techniques.

CFE has three main sources of financing:

- bond issues, totalling €300 million. These consist of CFE's €100 million issue of bonds maturing in 2018, and DEME NV's €200 million issue of bonds maturing in 2019. These bonds have enabled CFE to diversify its sources of financing and extend the maturity of its long-term debt.
- project-finance loans or leases, which DEME uses to finance some of its vessels and which the PPP-Concessions and Real Estate & Management Services divisions use to fund specific projects.
- bank loans or commercial paper to cover short-term cash requirements.

Following the change of control on 24 December 2013, holders of bonds issued by CFE will be able to request early redemption of some or all of their bonds. As a result, CFE could potentially have to redeem €100 million of bonds in April 2014. This will result in the reclassification of these bonds as long-term debt maturing within one year in CFE's consolidated financial statements.

Given that i) the early redemption price is much lower than the bonds' market price and that ii) Ackermans & van Haaren took control through a €550 million capital increase that strengthened CFE's financial position, it is reasonable to expect any early redemption requests to be limited.

CFE complied with all of its financial covenants at 31 December 2013, as did DEME.

5.B.3 Commodity price risks

CFE is potentially exposed to increases in the prices of certain raw materials used in its activities. Nevertheless, CFE believes that such increases are not likely to have a significantly negative impact on its results. This is because a substantial portion of CFE's contracts include price revision formulae that enable it to adjust selling prices in line with movements in commodity prices. Furthermore, CFE's activities are carried out through a large number of contracts, many of them of short or medium duration which, even in the absence of a price revision formula, limits the impact of a rise in raw material prices. DEME also arranges specific hedging against movements in diesel prices as required.

5.B.4 Risk of dependency on customers/suppliers

Given the group's activities and its organisational structure, which reflects the local nature of its contracts, CFE considers that, overall, it is not dependent on a small number of clients, suppliers or subcontractors. Furthermore, CFE's operational organisation is characterised by a high degree of decentralisation, which generally gives local managers greater decision-making autonomy within the scope of the powers delegated to them, particularly as regards purchasing.

5.B.5 Environmental risks

In view of the type of work it is asked to do, CFE may be involved in handling unhealthy or hazardous materials.

CFE takes all possible safety and health precautions for its workers and takes particular care over this point, although this risk cannot be entirely eliminated.

Like any company involved in dredging and marine activities, DEME pays particular attention to environmental risks, which fall into two categories:

- disruption to flora and/or fauna or accidental pollution, which can never be totally ruled out despite the very strict prevention measures that the company takes in performing its dredging work;
- DEME subsidiaries operating in the environmental field have to decontaminate highly polluted soils, the extent and exact composition of which is not always easy to establish before the contract starts. In addition, the innovative technologies that DEME uses to remediate soils also carry a degree of risk.

5.B.6 Legal risks

Given the diversity of its activities and geographical locations, CFE is exposed to a complex regulatory environment as concerns the places where services are performed and the fields of activity involved. In particular, it is subject to rules concerning administrative contracts, public and private works contracts and civil liability.

In the construction sector, the builder's liability with respect to 10-year construction guarantees, liability for minor hidden defects and liability for indirect consequential damage – an emerging concept – can be interpreted broadly.

DEME has to deal with a changing and increasingly complex legal framework in certain countries in which it operates.

5.B.7 Political risks

CFE is exposed to political risks, which fall into various categories: political instability, wars (including civil wars), armed conflicts, terrorism, hostage-taking, extortion and sabotage.

These represent potential threats to the security of CFE's staff and property. As a result, these risks are monitored closely and, if necessary, a project may be stopped if basic security conditions are no longer met. In this case, staff and equipment are transferred to a safer location.

5.B.8 Risks relating to the protection of intellectual property and know-how

CFE and DEME in particular have developed specific know-how and innovative technologies in various areas.

To protect its trade secrets and intellectual property relating to its innovations, DEME has filed numerous patent applications covering over 100 specific applications.

5.B.9 Risks related to special-purpose companies

To carry out some of its real-estate, public-private partnerships and concession activities, CFE participates and will continue to participate in special-purpose companies which provide real guarantees in support of their credit facilities. The risk, in the event of the failure of this type of company and exercise of the guarantee, is that the proceeds from such exercise are not sufficient to cover some or all of the amount of shareholders' equity or equivalent used as collateral for setting up the credit facility.

5.B.10 Interest in DEME

For many years and until 24 December 2013, DEME was jointly controlled by Ackermans & van Haaren and CFE, which each owned a 50% stake in DEME. Since 24 December 2013, DEME has been a wholly-owned subsidiary of CFE.

CFE's acquisition of control over DEME in no way alters the fact that DEME remains financially autonomous and so CFE does not advance any money or make any guarantee with respect to DEME or vice-versa.

6. ASSESSMENT OF MEASURES TAKEN BY THE COMPANY IN RESPONSE TO THE DIRECTIVE ON INSIDER TRADING AND MARKET MANIPULATION

CFE's policy on this matter is specified in its corporate governance charter.

In 2006, a compliance officer (Jacques Ninanne) was appointed and an information programme established for senior management and employees who, through their job, have access to privileged information.

The Company systematically informs these people about closed periods and issues regular reminders of the general directives.

7. TRANSACTIONS AND OTHER CONTRACTUAL RELATIONSHIPS BETWEEN THE COMPANY, INCLUDING RELATED COMPANIES, AND DIRECTORS AND EXECUTIVE MANAGERS

The policy on this matter is specified in the corporate governance charter.

There is no service contract binding the Board members with CFE or with any of its subsidiaries.

8. ASSISTANCE AGREEMENT

CFE entered into a service contract with VINCI Construction on 24 October 2001. The fees payable by CFE for financial year 2013 amounted to €1,190,000.

In 2013, this agreement enabled CFE to access VINCI's databases, and to receive support from VINCI in various areas such as safety, construction methods, sustainable development and risk management.

9. AUDIT

The Statutory Auditor is Deloitte Réviseurs d'Entreprises, represented by Pierre-Hugues Bonnefoy.

In the ordinary general meeting of shareholders on 3 May 2013, shareholders renewed the appointment of the Statutory Auditor, Deloitte Réviseurs d'Entreprises, represented by Pierre-Hugues Bonnefoy, for a period of three years, ending at the close of the ordinary general meeting of shareholders in May 2016. The fees paid by CFE in 2013 amounted to €174,500.

Other costs for different missions invoiced by Deloitte Réviseurs d'Entreprises amounted to €183,500.

In addition, during financial year 2013, the costs invoiced by Deloitte Conseillers Fiscaux concerning tax advice amounted to €19,230.

Deloitte audited the accounts of most of the companies within the CFE group.

For the other main groups and subsidiaries, the Statutory Auditor generally obtained the certification reports of those entities' auditors and/or interviewed them, and also performed certain additional checks.

Remuneration paid to the Statutory Auditors in respect of the whole group in 2013, including CFE:

(in € thousands)	Deloitte		Other	
	Amount	%	Amount	%
Audit				
Statutory audit, certification, examination of individual and consolidated accounts	765.1	53.66%	375.5	37.26%
Related work and other audits	141.0	9.89%	35.2	3.49%
Subtotal, audit	***906.1***	***63.55%***	***410.7***	***40.75%***
Other services				
Legal, tax, corporate	200.0	14.03%	507.2	50.34%
Other	319.6	22.42%	89.8	8.91%
Subtotal, other services	*519.6*	*36.45%*	*597.0*	*59.25%*
Total statutory auditors' fees	**1,425.7**	**100%**	**1,007.7**	**100%**

Remuneration report

CFE's remuneration policy is designed to attract, retain and motivate staff in the office, technical, manual and managerial categories.

To help the Appointments and Remuneration Committee analyse the competitive situation, along with other factors involved in assessing remuneration, the Committee may use the services of internationally renowned remuneration consultants.

In 2013, no change was made to CFE's remuneration policy relative to 2012.

1.1 REMUNERATION OF THE BOARD AND COMMITTEE MEMBERS

1.1.1 REMUNERATION OF BOARD MEMBERS

CFE's ordinary general meeting of shareholders of 2 May 2013 approved the payment of a fixed amount of fees to Board members in their capacity as directors. This amount was set at €382,000 for the Board as a whole.

For 2013, the Board of Directors decided, according to rules that it sets, how this sum was allocated to its members.

Part of this amount, i.e. €180,000, was split equally between each Board member (excluding the Chairman), resulting in a fee of €20,000 per director (reduced proportionally if the director was not in office for the full year). A fee of €77,000 was allocated to the Chairman of the Board.

The other part, amounting to €125,000, was divided according to the attendance rate at meetings of the Board of Directors.

Board directors are also reimbursed for expenses incurred during the execution of their duties, according to conditions set by the Board of Directors.

The amount of fees paid directly or indirectly to the Board members for carrying out their duties within the group was as follows:

(€)	Fees CFE	Fees Subsidiaries
C.G.O. SA, represented by Philippe Delaunois	91,423	
Renaud Bentégeat	34,423	
Philippe Delusinne	39,821	
Richard Francioli	32,437	
Bernard Huvelin	26,027	
Christian Labeyrie	34,423	
Jean Rossi	29,232	
Consuco SA, represented by Alfred Bouckaert	34,423	
BVBA Ciska Servais, represented by Ciska Servais	32,821	
Jan Steyaert	32,821	
Total	**380,849**	**0**

No agreement with any non-executive Board director providing for severance pay has come into force or has been extended since 3 May 2010 (the date on which the Belgian act of 6 April 2010 came into force). Furthermore, no non-executive director receives variable remuneration.

From 1 January 2014, a proposal will be made in the general meeting of shareholders to approve annual fees amounting to €100,000 for the chairman of the Board of Directors and €20,000 for other directors, reduced proportionally if the director is not in office for the full year.

A proposal will also be made in the general meeting of shareholders to approve attendance fees of €2,000 per meeting to directors apart from the chairman of the Board of Directors.

Remuneration paid to directors who are members of the Audit Committee and Appointments and Remuneration Committee are unchanged.

1.1.2 REMUNERATION OF AUDIT COMMITTEE MEMBERS

Philippe Delusinne	4,000
Christian Labeyrie	5,000
Jan Steyaert	10,000
Total	**19,000**

1.1.3 REMUNERATION OF APPOINTMENTS AND REMUNERATION COMMITTEE MEMBERS

The Appointments and Remuneration Committee consists of non-executive directors, most of whom are independent directors.

Richard Francioli	4,000
Consuco SA, represented by Alfred Bouckaert	5,000
BVBA Ciska Servais, represented by Ciska Servais	10,000
Total	**19,000**

1.2 CFE MANAGEMENT

CFE's corporate structures are appropriate to the purpose of a holding company, and to the requirements arising from its organisation by division.

Each division, representing a portfolio of activities, consists of several subsidiaries and, in some cases, branches, that constitute profit centres and, in general, represent a specific business in a defined geographical area. Each subsidiary is managed by a Board of Directors and a company director; each branch is managed by a company director. The management organisation for subsidiaries and branches therefore consists of a specific delegation of powers to a group of persons – the company directors – which guarantees active management and effective operational organisation in each division.

Since these corporate structures ensure a balanced distribution of powers and the smooth operation of CFE, the Company has decided that the steering committee is not a Management Board within the meaning of article 524b of the Belgian Companies Code, but has nonetheless anticipated future needs by providing for this possibility in its Articles of Association.

The persons responsible for the actual management of activities are thus the managing director first and then the members of the steering committee.

1.2.1 STEERING COMMITTEE

The steering committee's members are as follows:
- Renaud Bentégeat,
- Frédéric Claes SA, represented by Frédéric Claes,
- Artist Valley SA, represented by Jacques Lefèvre,
- Gabriel Marijsse
- Jacques Ninanne
- Patrick Verswijvel
- Yves Weyts
- Diane Zygas

Fabien De Jonge, who was asked on 1 March 2014 to succeed Jacques Ninanne as CFO, also attends steering committee meetings.

1.2.2 ORIENTATION COMMITTEE

The Orientation Committee consists of steering committee members plus the group's main executives, i.e.:
- Lode Franken
- Michel Guillaume
- Youssef Merdassi
- Patrick Van Craen

1.3 REMUNERATION OF STEERING COMMITTEE MEMBERS

1.3.1 REMUNERATION OF THE MANAGING DIRECTOR

There was no change in the remuneration policy in 2013. Fixed and variable remuneration and other benefits were examined by the Appointments and Remuneration Committee.

After discussions, and specifically an assessment of performance relating to variable remuneration, the Appointments and Remuneration Committee made recommendations to the Board of Directors, which takes decisions on this matter.

The reference period for the variable remuneration of the managing director and other steering committee members runs from 1 January to 31 December. Any payments are made in April of the following year.

In addition to his fee as a Board member, i.e. €34,423, the managing director received gross annual remuneration of €195,370 in respect of his executive functions within the CFE group, which has not added a variable remuneration.

The managing director also benefits from the use of company housing and a company car, representing a benefit of €48,392 in 2013. He does not benefit from a pension plan with CFE.

CFE did not award any shares, options or other rights to acquire shares in the company to the managing director in 2013.

1.3.2 REMUNERATION OF STEERING COMMITTEE MEMBERS OTHER THAN THE MANAGING DIRECTOR

In 2013, the remuneration policy remained unchanged from previous years. It is designed to
- enable CFE to attract, motivate and retain high-level and high-potential executive talent,
- foster and reward personal performance.

The proposed fixed and variable remuneration for members of the steering committee, other than the managing director, are scrutinised by the managing director and the Group's head of HR, who sit on the Appointments and Remuneration Committee.

The Committee listens to explanations and, after discussions between its members, submits definitive proposals to the Board of Directors, which takes decisions on the matter.

The basic annual salary constitutes fixed remuneration and is based on a scale defined by the CFE Group's wage structure. There is a margin of appreciation as regards matters such as experience, duties, scarcity of technical skills and performance.

For operational members of the steering committee, i.e. those responsible for profit centres (subsidiaries and branches), variable remuneration depends on individual performance.

- It is directly related to the financial performance of their area of responsibility, i.e. the relationship between net profit before tax and revenue for the period. This margin is compared with a pay scale featuring multiples of fixed annual remuneration (from zero to 100%), known as the "basic amount".
- If the target accident frequency rate set at the beginning of the year in the relevant business area is not achieved, the basic amount is reduced by 20%.
- Compliance with the CFE Group's values also influences the basic amount by 20%. This has several aspects:
    - customer retention and satisfaction;
    - sharing commercial information within the CFE Group;
    - solidarity between steering committee members through the encouragement of staff mobility and the management of human resources (staff retention, appraisals, training etc.).

- Variable remuneration can therefore range between zero and 100% of fixed annual remuneration.

For functional managers on the steering committee, variable remuneration takes into several factors:
- the CFE Group's comprehensive income,
- the operational performance of their department,
- attainment of specific targets assigned to them at the start of the year by the managing director,
- compliance with CFE Group values,
- variable remuneration may be zero if performance is unsatisfactory.

The reference period for the variable remuneration of steering committee members runs from 1 January to 31 December. Any payments are made in April of the following year.

Steering committee members other than the managing director received:

Fixed remuneration and fees	1,553,386
Variable remuneration	472,342
Payments to insurance plans (pension plans, health and accident insurance)	331,770
Company vehicle expenses	97,914
Total	**2,455,412**

Steering committee members are covered by various types of pension plan. Some are members of defined-benefit plans, which vary according to whether they joined before or after 1 July 1986.

In order to harmonise the treatment of these steering committee members, a supplementary defined-benefit plan was set up in 2007. The IFRS service cost for defined-benefit plans amounted to €265,491 in 2013.

CFE has not awarded any shares, options or other rights to acquire shares in the company to steering committee members.

1.4 TERMINATION BENEFITS

As regards termination benefit rules, in accordance with the Belgian corporate governance act of 6 April 2010, applying as of 3 May 2010 and as agreed with the managing director and steering committee members, the ordinary general meeting of shareholders of 5 May 2011 passed the following resolution:

1. The law relating to employment contracts shall apply to persons with "employee" status, and all other existing agreements shall remain in force.

For employees who are members of the company's steering committee and with whom there was no existing agreement relating to termination benefits before 3 May 2010, the period of notice to be given or the amount of severance pay that will be paid in the event of termination of the employment contract (for reasons other than serious misconduct) by the employer shall be determined, in accordance with the act of 3 July 1978 relating to employment contracts, on the basis of criteria typically used by Belgian courts to determine a reasonable period of notice or a reasonable amount of termination benefit, which may not exceed that resulting from the Claeys schedule.

- Gabriel Marijsse
- Jacques Ninanne
- Patrick Verswijvel
- Yves Weyts

Amendment as of 1 January 2014 to be proposed to shareholders in the ordinary general meeting of shareholders of 30 April 2014 regarding termination benefits:

As regards termination benefit rules, in accordance with the Belgian corporate governance act of 6 April 2010, applying as of 3 May 2010 and as agreed with the CEO and executive managers, the ordinary general meeting of shareholders of 30 April 2014 passed the following resolution:

1. The law relating to employment contracts shall apply to persons with "employee" status, and all other existing agreements shall remain in force.

For employees who are members of the company's executive management and with whom there was no existing agreement relating to termination benefits before 3 May 2010, the period of notice to be given or the amount of severance pay that will be paid in the event of termination of the employment contract (for reasons other than serious misconduct) by the employer shall be determined, in accordance with the act of 26 December 2013 relating to the introduction of the single status, published in the "Moniteur Belge" on 31 December 2013.

- Gabriel Marijsse
- Patrick Verswijvel
- Yves Weyts
- Fabien De Jonge from 1 March 2014.

2. As regards termination benefits applying after 3 May 2010 and agreed with the managing director and steering committee members, an agreement came into force on 18 November 2011 relating to Diane Zygas (née Rosen).
This agreement was approved by the Board of Directors as proposed by the Appointments and Remuneration Committee on 28 September 2011.

A notional period of service of 12 years was applied, without exceeding the result of the Claeys schedule (see above).

Amendment as of 1 January 2014 to be proposed to shareholders in the ordinary general meeting of shareholders of 30 April 2014 regarding termination benefits:

As regards termination benefits applying after 3 May 2010 and agreed with the managing director and steering committee members, an agreement came into force on 18 November 2011 relating to Diane Zygas (née Rosen).
This agreement was approved by the Board of Directors as proposed by the Appointments and Remuneration Committee on 28 September 2011. A notional period of service of 12 years was applied, in accordance with the act of 26 December 2013 relating to the introduction of the single status, published in the "Moniteur Belge" on 31 December 2013.

3. Agreements existing before 3 May 2010 were as follows:

- Frédéric Claes SA, represented by Mr Frédéric Claes:
  The amount payable in the event the contract is terminated is consistent with normal market levels.
- Artist Valley SA, represented by Mr Jacques Lefèvre:
  The amount payable in the event the contract is terminated is consistent with normal market levels.

1.5 VARIABLE REMUNERATION OF STEERING COMMITTEE MEMBERS

As regards variable remuneration rules, in accordance with the Belgian corporate governance act of 6 April 2010, the shareholders' meeting of 5 May 2011 passed the following resolution applying to periods beginning after 31 December 2010:

"for the CEO and steering committee members, the existing award terms and criteria, i.e. variable remuneration based on financial performance, attention paid to employee safety and compliance with Group values, will be maintained for a period of three years.
The current legislation, which requires variable remuneration to be spread over three years, and its related criteria are not appropriate (and therefore cannot be easily applied) to a steering committee in which some members are close to retirement and pension age."

Proposal: the Board of Directors will make a proposal to shareholders in the ordinary general meeting of shareholders of 30 April 2014 to prolong the exception for a three-year period.

1.6 INFORMATION ABOUT THE RIGHT TO CLAW BACK VARIABLE REMUNERATION GRANTED ON THE BASIS OF INCORRECT FINANCIAL INFORMATION TO STEERING COMMITTEE MEMBERS

The contracts between steering committee members and the company include a right for the company to claw back variable remuneration granted on the basis of incorrect financial information.

Policy regarding insurance

CFE systematically takes out comprehensive contractor insurance for all construction sites, which gives sufficient cover for operating and post-construction civil liability. The risk of terrorism is not included in this policy.

Special reports

On 3 October 2013, CFE's Board of Directors prepared the special report provided for by article 602(1) of the Belgian Companies Code to support the proposal put to CFE's general meeting of shareholders to increase its share capital through issuing 12,222,222 new CFE shares in return for the transfer in kind by Ackermans & van Haaren of 2,256,450 registered shares in Dredging, Environmental & Marine Engineering NV.

Public offer to purchase shares

Pursuant to Article 34 of the Belgian royal decree of 14/11/2007 concerning the obligations of issuers of financial instruments listed for trading on a regulated market, CFE notes that:

- the Board of Directors is empowered to increase the authorised capital by a maximum amount of €2,500,000 (Article 4 of the Articles of Association), it being noted that exercise of this power is limited, in the event of a takeover bid, by Article 607 of the Companies Code;
- the Board of Directors is entitled to acquire up to 10% of CFE's shares (Article 14b of the Articles of Association).

Acquisitions

In 2013, CFE acquired the remaining 35% stake in Brantegem NV that it did not already own for €123,500.

Creation of branches

In 2013, CFE set up a branch in Romania. At the end of the year, the Board of Directors gave its authorisation to close this branch.

Post-balance sheet events

On 11 February 2014, Ackermans & van Haaren launched a mandatory offer in accordance with article 5 of the Belgian takeover act and chapter III of the Belgian royal decree on takeovers. It is an unconditional cash offer to buy shares at €45 each (including coupons no.7 and following). The offer is due to expire on 5 March 2014.

Research and development

DEME carries out ongoing research to increase the efficiency of its fleet. In addition, in partnership with universities and the Flanders region of Belgium, it carried out research into the production of sustainable marine energy. In partnership with private-sector companies, it carries out research into techniques to extract rare materials from the sea.

Information on business trends

The high level of the orderbook provides favourable outlooks for 2014 in the dredging & environment division and regarding the recovery of Contracting activities.

Audit Committee

The Audit Committee is chaired by Jan Steyaert, who meets the independence criteria defined in Article 526c of Belgium's Companies Code.

Jan Steyaert has a degree in economics and finance. He has held various professional posts, including working for an auditing firm and for Telindus, a listed company, where he was CFO before becoming CEO and then chairman of the Board of Directors. This confirms Mr Steyaert's competence in terms of accounting and auditing.

Notice of the general meeting of shareholders of 30 April 2014

The Board of Directors invites all shareholders and bondholders to attend the **ordinary general meeting of shareholders**, which shall take place at the company's head office at 40-42 avenue Herrmann-Debroux, 1160 Brussels, **at 3pm on Wednesday 30 April 2014**.

AGENDA: ORDINARY BUSINESS

1. *Board of directors' report for the financial year ended on 31 December 2013*

2. *Auditor's report for the financial year ended on 31 December 2013*

3. *Approval of the annual accounts*

Proposed decision:
It is proposed to the general meeting of shareholders to approve the annual accounts for the financial year ended on 31 December 2013 as presented by the board of directors.

4. *Approval of the consolidated annual accounts*

Proposed decision:
It is proposed to the general meeting of shareholders to approve the consolidated annual accounts for the financial year ended on 31 December 2013 as submitted by the board of directors.

5. *Appropriation of profit*

Proposed decision:
It is proposed to the general meeting of shareholders to approve the board of directors' proposal to distribute a gross dividend of €1,15 per share, corresponding to a net dividend of €0,8625 per share. The dividend will be payable as from 28 May 2014.

6. *Remuneration*

6.1. *Approval of the remuneration report*

Proposed decision:
It is proposed to the general meeting of shareholders to approve the remuneration report as submitted by the board of directors.

6.2. *Annual remuneration of the directors and the auditor*

Proposed decision:
In accordance with article seventeen of the articles of association of the company, it is proposed to the general meeting of the shareholders, to approve, with effect from 1 January 2014, a remuneration for the chairman of the board of directors and for each director, respectively of €100, 000 and of €20,000, prorate temporis of the exercise of their mandate during the year. It is in addition proposed to the general meeting to approve an attendance fee of €2,000 per meeting of the board of directors. The remuneration of the members of the committees of the board of directors remain unchanged.

Moreover, it is proposed to the general meeting of the shareholders to grant the auditor an annual remuneration of €174,500 during his mandate of auditor of the company.

6.3. *Severance pay*

Proposed decision:
Regarding the applicable rules for severance pay, in accordance with the act of 6 April 2010 on the reinforcement of corporate governance, into force after 3 May 2010, and as agreed between the managing director and the members of the "steering committee", it is proposed to the general meeting to approve the following:

- "The act on employment contracts shall apply for all the employees and the existing agreements shall remain into force.
- for the members of the "steering committee" of the company who are employees and who have not entered into an agreement regarding severance pay before 3 May 2010, in case of dismissal by the employer (except in case of serious misconduct), the length of the notice period to be notified or the amount of the severance pay to be paid, shall be determined in accordance with the act of 26 December 2013 regarding the unique status, published in the Belgian Official Journal of 31 December 2013. This applies to the following members:

- Gabriel Marijsse
- Patrick Verswijvel
- Yves Weyts
- Fabien De Jonge (as from 1 March 2014).

- an agreement has been entered into between de company and Mrs Diane Rosen – Zygas on 18 November 2011. This agreement has been approved by the board of directors, on proposal of the nomination and remuneration committee, on 28 September 2011. A fictive seniority of maximum 12 years has been granted in the employee status in accordance with the act of 26 December 2013 regarding the unique status, published in the Belgian Official Journal of 31 December 2013.

6.4 *Variable compensation*

Proposed decision:
It is proposed to the general meeting to extend the derogation which had been granted by the ordinary general meeting of 5 May 2011. As a consequence, it is proposed to the general meeting to approve the following text:

"For the CEO and the members of the "*steering committee*", the criteria's and the rules of attribution of variable compensation are maintained for a period of three years, i.e., variable compensation based on the economic performances, the attention paid to the security of the workers and the commitment to the values of the group. The current legislation which imposes the spread on a period of three years of the variable compensation and its applicable criteria's is not appropriated and therefore cannot apply to a "*steering committee*" composed of some members who are close to the age of retirement, early retirement or pre-pension" .

7. *Discharge to directors*

Proposed decision:

It is proposed to the general meeting of shareholders to grant discharge to the directors for and in connection with their duties during the financial year ended on 31 December 2013.

8. *Discharge to auditor*

Proposed decision:

It is proposed to the general meeting of shareholders to grant discharge to the auditor for and in connection with his duties during the financial year ended on 31 December 2013.

9. *Appointments*

Proposed decision:

It is proposed to the general meeting of the shareholders to renew the director's mandate of the SA C.G.O, represented by Mr Philippe Delaunois, for a period of two years, ending after the annual general meeting to be held in May 2016. SA C.G.O is not an independent director.

Proposed decision:

It is proposed to the general meeting of the shareholders to renew the director's mandate of the Consuco SA, represented by Mr Alfred Bouckaert, for a period of two years, ending after the annual general meeting to be held in May 2016. In accordance with article 526 ter of the Company code and in accordance with the Belgian Corporate Governance Code 2009, Consuco SA is an independent director.

The CV's of the directors can be downloaded on the website www.cfe.be

FORMALITIES FOR ATTENDING THE ORDINARY AND EXTRAORDINARY GENERAL MEETING OF SHAREHOLDERS

1. *Shareholders wishing to attend the meetings personally*

Only shareholders who hold CFE shares at the latest on the 14th day prior to the general meetings, namely on 16 April 2014 at midnight (Belgian time) (the "*Registration date*") shall be allowed to participate in the ordinary general meeting and/or in the extraordinary general meeting, either in person or via proxy

- *For holders of registered shares*, proof of share ownership on the Registration date shall be evidenced by registration in the CFE register of registered shares on the Registration date. Furthermore, in order to gain admission to the general meeting of shareholders, each shareholder shall be required to fill in the form ***"Intention de participation""/Intentie tot deelname"***, available on the website www.cfe.be and send it back either by letter, for the attention of Mr Fabien De Jonge, Chief Financial Officer, avenue Herrmann-Debroux, 40-42 in 1160 Auderghem, either by e-mail to the following address: ***general_meeting@cfe.be***, at the latest on ***24 April 2014*** at midnight (Belgian time).
- *For holders of dematerialised shares,* proof of share ownership shall be evidenced by their registration in a share account maintained by an accredited account holder or clearing house on the Registration date. In addition, each shareholder is required to inform its bank of his participation to the meeting as well as of the number of shares he wished to vote with, at the latest on ***24 April 2014*** at midnight (Belgian time).

2. *Shareholders wishing to be represented at the meeting*

Each shareholder who is a shareholder at the Registration date may be represented at the ordinary general meeting and/or at the extraordinary general meeting.

Shareholders who wish to appoint a representative to represent them at the ordinary general meeting and/or at the extraordinary general meeting of shareholders shall be required to send the signed proxy, available on the website www.cfe.be, either by letter, for the attention of Mr Fabien De Jonge, Chief Financial Officer, avenue Herrmann-Debroux, 40-42 in 1160 Auderghem, either by e-mail to the following address: ***general_meeting@cfe.be***, at the latest on ***24 April 2014*** at midnight (Belgian time). If the proxy is sent by e-mail, the proxyholder is requested to deliver the original before the start of the meeting.

3. *Shareholders wishing to vote by post*

Each shareholder who is a shareholder at the Registration date may vote by post at the ordinary general meeting and/or at the extraordinary general meeting.

Shareholders who wish to vote by post shall be required to send, exclusively by post for the attention of Mr. Fabien De Jonge, Chief Financial Officer, avenue Herrmann-Debroux, 42 in 1160 Auderghem, at the latest by ***24 April 2014*** at midnight (Belgian time), the signed postal voting form. The postal voting form shall be required to indicate the voting preference.

4. *Shareholders wishing to add new items on the agenda or to file resolution proposals*

One or more shareholders who together hold at least 3% of the share capital may request the inclusion of items on the agenda for the ordinary general meeting and/or the extraordinary general meeting of shareholders as well as file resolution proposals concerning the items to be dealt with already included or to be included on the agenda.

Shareholders who wish to exercise this right to add new items to the agenda or to file resolution proposals must satisfy the following conditions:

- send, at the latest by ***8 April 2014***, a written request either by post, for the attention of Mr Fabien De Jonge, Chief Financial Officer, avenue Herrmann-Debroux, 40-42 in 1160 Auderghem, or by e-mail to the following address: ***general_meeting@cfe.be***;
- join to their request the proof that on the date of their request they do in fact hold, separately or jointly, 3% of all shares. They shall, for this purpose, enclose with their letter either a certificate attesting to the registration of corresponding shares in the register of registered shares which they will have previously requested from the company, or a declaration drawn up by the accredited account holder or the clearing house, certifying the registration in an account, in their name, of the number of corresponding dematerialised shares.
- join to their request the new items to be discussed and the relevant resolution proposals in relation to items added or to be added on the agenda.

If one or more shareholders has requested the inclusion of items and/or proposed resolutions on the agenda, CFE shall publish at the latest by 15 April 2014 an agenda prepared according to the same procedure as this agenda. CFE shall also publish at the same time on its website the proxy voting and postal voting forms with any additional topics and related proposals and/or any standalone proposed resolutions added.

Any proxy forms and postal voting forms sent to the company before 15 April 2014 shall remain valid for the items on the agenda to which they relate. Furthermore, within the context of proxy voting, the representative shall be authorised to vote on the new topics on the agenda and/or on the new proposed resolutions, without the need for any new proxy, if the proxy form expressly permits it. The proxy form may also specify that in such cases, the representative is obliged to abstain.

5. Shareholders wishing to ask questions at the general meeting

Each shareholder has the right to ask questions of the directors and/or the auditor during the ordinary general meeting and/or the extraordinary general meeting. The questions may be asked orally during the meeting or in writing before the meeting.

Shareholders who wish to ask questions in writing before the meeting shall be required to send an e-mail to the company at the latest by ***24 April 2014*** to the following address: ***general_meeting@cfe.be***. Only written questions asked by shareholders who will have satisfied the formalities for admission to the meeting and who will consequently have established their status as shareholder on the Registration date (cf. item 1), shall receive an answer during the meeting.

6. Right for the bondholders to attend the general meetings

Bondholders may attend the ordinary general meeting and/or the extraordinary general meeting with a consultative vote only, by proving they are bondholders by producing a declaration issued by the financial intermediary at which they hold their bonds.

7. Available documents

Each shareholder and bondholder may obtain free of charge at the registered office of the company (avenue Herrmann-Debroux, 40-42 in 1160 Brussels), during the office hours, a complete copy of the financial statements, consolidated financial statements as well as the directors' report, the agenda as well as the forms to vote by proxy and by post, and the form "Intention de participation/Intentie tot deelname". Request for a free copy may also be sent by e-mail to the following address: ***general_meeting@cfe.be***,

8. Website

All information relating to the general meetings of shareholders of 30 April 2013, including all documents related to these general meetings are available from today's date on the company's website at the address ***www.cfe.be***.

Consolidated financial statements

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Definitions

Associated companies	Entities over which the group CFE has a significant influence and that are accounted for under the equity method
Capital employed	Intangible assets + goodwill + property, plant and equipment + working capital
Working capital	Inventories + trade receivables and other operating receivables + other current assets + non-current assets held for sale - other current provisions - trade payables and other operating liabilities - tax payables - other current liabilities
EBIT	Operating income
EBITDA	EBIT + depreciation, amortisation and impairment + other non-cash items + share in the income of companies accounted for under the equity method

Preliminary note

On 24 December 2013, the CFE group acquired an additional 50% stake in DEME after the fulfilment of the conditions precedent applying to the capital increase.

After these transactions, CFE has sole control over DEME and its stake in DEME has increased from 50% to 100%. As a result, whereas DEME was still consolidated proportionally until 24 December 2013, it has been fully consolidated since that date.

Consolidated income statement and cash flow statement for 2013 only take into account 50% of DEME's activity. However, data relating to the consolidated statement of financial position at 31 December 2013 include DEME's assets and liabilities at 100%. The same is true of the order book.

CONSOLIDATED STATEMENT OF INCOME

Year ended 31 December (in € thousands)	Notes	2013	2012*
Revenue	4	**2,267,257**	**1,898,302**
Revenue from auxiliary activities	6	87,925	72,155
Purchases		(1,446,118)	(1,132,066)
Remuneration and social security payments	7	(410,660)	(372,172)
Other operating expenses	6	(300,745)	(265,374)
Depreciation and amortisation	12-14	(126,670)	(119,683)
Business combination – DEME acquisition	5	111,624	0
Goodwill impairment - DEME	13	(207,411)	0
Goodwill impairment - Others	13	(3,795)	0
Operating income		**(28,593)**	**81,162**
Cost of gross financial debt	8	(31,749)	(24,134)
Financial income from cash investments	8	5,448	5,193
Other financial expenses	8	(22,388)	(19,174)
Other financial income	8	9,493	9,494
Net financial income/expense		**(39,196)**	**(28,621)**
Pre-tax income for the period		**(67,789)**	**52,541**
Income tax	10	(27,317)	(3,505)
Net income for the period		**(95,106)**	**49,036**
Share in income of companies accounted for under the equity method	15	6,953	489
Net income (including income attributable to owners of non-controlling interests)		**(88,153)**	**49,525**
Attributable to owners of non-controlling interests	9	6,918	(162)
Net income attributable to owners of the parent		**(81,235)**	**49,363**
Net income attributable to owners of the parent per share, based on weighted average number of shares (basic and diluted, in €)	11	(6.10)	3.77

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December (in € thousands)	Notes	2013	2012*
Net income attributable to owners of the parent		**(81,235)**	**49,363**
Net income for the period (including income attributable to owners of non-controlling interests)		**(88,153)**	**49,525**
Changes in fair value related to hedging instruments		10,395	(10,045)
Currency translation differences		(3,398)	2,639
Deferred taxes	10	(3,532)	4,018
DEME acquisition – Reserves to be reclassified	5	7,902	0
Other comprehensive income to be reclassified to profit or loss in subsequent periods		**11,367**	**(3,388)**
Remeasurement of net liabilities relating to defined benefit plans	23	(3,538)	(6,147)
Other comprehensive income not to be reclassified to profit or loss in subsequent periods		**(3,538)**	**(6,147)**
Total other comprehensive income		**7,829**	**(9,535)**
Comprehensive income:		**(80,326)**	**39,990**
- Attributable to owners of the parent		(73,544)	39,920
- Attributable to owners of non-controlling interests		(6,782)	70
Résultat global part du groupe par action, en moyenne pondérée des actions (EUR) (base et dilué)	11	(5.52)	3.05

* Amounts adjusted in accordance with the change in accounting principle related to IAS 19 Amended "Employee benefits" as explained in note 2.1.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

Year ended 31 December (in € thousands)	Notes	2013	2012*	2011*
Intangible assets	12	19,204	12,651	9,839
Goodwill	13	291,873	33,401	28,725
Property, plant and equipment	14	1,753,779	980,434	899,618
Investment property		0	2,056	7,067
Investments in companies accounted for under the equity method	15	39,752	18,364	15,128
Other non-current financial assets	16	96,212	56,586	30,631
Derivative instruments - non-current assets	27	286	0	0
Other non-current assets	17	12,766	9,283	10,923
Deferred tax assets	10	37,832	22,787	11,412
Total non-current assets		**2,251,704**	**1,135,562**	**1,013,343**
Inventories	19	215,883	186,534	158,850
Trade and other operating receivables	20	1,116,915	732,466	761,407
Other current assets	20	101,030	84,240	60,242
Derivative instruments - current assets	27	0	0	148
Current financial assets		594	153	1,759
Cash and cash equivalents	21	474,793	260,602	208,347
Total current assets		**1,909,215**	**1,263,995**	**1,190,753**
Total assets		**4,160,919**	**2,399,557**	**2,204,096**
Share capital		41,330	21,375	21,375
Share premium		800,008	62,551	62,551
Retained earnings		358,124	460,306	425,999
Defined benefit plans		(5,782)	(8,101)	(1,954)
Reserves related to financial instruments		(351)	(17,673)	(11,646)
Currency translation differences		(176)	6,154	3,423
Equity attributable to owners of the parent		1,193,153	524,612	499,748
Equity attributable to non-controlling interests	9	9,935	6,227	7,059
Equity		**1,203,088**	**530,839**	**506,807**
Retirement benefit obligations and employee benefits	23	40,724	21,239	16,674
Provisions	24	10,962	10,679	10,613
Other non-current liabilities		53,382	70,745	82,833
Bonds	26	199,639	100,000	0
Financial liabilities	26	649,186	379,120	434,896
Derivative instruments - non-current liabilities	27	38,603	32,853	24,694
Deferred tax liabilities	10	14,775	13,789	12,630
Total non-current liabilities		**1,007,271**	**628,425**	**582,340**
Current provisions	24	50,657	35,820	47,587
Trade and other operating payables	20	1,045,907	689,475	635,159
Income tax payable		78,836	21,579	24,975
Financial liabilities	26	407,358	181,474	124,268
Derivative instruments - current liabilities	27	2,538	4,201	5,646
Other current liabilities	20	365,264	307,744	277,314
Total current liabilities		**1,950,560**	**1,240,293**	**1,114,949**
Total equity and liabilities		**4,160,919**	**2,399,557***	**2,204,096**

* Amounts adjusted in accordance with the change in accounting principle related to IAS 19 Amended "Employee benefits" as explained in note 2.1.

CONSOLIDATED STATEMENT OF CASH FLOWS

Year ended 31 December (in € thousands)	Notes	2013	2012*
Operating activities			
Net income attributable to owners of the parent		(81,235)	49,363
Depreciation and amortisation of property, plant and equipment, intangible assets and investment property		126,670	119,683
Net provision expense		6,503	(13,012)
Impairment of current and non-current assets		101,688	10,559
Unrealised foreign exchange (gains)/losses		3,274	685
Interest income and income from financial assets		(5,448)	(5,721)
Interest expenses		31,374	22,439
Change in fair value of derivative instruments		(3,083)	680
Income/(loss) from sales of property, plant and equipment		(2,914)	(3,489)
Tax expense for the period		27,317	3,505
Income attributable to non-controlling interests		(6,918)	162
Share in income of companies accounted for under the equity method		(6,953)	(489)
Cash flow from operating activities before changes in working capital		**190,275**	**184,365**
Decrease/(increase) in trade receivables and other current and non-current receivables		(123,502)	(32,449)
Decrease/(increase) in inventories		(6,479)	(25,936)
Increase/(decrease) in trade payables and other current payables		39,166	57,162
Cash flow from operating activities		**99,460**	**183,142**
Interest paid		(31,374)	(22,439)
Interest received		5,448	5,193
Income tax paid/received		(8,649)	(15,888)
Net cash flow from operating activities		**64,885**	**150,008**
Investing activities			
Sales of non-current assets		6,477	13,626
Purchases of non-current assets		(68,554)	(203,930)
Acquisitions of subsidiaries minus cash acquired		(2,117)	(4,431)
Sale of subsidiary		5,358	0
DEME acquisition	5	166,702	0
Increase in share capital of companies accounted for under the equity method	15	(247)	(2,236)
Cash flow from investing activities		**107,619**	**(196,971)**
Financing activities			
Borrowings		253,678	207,483
Repayment of borrowings		(195,949)	(97,275)
Dividends paid		(15,056)	(15,056)
Transactions with non-controlling shareholders	5	(1,543)	0
Cash flow from financing activities		**41,130**	**95,152**
Net increase/(decrease) in cash position		**213,634**	**48,189**
Cash and cash equivalents at start of period	21	260,602	208,347
Exchange-rate effects		557	4,066
Cash and cash equivalents at end of period	21	474,793	260,602

* Amounts adjusted in accordance with the change in accounting principle related to IAS 19 Amended "Employee benefits" as explained in note 2.1.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD ENDED 31 DECEMBER 2013

(in € thousands)	Share capital	Share premium	Retained earnings	Defined benefit pension plans	Reserve related to hedging instruments	Currency translation differences	Equity attributable to owners of the parent	Equity attributable to non-controlling interests	Total
December 2012	**21,375**	**62,551**	**460,012**	**0**	**(17,673)**	**6,154**	**532,419**	**6,227**	**538,646**
IAS19 Amended			294	(8,101)			(7,807)		(7,807)
After amendment to IAS19	**21,375**	**62,551**	**460,306**	**(8,101)**	**(17,673)**	**6,154**	**524,612**	**6,227**	**530,839**
Comprehensive income for the period			**(81,235)**	**(3,301)**	**17,322**	**(6,330)**	**(73,544)**	**(6,782)**	**(80,326)**
Capital increase and acquisition of DEME	19,955	737,457	(5,620)	5,620			757,412	13,238	770,650
Dividends paid to shareholders			(15,056)				(15,056)		(15,056)
Dividends paid to non-controlling interests								(840)	(840)
Change in consolidation scope			(271)				(271)	(1,908)	(2,179)
December 2013	**41,330**	**800,008**	**358,124**	**(5,782)**	**(351)**	**(176)**	**1,193,153**	**9,935**	**1,203,088**

FOR THE PERIOD ENDED 31 DECEMBER 2012 *

(in € thousands)	Share capital	Share premium	Retained earnings	Defined benefit pension plans	Reserve related to hedging instruments	Currency translation differences	Equity attributable to owners of the parent	Equity attributable to non-controlling interests	Total
December 2011	**21,375**	**62,551**	**425,999**	**0**	**(11,646)**	**3,423**	**501,702**	**7,059**	**508,761**
IAS19 Amended				(1,954)			(1,954)		(1,954)
After amendment to IAS19	**21,375**	**62,551**	**425,999**	**(1,954)**	**(11,646)**	**3,423**	**499,748**	**7,059**	**506,807**
Comprehensive income for the period			**49,363**	**(6,147)**	**(6,027)**	**2,731**	**39,920**	**70**	**39,990**
Dividends paid to shareholders			(15,056)				(15,056)		(15,056)
Dividends paid to non-controlling interests								(902)	(902)
December 2012	**21,375**	**62,551**	**460,306**	**(8,101)**	**(17,673)**	**6,154**	**524,612**	**6,227**	**530,839**

* Amounts adjusted in accordance with the change in accounting principle related to IAS 19 Amended "Employee benefits" as explained in note 2.1.

SHARE CAPITAL AND RESERVES

The share capital on 31 December 2013 was composed of 25,314,482 ordinary shares. These shares are without any nominal value. The owners of ordinary shares have the right to receive dividends and have one vote per share in Shareholders' General Meetings.

On 27 February 2014, the board of directors proposed a dividend of € 29,112 thousand, corresponding to € 1.15 gross per share. The final dividend is subject to shareholder approval in the Shareholders' General Meeting. The appropriation of income was not included in the financial statements at 31 December 2013.

The final dividend for the year ended 31 December 2012 was €1.15 gross per share.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

Consolidated financial statements and notes

The Board of Directors authorised the publication of the CFE group's consolidated financial statements on 27 February 2014.

The consolidated financial statements should be read in conjunction with the Board of Directors' management report.

MAIN TRANSACTIONS IN 2013 AND 2012 AFFECTING THE CFE GROUP'S SCOPE OF CONSOLIDATION

TRANSACTIONS IN 2013

1. CONSTRUCTION DIVISION

None.

2. MULTITECHNICS DIVISION

On 28 January 2013, CFE Group acquired the remaining shares of Elektro Van De Maele NV (35%). This company, which was renamed VMA West NV, is now held at 100%. The consolidation method remains unchanged.

On 28 May 2013, CFE Group decided to exercise its call option on the remaining shares of Brantegem SA, which specialises in HVAC and plumbing installations, and to acquire the remaining shares held outside the Group (35%). Brantegem SA is now held at 100%. The consolidation method remains unchanged.

On 7 June 2013, Prodfroid SA, which specialises in industrial cooling systems and air-conditioning systems, changed its name to Procool SA.

3. REAL ESTATE & MANAGEMENT SERVICES DIVISION

On 28 February 2013, CFE acquired through its subsidiary CLI, and in partnership with other real estate companies, 33.3% of PEF Kons Investment SA in order to develop a project involving offices, shops and housing ("Projet Kons Gallery" in Luxembourg). This company is accounted for under the equity method.

On 1 March 2013, CFE SA acquired 50% of the shares in Rederij Marleen BVBA and Rederij Ishtar BVBA for a real estate operation on land located in Ostend.

On 13 June 2013, CFE Group disposed of its 66% stake in its Property & Facilities Management subsidiary Sogesmaint CB Richard Ellis SA to CBRE. CFE Group also acquired the stake held by Sogesmaint-CB Richard Ellis in its Luxembourg subsidiary and some Property & Facility Management contracts in Belgium.

On 11 October 2013, CFE Group created BPI Obozowa Retail Estate Sp zoo through its subsidiary in Poland. This company is fully consolidated. The purpose is to develop a residential and non- residential building project.

On 22 October 2013, CFE subsidiary BPI acquired an additional 16.7% stake in Erasmus Gardens SA, increasing its stake to 50%.

4. DREDGING & ENVIRONMENT DIVISION

In 2013, DEME acquired through its subsidiaries:

- 100% of the newly created company DEME Concessions NV, which is fully consolidated,
- 35% of the newly created company Bluepower NV, which is proportionally consolidated,
- 51% of the newly created DIAP SHAP LTD, which is proportionally consolidated,
- 100% of the newly created Maritime Services & Solutions SA which is fully consolidated,
- 100% of the newly created Dragamoz, which is fully consolidated,
- non-controlling interests in de Vries (6%), taking the total stake to 100%,
- an additional 50% stake in Novadeal, taking the total stake to 100%. This company was previously proportionally consolidated and is non fully consolidated,
- 18.6% of Seastar NV, which is accounted for under the equity method.

On 24 December 2013, CFE Group acquired an additional 50% stake in DEME following the fulfilment of conditions precedent relating to the capital increase.

The increase in CFE's capital via a contribution in kind from Ackermans & van Haaren NV (AvH) of 2,256,450 shares in Dredging, Environmental & Marine Engineering NV (DEME), in return for 12,222,222 newly issued CFE shares, as decided beforehand by the extraordinary general meeting of CFE on 13 November 2013, took place on 24 December 2013 following the fulfilment of conditions precedent relating to this capital increase.

Following these operations, CFE has sole control over DEME, having increased its stake from 50% to 100%. This acquisition will allow the development of strong synergies between the group's contracting and dredging activities and will enable the group to reap the full benefit of DEME's international commercial network.

For CFE, the consequence is a change in DEME's consolidation method. DEME was still proportionally consolidated until 24 December 2013, but has been fully consolidated since that date.

5. PPP - CONCESSIONS DIVISION

None.

6. RAIL & ROAD DIVISION

None.

TRANSACTIONS IN 2012

1. CONSTRUCTION DIVISION

At the start of 2012, Aannemingen Van Wellen NV transferred its road business to the new Rail & Road division. Although the Buildings and Rail & Road activities are still being pursued within the same legal entity (Aannemingen Van Wellen NV), they are now presented within the Construction and Rail & Road divisions.

CFE's environmental business, which is carried out through CFE EcoTech and has historically been presented as part of the Construction division, is now presented as part of the Multitechnics division.

2. MULTITECHNICS DIVISION

At the start of 2012, CFE EcoTech, which operates in the water treatment business, joined the Multitechnics division. Its activities are closely related to certain electro-mechanical activities performed by entities in the Multitechnics division.

As part of the same divisional reorganisation, Engema and Louis Stevens & Co were transferred from the Multitechnics division to the new Rail & Road division at the start of 2012.

In early October 2012, the CFE group acquired all shares in Ariadne NV. This company, based in Limburg, Belgium, specialises in the automation of industrial processes.

3. REAL ESTATE & MANAGEMENT SERVICES DIVISION

On 15 February 2012, the CFE group acquired a 47% stake in Immomax2 Sp.z.o.o. via its Polish subsidiary. This company is developing a residential real-estate project in Gdansk. Immomax2 is consolidated proportionally.

On 23 February 2012, CFE group subsidiary BPI acquired a 50% stake in Les Jardins de Oisquercq SPRL, with a view to carrying out real-estate development on land in Oisquercq (Tubize). This entity is consolidated proportionally.

In the first quarter of 2012, VM Property I SA and VM Property II SPRL, in which the CFE group owns a 40% stake, created a company called VM Office SA to develop the office component of the Van Maerlant real-estate project in Brussels. This entity is accounted for under the equity method in CFE's consolidated financial statements.

On 27 April 2012, CFE group subsidiary CFE Immo acquired a 50% stake in Immo Keyenveld 1 SA, Immo Keyenveld 2 SA, Immo PA33 1 SA, Immo PA33 2 SA, Immo PA44 1 SA and Immo PA44 2 SA, which are companies that have been newly created as part of the Solvay project. This project involves the redevelopment of the site of Solvay's former head office in Ixelles. These entities are consolidated proportionally.

On 29 May 2012, the CFE group, through its Sogesmaint-CBRE subsidiary, acquired a 32.34% stake in Sogesmaint-CBRE Company Management, a newly created limited-liability company. This company is consolidated proportionally.

On 27 August 2012, CFE acquired a 30% stake in newly created company Foncière de Bavière SA, and on 12 December a 30% stake in newly created company Bavière Développement SA. The purpose of these two companies is to develop a real-estate project in the Bavière district of Liège. These entities are consolidated proportionally.

On 1 October 2012, CFE acquired a 50% stake in Les Deux Princes Development SA, a company newly created as part of the project to redevelop the site of Solvay's former head office in Ixelles. This company is consolidated proportionally.

4. DREDGING & ENVIRONMENT DIVISION

In 2012, the DEME joint venture acquired the following interests via its subsidiaries:

- 50% in newly created company Oceanflore BV, which is consolidated proportionally;
- 50% in newly created company Flidar NV, which is consolidated proportionally;
- 100% in newly created company DI Ukraine LLC, which is fully consolidated;
- 100% in Paes Maritiem BV, which is fully consolidated;
- 60% in Highwind NV, which is fully consolidated; and
- 100% in Société de Dragage Luxembourg, which is fully consolidated.

5. PPP - CONCESSIONS DIVISION

None.

6. RAIL & ROAD DIVISION

On 22 February 2012, the CFE group acquired all shares in Remacom NV, which is based in the Ghent region. This company specialises in laying rail tracks.

1. GENERAL POLICIES

IFRS AS ADOPTED BY THE EUROPEAN UNION

The accounting principles used are the same as those used for the 2012 consolidated financial statements, except for:

- IAS 19 Amended "Employee Benefits". The changes resulting from the application of IAS 19 Amended are described in note 2.1.

STANDARDS AND INTERPRETATIONS APPLICABLE IN THE PERIOD BEGINNING 1 JANUARY 2013

- IFRS 13 Fair Value Measurement (applicable for annual periods beginning on or after 1 January 2013)
- IAS 19 (amended 2011) Employee Benefits (applicable for annual periods beginning on or after 1 January 2013)
- Improvements to IFRS (2009-2011) (normally applicable for annual periods beginning on or after 1 January 2013)
- Amendments to IFRS 1 First Time Adoption of International Financial Reporting Standards – Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters (applicable for annual periods beginning on or after 1 January 2013)
- Amendments to IFRS 1 First Time Adoption of International Financial Reporting Standards – Government Loans (applicable for annual periods beginning on or after 1 January 2013)
- Amendments to IFRS 7 Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities (applicable for annual periods beginning on or after 1 January 2013)
- Amendments to IAS 1 Presentation of Financial Statements - Presentation of Items of Other Comprehensive Income (applicable for annual periods beginning on or after 1 July 2012)
- Amendments to IAS 12 Income Taxes – Deferred Tax: Recovery of Underlying Assets (applicable for annual periods beginning on or after 1 January 2013)
- IFRIC 20 Stripping Costs in the Production Phase of a Surface Mine (applicable for annual periods beginning on or after 1 January 2013)

The application of these standards and interpretation did not have any significant effect on the group's consolidated financial statements, except for the application of IAS 19 Employee Benefits.

STANDARDS AND INTERPRETATIONS PUBLISHED BUT NOT YET APPLICABLE IN THE PERIOD BEGINNING ON 1 JANUARY 2013

The group did not apply early the following standards and interpretations, application of which was not mandatory at 31 December 2013.

- IFRS 9 Financial Instruments and subsequent amendments (not yet adopted by the EU)
- IFRS 10 Consolidated Financial Statements (applicable for annual periods beginning on or after 1 January 2014)
- IFRS 11 Joint Arrangements (applicable for annual periods beginning on or after 1 January 2014)
- IFRS 12 Disclosures of Interests in Other Entities (applicable for annual periods beginning on or after 1 January 2014)
- IFRS 14 Regulatory Deferral Accounts (applicable for annual periods beginning on or after 1 January 2016)
- IAS 27 Separate Financial Statements (applicable for annual periods beginning on or after 1 January 2014)
- IAS 28 Investments in Associates and Joint Ventures (applicable for annual periods beginning on or after 1 January 2014)
- Improvements to IFRS (2010-2012) (normally applicable for annual periods beginning on or after 1 January 2014, but not yet adopted in the EU)
- Improvements to IFRS (2011-2013) (normally applicable for annual periods beginning on or after 1 January 2014, but not yet adopted in the EU)
- Amendments to IFRS 10, IFRS 12 and IAS 27 – Consolidated Financial Statements and Disclosure of Interests in Other Entities: Investment Entities (applicable for annual periods beginning on or after 1 January 2014)
- Amendments to IAS 19 Employee Benefits – Employee Contributions (applicable for annual periods beginning on or after 1 July 2014, but not yet adopted by the EU)
- Amendments to IAS 32 Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities (applicable for annual periods beginning on or after 1 January 2014)
- Amendments to IAS 36 Impairment of Assets – Recoverable Amount Disclosures for Non-Financial Asset (applicable for annual periods beginning on or after 1 January 2014)
- Amendments to IAS 39 Financial Instruments – Novation of Derivatives and Continuation of Hedge Accounting (applicable for annual periods beginning on or after 1 January 2014)
- IFRIC 21 – Levies (applicable for annual periods beginning on or after 1 January 2014, but not yet adopted by the EU)

The potential impacts of these standards and interpretations on the group's consolidated financial statements are being determined. The group does not expect any material changes other than those arising from the application of

- IFRS 10 and 11, which redefine the notion of control and the criteria for selecting the method for consolidating entities. From 2014, a larger number of subsidiaries will be accounted for under the equity method. This will affect the presentation of the financial statements for the Real Estate & Management Services division (inventories and payables related to the real estate projects) and for some entities of the Dredging & Environment division, but the group's net income and net assets will not be affected

2. SIGNIFICANT ACCOUNTING POLICIES

Compagnie d'Entreprises CFE SA (hereinafter referred to as the "Company" or "CFE") is a company incorporated and headquartered in Belgium. The consolidated financial statements for the year ended 31 December 2013 include the financial statements of the Company, its subsidiaries, its interests in jointly controlled entities (the "CFE group") and interests in companies accounted for under the equity method.

2.1 CHANGE IN ACCOUNTING METHOD: APPLICATION OF IAS 19 AMENDED "EMPLOYEE BENEFITS"

As of 1 January 2013, the group applied the principles described in IAS 19 Amended "Employee Benefits" which introduces several changes to accounting methods relating to pension benefits, including:

- the recognition in the consolidated balance sheet of all pension benefits granted to the Group's employees. The "corridor" method and the possibility of recognising past service cost in the income statement over the average vesting period are no longer available;
- interest income from pension plan assets is now calculated using the discount rate used to calculate obligations with respect to defined-benefit plans;
- the impacts of pension plan amendments must be recorded in the income statement;
- the consequences of the new estimates must be recorded in other comprehensive income: actuarial gains and losses on pension obligations, over-performance (under-performance) of plan assets – i.e. the difference between the effective return on plan assets and the return based on the discount rate used to discount the actuarial liability – and the variation of the asset-capping effect. Those impacts are presented under comprehensive income.

The comparative financial statements have been modified in accordance with IAS 19 Amended "Employee Benefits". The impacts on the 2012 financial statements are as follows:

	December 2011, published	Impact of IAS 19 Amended	December 2011, revised	December 2012, published	Impact of IAS 19 Amended	December 2012, revised
Equity, including:	**508,761**	**(1,954)**	**506,807**	**538,646**	**(7,807)**	**530,839**
Retained earnings	425,999	0	425,999	460,012	294	460,306
Reserves - Defined-benefit plans	0	(1,954)	(1,954)	0	(8,101)	(8,101)
Liabilities, including:						
Pension and employee benefit obligations	14,720	1,954	16,674	13,432	7,807	21,239

2.2 ACCOUNTING RULES AND METHODS

A. *STATEMENT OF COMPLIANCE*

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) approved by the European Union.

B. *BASIS OF PRESENTATION*

The financial statements are stated in thousands of euros, rounded to the nearest thousand.

Equity instruments and equity derivatives are stated at cost where they do not have a quoted market price in an active market and where other methods of reasonably estimating fair value are clearly inappropriate and/or inapplicable.

Accounting policies are applied consistently.

The financial statements are presented before the appropriation of parent-company income proposed to the Shareholders' General Meeting.

The preparation of financial statements under IFRSs requires estimates to be used and assumptions to be made that affect the amounts shown in those financial statements, particularly as regards the following items:

- the period over which non-current assets are depreciated or amortised;
- the measurement of provisions and pension obligations;
- the measurement of income or losses on construction contracts using the percentage of completion method;
- estimates used in impairment tests;
- the measurement of financial instruments at fair value;
- the assessment of control;
- the qualification of a company acquisition as a business combination or an acquisition of assets.

These estimates assume the operation is a going concern and are made on the basis of the information available at the time. Estimates may be revised if the circumstances on which they were based alter or if new information becomes available. Actual results may be different from these estimates.

C. *CONSOLIDATION PRINCIPLES*

Subsidiaries are fully consolidated. Subsidiaries are companies controlled by the parent company. This is presumed where the parent company holds, directly or indirectly, more than half of the subsidiary's voting rights. The financial statements of subsidiaries are included in the consolidated financial statements from the date control starts until the date control ends.

Changes in the group's interest in a subsidiary that do not result in a loss of control are recognised as equity transactions. The carrying amounts of the group's interests and non-controlling interests are adjusted to reflect changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity.

When the Group grants an option to sell to the non-controlling interests of a subsidiary (i.e. where the non-controlling interests have a "put"), the related financial liability is deducted initially from non-controlling interests in equity.

Jointly controlled entities are consolidated proportionally.

Companies accounted for under the equity method are those in which the group CFE has significant influence over financial and operating policies, but which it does not control. Significant influence is presumed where the CFE group owns 20-50% of the company's voting rights.

The equity method is used from the date that significant influence starts until the date that significant influence ceases. When the CFE group's share of losses from companies accounted for under the equity method exceeds the carrying amount of its interest in such companies, the carrying amount is reduced to nil. Recognition of further losses is discontinued except to the extent that the CFE group has incurred obligations in respect of the associated companies.

All transactions, balances and unrealised gains and losses on transactions between group companies have been eliminated.

D. FOREIGN CURRENCIES

(1) Transactions in foreign currencies

Transactions in currencies other than the euro are recognised at the exchange rate on the transaction date. Monetary assets and liabilities denominated in foreign currencies are translated at the closing rate. Gains and losses resulting from the creation of foreign currency transactions and from the translation of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Non-monetary assets and liabilities denominated in foreign currencies are translated at the foreign exchange rate on the transaction date.

(2) Financial statements of foreign entities

The assets and liabilities of CFE group companies whose functional currencies are other than the euro are translated into euros at the exchange rate on the balance sheet date. Income statements of foreign entities, excluding foreign entities in hyperinflationary economies, are translated into euros at an average exchange rate for the year (approximating the foreign exchange rates prevailing at the dates of the transactions).

Components of shareholders' equity are translated at historical rates.

Translation differences arising from this translation are recognised under a separate item under equity ("Currency translation differences"). These differences are recognised in the income statement in the year during which the entity is sold or liquidated.

(3) Exchange rates

Devises	2013 closing rate	2013 average rate	2012 closing rate	2012 average rate
Polish zloty	4.156	4.196	4.091	4.169
Hungarian forint	297.146	296.850	292.549	288.358
US dollar	1.379	1.328	1.320	1.291
Singapore dollar	1.745	1.662	1.614	1.606
Qatari rial	5.021	4.837	4.806	4.701
Romanian leu	4.473	4.418	4.449	4.462
Tunisian dinar	2.268	2.161	2.048	2.015
CFA franc	655.957	655.957	655.957	655.957
Australian dollar	1.545	1.378	1.271	1.244

Units of foreign currency per euro

E. INTANGIBLE ASSETS

(1) Research and development costs

Expenditures on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding are recognised in the income statement as an expense as incurred.

Expenditures on development activities, whereby research findings are applied to a plan or design for the production of new or substantially improved products and processes, are capitalised if the product or process is technically and commercially feasible, the company has sufficient resources to complete development and the expenses can be reliably identified.

Capitalised expenditure includes all costs directly attributable to the asset necessary for its creation, production and preparation in view of its intended use. Other development expenditures are recognised as an expense as incurred.

Capitalised development expenditures are stated at cost less accumulated amortisation (see below) and impairment.

(2) Other intangible assets

Other intangible assets acquired by the company are stated at cost less accumulated amortisation (see below) and impairment. Expenditure on internally generated goodwill and brands is recognised as an expense as incurred.

(3) Subsequent expenditure

Subsequent expenditure on capitalised intangible assets is capitalised only when it enables the assets to generate future economic benefits over and above the performance level defined at the outset. All other expenditures are expensed as incurred.

(4) Amortisation

Intangible assets are amortised using the straight-line method over their estimated useful lives at the following rates:

- Minimum: 5%: Operating concessions
- Minimum: 33,33%: Software applications

F. *BUSINESS COMBINATIONS*

Acquisitions of subsidiaries and companies are accounted for using the acquisition method. The consideration transferred in relation to a business combination is measured at fair value, and expenses related to the acquisition are generally taken to income when incurred.

When consideration transferred by the group in relation to a business combination includes contingent consideration, this contingent consideration is measured at its fair value on the acquisition date. Changes in the fair value of contingent consideration that relate to adjustments in the measurement period (see below) are recognised retrospectively; other changes in the fair value of the contingent consideration are recognised in the income statement.

In a business combination that takes place in stages, the group must remeasure the stake it previously held in the acquired company at fair value on the date of acquisition (i.e. the date on which the group obtained control) and recognise any gain or loss in net income.

On the date of acquisition, identifiable assets acquired and liabilities assumed are recognised at fair value on that date with the exception of:

- deferred tax assets or liabilities and assets and liabilities related to employee benefit arrangements, which are recognised and measured in accordance with IAS 12 (Income Taxes) and IAS 19 (Employee benefits) respectively;
- liabilities or equity instruments related to payment agreements based on shares in the acquired company or payment agreement based on shares in the group formed to replace payment agreements based on shares in the acquired company, which are measured in accordance with IFRS 2 (Share-based Payment) on the date of acquisition;
- assets (or groups intended to be sold) classified as held-for-sale under IFRS 5 (Non-current Assets Held for Sale and Discontinued Operations), which are measured in accordance with this standard.

If the initial recognition of a business combination is unfinished at the end of the financial reporting period during which the business combination occurs, the group must present provisional amounts relating to the items for which recognition is unfinished. These provisional amounts are adjusted during the measurement period (see below), or the additional assets or liabilities are recognised to take into account new information obtained about the facts and circumstances prevailing at the acquisition date and which, if they had been known, would have had an impact on the amounts recognised at that date.

Adjustments in the measurement period are a consequence of additional information about the facts and circumstances prevailing at the date of acquisition obtained during the “measurement period” (maximum of one year from the acquisition date).

(1) Goodwill

Goodwill arising from a business combination is recognised as an asset on the date on which control was obtained (the acquisition date). Goodwill is measured as the excess of consideration transferred, non-controlling interests in the acquired company and the fair value of the stake already owned by the group in the acquired company (if any) over the net amount of identifiable assets acquired and liabilities assumed on the acquisition date.

Non-controlling interests are initially measured either at fair value, or at the non-controlling interests’ share of the acquiree’s recognised identifiable net assets. The basis of measurement is selected on a transaction-by-transaction basis.

Goodwill is not amortised, but is subject to impairment tests taking place annually or more frequently if there is an indication that the cash-generating unit to which it is allocated (generally a subsidiary) could have suffered a loss of value. Goodwill is expressed in the currency of the subsidiary to which it relates. If the recoverable amount of the cash-generating unit is less than its carrying amount, the loss of value is first charged against any goodwill allocated to this unit, and then to any other assets of the unit in proportion to the carrying amount of each of the assets included in the unit. Goodwill is stated on the balance sheet at cost less impairment. Impairment of goodwill is not reversed in future periods. When a subsidiary is divested from the group, the resulting goodwill and other comprehensive income relating to the subsidiary are taken into account in determining the net gain or loss on disposal.

For companies accounted for under the equity method, the carrying amount of goodwill is included in the carrying amount of the investment in such companies.

(2) Negative goodwill

If the net balance, at the acquisition date, of identifiable assets acquired and liabilities assumed is higher than the sum of the consideration transferred, non-controlling interests in the acquiree and the fair value of the stake in the acquiree previously owned by the group (if any), the surplus is recognised immediately in the income statement as a gain from a bargain purchase.

G. PROPERTY, PLANT AND EQUIPMENT

(1) Recognition and measurement

All property, plant and equipment are recorded in assets only when it is probable that future economic benefits will accrue to the entity and if its cost can be measured reliably. These criteria are applicable at initial recognition and in relation to subsequent expenditure.

All property, plant and equipment are recorded at historical cost less accumulated depreciation and impairment losses.

Historical cost includes the original purchase price, borrowing costs incurred during the construction period, and related direct costs (e.g. non recoverable taxes and transport costs). The cost of self-constructed assets includes the cost of materials, direct labour costs and an appropriate proportion of production overheads.

(2) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits resulting from the item of property, plant and equipment. Repairs and maintenance costs that do not increase the future economic benefits of the asset to which they relate, are expensed as incurred.

(3) Depreciation

Depreciation is calculated from the date the asset is available for use, according to the straight-line method and over the estimated economic useful life of the asset:

trucks:	3 years
other vehicles:	3-5 years
other equipment:	5 years
IT hardware:	3 years
office equipment:	5 years
office furniture:	10 years
buildings:	25-33 years

cutter dredgers and suction dredgers:	18 years with residual value of 5%
floating dredgers and navigator boats:	25 years with residual value of 5%
landing stages, boats, ferries and boosters:	18 years without residual value
cranes:	12 years with residual value of 5%
excavators:	7 years without residual value
pipes:	3 years without residual value
chains and site installations:	5 years
various site equipment:	5 years

Land is not depreciated as it is deemed to have an indefinite life.

Borrowing costs directly linked to the acquisition, construction or production of an asset that requires a long time of preparation are included in the cost of the asset.

(4) Recognition of the dredger fleet

The acquisition cost is divided into two parts: a vessel component (92% of the acquisition cost), which is depreciated using the straight-line method and a depreciation rate that depends on the kind of vessel, and a maintenance component (8% of the purchase), which is depreciated over 4 years using the straight-line method.

When a vessel is acquired, spare parts are capitalised as a proportion of the purchase up to a maximum of 8% of the total vessel acquisition cost (100%), and are depreciated using the straight-line method over the remaining useful life from the date the asset is available for use.

Certain repairs are capitalised and depreciated using the straight-line method over 4 years from the time the vessel starts sailing again.

H. *INVESTMENT PROPERTY*

An investment property is a property held to generate rent, to achieve capital appreciation or both.

An investment property is different from an owner- or tenant-occupied property since it generates cash flows that are independent of the company's other assets.

Investment properties are measured on the balance sheet at cost, including borrowing costs incurred during the construction period, less depreciation and impairment.

Depreciation is calculated from the date the asset is available for use, according to the straight-line method and at a rate corresponding to the estimated economic useful life of the asset.

Land is not depreciated as it is deemed to have an indefinite life.

I. *LEASES*

Where a lease transfers substantially all of the benefits and risks inherent in the ownership of an asset, it is regarded as a finance lease.

Assets held through finance leases are recognised at the lower of the present value of the minimum lease payments estimated at inception of the lease, or the fair value of the assets less accumulated depreciation and impairment losses.

Each lease payment is allocated between repayment of the debt and an interest charge, so as to achieve a constant rate of interest on the debt throughout the lease period. The corresponding obligations, net of finance charges, are recognised under financial debts. The interest element is expensed over the lease period.

Property, plant and equipment acquired under finance leases are depreciated over their useful lives or the term of the lease if the lease does not specify transfer of ownership at the end of the lease period.

Leases where the lessor retains all the benefits and risks inherent in owning the asset are classified as operating leases. Payments made under operating leases are charged to the income statement on a straight-line basis over the term of the lease.

When an operating lease is terminated before the lease period has expired, any compensation paid to the lessor is recognised as an expense in the period in which termination takes place.

J. *FINANCIAL ASSETS*

Each category of investment is recognised at its acquisition date.

(1) Available-for-sale investments

This category includes available-for-sale shares in companies over which the CFE group has neither significant influence nor control. This is generally the case where the group owns fewer than 20% of the voting rights. Such investments are recognised at their fair value unless fair value cannot be reliably determined, in which case they are recognised at cost less impairment losses.

Impairment losses are taken to income. Changes in fair value are taken to equity. When an investment is sold, the difference between the net disposal proceeds and the carrying amount is taken to income.

(2) Loans and receivables

(2.1) Investments in debt securities and other investments

Investments in debt securities are classified as held-for-trading financial assets and are measured at their amortised cost, determined on basis of the “effective interest rate method”. The effective interest rate method is used to calculate the amortised cost of a financial asset or liability and to allocate interest income or expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts over the future expected life of the financial instrument or, where appropriate, a shorter period, in order to obtain the net book value of the asset or financial liability. Gains or losses are recognised in the income statement. Impairment losses are taken to income.

Other investments held by the company are classified as being available-for-sale and are recognised at fair value. Gains or losses resulting from a change in the fair value of these financial assets are taken to equity. Impairment losses are taken to income.

(2.2) Trade receivables

See section (L).

(3) Financial assets designated as at fair value through profit and loss

Derivative instruments are recognised at fair value through profit and loss unless there is documentation supporting hedge accounting (see section X).

K. INVENTORIES

Inventories are measured at the lower of weighted average cost and net realisable value.

The cost of finished products and work in progress comprises raw materials, other production materials, direct labour, other direct costs, borrowing costs incurred where the asset involves a long period of construction, and an allocation of fixed and variable production overheads based on the normal capacity of production facilities.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated completion costs and costs to sell.

L. TRADE RECEIVABLES

Trade receivables are carried at amortised cost which equals, most of the time the nominal value less impairment losses. At the end of the accounting period, impairment losses are recognised on receivables where settlement is uncertain.

M. CONSTRUCTION CONTRACTS

Where the profit or loss of a construction contract can be estimated reliably, contract revenue and expenses, including borrowing costs incurred where the contract exceeds the accounting period, are recognised in the income statement in proportion to the contract's percentage of completion at the closing date. The percentage of completion is calculated using the "cost to cost" method. An expected loss on the construction contract is immediately expensed.

Under the percentage of completion method, contract revenue is recognised as revenue in the income statement in the accounting periods in which the work is performed. Contract costs are recognised as an expense in the income statement in the accounting periods in which the work to which they relate is performed.

Costs incurred that relate to future activities on the contract are capitalised if it is probable that they will be recovered.

The CFE group has taken the option to present information related to construction contracts separately in the notes, but not on the balance sheet.

N. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash and time deposits with an original maturity date of less than three months.

O. IMPAIRMENT

The carrying amounts of non-current assets - other than financial assets that fall within the scope of IAS 39, deferred tax assets and non-current assets held for sale - are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. For intangible assets with an indefinite useful life and goodwill, the recoverable amount is estimated at each balance sheet date. An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are taken to income.

(1) Estimates of recoverable amounts

The recoverable amount of receivables and held-to-maturity investments is the present value of future cash flows, discounted at the original effective interest rate applicable to these assets.

The recoverable amount of other assets is the greater of fair value less costs to sell and value in use. Value in use is the present value of estimated future cash flows.

In assessing value in use, estimated future cash flows are discounted using a pre-tax interest rate that reflects both current market interest rates and risks specific to the asset.

For assets that do not generate cash flows themselves, the recoverable amount is determined for the cash-generating units to which the assets belong.

(2) Reversal of impairment

An impairment loss in respect of receivables or held-to-maturity investments is reversed if the subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognised.

Impairment losses in respect of goodwill are never reversed. Impairment losses on other assets are only reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss can only be reversed to the extent that the asset's carrying amount, which has increased subsequent to the impairment, does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

P. SHARE CAPITAL

Purchases of own shares
When CFE shares are bought by the company or a CFE group company, the amount paid, including costs directly attributable to the purchase, is deducted from equity. Proceeds from selling shares are directly included in equity, with no impact on the income statement.

Q. PROVISIONS

Provisions are recognised when the company has a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, and a reliable estimate of the amount of the obligation can be made.

The amount recognised as provisions corresponds to the best estimate of the necessary expenditure to settle the current obligation at the balance sheet date. This estimate is obtained by using a pre-tax interest rate that reflects current market rates and the risks specific to the liability.

Provisions for restructuring are recognised when the company has approved a detailed and formal restructuring plan, and the restructuring has either commenced or has been announced publicly. Provisions are not set aside for costs relating to the company's normal continuing activities.

Current provisions are provisions directly linked to each business line's own operating cycle, whatever the expected time of settlement of the obligation.

Provisions for after-sales service cover CFE group entities' commitments under statutory warranties relating to completed projects. They are estimated statistically on the basis of expenses incurred in previous years or individually on the basis of specifically identified problems. Provisions for after-sales services are recognised from the time that works begin.

A provision for onerous contracts is recognised when the expected benefits to be derived by the company from a contract are lower than the unavoidable cost of meeting its obligations under the contract.

Provisions for disputes connected with operations mainly relate to disputes with customers, subcontractors, joint contractors or suppliers. Provisions for other current liabilities mainly comprise provisions for late delivery penalties and for other risks related to operations.

Non-current provisions correspond to provisions not directly linked to the operating cycle and whose maturity is generally greater than one year.

R. EMPLOYEE BENEFITS

(1) Post-employment benefits

Post-employment benefits include pension plans and life insurance.

The company operates a number of defined-benefit and defined-contribution plans throughout the world. The assets of these plans are generally held by separate institutions and are generally financed through contributions from the subsidiaries concerned and from employees. These contributions are determined on basis of independent actuarial recommendations.

The CFE group's retirement-benefit obligations are either funded or non-funded.

a) Defined-contribution pension plans

Contributions to these pension plans are recognised as an expense in the income statement when incurred.

b) Defined-benefit pension plans

For these pension plans, costs are estimated separately for each plan using the projected unit credit method. The projected unit credit method considers each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately.

Under this method, the cost of providing pensions is charged to the income statement so as to spread the cost evenly over the remaining careers of employees covered by the plan, in accordance with the advice of actuaries who carry out a full assessment of these plans every year. The amounts charged to the income statement consist of current service cost, interest cost, the expected return on plan assets and past service cost.

The pension obligations recognised on the balance sheet are measured as the present value of the estimated future cash outflows, discounted at a rate corresponding to the yield on high-quality corporate bonds with a maturity similar to that of the pension obligations, adjusted for unrecognised actuarial gains and losses and less any unrecognised past service costs and the fair value of plan assets.

Actuarial gains and losses are calculated separately for each defined-benefit plan. Actuarial gains and losses comprise the effects of differences between actuarial assumptions and actual experience, and the effects of changes in actuarial assumptions.

Actuarial gains and losses on assets or liabilities relating to post-employment benefits and resulting from experience adjustments and/or changes in actuarial assumptions are immediately taken to equity in the period in which they arise. These gains, losses and changes in the extent of recognised assets are presented in the statement of comprehensive income.

Interest expenses resulting from the accretion effect relating to pension obligations and similar liabilities, and financial income resulting from the expected return on plan assets, are recognised in the income statement under financial items.

The introduction of or changes to a new post-employment benefit plan or other long-term plans may increase the present value of the obligation with respect to defined-benefit plans for benefits paid in previous periods, i.e. the past service cost. The past service cost related to post-employment benefit plans is recognised in income on a straight-line basis, until the related benefits are received by employees. Benefits received after the adoption of or changes to a post-employment benefit plan, and past service costs relating to other long-term benefits, are immediately taken to income.

Actuarial calculations related to post-employment obligations and other long-term benefits are carried out by independent actuaries.

(2) Bonuses

Bonuses granted to company employees and senior executives are based on targets relating to key financial indicators. The estimated amount of bonuses is recognised as an expense in the year to which they relate.

S. FINANCIAL LIABILITIES

(1) Liabilities at amortised cost

Interest-bearing borrowings are recognised at their initial amount less attributable transaction costs. Any difference between this net amount (after transaction costs) and repayment value is recognised in the income statement over the life of the loan, using the effective interest-rate method. See section J 2.1 for the definition of this method.

(2) Financial liabilities designated as at fair value through profit and loss

Derivative instruments are recognised at fair value through profit and loss unless there is documentation supporting hedge accounting (see section X).

T. TRADE AND OTHER PAYABLES

Trade and other current payables are measured at nominal value.

U. INCOME TAX

Income tax for the period comprises current and deferred tax. Income tax is recognised on the income statement except to the extent that it relates to items recognised directly in equity. In this case, deferred tax is also recognised directly in equity.

Current tax is the expected tax payable on the taxable income for the period and any adjustment to tax paid or payable in respect of previous years. It is calculated using tax rates in force at the balance sheet date.

Deferred tax is calculated using the liability method for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts. Tax rates in force at the closing date are used to calculate deferred tax assets and liabilities.

Under this method, in the event of a business combination, the company is required to make a provision for deferred tax on the difference between the fair value of net assets acquired and their tax base.

The following temporary differences are not provided for: goodwill that is not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. A deferred tax asset is reduced to the extent that it is no longer probable that the related tax benefit will be realised.

V. REVENUE

(1) Revenue from construction contracts

Revenue from a construction contract includes the initial amount of revenue defined in the contract and variations in the work specified by the contract, claims and performance bonuses to the extent that it is probable that these will generate revenue and that they can be reliably measured.

Contract revenue is measured at the fair value of the consideration received or receivable.

A variation may lead to an increase or a decrease in contract revenue.

A variation is an instruction by the customer for a change in the scope of the work to be performed under the contract. A variation is included in contract revenue when it is probable that the client will approve the variation and that amount of revenue resulting from this variation can be reliably measured.

Performance bonuses form part of contract revenue when the contract's percentage of completion is such that it is probable that the specified performance level will be reached or exceeded and that the amount of the performance bonus can be reliably measured.

Contract revenue is recognised according to the percentage of completion of the contract activity at the closing date (calculated as the proportion of contract costs at the closing date and the estimated total contract costs).

An expected loss on a construction contract is immediately recognised.

(2) Goods sold, properties sold and services provided

In relation to the sale of goods and property, revenue is recognised when the material risks and rewards of ownership have been transferred to the buyer in substance, and no uncertainty remains regarding the recovery of the amounts due, associated costs or the possible return of goods.

(3) Rental income and fees

Rental income and fees are recognised on a straight-line basis over the term of the lease.

(4) Financial income

Financial income comprises interest receivable on investments, dividends, royalties, foreign exchange gains and gains on hedging instruments that are recognised on the income statement.

Interest, royalties and dividends arising from the use of the company's resources by third parties are recognised when it is probable that the economic benefits associated with the transaction will flow to the company and the revenue can be measured reliably.

Interest income is recognised as it accrues (taking into account the passing of time and the effective return on the asset) unless collectability is in doubt. Royalty income is recognised on an accrual basis in accordance with the substance of the relevant agreement. Dividend income is recognised on the income statement on the date that the dividend is declared.

(5) Government grants

A government grant is recognised in the balance sheet initially as deferred income where there is reasonable assurance that it will be received and that the company will comply with the conditions attached to it. Grants that compensate the company for expenses incurred are systematically recognised as revenue on the income statement during the period in which the corresponding expenses are incurred.

Grants that compensate the company for the cost of an asset are systematically recognised on the income statement as revenue over the useful economic life of the asset. These grants are deducted from the value of the related asset.

W. *EXPENSES*

(1) Financial expenses

Financial expenses comprise interest payable on borrowings, foreign exchange losses, and losses on hedging instruments that are recognised on the income statement.

All interest and other costs incurred in connection with borrowings, except those which were eligible to be capitalised, are taken to income as financial expenses. The interest expense component of finance lease payments is recognised in the income statement using the effective interest rate method.

(2) Research and development, advertising and promotional costs and IT systems development costs

Research, advertising and promotional costs are expensed in the year in which they are incurred. Development costs and IT systems development costs are expensed in the year in which they are incurred if they do not meet the criteria for capitalisation.

X. *HEDGE ACCOUNTING*

The company uses derivative financial instruments primarily to reduce exposure to adverse fluctuations in interest rates, foreign exchange rates, commodity prices and other market risks. The company's policy prohibits the use of derivatives for speculation.

The company does not hold or issue derivative financial instruments for trading purposes. However, derivatives which do not qualify as hedging instruments are, in accordance with IAS39, presented as instruments held for trading.

Derivative financial instruments are recognised initially at cost. Subsequent to initial recognition, derivative financial instruments are measured at fair value. Recognition of any resulting unrealised gain or loss depends on the nature of the derivative and the effectiveness of the hedge.

The fair value of interest-rate swaps is the estimated amount that the company would receive or pay when exercising the swaps at the closing date, taking into account current interest rates and the solvency of the swap counterparty.

The fair value of a forward exchange contract is the quoted value at the closing date, and therefore the present value of the quoted forward price.

(1) Cash flow hedges

Where a derivative financial instrument hedges variations in cash flows relating to a recognised liability, a firm commitment or an expected transaction, the effective part of any gain or loss resulting from the derivative financial instrument is recognised directly in equity.

When the firm commitment or the expected transaction results in the recognition of an asset or liability, the cumulative gain or loss is removed from equity and included in the initial measurement of the asset or liability.

Otherwise, the cumulative gain or loss is removed from equity and recognised in the income statement at the same time as the hedged transaction.

The ineffective part of any gain or loss on the financial instrument is taken to income. Gains or losses resulting from the time value of financial derivative instruments are recognised in the income statement.

When a hedging instrument or hedge relationship expires but the hedged transaction is still expected to occur, the cumulative unrealised gain or loss (at that point) remains in equity and is recognised in accordance with the above policy when the transaction occurs.

If the hedged transaction is expected not to occur, the cumulative unrealised gain or loss recognised in equity is immediately taken to income.

(2) Fair value hedges

Where a derivative financial instrument hedges variations in the fair value of a recognised receivable or payable, any gain or loss resulting from the remeasurement of the hedging instrument is recognised in the income statement. The hedged item is also stated at the fair value attributable to the risk hedged, with any gain or loss being recognised in the income statement.

The fair value of hedged items, in respect of the risk hedged, is their carrying amount at the balance-sheet date translated into euro at the exchange rate at that date.

(3) Hedging of net investment in a foreign country

Where a foreign currency liability hedges a net investment in a foreign entity, translation differences arising on the translation of the liability into euro are recognised directly in "currency translation differences" under shareholders' equity.

Where a derivative financial instrument hedges a net investment in a foreign operation, the effective portion of the gain or the loss on the hedging instrument is recognised directly in "currency translation differences" under shareholders' equity, and the ineffective portion is taken to income.

Y. *SEGMENT REPORTING*

A segment is a distinguishable component of the CFE group that generates revenues and incurs expenses and whose operating income and losses are regularly reviewed by management in order to take decisions or determine its performance. The CFE group consists of six operating segments: Construction, Real Estate & Management Services, Multitechnics, Rail & Road, Dredging & Environment and PPP-Concessions.

Z. *STOCK OPTIONS*

Stock options are measured at fair value on the grant date. This fair value is expensed using the straight-line method over the options' vesting period, based on an estimate of the number of options that will finally vest.

3. CONSOLIDATION METHODS

SCOPE OF CONSOLIDATION

Companies in which the Group holds, whether directly or indirectly, the majority of voting rights enabling control to be exercised, are fully consolidated. Companies over which the Group exercises joint control with another entity are proportionally consolidated. This relates in particular to temporary companies, Rent-A-Port and some entities in the Real Estate & Management Services division. DEME was proportionally consolidated in 2013 as regards income for the year, whereas its balance-sheet items were fully consolidated at 31 December 2013. Companies over which the Group exercises significant influence are accounted for under the equity method. This mainly concerns Locorail SA, Coentunnel Company BV, PPP Schulen Eupen SA, Van Maerlant Offices SA, Van Maerlant Property I SA & II SPRL, Van Maerlant Residential SA and C-Power NV within DEME.

Changes in the scope of consolidation

Number of entities	2013	2012
Full consolidation	154	59
Proportional consolidation	72	160
Equity method	31	29
Total	**257**	**248**

INTRAGROUP TRANSACTIONS

Reciprocal operations and transactions relating to assets and liabilities and income and expenses between companies that are consolidated or accounted for under the equity method are eliminated in the consolidated financial statements. This is done:

- for the full amount if the transaction is between two controlled subsidiaries;
- in proportion to the consolidation percentage for a proportionally consolidated company if the operation is between a fully consolidated company and a proportionally consolidated company;
- applying the percentage owned of a company accounted for under the equity method with respect to internal profits or losses between a fully consolidated company and a company accounted for under the equity method.

TRANSLATION OF THE FINANCIAL STATEMENTS OF FOREIGN COMPANIES AND ESTABLISHMENTS

In most cases, the functional currency of companies and establishments is their local currency.

The financial statements of foreign companies of which the functional currency is different from that used in preparing the Group's consolidated financial statements are translated at the closing rate for balance-sheet items and at the average rate for the period for income-statement items. Any resulting translation differences are recognised under translation differences in consolidated reserves. Goodwill relating to foreign entities is considered as comprising part of the assets and liabilities acquired and is therefore translated at the exchange rate in force at the balance sheet date.

FOREIGN CURRENCY TRANSACTIONS

Transactions in foreign currency are translated into euros at the exchange rate on the transaction date. At the balance sheet date, financial assets and monetary liabilities denominated in foreign currencies are translated at the closing rate. Resulting exchange gains and losses are recognised under foreign exchange gains and losses and are shown under other financial income and other financial expense in the income statement.

Foreign exchange gains and losses arising on loans denominated in foreign currency or on foreign exchange derivatives used to hedge stakes in foreign subsidiaries are recorded in currency translation differences under equity.

4. SEGMENT REPORTING

OPERATING SEGMENTS

Segment reporting is presented in respect of the group's operating segments. Segment profits, losses, assets and liabilities include items that can be attributed directly to a segment or allocated on a reasonable basis.

The CFE group consists of six operating segments: Construction, Real Estate & Management Services, Multitechnics, Rail & Road, PPP-Concessions and Dredging & Environment.

Construction

The Construction segment operates in civil engineering (major infrastructure works: tunnels, bridges, quay walls, gas terminals etc.) and buildings (offices, industrial buildings, housing, renovation and refurbishment work).

Real Estate & Management Services

The Real Estate & Management Services segment develops real estate projects by taking a "developer-builder" approach, in association with the Construction division. In addition, through specific subsidiaries, the division provides services related to its core business, i.e. project management and buildings management and maintenance.

Multitechnics

The Multitechnics segment, through its specific subsidiaries, specialises in electricity projects in the service sector (offices, hospitals, car parks etc.). In 2007, this segment also became active in air-conditioning following the acquisition of a 25% stake in Druart SA (stake increased to 100% in 2010), and in industrial process automation through the acquisition of VMA NV.

In 2009, the division diversified geographically by acquiring 64.95% of Van De Maele Multi-techniek NV (stake increased to 100% in 2013) and in 2010 by buying a 65.04% stake in Brantegem NV (stake increased to 100% in 2013).

In 2012, the CFE group strengthened its position in the industrial process automation sector by acquiring all shares in Ariadne NV.

At the start of 2012, EcoTech, which operates in the water treatment business, joined the Multitechnics division. Its activities are closely related to certain electromechanical activities performed by entities in the Multitechnics division. As part of the same divisional reorganisation, Engema SA and Louis Stevens & Co NV were transferred from the Multitechnics division to the new Rail & Road division at the start of 2012.

Rail & Road

In 2012, CFE set up its new Rail & Road division. This division includes the activities of Engema (installation of overhead contact lines and rail signalling) and Louis Stevens & Co NV (rail signalling) - previously included in the Multitechnics division - along with the road business of Aannemingen Van Wellen NV - previously part of the Construction division - and the activities of specialist track-layer Remacom NV, which was acquired in 2012.

PPP-Concessions

The PPP-Concessions division was set up to handle the emergence of major public-private partnership (PPP) contracts.

Dredging & Environment

The Dredging & Environment division – through DEME, which has been 100%-owned by CFE since 24 December 2013 – operates in dredging (investment dredging and maintenance dredging), the treatment of polluted earth and sludge, and marine engineering.

Consolidated income-statement and cash flow data for 2013 only take into account 50% of DEME's activity. However, data relating to the consolidated statement of financial position at 31 December 2013 include DEME's assets and liabilities at 100%. The same is true for the order book.

The accounting principles used in segment reporting are the same as these used in the preparation of the consolidated financial statements (see note 2).

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME HIGHLIGHTS

	Revenue		EBIT				Net financial income/expense		Tax			
	2013	2012	2013	% Revenue	2012*	% Revenue	2013	2012*	2013	Rate	2012	Rate
Construction	710,972	645,226	(23,693)	(3.33%)	(2,541)	(0.39%)	(2,167)	(980)	(2,994)	n.s.	2,336	66.34%
Real Estate & Management Services	21,762	35,029	3,839	17.64%	10,389	29.66%	(4,205)	(3,271)	49	13.39%	(830)	11.66%
Multitechnics	170,118	156,304	(10,306)	(6.06%)	1,786	1.14%	(381)	(556)	(1,066)	n.s.	(880)	71.54%
Rail & Road	95,479	99,323	4,534	4.75%	5,690	5.73%	(173)	(473)	(1,517)	34.79%	(1,204)	23.08%
PPP-Concessions	4,264	11,697	(1,464)	(34.33%)	3,669	31.37%	(1,357)	(1,510)	(34)	n.s.	(41)	1.90%
Dredging & Environ-ment	1,265,809	957,460	108,285	8.55%	70,209	7.33%	(32,779)	(22,497)	(21,913)	29.02%	(2,693)	5.64%
DEME adjustments			(3,193)		(1,158)				325			
Holding company			(7,421)		(7,444)		1,866	138	(22)	n.s.	(14)	(0.19%)
Eliminations between segments	(1,147)	(6,737)	408		796				(145)		(179)	
IAS 19 Amended					(234)			528				
Total recurring items	**2,267,257**	**1,898,302**	**70,989**	**3.13%**	**81,162**	**4.28%**	**(39,196)**	**(28,621)**	**(27,317)**	**85.92%**	**(3,505)**	**6.71%**
Non-recurring items - DEME			(95,787)									
Non-recurring items - Others			(3,795)									
Consolidated total	**2,267,257**	**1,898,302**	**(28,593)**	**(1.26%)**	**81,162**	**4.28%**	**(39,196)**	**(28,621)**	**(27,317)**	**(40.30%)**	**(3,505)**	**6.71%**

	Share of income/(loss) of companies accounted for under the equity method		Net profit attributable to owners of the parent				Non cash items		EBITDA			
	2013	2012	2013	% Revenue	2012*	% Revenue	2013	2012	2013	% Revenue	2012*	% Revenue
Construction	0	0	(28,795)	(4.05%)	(1,323)	(0.21%)	8,828	4,100	(14,865)	(2.09%)	1,559	0.24%
Real Estate & Management Services	2,098	(342)	1,825	8.39%	5,676	16.20%	80	(339)	6,017	27.65%	9,708	27.71%
Multitechnics	0	0	(11,753)	(6.91%)	858	0.55%	6,063	3,093	(4,243)	(2.49%)	4,879	3.12%
Rail & Road	0	0	2,872	3.01%	4,040	4.07%	3,435	3,867	7,969	8.35%	9,557	9.62%
PPP-Concessions	3,624	848	868	20%	3,069	26.24%	3,580	104	5,740	135%	4,621	39.51%
Dredging & Environment	1,231	(17)	54,542	4.30%	44,472	4.64%	109,361	104,999	218,877	17.29%	175,191	18.30%
DEME adjustments			(2,493)		(1,158)				(3,193)		(1,158)	
Holding company			(5,605)		(7,181)		3,932	1,431	(3,489)		(6,013)	
Eliminations between segments			263		616				408		796	
IAS 19 Amended					294							
Total recurring items	**6,953**	**489**	**11,724**	**0.52%**	**49,363**	**2.60%**	**135,279**	**117,255**	**213,221**	**(9.40%)**	**199,140**	**(10.49%)**
Non-recurring items - DEME			(89,164)				95,787					
Non-recurring items - Others			(3,795)				3,795					
Consolidated total	**6,953**	**489**	**(81,235)**	**(3.58%)**	**49,363**	**2.60%**	**234,861**	**117,255**	**213,221**	**(9.40%)**	**199,140**	**(10.49%)**

* Amounts adjusted in accordance with the change in accounting principle related to IAS 19 Amended "Employee benefits" as explained in note 2.1.

REVENUE

(in € thousands)	2013	2012
Belgium	1,005,347	915,068
Other Europe	483,585	426,530
Middle East	108,463	80,900
Other Asia	62,927	49,511
Asia-Pacific	356,651	177,531
Africa	185,436	166,350
Americas	64,848	82,412
Consolidated total	**2,267,257**	**1,898,302**

The breakdown of revenue by country is based on the countries in which services are provided.

In 2013, no customer accounted for more than 10% of group revenue.

Revenue from the sale of goods amounted to €11,392 thousand in 2013 (2012: €9,950 thousand). These sales were generated by the Voltis and Terryn Timber Products subsidiaries.

BREAKDOWN OF REVENUE IN THE CONSTRUCTION DIVISION

(in € thousands)	2013	2012
Buildings, Benelux	442,456	432,739
Civil Engineering	137,160	138,462
Buildings, International	131,356	74,025
Total	**710,972**	**645,226**

The CFE group's Construction revenue includes revenue generated through the Real Estate & Management Services division.

Real Estate & Management Services revenue is stated after the deduction of Construction revenue.

Since the construction and selling activities of the Real Estate & Management Services division do not take place simultaneously, internally generated revenue is added to assets under construction and removed at the time of sale.

BREAKDOWN OF REVENUE IN THE DREDGING DIVISION

(in € thousands)	2013	2012
Dredging	785,062	629,104
Oil and gas	108,270	108,420
Environment	93,425	90,915
Civil engineering	251,257	112,762
Other	27,795	16,259
Total	**1,265,809**	**957,460**

ORDER BOOK

(in € thousands)	2013	2012 Proforma	2012	% de variation
Contracting	**1,310.3**	**1,195.6**	**1,195.6**	**+9.6%**
Construction	1,077.4	964.2	964.2	+11.7%
Rail & Road	80.3	65.8	65.8	+22.0%
Multitechnics	152.6	165.6	165.6	(7.9%)
Real Estate & Management Services	**28.6**	**14.1**	**14.1**	**n.s**
Dredging & Environment	**3,049**	**3,317.0**	**1,658.5**	**n.s**
PPP-Concessions	**0**	**0**	**0**	
Holding company	**0**	**0**	**0**	
Total	**4,387.9**	**4,526.7**	**2,868.2**	**(3.1%)**

After CFE acquired an additional stake in DEME on 24 December 2013, taking its interest from 50% to 100%, DEME's order book is fully consolidated as at 31 December 2013.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2013 (in € thousands)	Construction	Real Estate & Management Services	Multi-technics	Rail & Road	PPP-Concessions	Dredging & Environment	Holding company & eliminations	Eliminations between divisions	Consoli-dated total
ASSETS									
Goodwill	911	11	13,039	5,676	0	272,236	0	0	**291,873**
Property, plant and equipment	43,515	4,787	6,609	9,938	11,746	1,669,550	7,634	0	**1,753,779**
Non-current loans to consolidated group companies	20,742	0	0	0	0	0	98,286	(119,028)	**0**
Other non-current financial assets	42,709	19,412	46	882	7,859	23,574	1,730	0	**96,212**
Other non-current assets	3,968	4,670	3,449	897	14,088	73,782	732,795	(723,809)	**109,840**
Inventories	13,775	158,135	8,781	2,254	0	32,292	646	0	**215,883**
Cash and cash equivalents	54,156	17,813	7,798	3,891	4,620	333,676	52,839	0	**474,793**
Internal cash position - cash pooling - assets	88,927	12,804	10,457	6,246	8,223	0	126,071	(252,728)	**0**
Other current financial assets - group companies	0	0	0	0	0	0	0	0	**0**
Other current assets	403,547	31,040	66,601	47,098	(976)	673,082	33,749	(35,602)	**1,218,539**
Total assets	**672,250**	**248,672**	**116,780**	**76,882**	**45,560**	**3,078,192**	**1,053,750**	**(1,131,167)**	**4,160,919**
EQUITY AND LIABILITIES									
Equity	595	10,240	27,116	27,128	6,557	1,093,108	762,083	(723,739)	**1,203,088**
Non-current borrowings from consolidated group companies	19,455	60,076	4,200	0	18,884	0	16,667	(119,282)	**0**
Bonds	0	0	0	0	0	199,639	0	0	**199,639**
Non-current financial liabilities	32,801	26,019	1,376	2,948	2,896	553,168	30,000	(22)	**649,186**
Other non-current liabilities	39,133	23,986	823	1,202	3,087	76,991	13,018	206	**158,446**
Current financial liabilities	1,466	(1)	1,161	812	1,723	299,900	102,297	0	**407,358**
Internal cash position - cash pooling - liabilities	45,482	80,490	9,397	3,267	1,965	0	112,116	(252,717)	**0**
Other current liabilities	533,318	47,862	72,707	41,525	10,448	855,386	17,569	(35,613)	**1,543,202**
Total equity and liabilities	**672,250**	**248,672**	**116,780**	**76,882**	**45,560**	**3,078,192**	**1,053,750**	**(1,131,167)**	**4,160,919**

31 December 2012 * (in € thousands)	Construction	Real Estate & Management Services	Multi-technics	Rail & Road	PPP-Concessions	Dredging & Environ-ment	Holding company & elimina-tions	Elimina-tions between divisions	Consoli-dated total
ASSETS									
Goodwill	911	11	16,834	5,677	0	9,968	0	0	**33,401**
Property, plant and equipment	43,542	5,054	7,493	10,161	15,754	895,156	3,274	0	**980,434**
Non-current loans to consolidated group companies	19,290	0	0	0	(12,741)	0	106,256	(112,805)	**0**
Other non-current financial assets	16,521	20,741	48	647	5,604	9,916	3,109	0	**56,586**
Other non-current assets	9,145	2,517	3,810	826	8,254	31,537	187,316	(178,264)	**65,141**
Inventories	11,877	147,960	7,225	2,119	0	16,706	647	0	**186,534**
Cash and cash equivalents	64,853	10,847	4,771	(1,077)	2,674	97,220	81,314	0	**260,602**
Internal cash position - cash pooling - assets	86,882	616	5,774	5,889	0	0	117,715	(216,876)	**0**
Other current financial assets - group companies	0	0	0	0	0	0	0	0	**0**
Other current assets	351,286	46,312	69,556	56,326	9,202	291,712	19,066	(26,601)	**816,859**
Total assets	**604,307**	**234,058**	**115,511**	**80,568**	**28,747**	**1,352,215**	**518,697**	**(534,546)**	**2,399,557**
EQUITY AND LIABILITIES									
Equity	26,059	12,422	43,327	27,680	3,897	371,488	224,090	(178,124)	**530,839**
Non-current borrowings from consolidated group companies	18,856	56,148	5,000	0	1,202	0	29,408	(110,614)	**0**
Bonds	0	0	0	0	0	0	100,000	0	**100,000**
Non-current financial liabilities	2,540	25,803	2,267	2,959	10,511	300,070	35,000	(30)	**379,120**
Other non-current liabilities	52,025	26,910	787	1,245	4,620	54,436	11,582	(2,301)	**149,304**
Current financial liabilities	1,427	(1)	3,489	796	2,191	168,130	5,442	0	**181,474**
Internal cash position - cash pooling - liabilities	30,896	71,828	4,508	6,766	5,881	0	98,408	(218,287)	**0**
Other current liabilities	472,504	40,948	56,133	41,122	445	458,090	14,767	(25,190)	**1,058,819**
Total equity and liabilities	**604,307**	**234,058**	**115,511**	**80,568**	**28,747**	**1,352,215**	**518,697**	**(534,546)**	**2,399,557**

* Amounts adjusted in accordance with the change in accounting principle related to IAS 19 Amended "Employee benefits" as explained in note 2.1.

CONDENSED CONSOLIDATED STATEMENT OF CASH FLOWS

31 December 2013 (in € thousands)	Construction	Real Estate & Management Services	Multitechnics	Rail & Road	PPP-Concessions	Dredging & Environment	Holding company & eliminations	Consolidated total
Cash flow from operating activities before change in working capital	*(15,747)*	*(151)*	*(4,245)*	*7,497*	*257*	*202,394*	*270*	*190,275*
Net cash flow from (used in) operating activities	(1,572)	9,657	11,395	11,224	(31,829)	78,806	(12,796)	64,885
Cash flow from (used in) investing activities	(6,727)	307	(2,092)	(2,868)	4,200	120,443	(5,644)	107,619
Cash flow from (used in) financing activities	(2,331)	(2,815)	(6,277)	(3,388)	29,573	36,402	(10,034)	41,130
Net increase/(decrease) in cash position	**(10,630)**	**7,149**	**3,026**	**4,968**	**1,944**	**235,651**	**(28,474)**	**213,634**

31 December 2012 * (in € thousands)	Construction	Real Estate & Management Services	Multitechnics	Rail & Road	PPP-Concessions	Dredging & Environment	Holding company & eliminations	Consolidated total
Cash flow from operating activities before change in working capital	*(1,366)*	*7,071*	*4,664*	*9,048*	*1,031*	*168,035*	*(4,178)*	*184,305*
Net cash flow from (used in) operating activities	39,990	(31,138)	475	465	(19,114)	145,168	14,162	150,008
Cash flow from (used in) investing activities	(6,458)	880	(2,580)	(2,458)	(740)	(177,909)	(7,706)	(196,971)
Cash flow from (used in) financing activities	(31,176)	30,823	1,920	(3,162)	20,355	45,268	31,124	95,152
Net increase/(decrease) in cash position	**2,356**	**565**	**(185)**	**(5,155)**	**501**	**12,527**	**37,580**	**48,189**

* Amounts adjusted in accordance with the change in accounting principle related to IAS 19 Amended "Employee benefits" as explained in note 2.1.

Cash flows from financing activities include cash pooling loans from other segments. A positive amount means a use of pooled cash. This item is also influenced by external financing, mainly in the Real Estate & Management Services division, the holding company and the Dredging & Environment division. The Dredging & Environment division is not part of the CFE cash pooling arrangement.

OTHER INFORMATION

31 December 2013 (in € thousands)	Construction	Real Estate & Management Services	Multitechnics	Dredging & Environment	PPP-Concessions	Rail & Road	Holding company & eliminations	Consolidated total
Depreciation and amortisation	(6,830)	(239)	(2,673)	(110,422)	(1,164)	(3,289)	(1,383)	**(126,000)**
Investments	(7,292)	(2,105)	(2,217)	(49,235)	(1,404)	(3,065)	(5,644)	**(70,962)**
Impairment			(570)	(100)				**(670)**

31 December 2012 (in € thousands)	Construction	Real Estate & Management Services	Multitechnics	Dredging & Environment	PPP-Concessions	Rail & Road	Holding company & eliminations	Consolidated total
Depreciation and amortisation	(6,527)	(250)	(2,834)	(105,012)	(204)	(3,626)	(1,152)	**(119,605)**
Investments	(8,913)	(340)	(3,493)	(184,592)	(2,928)	(3,143)	(2,506)	**(205,915)**
Impairment	0	0	0	(78)	0	0	0	**(78)**

GEOGRAPHICAL INFORMATION

The operations of the CFE group (excluding DEME) are mainly based in Benelux and Central Europe.

The CFE group's property, plant and equipment (excluding DEME) is located mainly in Belgium and Luxembourg. Most of DEME's activities are performed by its fleet of vessels, which are owned by various companies, but their legal location does not reflect the economic reality of the business carried out by this fleet for the same companies. As a result, details of property, plant and equipment by company are not presented, since it is not possible to give a presentation that reflects the geographical areas where the activity was performed.

5. ACQUISITIONS AND DISPOSALS OF SUBSIDIARIES

ACQUISITIONS FOR THE PERIOD TO 31 DECEMBER 2013

Acquisition of an additional 50% stake in DEME

CFE's capital increase via a contribution in kind, involving Ackermans & van Haaren contributing 2,256,450 registered shares in Dredging, Environmental & Marine Engineering (DEME) NV in return for 12,222,222 newly issued CFE shares, as approved by CFE's extraordinary general meeting of shareholders on 13 November 2013, took place on 24 December 2013 after the fulfilment of the conditions precedent to which the capital increase was subject. After these transactions, CFE has sole control over DEME and its stake in DEME has increased from 50% to 100%. The acquisition will enable CFE to develop strong synergies between its contracting and dredging activities, and take full advantage of DEME's international commercial network.

The transaction resulted in a change of consolidation method for CFE: whereas DEME was still consolidated proportionally until 24 December 2013, it has been fully consolidated since that date.

This acquisition of control meets the definition of a business combination in IFRS 3 "Business Combinations". This standard requires the use of the "acquisition method", under which DEME's identifiable assets and liabilities must be measured at their fair value on the acquisition date in CFE's consolidated financial statements. Under this method, the historical 50% stake must also be remeasured at fair value, with a balancing entry in the income statement. The total goodwill arising from this transaction results from the difference between the consideration transferred (including the fair value of the existing 50% stake) and the fair value of DEME's identifiable assets and liabilities.

The application of IFRS 3 has the following effects:

- the existing 50% stake is valued at its IFRS fair value of €550,000 thousand. This is based on the value agreed by AvH and VINCI under the agreement that was publicly announced on 19 September 2013. The remeasurement of the existing 50% stake at its fair value results in the recognition of a capital gain of €111,624 thousand in the income statement.
- the 50% stake acquired through the capital increase through a contribution in kind is valued at €757,411 thousand, i.e. the value of the 12,222,222 new CFE shares issued on the transaction date (i.e. €61.97, the opening price on 24 December 2013). This has no impact on the income statement for the period.

The table below summarises the assets acquired and liabilities assumed by DEME on the acquisition date, along with the consideration transferred:

(in € thousands)	Carrying amount at 31 December 2013
Assets acquired and liabilities assumed by DEME on the acquisition date	
Intangible assets	14,428
Goodwill	19,936
Property, plant and equipment	1,670,917
Companies accounted for under the equity method	26,487
Loans and other non-current assets	32,277
Deferred tax assets	26,688
Inventories	32,292
Trade and other operating receivables	659,601
Other current assets	19,159
Provisions	(31,699)
Non-current financial debt	(752,806)
Other non-current liabilities	(28,281)
Trade and other operating payables	(764,898)
Current financial debt	(292,508)
Other current payables	(104,321)
Cash	333,676
Total net assets	**860,948**
Consideration transferred	**1,320,658**
Including the following items:	
- Value of the 50% stake in DEME acquired	*757,411*
- Value of the existing 50% in DEME	*550,000*
- Non-controlling interests in DEME subsidiaries, valued on the basis of net assets acquired	*13,247*
Provisional goodwill	**459,710**

Since this transaction took place through a contribution in kind, it did not involve any cash payment by CFE. Through the transaction, therefore, CFE acquired the additional 50% stake in DEME while seeing a net increase in its cash position equalling €166,838 thousand.

Since the DEME acquisition took place at the end of the year, work on measuring identifiable assets and liabilities at fair value could not be completed within the timeframe needed to close the annual accounts. As a result, assets and liabilities were recognised at their carrying amount determined using the CFE group's accounting policies, and goodwill was determined provisionally. The values assigned to acquired assets and liabilities may still be changed within 12 months from the date of acquisition.

If the DEME acquisition had been carried out on 1 January 2013, CFE's revenue would have been €3,533 million and its net loss attributable to owners of the parent would have been €27.5 million.

Other acquisitions

The acquisition of remaining non-controlling interests in Electro Van De Maele NV and Brantegem NV for €1,543 thousand is presented under cash flow from financing activities, in the item relating to changes in the ownership of controlled companies.

Acquisitions in the Real Estate & Management Services were not business combinations and so all consideration paid was allocated to land and buildings.

DISPOSALS IN THE PERIOD ENDED 31 DECEMBER 2013

Disposals of subsidiaries in the Real Estate & Management Services division, mentioned in the introduction above, were treated as disposals of inventories.

On 13 June 2013, the CFE group decided to sell its entire 66% stake in its property and facilities management subsidiary Sogesmaint-CB Richard Ellis SA to CBRE for €423 thousand.

This subsidiary contributed €86 thousand to the group's net income in 2012.

COMPREHENSIVE INCOME

6. REVENUE FROM AUXILIARY ACTIVITIES AND OTHER OPERATING EXPENSES

Revenue from auxiliary activities totalled €87,925 thousand (2012: €72,155 thousand) and included €3,114 thousand of capital gains on non-current assets (2012: €3,940 thousand) and rental income, compensation and income from the onward invoicing of various expenses totalling €84,811 thousand (2012: €68,215 thousand). Revenue from auxiliary activities increased by 22% relative to 2012.

(in € thousands)	2013	2012
Miscellaneous goods and services	(285,155)	(262,111)
Impairment of assets		
- Inventories	(1,280)	570
- Trade and other receivables	(1,801)	(11,129)
Net additions to provisions (excluding provisions for retirement benefit obligations)	(8,229)	11,699
Other operating expenses	(4,280)	(4,403)
Consolidated total	**(300,745)**	**(265,374)**

La diminution des dépréciations de créances commerciales résulte principalement d'une réduction de valeur sur une créance de 12 millions d'euros ayant été comptabilisée en 2012.

7. REMUNERATION AND SOCIAL SECURITY PAYMENTS

(in € thousands)	2013	2012*
Remuneration	(301,998)	(273,808)
Mandatory social security contributions	(85,112)	(77,197)
Other wage costs	(19,994)	(18,135)
Contributions to defined-contribution pension plans	(52)	(47)
Service cost related to defined-benefit pension plans	(3,504)	(2,985)
Consolidated total	**(410,660)**	**(372,172)**

* Amounts adjusted in accordance with the change in accounting principle related to IAS 19 Amended "Employee benefits" as explained in note 2.1.

The average full-time equivalent number of staff in 2013 was 6,032 (2012: 5,582). Full-time equivalent headcount was 5,773 at 1 January 2013 and 6,233 at 31 December 2013. These amounts include DEME's staff at 50%.

The number of full-time equivalent number of staff at 31 December 2013 was 8,524 with DEME included at 100%.

8. NET FINANCIAL INCOME/EXPENSE

(in € thousands)	2013	2012*
Cost of financial debt	**(26,301)**	**(18,941)**
Derivative instruments - fair value adjustments through profit and loss	670	(519)
Derivative instruments used as hedging instruments	0	0
Assets measured at fair value	0	0
Available-for-sale financial instruments	0	0
Assets and liabilities at amortised cost - interest income	5,448	5,193
Assets and liabilities at amortised cost - interest expense	(32,419)	(23,615)
Other financial income and expense	**(12,895)**	**(9,680)**
Realised / unrealised translation gains/(losses)	(7,085)	(3,446)
Dividends received from non-consolidated companies	0	0
Impairment of financial assets	85	(19)
Other	(5,895)	(6,215)
Net financial income/expense	**(39,196)**	**(28,621)**

* Amounts adjusted in accordance with the change in accounting principle related to IAS 19 Amended "Employee benefits" as explained in note 2.1.

The change in realised (unrealised) translation gains/(losses) compared to 2012 is mainly explained by movements in the euro against the functional currencies of DEME subsidiaries.

9. NON-CONTROLLING INTERESTS

In 2013, non-controlling interests in income amounted to €6,918 thousand (2012: loss of €162 thousand) and related mainly to DEME (€6,715 thousand) and GroepTerryn (€58 thousand).

10. INCOME TAX

RECOGNISED IN INCOME STATEMENT

(in € thousands)	2013	2012
Current tax		
Tax expense for the period	29,920	11,953
Additions to/(releases from) provisions in previous periods	815	(306)
Total current tax expense	**30,735**	**11,647**
Deferred tax		
Additions to and releases from temporary differences	0	(3,301)
Use of losses from previous periods	(9)	(435)
Deferred tax recognised on losses for the period	(3,409)	(4,406)
Deferred tax recognised on definitively taxed revenue	0	0
Total deferred tax expense/(income)	**(3,418)**	**(8,142)**
Total tax expense recognised in income statement	**27,317**	**3,505**

RECONCILIATION OF THE EFFECTIVE TAX RATE

(in € thousands)	2013	2012*
Pre-tax income for the period	**(67,789)**	**52,541**
Income tax at 33.99%	**(23,041)**	**17,859**
Tax effect of non-deductible expenses	39,778	8,717
*Tax effect of non-recurring elements***	33,848	0
Non-deductible expenses	5,930	8,717
Tax effect of non-taxable revenue	(7,484)	(870)
Tax credits and impact of notional interest	(3,011)	(19,337)
Other taxable revenue	0	0
Effect of different tax rates applicable to subsidiaries operating in other jurisdictions	9,835	(309)
Tax impact of using previously unrecognised losses	(977)	(4,380)
Tax impact of adjustments to current and deferred tax relating to previous periods	2,706	(1,688)
Tax impact of deferred tax assets on unrecognised losses for the period	9,511	3,513
Tax expense	**27,317**	**3,505**
Effective tax rate for the period	**(40.30%)**	**6.68%**

* Amounts adjusted in accordance with the change in accounting principle related to IAS 19 Amended "Employee benefits" as explained in note 2.1.

** Non recurrent element are related on one hand to the acquisition of DEME, through the booking of a plus value of 111,624 billion of euros and an impairment of 207,411 thousands euros, and on the other hand to the impairment on ETEC and VMA West.

The tax expense amounts to €27,317 thousand in 2013, versus €3,505 thousand in 2012. The effective tax rate is (40.3%) in 2013 versus 6.68% in 2012.

RECOGNISED DEFERRED TAX ASSETS AND LIABILITIES

(in € thousands)	Assets		Liabilities	
	2013	2012	2013	2012
Property, plant and equipment and intangible assets	15,522	28,164	(87,570)	(69,250)
Employee benefits	12,671	3,744	(1,881)	(38)
Provisions	3,062	3,920	(31,385)	(9,967)
Fair value of derivative instruments	8,495	6,849	(30)	(36)
Other items	29,683	19,283	(10,211)	(12,273)
Tax losses	142,112	82,149	0	0
Gross deferred tax assets/(liabilities)	**211,545**	**144,109**	**(131,077)**	**(91,564)**
Unrecognized deferred tax assets	(57,410)	(43,547)	0	0
Tax netting	(116,303)	(77,775)	116,303	77,775
Net deferred tax assets/(liabilities)	**37,832**	**22,787**	**(14,774)**	**(13,789)**

Tax loss carryforwards and other temporary differences for which no deferred tax assets are recognised led to a €57,410 thousand impairment of deferred tax assets. As tax losses are mainly recognised by Belgian companies, those do not have an expiration date.

The "tax netting" item reflects the netting of deferred tax assets and liabilities per entity.

TEMPORARY DIFFERENCES OR TAX LOSSES FOR WHICH NO DEFERRED TAX ASSETS ARE RECOGNISED

Deferred tax assets are not recognised where it is not probable that a future taxable profit will be sufficient to allow the subsidiaries to recover their tax losses.

DEFERRED TAX INCOME (EXPENSE) DIRECTLY RECOGNISED IN EQUITY

(in € thousands)	2013	2012
Deferred tax on the effective portion of changes in the fair value of cash flow hedges	(3,532)	4,018
Total	**(3,532)**	**4,018**

11. EARNINGS PER SHARE

Basic earnings per share are the same as diluted earnings per share due to the absence of any potential dilution in terms of ordinary shares in issue. Earnings per share is calculated as follows:

(in € thousands)	2013	2012*
Net income attributable to shareholders	(81,235)	49,363
Comprehensive income attributable to owners of the parent	(73,544)	45,773
Number of ordinary shares at the balance sheet date	25,314,482	13,092,260
Weighted average number of ordinary shares	13,326,659	13,092,260
Earnings per share, based on the number of ordinary shares at the end of the period :		
Basic (diluted) earnings per share (€)	**(3.21)**	**3.77**
Comprehensive income attributable to owners of the parent per share (€)	**(2.91)**	**3.05**
Earnings per share, based on the weighted average number of ordinary shares at the end of the period :		
Basic (diluted) earnings per share (€)	**(6.10)**	**3.77**
Comprehensive income attributable to owners of the parent per share (€)	**(5.52)**	**3.05**

* Amounts adjusted in accordance with the change in accounting principle related to IAS 19 Amended "Employee benefits" as explained in note 2.1.

12. INTANGIBLE ASSETS OTHER THAN GOODWILL

2013 (in € thousands)	Concessions, patents and licences	Development costs	Total
Acquisition costs			
Balance at the end of the previous period	20,572	308	20,880
Effects of changes in foreign exchange rates	(119)	0	(119)
Acquisitions through business combinations	10,257	232	10,489
Acquisitions	1,170	73	1,243
Disposals	(76)	(230)	(306)
Transfers between asset items	239	230	469
Balance at the end of the period	**32,043**	**613**	**32,656**
Amortisation and impairment			
Balance at the end of the previous period	(7,928)	(301)	(8,229)
Effects of changes in foreign exchange rates	35	0	35
Amortisation during the period	(2,149)	(28)	(2,177)
Impairment losses	0	0	0
Acquisitions through business combinations	(3,147)	(185)	(3,332)
Disposals	216	0	216
Transfers between asset items	35	0	35
Balance at the end of the period	**(12,938)**	**(514)**	**(13,452)**
Net carrying amount			
At 1 January 2013	**12,644**	**7**	**12,651**
At 31 December 2013	**19,105**	**99**	**19,204**

2012 (in € thousands)	Concessions, patents and licences	Development costs	Total
Acquisition costs			
Balance at the end of the previous period	**16,079**	**445**	**16,524**
Effects of changes in foreign exchange rates	(28)	0	(28)
Acquisitions through business combinations	20	0	20
Acquisitions	2,656	44	2,700
Disposals	(113)	(181)	(294)
Transfers between asset items	1,958	0	1,958
Change in scope			
Balance at the end of the period	**20,572**	**308**	**20,880**
Amortisation and impairment			
Balance at the end of the previous period	**(6,390)**	**(295)**	**(6,685)**
Effects of changes in foreign exchange rates	2		2
Amortisation during the period	(1,549)	(6)	(1,555)
Impairment losses			
Acquisitions through business combinations	(4)	0	(4)
Disposals	9	0	9
Transfers between asset items	4	0	4
Change in scope			
Balance at the end of the period	**(7,928)**	**(301)**	**(8,229)**
Net carrying amount			
At 1 January 2012	**9,689**	**150**	**9,839**
At 31 December 2012	**12,644**	**7**	**12,651**

Total acquired intangible assets amount to €1,243 thousand and consist mainly of software licences and concession rights. Amortisation of intangible assets is recognised in under “amortisation” in the statement of comprehensive income and amounts to €2,177 thousand. Items included in “Acquisitions through business combinations” relate to DEME, which was fully consolidated at 31 December 2013, having previously been proportionally consolidated at 50%.

Intangible assets meeting the definition in IAS 38 (Intangible Assets) are only recognised to the extent that future economic benefits are probable.

13. GOODWILL

(in € thousands)	2013	2012
Acquisition costs		
Balance at the end of the previous period	**39,093**	**34,417**
Acquisitions through business combinations	469,678	3,411
Disposals	0	(8)
Other changes	0	1,273
Balance at the end of the period	**508,771**	**39,093**
Impairment		
Balance at the end of the previous period	**(5,692)**	**(5,692)**
Impairment during the period	(211,206)	0
Balance at the end of the period	**(216,898)**	**(5,692)**
Net carrying amount		
At 31 December	**291,873**	**33,401**

The goodwill of €469,678 thousand recognised under "Acquisitions through business combinations" comes from the acquisition of an additional 50% stake in DEME, increasing the stake from 50% to 100%. As a consequence, DEME is now fully consolidated whereas it was previously proportionally consolidated. This transaction implies the recognition of:

	€ thousand
• provisional goodwill, which is the difference between the consideration transferred for this acquisition and the net assets of DEME, in accordance with IFRS 3 – Business Combinations. The calculation of this goodwill is set out in note 5 above.	459,710
• An additional 50% of the goodwill recognised by DEME in relation to its subsidiaries since DEME is now fully consolidated in the CFE group's consolidated financial statements. This comes from the fact that identifiable assets and liabilities recognised at the time of the business combination were valued at their carrying amount at the DEME sub-consolidation level, since work on calculating the fair value of those assets and liabilities was not yet complete (refer to note 5).	9,968
Total	**469,678**

In accordance with IAS 36 (Impairment of Assets), this goodwill was tested for impairment at 31 December 2013. The following assumptions were used in the impairment tests:

Business (in € thousands)	Net value of goodwill		Parameters of the model applied to cash flow projections				Gross value of goodwill	Impairment losses recognised in the period
	2013	2012	Growth rate	Growth rate (terminal value)	Discount rate	Sensitivity rate		
DEME sub-consolidation	272,235	9,968	*	*	8.9%	*	479,646	(207,411)
VMA	11,115	11,115	0%	0%	8.5%	5%	11,115	-
Remacom	2,995	2,995	0%	0%	8.5%	5%	2,995	-
Stevens	2,682	2,682	0%	0%	8.5%	5%	2,682	-
ETEC	0	2,135	0%	0%	8.5%	5%	2,135	(2,135)
VMA West	0	1,660	0%	0%	8.5%	5%	1,660	(1,660)
Druart	1,292	1,292	0%	0%	8.5%	5%	1,292	-
Amart	911	911	0%	0%	8.5%	5%	911	-
Ariadne	416	416	0%	0%	8.5%	5%	416	-
Others	227	227	0%	0%	8.5%	5%	227	-
Total	**291,873**	**33,401**					**503,079**	**(211,206)**

* We refer to the assumptions taken into account for the impairment test DEME, as described below.

IMPAIRMENT TEST ON THE DEME

DEME, over which CFE has had sole control since 24 December 2013, consists of several cash-generating units, but its goodwill is monitored at the sub-group level and impairment testing is therefore carried out at the sub-group level.

Applying IFRS 3 "Business combinations", the acquisition of an additional 50% stake in DEME caused CFE to recognise provisional goodwill of €459,710 thousand.

As a result of recognising this goodwill, the net carrying amount of DEME was increased to €1,320,658 thousand in CFE's consolidated financial statements, whereas the DEME assets acquired and liabilities assumed had a carrying amount of €860,948 thousand on the acquisition date.

This carrying amount of €1,320,658 thousand is substantially above the valuation of DEME to 1,100 million resulting from the agreement between two non related parties, AvH en VINCI, to give a value to the CFE shares sold on 24 December 2013.

This variation compared to the carrying amount resulted in making an impairment test on the cash-generating unit DEME

The impairment test as defined by IAS 36 "Impairment of assets" consists of comparing the net carrying amount of a cash-generating unit with its recoverable value, which is defined as the higher of fair value (less costs to sell) and value in use.

Given the agreement between AvH and VINCI, announced on 19 September 2013, DEME's fair value can be estimated at €1,100 million.

DEME's value in use was estimated by discounting its expected future cash flows over a period of three years and adding a terminal value. This valuation is based on the following main assumptions:

- The future cash flows used take into account management's forecasts for the next three years.
- The model factors in cash flows from investing activities stemming from DEME's multi-year investment plan.
- Cash flows were discounted using a WACC of 8.9% (9.2% before tax), taking into account DEME's specific risk profile. This discount rate was supported by external analysis.

The model's sensitivity was tested by varying the following parameters used to estimate the cash flow figures involved in calculating terminal value:

- revenue growth rate: between 0% and +1.5% and
- EBITDA margin: between 14% and 20%, close to the range observed in the last 15 years.

Based on these assumptions, DEME's value in use was estimated at close to €1,100 million (after deducting non-controlling interests of €13 million, see note 5), similar to the fair value resulting from the agreement between AvH and VINCI. After this impairment test, goodwill relating to DEME was written down by €207,411 thousand.

IMPAIRMENT TESTS ON ENTITIES OTHER THAN DEME

Cash-flows figures used in the impairment tests were taken from the 2014 budget presented to the Board of Directors. For the sake of caution, zero growth was assumed for future years and in determining terminal value.

A sensitivity analysis was carried out by varying cash flow and WACC figures by 5%. Since the value of entities is still higher than their carrying amount including goodwill, there was no indication of impairment, except for VMA West and ETEC. The deterioration in these entities' 2013 earnings, and their downgraded outlook, caused their goodwill to be written down in full, by €1,660 thousand and €2,135 thousand respectively.

14. PROPERTY, PLANT AND EQUIPMENT

2013 (in € thousands)	Land and buildings	Fixtures and equipment	Furniture, fittings and vehicles	Other property, plant and equipment	Under construction	Total
Acquisition costs						
Balance at the end of the previous period	78,328	1,581,476	52,969	0	18,155	1,730,928
Effects of changes in foreign exchange rates	(366)	(7,013)	(297)	0	(828)	(8,504)
Acquisitions through business combinations	53,016	1,453,998	14,286	0	4,671	1,525,971
Acquisitions	9,570	46,882	5,443	0	6,485	68,380
Transfers between asset items	2,298	(413)	1,273	0	(2,241)	917
Disposals	(1,012)	(58,626)	(3,845)	0	(169)	(63,652)
Balance at the end of the period	**141,834**	**3,016,304**	**69,829**	**0**	**26,073**	**3,254,040**
Depreciation and impairment						
Balance at the end of the previous period	(26,261)	(682,702)	(40,348)	0	(1,183)	(750,494)
Effects of changes in foreign exchange rates	179	3,946	183	0	150	4,458
Acquisitions as part of business combinations	(29,567)	(648,027)	(10,766)	0	7	(688,353)
Depreciation	(3,740)	(114,485)	(5,245)	0	(1,008)	(124,478)
Transfers between asset items	(581)	(36)	(801)	0	0	(1,418)
Disposals	88	56,360	3,576	0	0	60,024
Balance at the end of the period	**(59,882)**	**(1,384,944)**	**(53,401)**	**0**	**(2,034)**	**(1,500,261)**
Net carrying amount						
At 1 January 2013	**52,067**	**898,774**	**12,621**	**0**	**16,972**	**980,434**
At 31 December 2013	**81,952**	**1,631,360**	**16,428**	**0**	**24,039**	**1,753,779**

At December 2013, acquisitions of property, plant and equipment totalled €68,380 thousand and mainly related to DEME. Investments fell by €134,848 thousand in 2013 in comparison with 2012, mainly at DEME, whose investment plan ended in late 2012. Items included under "Acquisitions through business combinations" relate to DEME, which was fully consolidated at 31 December 2013, having previously been proportionally consolidated at 50%.

The net carrying amount of finance lease assets amounts to €25,301 thousand (2012: €18,859 thousand). These finance leases mainly relate to DEME, the premises of the Louis Stevens & Co NV subsidiary and the buildings and machinery of Groep Terryn NV and its subsidiaries.

Depreciation on property, plant and equipment totalled €124,478 thousand (2012: €118,134 thousand).

The net carrying amount of property, plant and equipment used as collateral for certain loans totalled €589,209 thousand (2012: €318,943 thousand).

2012 (in € thousands)	Land and buildings	Fixtures and equipment	Furniture, fittings and vehicles	Other property, plant and equipment	Under construction	Total
Acquisition costs						
Balance at the end of the previous period	**72,416**	**1,326,661**	**48,974**	**0**	**135,904**	**1,583,955**
Effects of changes in foreign exchange rates	18	(1,590)	0	0	(291)	(1,863)
Acquisitions through business combinations	28	2,198	1,032	0	0	3,258
Acquisitions	4,172	93,956	7,437	0	97,663	203,228
Transfers between asset items	1,697	211,061	(137)	0	(209,053)	3,568
Disposals	(3)	(50,810)	(4,337)	0	(6,068)	(61,218)
Balance at the end of the period	**78,328**	**1,581,476**	**52,969**	**0**	**18,155**	**1,730,928**
Depreciation and impairment						
Balance at the end of the previous period	**(24,546)**	**(620,121)**	**(38,425)**	**0**	**(1,245)**	**(684,337)**
Effects of changes in foreign exchange rates	(12)	719	(17)	0	64	754
Acquisitions as part of business combinations	(9)	(2,017)	(871)	0	0	(2,897)
Depreciation	(2,398)	(111,139)	(4,595)	0	(2)	(118,134)
Transfers between asset items	680	749	171	0	0	1,600
Disposals	24	49,107	3,389	0	0	52,520
Balance at the end of the period	**(26,261)**	**(682,702)**	**(40,348)**	**0**	**(1,183)**	**(750,494)**
Net carrying amount						
At 1 January 2012	**47,870**	**706,540**	**10,549**	**0**	**134,659**	**899,618**
At 31 December 2012	**52,067**	**898,774**	**12,621**	**0**	**16,972**	**980,434**

15. INVESTMENTS IN ASSOCIATES AND JOINTLY CONTROLLED ENTITIES

ASSOCIATES

Details of interests in companies accounted for under the equity method are set out below:

(in € thousands)	2013	2012
Balance at the end of the previous period	**18,364**	**15,128**
Changes in accounting policies	0	0
Adjusted balance at the end of the previous period	**18,364**	**15,128**
Acquisitions through business combinations	13,484	0
Acquisitions and transfers	1,062	723
CFE group share of after tax income and non-controlling interests	6,953	489
Capital increase / (decrease)	247	2,236
Dividends	(7)	(212)
Other changes	(351)	0
Balance at the end of the period	**39,752**	**18,364**
Including goodwill in companies accounted for under the equity method	**61**	**61**

All the entities over which the CFE group has significant influence are accounted for under the equity method. The CFE group does not have an interest in any associates whose shares are traded on a public market.

The list of the most significant associates is set out in note 35.

Acquisitions through business combination relate to the acquisition of an additional of 50% stake in DEME, increasing CFE's stake from 50% to 100%. After this transaction, DEME is now fully consolidated whereas it was previously proportionally consolidated.

The amount of "Acquisitions and transfers" relates to the acquisition of new associate PEF Kons Investment SA.

The amount of the "Capital increase" item relates mainly to transfers of capital within DEME group entities.

The condensed financial statements of these entities are as follows:

(in € thousands)	2013	2012
Total assets	3,040,128	2,132,454
Total liabilities	2,973,822	2,218,889
Net assets	**66,306**	**(86,435)**
CFE group's share of net assets	**632**	**(18,216)**
Revenue	**307,285**	**352,552**
Net income for the period	**25,032**	**2,738**
CFE group's share of net income for the period	**7,139**	**489**

As described in the accounting policies, when the CFE group's share of losses from companies accounted for under the equity method exceeds the carrying amount of its interest in such companies, the carrying amount is reduced to nil. Recognition of further losses is discontinued except to the extent that the CFE group has incurred obligations in respect of the associated companies.

JOINTLY CONTROLLED ENTITIES

The CFE group accounts for jointly controlled entities (including temporary companies) using the proportional method of consolidation, and reports its interests on a line-by-line basis.

The total amounts of the CFE group's interests as included in the consolidated financial statements are as follows:

(in € thousands)	2013	2012
Total non-current assets	212,062	880,426
Total current assets	279,565	577,132
Total non-current liabilities	194,235	715,311
Total current liabilities	297,392	742,247
Operating revenue	**1,531,113**	**1,215,325**
Operating expenses	**(1,408,831)**	**(1,129,272)**

The equity of these entities is included in the "total non-current liabilities" item and amounts to (€11,636) thousand. For the execution of some contracts, the CFE group sets up temporary companies with partners. The most significant of these are THV Locobouw, Coentunnel Construction VOF and SM Up-site.

The consolidation method used for DEME changed following CFE's acquisition of an additional 50% stake in DEME on 24 December 2013, from proportional to full consolidation. As a result, only the DEME entities consolidated using the proportional method are included in balance sheet items.

The entire group DEME is included in the operating revenue and expenses given that the group is consolidated using the proportional method on 31 December 2013 for the result of the period.

16. OTHER NON-CURRENT FINANCIAL ASSETS

Other non-current financial assets amounts to €96,212 thousand at 31 December 2013 (2012: €56,586 thousand). They mainly include the non-eliminated portion of project-related subordinated loans (€53,665 thousand), available for sale investments (€2,441 thousand) and receivables recognised in relation to concession projects (€40,098 thousand).

(in € thousands)	2013	2012
Balance at the end of the previous period	**56,586**	**30,631**
Acquisitions through business combinations	10,896	0
Acquisitions	36,660	29,662
Disposals and transfers	(7,933)	(3,748)
Impairment / reversals of impairment	85	(19)
Effects of changes in foreign exchange rates	(82)	60
Balance at the end of the period	**96,212**	**56,586**

Non-current financial assets increased by €39,626 thousand relative to 31 December 2012. This change reflects the recognition of €40,098 thousand of receivables relating to a concession project.

At 31 December 2013, the market value of other financial assets was the same as their carrying amount, i.e. €96,212 thousand.

The CFE group does not hold available-for-sale investments listed on a public market. For unlisted investments, fair value is regarded as equal to acquisition cost.

17. OTHER NON-CURRENT ASSETS

At 31 December 2013 other non-current assets amounts to €12,766 thousand and included the non-current receivables detailed below:

(in € thousands)	2013	2012
Non-current receivables - DEME current accounts	8,416	3,223
Other non-current receivables (including bank guarantees)	4,350	6,060
Consolidated total	**12,766**	**9,283**

18. CONSTRUCTION CONTRACTS

Costs incurred added to profits less losses, along with progress billing, are determined on a contract-by-contract basis. The net amount due by or to customers is determined on a contract-by-contract basis as the difference between these two items.

As described in paragraphs (M) and (V) of the section relating to material accounting policies, the costs and revenues of construction contracts are recognised in expenses and revenue respectively based on the percentage of completion of the contract activity at the closing date. The percentage of completion is calculated using the "cost to cost" method. An expected loss on a construction contract is recognised as an expense immediately.

(in € thousands)	2013	2012	2011
Balance sheet data			
Advances and payments on account received	(57,642)	(80,849)	(47,298)
amount related to acquisitions through business combinations	(5,178)		
Construction contracts in progress – assets	94,278	58,867	77,299
amount related to acquisitions through business combinations	(17,032)		
Construction contracts in progress – liabilities	(38,565)	(23,237)	(58,834)
amount related to acquisitions through business combinations	10,152		
Construction contracts in progress – net	**55,713**	**35,630**	**18,465**
amount related to acquisitions through business combinations	**(6,880)**		
Total income and expenses to date recognised on contracts in progress			
Costs incurred plus profits recognised less losses recognised to date	3,180,430	2,472,895	2,597,186
Less invoices issued	(3,131,597)	(2,437,265)	(2,578,721)
Construction contracts in progress – net	**48,833**	**35,630**	**18,465**

The excess of costs incurred over recognised losses and profits on progress billing include on the one hand, the portion of unbilled contract costs under "Trade receivables and other operating receivables" in the statement of financial position, and on the other hand, the surplus relating to construction work in progress is included in "other current assets".

The excess of progress billing over incurred costs and recognised profits and losses include on the one hand, the unbilled portion of contract costs under "Trade payables and other operating liabilities" in the statement of financial position, and on the other hand, the surplus relating to construction work in progress included in "other current liabilities".

Advances are amounts received by the contractor before the related work is performed. The amount of customer retention payments is €3,749 thousand, and is included in "Trade and other operating receivables" (see note 27.6).

19. INVENTORIES

At 31 December 2013, inventories amounted to €215,883 thousand (2012: €186,534 thousand) and broke down as follows:

(in € thousands)	2013	2012
Raw materials and auxiliary products	51,173	27,534
Impairment on inventories of raw materials and auxiliary products	(1,601)	(725)
Finished products and properties held for sale	169,941	162,074
Impairment on inventories of finished products	(3,630)	(2,349)
Inventories	**215,883**	**186,534**

The change in "raw materials and auxiliary products" resulted from an increase in inventories relating to construction projects and an increase in inventories relating to the dredging business coming mainly from DEME, which was fully consolidated at 31 December 2013 having previously been proportionally consolidated.

At 31 December 2013, impairments were carried out on raw materials and auxiliary products for an amount of €150 thousand.

The increase in "finished products and properties held for sale" was mainly due to the development of real estate projects in Poland and in Luxembourg.

At 31 December 2013, impairment on properties held for sale (€1,130 thousand) was reversed to the income statement (see note 6) on the completion of projects.

20. CHANGE IN TRADE RECEIVABLES AND PAYABLES AND OTHER OPERATING RECEIVABLES AND PAYABLES

(in € thousands)	2013	2012
Trade receivables	883,842	553,137
Less: provision for impairment of receivables	(18,211)	(15,630)
Net trade receivables	865,631	537,507
Other current receivables	251,284	194,959
Consolidated total	**1,116,915**	**732,466**
Other current assets	**101,030**	**84,240**
Trade and other operating payables	1,045,907	689,475
Other current liabilities	365,263	307,744
Consolidated total	**1,411,170**	**997,219**
Commercial and operating liabilities net of receivables	**(193,225)**	**(180,513)**

Please see note 28 for an analysis of credit risk.

21. CASH AND CASH EQUIVALENTS

(in € thousands)	2013	2012
Short-term bank deposits	25,700	59,280
Cash in hand and at bank	449,093	201,322
Cash and cash equivalents	**474,793**	**260,602**

Short-term bank deposits consist of money placed with financial institutions with an original maturity of less than three months. This money pays interest at a floating rate, usually linked to Euribor or Eonia.

22. GRANTS

The CFE group did not receive any grants in 2013.

23. EMPLOYEE BENEFITS

The CFE group contributes to pension and early retirement plans in several of the countries in which it operates. These benefits are recognised in accordance with IAS 19 and are regarded as "post-employment" and "long-term benefit plans".

At 31 December 2013, the CFE group's net liability relating to obligations under pension and early-retirement post-employment benefits amounted to €40,724 thousand (2012: €21,239 thousand). These amounts are included in "Retirement benefit obligations and employee benefits". This item also includes provisions for other employee benefits for €1,266 thousand (2012: €376 thousand), mainly relating to the DEME group.

2013 figures include the impact of acquiring an additional 50% stake in DEME on 24 December 2013.

2012 figures were adjusted following the change in accounting method described in the "Significant accounting policies" section, relating to the amendment of IAS 19, which requires actuarial gains and losses related to defined-benefit pension plans to be recognised directly in equity.

MAIN CHARACTERISTICS OF THE CFE GROUP'S POST-EMPLOYMENT BENEFIT PLANS

Post-employment benefit plans are classified either as defined-contribution or defined-benefit plans.

- **Defined-contribution plans**
  Defined-contribution pension plans are those under which the company makes certain contributions to an entity or separate fund in accordance with the plan arrangements. When contributions have been made, the company has no additional obligation.
- **Defined-benefit plans**
  All plans that are not defined-contribution plans are presumed to be defined-benefit plans. These plans are either funded externally through pension funds or insurance companies ("funded plans") or funded within the CFE group ("unfunded plans"). For the main plans, an actuarial valuation is carried out every year by independent actuaries.

Post-employment benefit plans in which the CFE group takes part confer benefits to staff on retirement and death. All plans are funded externally through an insurance company (98.3% of obligations) or a self-administered pension fund (1.7% of obligations) unrelated to the CFE group. Obligations under defined-benefit plans break down geographically as follows: 78% in Belgium and 22% in the Netherlands. Insured Belgian post-employment benefit plans are "branche 21"-type plans, which means that the insurer guarantees a minimum return on contributions paid. All plans comply with local regulations and minimum funding requirements.

Most of the CFE group's post-employment benefit plans are defined-benefit.

MAIN CHARACTERISTICS OF DEFINED-BENEFIT PLANS

- **Risks relating to defined-benefit plans**
  Defined-benefit plans generally expose the employer to actuarial risks such as changes in interest rates, wages and inflation. The potential impact of these risks is illustrated by a sensitivity analysis, details of which are set out below.
  The risk arising from benefits being spread over time is limited, since most plans involve a lump-sum payment. However, there is an option to pay annuities. If this option is used, the payment of annuities is handled through an insurance policy that converts the lump sum into an annuity. The risk of death in service is entirely covered through insurance. The risk of insurance companies becoming insolvent can be regarded as negligible.
- **Governance of defined-benefit plans**
  The administration and governance of insured plans are handled by the insurance company.
- **Defined-benefit plan assets**
  Plan assets invested with an insurance company (98.3% of obligations) are not subject to market fluctuations. The fair value of the insurance policies is either the present value of guaranteed future benefits (Netherlands) or the capitalised value of contributions paid, taking into account the return contractually agreed with the insurance company (Belgium).
  Plan assets do not include the CFE group's own financial instruments or any building used by the CFE group.
- **Changes to defined-benefit plans**
  No material amendment, settlement or curtailment took place in 2013.

MAIN CHARACTERISTICS OF DEFINED-CONTRIBUTION PLANS

Construction workers are covered by the defined-contribution pension plan funded by the "fbz-fse Constructiv" multi-employer pension fund. In addition, a small number of employers are covered by a "branche 21" insurance-funded defined-contribution plan. Belgian law requires the employer to guarantee a minimum return for defined-contribution plans. The minimum return guaranteed by the contract with the insurer is currently higher than the minimum return required by Belgian legislation, limiting the group's exposure to a fall in returns from plan assets.

INFORMATION RELATING TO DEFINED-BENEFIT AND EARLY RETIREMENT PLANS

(in € thousands)	2013	2012
Provisions taken for defined-benefit and early retirement plan obligations	**(39,458)**	**(20,863)**
Accrued rights, partly or fully funded	(136,782)	(81,591)
Fair value of plan assets	97,324	60,728
Provisions taken for obligations on the balance sheet	**(39,458)**	**(20,863)**
Bonds	(39,458)	(20,863)
Assets	0	0

CHANGES IN PROVISIONS TAKEN FOR DEFINED-BENEFIT AND EARLY RETIREMENT PLAN OBLIGATIONS

(in € thousands)	2013	2012
At 1 January	**(20,863)**	**(16,278)**
Charges recognised in income	(4,299)	(3,871)
Charges recognised in equity	(4,324)	(5,963)
Contributions to plan assets	5,248	5,249
Effect of business combinations	(15,269)	0
Other movements	49	0
At 31 December	**(39,458)**	**(20,863)**

The "effect of business combinations" item reflects the impact on provisions of acquiring an additional 50% stake in DEME on 24 December 2013.

CHARGES RECOGNISED IN INCOME IN RESPECT OF DEFINED-BENEFIT AND EARLY RETIREMENT PLANS

(in € thousands)	2013	2012
Charges recognised in income	**(4,299)**	**(3,871)**
Service cost	(3,504)	(2,984)
Discounting effects	(2,790)	(3,513)
Return on plan assets (-)	2,133	2,821
Unrecognised past service cost	(138)	(194)

The cost of pension plans in the period is included under "Remuneration and social security payments" and under net financial items.

CHARGES RECOGNISED IN EQUITY IN RESPECT OF DEFINED-BENEFIT AND EARLY RETIREMENT PLANS

(in € thousands)	2013	2012
Charges recognised in equity	**(4,324)**	**(5,963)**
Actuarial gains and losses	(5,254)	(7,824)
Return on plan assets (excluding amounts recognised in income)	930	1,861

CHANGES IN PROVISIONS TAKEN FOR DEFINED-BENEFIT AND EARLY RETIREMENT PLAN OBLIGATIONS

(in € thousands)	2013	2012
At 1 January	**(81,590)**	**(72,824)**
Service cost	(3,504)	(2,984)
Discounting effects	(2,790)	(3,513)
Contributions to plan assets	(750)	(727)
Benefits paid to beneficiaries	3,504	5,565
Remeasurement of liabilities (assets)	(5,164)	(7,766)
Actuarial gains and losses resulting from changes to demographic assumptions	0	0
Actuarial gains and losses resulting from changes to financial assumptions	(4,099)	(5,405)
Actuarial gains and losses resulting from experience adjustments	(1,065)	(2,361)
Unrecognised past service cost	(138)	(194)
Effect of business combinations	(47,452)	0
Effect of business disposals	527	0
Effect of exchange-rate changes	0	0
Other movements	575	853
At 31 December	**(136,782)**	**(81,590)**

The "effect of business combinations" item reflects the impact on provisioned obligations of acquiring an additional 50% stake in DEME on 24 December 2013.

CHANGES IN DEFINED-BENEFIT AND EARLY RETIREMENT PLAN ASSETS

(in € thousands)	2013	2012
At 1 January	**60,728**	**56,529**
Return on plan assets (excluding amounts recognised in income)	930	1,861
Return on plan assets	2,133	2,820
Contributions to plan assets	5,597	5,422
Benefits paid to beneficiaries	(3,207)	(5,209)
Effect of business combinations	32,182	0
Effect of business disposals	(478)	0
Effect of exchange-rate changes	0	0
Other movements	(561)	(694)
At 31 December	**97,324**	**60,728**

The "effect of business combinations" item reflects the impact on plan assets of acquiring an additional 50% stake in DEME on 24 December 2013.

The defined-benefit plan assets were invested through an insurance company (98.3% of obligations) or a self-administered pension fund (1.7% of obligations).

MAIN ACTUARIAL ASSUMPTIONS AT THE END OF THE PERIOD (EXPRESSED AS WEIGHTED AVERAGES)

	2013	2012
Discount rate at 31 December	3.40%	3.50%
Expected rate of salary increases	3.00% < 60 years and 2.00% > 60 years	3.00% < 60 years and 2.00% > 60 years
Inflation rate	2.00%	2.00%
Mortality tables	MR/FR	MR/FR

OTHER CHARACTERISTICS OF DEFINED-BENEFIT PLANS

	2013	2012
Duration (in years)	11.62	11.95
Average real return on plan assets	5.0%	8.3%
Contributions expected to be made to the plan in the next financial year	8,343	5,400

SENSITIVITY ANALYSIS (IMPACT ON THE AMOUNT OF OBLIGATIONS)

	2013	2012
Discount rate		
25bp increase	-2.9%	-2.7%
25bp decrease	+2.9%	+3.0%
Growth rate		
25bp increase	+2.0%	+2.2%
25bp decrease	-1.8%	-1.8%

24. PROVISIONS OTHER THAN THOSE RELATING TO RETIREMENT BENEFIT OBLIGATIONS AND NON-CURRENT EMPLOYEE BENEFITS

At 31 December 2013, these provisions amounted to €61,619 thousand, an increase of €15,120 thousand relative to end-2012 (€46,499 thousand).

(in € thousands)	After-sales service	Other current liabilities	Other non-current liabilities	Total
Balance at the end of the previous period	**11,727**	**24,093**	**10,679**	**46,499**
Effects of changes in exchange rates	(17)	(4)	(3)	(24)
Transfers between items	4,455	2,703	(227)	6,931
Additions to provisions	2,531	15,041	(5,386)	12,186
Used provisions	(1,474)	(8,144)	6,188	(3,430)
Provisions reversed unused	0	(254)	(289)	(543)
Balance at the end of the period	**17,222**	**33,435**	**10,962**	**61,619**
of which: current				50,657
non-current				10,962

Provisions for after-sales service increased by €5,495 thousand to €17,222 thousand at end-2013. The change in 2013 was the result of additions to and/or releases from provisions recognised in relation to 10-year warranties.

Provisions for other current liabilities increased by €9,342 thousand to €33,435 thousand at end-2013. These include:

- provisions for current litigation (€7,693 thousand), provisions for work still to be performed (€231 thousand), provisions for social security liabilities (€737 thousand) and provisions for other current liabilities (€10,614 thousand). As regards other current liabilities, given that talks with customers are ongoing, we cannot provide more information on the assumptions made or on when the outflow of funds is likely to happen.
- provisions for losses on completion (€14,160 thousand) are recognised when the expected economic benefits of certain contracts are lower than the inevitable costs attendant on compliance with obligations under those contracts. Provisions for losses on completion are used up when the related contracts are performed.

Provisions for other non-current liabilities include the provisions for liabilities not directly related to site operations in progress.

25. CONTINGENT ASSETS AND LIABILITIES

Based on available information at the date on which the financial statements were approved by the Board of Directors , we are not aware of any contingent assets or liabilities, with the exception of contingent assets or liabilities related to construction contracts (for example, the group's claims against customers or claims by subcontractors) that can be described as normal in the construction sector and which are treated by applying the percentage-of-completion method during the recognition of revenue.

26. NET FINANCIAL DEBT

26.1 NET FINANCIAL DEBT, AS DEFINED BY THE GROUP, BREAKS DOWN AS FOLLOWS:

(in € thousands)	31/12/2013			31/12/2012		
	Non-current	Current	Total	Non-current	Current	Total
Bank loans and other financial debt	(600,883)	(164,838)	(765,721)	(331,016)	(76,807)	(407,823)
Bonds	(199,639)	(109,767)	(309,406)	(100,000)	(2,519)	(102,519)
Drawings on credit facilities	(30,000)		(30,000)	(35,000)	(3,000)	(38,000)
Borrowings under finance leases	(18,303)	(4,337)	(22,640)	(13,104)	(3,482)	(16,586)
Total long-term financial debt	**(848,825)**	**(278,942)**	**(1,127,767)**	**(479,120)**	**(85,808)**	**(564,928)**
Short-term financial debt	0	(128,415)	(128,415)	0	(95,665)	(95,665)
Cash equivalents	0	25,700	25,700	0	59,280	59,280
Cash	0	449,093	449,093	0	201,322	201,322
Net short-term financial debt/ (cash)	**0**	**346,378**	**346,378**	**0**	**164,937**	**164,937**
Total net financial debt	**(848,825)**	**67,436**	**(781,389)**	**(479,120)**	**79,129**	**(399,991)**
Derivative instruments used as interest-rate hedges	**(28,534)**	**(2,015)**	**(30,549)**	**(23,070)**	**(3,375)**	**(26,445)**

The bond issued by a CFE, in a nominal amount of €100 million and maturing on 21 June 2018, was reclassified as current liabilities at 31 December 2013 because of the bonds' change-of-ownership clause.

26.2 DEBT MATURITY SCHEDULE

(in € thousands)	Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	Between 3 and 5 years	Between 5 and 10 years	More than 10 years	Total
Bank loans and other financial debt	(274,605)	(273,648)	(118,129)	(160,608)	(45,532)	(2,966)	(875,488)
Bonds					(199,639)		(199,639)
Drawings on credit facilities			(30,000)				(30,000)
Borrowings under finance leases	(4,337)	(4,060)	(3,342)	(5,749)	(5,109)	(43)	(22,640)
Total long-term financial debt	**(278,942)**	**(277,708)**	**(151,471)**	**(166,357)**	**(250,280)**	**(3,009)**	**(1,127,767)**
Short-term financial debt	(128,415)						(128,415)
Cash equivalents	25,700						25,700
Cash	449,093						449,093
Net short-term financial debt	**346,378**						**346,378**
Change in net financial debt	**67,436**	**(277,708)**	**(151,471)**	**(166,357)**	**(250,280)**	**(3,009)**	**(781,389)**

The present value of finance lease obligations amounted to €4,337 thousand (2012: €3,482 thousand). These finance leases mainly relate to DEME, the premises of the Louis Stevens & Co NV subsidiary and the buildings and machinery of Groep Terryn NV and its subsidiaries.

26.3 CREDIT FACILITIES AND BANK TERM LOANS

At 31 December 2013, the CFE group had confirmed long-term bank credit facilities of €100 million, of which €30 million were drawn at end-2013.

On 21 June 2012, CFE issued €100 million of bonds maturing on 21 June 2018 and paying a coupon of 4.75%. On 14 February 2013, DEME issued €200 million of bonds maturing on 14 February 2019 and paying a coupon of 4.145%.

Bank loans and other financial debts mainly concern DEME and loans relating to real-estate projects, and are without recourse against CFE.

26.4 FINANCIAL COVENANTS

Bilateral loans are subject to specific covenants that take into account factors such as financial debt and the ratio of debt to equity or non-current assets, as well as cash flow. The assets and liabilities of DEME are included at 100% in the consolidated statement of financial position, while the statement of cash flows include DEME at 50%. The banks have agreed to adjust the financial covenants to take account of this particular situation at 31 December 2013, and as a result, the CFE Group complied with all these covenants at end-2013.

27. FINANCIAL RISK MANAGEMENT

27.1 INTEREST RATE RISK

The interest rate risk management is insured within the group by making a distinction between concessions, property management, holding, construction activities, multitechnical activities and dredging (DEME).

As far as the concessions is concerned, the interest rate risk management is performed considering two horizons:

On the one hand, a long-term horizon to secure and optimize the economic balance of the concession, and on the other hand, a short term horizon to optimize the average cost of debt. Derivative products are used such as interest rate swaps in order to hedge the interest rate risk. These hedging instruments equal at maximum the same notional amounts and the same due dates as the hedged debts. From an accounting point of view, these products are qualified as hedging operations.

As far as dredging is concerned, the group CFE, through its subsidiary DEME, has to face important financings in the context of the dredges investments. The objective is to reach an optimal balance between the financing cost and the volatility of the financial results. DEME uses derivative instruments as interest rate swaps in order to hedge the interest rate risk. These hedging instruments equal generally the same notional amounts and generally have the same due dates as the hedged debts. From an accounting point of view, these products will not always be qualified as hedging operations.

The construction, multitechnical and holding activities are characterized by an excess of cash which partially compensate the property commitments. The management is mainly centralized through the cash pooling.

Effective average interest rate before considering derivative products

Type of debts	Fixed rate			Floating rate			Total		
	Amounts	Quota	Rate	Amounts	Quota	Rate	Amounts	Quota	Rate
Bank loans and other financial debts	34,817	9.49%	1.97%	730,904	96.06%	1.23%	765,721	67.90%	1.26%
Bonds	309,406	84.34%	4.35%	0	0.00%	0.00%	309,406	27.44%	4.35%
Credit line used	0	0.00%	0.00%	30,000	3.94%	1.97%	30,000	2.66%	3.94%
Loans related to finance lease	22,640	6.17%	1.66%	0	0.00%	0.00%	22,640	2.01%	1.66%
Total	**366,863**	**100.00%**	**3.95%**	**760,904**	**100.00%**	**1.26%**	**1,127,767**	**100.00%**	**2.19%**

Effective average interest rate after considering floating derivative products

Type of debts	Fixed rate			Floating rate			Floating rate capped + inflation			Total		
	Amounts	Quota	Rate	Amounts	Quota	Rate	Amounts	Quota	Rate	Amounts	Quota	Rate
Bank loans and other financial debts	637,803	65.76%	2.59%	127,918	81.00%	1.22%	0	0.00%	0.00%	765,721	67.90%	2.36%
Bonds	309,406	31.90%	4.35%	0	0.00%	0.00%	0	0.00%	0.00%	309,406	27.44%	4.35%
Credit line used	0	0.00%	0.00%	30,000	19.00%	1.97%	0	0.00%	0.00%	30,000	2.66%	19.00%
Loans related to finance lease	22,640	2.33%	1.99%	0	0.00%	0.00%	0	0.00%	0.00%	22,640	2.01%	1.99%
Total	**969,849**	**100.00%**	**3.14%**	**157,918**	**100.00%**	**1.36%**	**0**	**0.00%**	**0.00%**	**1,127,767**	**100.00%**	**3.34%**

27.2 SENSIBILITY TO THE INTEREST RATE RISK

The group CFE is subject to the risk of interest rates fluctuation on its result considering:

- cash flows relative to financial instruments at floating rate after hedging ;
- financial instruments at fixed rate, recognized at fair value in the statement of financial position through the result ;
- derivative instruments non qualified as hedge.

Nevertheless, the variation in the value of derivatives qualified as cash flow hedges does not impact directly the profit& loss accounts and is accounted for in equity.

The following analysis is performed by supposing that the amount of financial debts and derivatives as per December 31, 2013 is constant over the year.

A variation of 50 basis points in interest rate at the closing date would have had as consequence an increase or a decrease of the equity and result for the amounts indicated here below. For the needs of the analysis, the other parameters have been supposed constant.

	31/12/2013			
(in € thousands)	Result		Equity	
	Impact of the sensitivity calculation +50bp	Impact of the sensitivity calculation -50bp	Impact of the sensitivity calculation +50bp	Impact of the sensitivity calculation -50bp
Non current debts (+portion due within the year) with variable rate after accounting hedge	565	(565)		
Net short term Financial debt *	642	(642)		
Derivatives not qualified as hedge	346	(71)		
Derivatives qualified as highly potential or certain cash flow			4,012	(6,712)

* excluding cash at bank and in hand

27.3 DESCRIPTION OF CASH FLOW HEDGE OPERATIONS

Instruments qualified as cash flow hedges at the closing date have the following characteristics:

For construction, multitechnical, property and holding activities:

	31/12/2013						
(in € thousands)	<1 year	Between 1 and 2 years	Between 3 and 5 years	> 5 years	Notional	Fair value asset	Fair value liability
Swap of interest rate receive floating rate and pay fixed rate							
Interest rate options (cap, collar)							
Interest rate derivatives hedge of highly probable : estimated cash flow							
Swap of interest rate receive floating rate and pay fixed rate		50,000			50,000		(540)
Interest rate options (cap, collar)							
Interest rate derivatives : hedge of certain cash flow		**50,000**			**50,000**		**(540)**

	31/12/2012						
(in € thousands)	<1 year	Between 1 and 2 years	Between 3 and 5 years	> 5 years	Notional	Fair value asset	Fair value liability
Swap of interest rate receive floating rate and pay fixed rate							
Interest rate options (cap, collar)							
Interest rate derivatives hedge of highly probable : estimated cash flow							
Swap of interest rate receive floating rate and pay fixed rate		50,000			50,000		(747)
Interest rate options (cap, collar)							
Interest rate derivatives : hedge of certain cash flow		**50,000**			**50,000**		**(747)**

For dredging activities

	31/12/2013						
(in € thousands)	<1 year	Between 1 and 2 years	Between 3 and 5 years	> 5 years	Notional	Fair value asset	Fair value liability
Swap of interest rate receive floating rate and pay fixed rate	547				547		(18)
Interest rate options (cap, collar)							
Interest rate derivatives hedge of highly probable : estimated cash flow	**547**				**547**		**(18)**
Swap of interest rate receive floating rate and pay fixed rate	139,521	315,582	184,349	15,659	655,110		(29,094)
Interest rate options (cap, collar)							
Interest rate derivatives : hedge of certain cash flow	**139,521**	**315,582**	**184,349**	**15,659**	**655,110**		**(22,335)**

(in € thousands)	31/12/2012 <1 year	Between 1 and 2 years	Between 3 and 5 years	> 5 years	Notional	Fair value asset	Fair value liability
Swap of interest rate receive floating rate and pay fixed rate	10,273	273			10,547		(1,031)
Interest rate options (cap, collar)							
Interest rate derivatives hedge of highly probable : estimated cash flow	10,273	273			10,547		(1,031)
Swap of interest rate receive floating rate and pay fixed rate	71,526	150,554	122,577	27,391	372,048		(22,335)
Interest rate options (cap, collar)							
Interest rate derivatives : hedge of certain cash flow	71,526	150,554	122,577	27,391	372,048		(22,335)

Since the group CFE has taken control over DEME, a remeasurement of the effectiveness of the hedge in dredging from the acquisition date has been performed in order to confirm the hedge accounting.

27.4 EXCHANGE RATE RISKS

Nature of the risks at which the group is exposed

The group CFE and its subsidiaries does not practice a hedge on foreign exchange rates for its construction, property and multitechnical activities as their markets are mainly situated within the euro zone. DEME practices exchange rate hedges taking into account the international character of the activity and the execution of markets in foreign currency. Currencies subjected to exchange risk are listed in note 2.

When exchange rate risk related to a risk exposure at operational level would occur, the group policy consists in limiting the exposure to the fluctuation of foreign currencies.

Repartition of the long term financial debts by currency

The outstanding debts (without considering finance lease debts which are mainly in Euro) by currency are:

(in € thousands)	2013	2012
Euro	1,083,020	557,582
US Dollar	8,898	2,511
Other currencies	35,845	4,835
Total long term debts	**1,127,767**	**564,928**

The following table discloses the fair value and the notional amount of exchange rate instrument issued (forward sales/purchase agreements)
(+: asset / - liability):

	Notional					Fair value				
(in € thousands)	USD US Dollar	Other related to USD	GBP Pound	Other	Total	USD US Dollar	Other related to USD	GBP Pound	Other	Total
Forward purchase	120,666	28,467	12,718	2,421	164,272	(235)	1	(20)	53	(200)
Forward sale	344,646	6,401	2,277	11,300	364,623	6,152	95	7	(505)	5,749

The fair value variation of exchange rate instruments is considered as a construction cost. This variation is presented as an operational result.

The group CFE, in particular through its subsidiary DEME, is exposed to exchange rate fluctuation risk on its result.

The following analysis is performed supposing that the amount of financial assets/liabilities and derivatives as per December, 31 2013 is constant over the year.

A variation of 5% of exchange rate (appreciation of the EUR) at closing date would have as a consequence an increase or a decrease of the equity and the result for the amounts disclosed here below. For the needs of the analysis, the other parameters have been supposed constant.

	31/12/2013	
(in € thousands)	Result	
	Impact of sensitivity calculation depreciation of 5% of the EUR	Impact of sensitivity calculation appreciation of 5% of the EUR
Non current debts (+portion due within the year) with variable rate after accounting hedge	860	(819)
Net short term Financial debt	(773)	736
Working Capital	(1,304)	1,242

27.5 RISK RELATED TO RAW MATERIALS

Raw materials and furniture incorporated into the works constitute an essential element of the cost price.

Although some markets include price revisions clauses or revision formulas and that the group CFE sets up, in some cases, hedges of furniture prices (gas-oil), the risk of price fluctuation of raw materials can not be completely excluded.

DEME is hedged against gas-oil fluctuations through the purchase of options or forward agreement on fuel. The fair value variation of these instruments is considered as construction costs. This variation is presented as an operating result.

The fair value of these instruments amounts to -791 thousand Euro at the end of 2013 (in comparison with -887 thousand Euro in 2012).

27.6 CREDIT AND COUNTERPARTY RISK

The group CFE is exposed to credit risk in case of insolvency of its clients. It is exposed to the counterparty risk in the context of cash deposits, subscription of negotiable share receivables, financial receivables and derivative products.

In addition, the group CFE set up procedures in order to avoid and limit the concentration of credit risk.

For large-scale export, if the country is eligible and the risk covered by credit insurance, DEME and CFE cover themselves regularly through competent bodies in this matter (Office National du Ducroire).

Financial instruments

The group has defined a system of investment limits in order to monitor the counterparty risk. This system determines maximum amounts eligible for investment by counterparty defined according to their credit notations published by Standard & Poor's and Moody's.

These limits are regularly monitored and updated.

Customers

Regarding the risk on trade receivables, the group defined procedures in order to limit the risk. It should be noted that a large part of the consolidated sales is realized with public or para-public clients.

In addition, CFE considers that the concentration of the counterparty risk for clients is limited due to the large number of clients.

In order to reduce the current risk, the group CFE monitors regularly its outstanding clients and adapts its position towards them. The credit risk is however not totally eliminated, but is limited.

The analysis of the delay of payment at the end of 2013 and 2012 arises as follows:

As per December, 31 2013 (in € thousands)	Closing	Not past due	< 3 months	> 3 months & < 6 months	> 6 months & < 12 months	> 1 year
Customers – Invoiced incomes	873,950	761,144	52,398	16,968	31,468	11,972
Customers – Deduction of guarantee	3,749	2,239	1,443	24	0	43
Gross total	**877,699**	**763,383**	**53,841**	**16,992**	**31,468**	**12,015**
Prov. – Customers – Invoiced incomes	(18,168)	(14,584)	(518)	(562)	(86)	(2,418)
Prov. – Customers – Deduction of guarantee	(43)	0	0	0	0	(43)
Total provisions	**(18,211)**	**(14,584)**	**(518)**	**(562)**	**(86)**	**(2,461)**
Total net amounts	**859,488**	**748,799**	**53,323**	**16,430**	**31,382**	**9,554**

As per December, 31 2012 (in € thousands)	Closing	Not past due	< 3 months	> 3 months & < 6 months	> 6 months & < 12 months	> 1 year
Customers – Invoiced incomes	537,817	296,629	116,208	36,210	42,094	46,676
Customers – Deduction of guarantee	3,706	1,955	1,705	0	1	45
Gross total	**541,523**	**298,584**	**117,913**	**36,210**	**42,095**	**46,721**
Prov, – Customers – Invoiced incomes	(15,587)	(14,848)	(748)	(532)	(320)	861
Prov, – Customers – Deduction of guarantee	(44)	0	0	0	0	(44)
Total provisions	**(15,631)**	**(14,848)**	**(748)**	**(532)**	**(320)**	**817**
Total net amounts	**525,892**	**283,736**	**117,165**	**35,678**	**41,775**	**47,538**

The overdue amounts mainly relate to additional works and subsequent contracts modifications accepted by the customers, but that are still subject to budgetary inscriptions or that are part of a broader negotiations process.

27.7 LIQUIDITY RISK

The liquidity crunch and the difficulties to obtain credit at acceptable economical conditions are still actual concerns. CFE could keep its positions during the exercise by managing its treasury in an intransigent way. Information sessions designated for the 150 leading executives have been organised in 2013 with the topics of the liquidity and the daily management of the treasury. Procedures for the treasury management have been updated in 2010 and the managers of subsidiaries or branches are implicated in the treasury forecasts plan and in its good achievement.

27.8 CARRYING AMOUNTS AND FAIR VALUE BY ACCOUNTING CATEGORY

December, 31 2013 (In € thousands)	Financial instruments not designated as hedging instruments	Derivatives designated as hedging instruments	Financial instruments available for sales	Loans and trade receivables at amortised costs	Total of carrying amount	Fair value measurements of financial assets by level	Fair value of the class
Non current financial assets	286		2,441	93,771	96,498		96,498
Investments (1)			2,441		2,441	Level 2	2,441
Financial loans and receivables (1)				93,771	93,771	Level 2	93,771
Interest rate derivatives – cash flow hedges	286				286	Level 2	286
Current financial assets	594			1,591,708	1,592,302		1,592,302
Interest rate derivatives – non hedge							
Trade and other receivables				1,116,915	1,116,915	Level 2	1,116,915
Cash management financial assets	594				594	Level 2	594
Cash equivalents (2)				25,700	25,700	Level 2	25,700
Cash at bank and in hand (2)				449,093	449,093	Level 2	449,093
Total assets	880		2,441	1,685,479	1,688,800		1,688,800
Non current financial debts	9,783	28,820		848,825	887,428		896,412
Bonds				199,639	199,639	Level 1	208,623
Financial debts				649,186	649,186	Level 2	649,186
Interest rate derivatives – cash flow hedges		28,820			28,820	Level 2	28,820
Other derivatives instruments	9,783				9,783	Level 3	9,783
Current financial liabilities	2,538			1,453,265	1,455,803		1,460,813
Interest rate derivatives – highly probable projected cash flow hedges	1,747				1,747	Level 2	1,747
Interest rate derivatives – cash flow hedges	268				268	Level 2	268
Exchange rate derivatives – non cash flow hedges	523				523	Level 2	523
Other derivatives instruments – non hedge							
Trade payables and other operating debts				1,045,907	1,045,907	Level 2	1,045,907
Bonds				100,000	100,000	Level 1	105,010
Financial debts				307,358	307,358	Level 2	307,358
Total liabilities	12,321	28,820		2,302,090	2,343,231		2,357,225

(1) Included in the headings 'Other non current financial assets' and 'Other non current assets'.
(2) Included in the heading 'Cash and cash equivalents'.

The fair value of financial instruments can be classified into three levels based on the degree to which the inputs to the fair value measurements are observable:

- Fair value measurements of level 1 are based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Fair value measurements of level 2 are based on inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly (through prices) or indirectly (through input derived from prices);
- Fair value measurements of level 3 are based on valuation techniques comprising inputs which are unobservable for the asset or liability.

The fair value of financial instruments have been determined using the following methods :

- For short-term financial instrument, such as trade receivables and payables, the fair value is considered not to be significantly different from the carrying amount measured at amortised cost;
- For floating rate liabilities, the fair value is considered not to be significantly different from the carrying amount measured at amortised cost;
- For derivative financial instruments (foreign currency, interest rate or forecasted cash flows), the fair value is determined using valuation models discounting future cash flows based on futures interest rate curves, foreign currency curves or other forward prices;
- For the other derivative instruments, the fair value is determined by discounting future estimated cash flows;
- For the quoted bonds issued by CFE and DEME, the fair value is based on the quoted price at reporting date.

28. OPERATING LEASES

The CFE group's obligations relating to non-cancellable operating leases are as follows:

(in € thousands)	2013	2012
Expiring in less than 1 year	5,699	5,732
Expiring in more than 1 year and up to 5 years	8,423	8,847
Expiring in more than 5 years	12,168	12,543
Total	**26,290**	**27,122**

29. OTHER COMMITMENTS GIVEN

Total commitments given by the CFE group at 31 December 2013, other than real security interests, totalled €1,311,651 thousand (2012: €743,636 thousand). Commitments given by DEME are included at 100% (€856,970 thousand).

These commitments break down as follows.

(in € thousands)	2013	2012
Performance guarantees and performance bonds (a)	928,273	523,470
Bid bonds (b)	30,977	7,303
Repayment of advance payments (c)	17,453	11,227
Retentions (d)	61,792	74,094
Deferred payments to subcontractors and suppliers (e)	36,283	17,909
Other commitments given - including €115,638 thousand of corporate guarantees at DEME	236,873	109,633
Total	**1,311,651**	**743,636**

a. Guarantees given in relation to the performance of works contracts. If the construction entity fails to perform, the bank (or insurance company) undertakes to compensate the customer to the extent of the guarantee.
b. Guarantees provided as part of tenders relating to works contracts.
c. Guarantees provided by a bank to a customer guaranteeing the repayment of advance payments in relation to contracts (mainly at DEME).
d. Security provided by a bank to a client to replace the use of retention money.
e. Guarantee covering the settlement of a liability to a supplier or subcontractor.

30. OTHER COMMITMENTS RECEIVED

(in € thousands)	2013	2012
Performance guarantees and performance bonds	51,036	47,061
Other commitments received	14,883	13,406
Total	**65,919**	**60,467**

31. LITIGATION

The group CFE is exposed to a number of claims that may be regarded as normal in the construction industry. In most cases, the CFE group seeks to settle with the other party, and this substantially reduced the number of legal proceedings.

The CFE group tries to recover amounts receivable from its customers. However, it is not possible to estimate these potential assets.

32. RELATED PARTIES

- Ackermans & van Haaren (AvH) has owned 15,288,662 CFE shares since 24 December 2013 and is the main shareholder of the CFE group with a stake of 60.39%.
- Key personnel consists of CFE's steering committee and the Managing Director. The amount recognised as an expense relating to defined-contribution pension plans and other benefits for key personnel amounted to €2,733.6 thousand for 2013 (2012: €4,464.7 thousand). This amount includes fixed remuneration (€1,783.2 thousand, 2012: €2,695.8 thousand), variable remuneration (€472.3 thousant, 2012: €795.9 thousands), various insurance payments (supplementary pension plan, hospitalisation, workplace accidents, accidents outside work, home-based nursing care, €331.8 thousand, 2012: €738.5 thousand) and company car expenses (€146.3 thousand, 2012: €234.3 thousand).
- On 24 October 2001, CFE signed a service contract with VINCI Construction, its main shareholder until 24 December 2013. Remuneration due by CFE under this contract for 2013 amounted to €1,190 thousand and was paid in full.
- There were no transactions with the Managing Director other than relating to remuneration. There are no transactions with Frédéric Claes SA or Artist Valley SA, without prejudice to the remuneration of executives representing these companies.
- For the performance of some contracts, the CFE group sets up temporary companies with partners. The CFE group also provides staff and equipment to these entities and carries out onward invoicing of expenses. Other amounts invoiced to these entities totalled €38,770 thousand in 2013 and are included in the "Revenue from auxiliary activities" item.
- At 31 December 2013, the CFE group had joint control over Rent-A-Port NV and its subsidiaries. Please see note 35 for a full list. These entities are consolidated proportionally.

33. STATUTORY AUDITORS' FEES

The remuneration paid to statutory auditors in respect of the whole group in 2013, including CFE SA, amounted to:

(in € thousands)	Deloitte		Other	
	Amount	%	Amount	%
Audit				
Statutory audit certification and examination of individual company and consolidated accounts	765.1	53.66%	375.5	37.26%
Related work and other audits	141.0	9.89%	35.2	3.49%
Subtotal, audit	*906.1*	*63.55%*	*410.7*	*40.75%*
Other services				
Legal, tax and employment	200.0	14.03%	507.2	50.34%
Other	319.6	22.42%	89.8	8.91%
Subtotal, other services	*519.6*	*36.45%*	*597.0*	*59.25%*
Total statutory auditors' fees:	1,425.7	100%	1,007.7	100%

34. MATERIAL POST-BALANCE SHEET EVENTS

On 11 February 2014, Ackermans & van Haaren launched a mandatory offer in accordance with article 5 of the Belgian takeover act and chapter III of the Belgian royal decree on takeovers. It is an unconditional cash offer to buy shares at €45 each (including coupons no.7 and following). The offer is due to expire on 5 March 2014.

35. COMPANIES OWNED BY THE CFE GROUP

List of the fully consolidated subsidiaries

NAME	HEAD OFFICE	GROUP INTEREST (ECONOMIC INTEREST)
EUROPE		
Germany		
NORDSEE NASSBAGGER UND TIEFBAU GMBH	Bremen	100%
OAM-DEME MINERALIEN GMBH	Hamburg	70%
Belgium		
AANNEMINGEN VAN WELLEN NV	Kapellen	100%
ABEB NV	Antwerp	100%
AMART SA	Brussels	100%
ARIADNE	Opglabbeek	100%
BATIMENTS ET PONTS CONSTRUCTION SA	Brussels	100%
BATIPONT IMMOBILIER SA	Brussels	100%
BE.MAINTENANCE SA	Brussels	100%
BENELMAT SA	Limelette	100%
BRANTEGEM NV	Alost	100%
BRUSILIA BUILDING NV	Brussels	100%
CONSTRUCTION MANAGEMENT SA	Brussels	100%
DEVELOPPEMENT D'HABITATIONS BRUXELLOISES	Brussels	75,33%
ENGEMA SA	Brussels	100%
ETABLISSEMENTS DRUART SA	Péronne-lez-Binche	100%
ETEC SA	Manage	100%
GROEP TERRYN NV	Moorslede	55.04%
HDP CHARLEROI	Brussels	100%
INTERNATIONAL FINANCE CENTER CFE SA	Brussels	100%
LOUIS STEVENS NV	Halen	100%
NIZET ENTREPRISES SA	Louvain-la-Neuve	100%
PRE DE LA PERCHE SA	Brussels	100%
PROCOOL SA	Péronne-lez-Binche	100%
PROJECTONTWIKKELING VAN WELLEN NV	Kapellen	100%
REMACOM NV	Beervelde (Ghent)	100%
SOGESMAINT SA	Brussels	100%
SOGECH SA	Manage	100%
VAN MAERLANT SA	Brussels	100%
VANDERHOYDONCKS NV	Alken	100%
VMA NV	Sint-Martens-Latem	100%
VMA WEST NV	Meulebeke	100%
VOLTIS SA	Louvain-la-Neuve	100%
AGROVIRO NV	Zwijndrecht	74.90%
BAGGERWERKEN DECLOEDT EN ZOON NV	Ostend	100%
CEBRUVAL BRUCEVAL SA	Gosselies	74.90%
CETRAVAL SA	Gosselies	74.90%

COMBINED MARINE TERMINAL OPERATIONS WORLDWIDE NV	Zwijndrecht	54.37%
D.E.M.E. BLUE ENERGY NV	Zwijndrecht	69.99%
D.E.M.E. BUILDING MATERIALS NV	Zwijndrecht	100%
D.E.M.E. ENVIRONMENTAL CONTRACTORS NV	Zwijndrecht	74.90%
D.E.M.E. NV	Zwijndrecht	100%
D.E.M.E. COORDINATION CENTER NV	Zwijndrecht	100%
DEME CONCESSIONS NV	Zwijndrecht	100%
DREDGING INTERNATIONAL NV	Zwijndrecht	100%
ECO BIOGAZ SA	Gosselies	49.93%
ECOTERRES SA	Gosselies	74.90%
ECOTERRES HOLDING S.A.	Gosselies	74.90%
FILTERRES S.A.	Gosselies	56.10%
GEOSEA NV	Zwijndrecht	100%
GROND RECYCLAGE CENTRUM KALLO NV	Kallo	52.43%
GROND RECYCLAGE CENTRUM ZOLDER NV	Heusden-Zolder	36.70%
HIGH WIND NV	Zwijndrecht	60%
HYDRO SOIL SERVICES NV	Zwijndrecht	100%
KALIS SA	Gosselies	74.90%
LOGIMARINE SA	Antwerp	100%
M.D.C.C. INSURANCE BROKERS NV	Brussels	100%
OFFSHORE WIND ASSISTANCE NV	Zwijndrecht	100%
PURAZUR N.V.	Zwijndrecht	74.90%
SCALDIS SALVAGE & MARINE CONTRACTORS NV	Antwerp	54.37%
Cyprus		
CONTRACTORS OVERSEAS LTD	Oraklini	100%
DREDGING INTERNATIONAL CYPRUS LTD	Nicosia	100%
DREDGING INTERNATIONAL SERVICES CYPRUS LTD	Nicosia	100%
NOVADEAL LTD	Nicosia	100%
France		
ENERGIES DU NORD SAS	Lambersart	100%
EUROP AGREGATS SARL	Lambersart	100%
SOCIETE DE DRAGAGE INTERNATIONAL SA	Lambersart	100%
United Kingdom		
D.E.M.E. BUILDING MATERIALS LTD	West Sussex	100%
D.E.M.E. ENVIRONMENTAL CONTRACTORS UK LTD	Weybridge, Surrey	74.90%
DREDGING INTERNATIONAL UK LTD	West Sussex	100%
Luxembourg		
COMPAGNIE LUXEMBOURGEOISE D’ENTREPRISES CLE SA	Strassen	100%
COMPAGNIE LUXEMBOURGEOISE IMMOBILIERE CLİ SA	Strassen	100%
COMPAGNIE IMMOBILIERE DE WEIMERSKIRCH SA	Strassen	100%
P.R.N.E. SA PARC RESIDENTIEL NEI EISCH	Luxembourg	100%
SOCIETE FINANCIERE D’ENTREPRISES SFE SA	Strassen	100%
SOGESMAINT LUXEMBOURG SA	Strassen	100%
DREDGING INTERNATIONAL LUXEMBOURG SA	Windhof	100%
GEOSEA LUXEMBOURG SA	Windhof	100%
MARITIME SERVICES AND SOLUTIONS SA	Windhof	100%
SAFINDI SA	Windhof	100%
SOCIETE DE DRAGAGE LUXEMBOURG SA	Windhof	100%
TIDEWAY LUXEMBOURG SA	Windhof	100%

Hungary		
CFE HUNGARY EPITOIPARI KFT	Budapest	100%
VMA HUNGARY LLC	Budapest	100%
Netherlands		
CFE NEDERLAND BV	Dordrecht	100%
GEKA BV	Dordrecht	100%
D.E.M.E. BUILDING MATERIALS BV	Vlissingen	100%
DE VRIES & VAN DE WIEL BV	Schagen	74.90%
DE VRIES & VAN DE WIEL KUST EN OEVERWERKEN BV	Schagen	87.45%
TIDEWAY BV	Breda	100%
Poland		
CFE POLSKA S.P. ZOO	Warsaw	100%
BPI OBOZOWA S.P.ZOO	Warsaw	100%
BPI OBOZOWA RETAIL ESTATE S.P.ZOO	Warsaw	100%
VMA POLSKA S.P.ZOO	Warsaw	100%
Romania		
CFE CONTRACTING AND ENGINEERING SRL	Bucharest	100%
Slovakia		
CFE SLOVAKIA STAVEBNA FIRMA	Bratislava	100%
VMA SLOVAKIA SRO	Trencin	100%
Other European countries		
DREDGING INTERNATIONAL BULGARIA SERVICES EOOD	Sofia, Bulgaria	100%
BAGGERWERKEN DECLOEDT EN ZOON ESPANA SA	Madrid, Spain	100%
DREDGING INTERNATIONAL ESPANA SA	Madrid, Spain	100%
SOCIETA ITALIANA DRAGAGGI SPA	Rome, Italy	100%
BERIN ENGENHARIA DRAGAGENS E AMBIENTE SA	Lisbon, Portugal	100%
MORDRAGA LLC	St Petersburg, Russia	100%
DREDGING INTERNATIONAL UKRAINE LLC	Odessa, Ukraine	100%
AFRICA		
Angola		
DRAGAGEM ANGOLA SERVICOS LDA	Luanda	100%
SOYO DRAGAGEM LTDA	Luanda	100%
Nigeria		
DREDGING INTERNATIONAL SERVICES NIGERIA LTD	Lagos	100%
TIDEWAY INTERNATIONAL SERVICES NIGERIA LTD	Lagos	70%
Chad		
CFE TCHAD	Ndjamena	100%
Tunisia		
CONSTRUCTION MANAGEMENT TUNISIE SA	Tunis	99.96%
Other African countries		
SAMAMEDI SPA	Dely Ibrahim, Algeria	100%
DRAGAMOZ LIMITADA	Maputo, Mozambique	100%
ASIA		
India		
DREDGING INTERNATIONAL INDIA PVT LTD	New Delhi	99.78%
INTERNATIONAL SEAPORT DREDGING PTY LTD	Chennai	86.00%
Other Asian countries		
DREDGING INTERNATIONAL MANAGEMENT CONSULTING SHANGHAI	Shanghai, China	100%
FAR EAST DREDGING LTD	Hong Kong	100%

TIDEWAY DI SAN BHD	Kuala Lumpur, Malaysia	100%
MASCARANES DREDGING & MANAGEMENT LTD	Mauritius	100%
DREDGING INTERNATIONAL ASIA PACIFIC PTE LTD	Singapore	100%
AMERICAS		
Brazil		
DEC DO BRASIL ENGENHARIA AMBENTAL LTDA	Santos	74.90%
DRAGABRAS SERVICOS DE DRAGAGEM LTDA	Rio de Janeiro	100%
Canada		
D.E.M.E. ENVIRONMENTAL CONTRACTORS CANADA LTD	Toronto	74.90%
TIDEWAY CANADA LTD	New Scotland	100%
Other American countries		
DREDGING INTERNATIONAL MEXICO SA	Mexico	100%
LOGIMARINE SA DE CV	Mexico	100%
DREDGING INTERNATIONAL DE PANAMA SA	Panama	100%
SERVIMAR SA	Venezuela	100%
PACIFIC		
Australia		
DREDGING INTERNATIONAL AUSTRALIA PTY LTD	Queensland	100%
GEOSEA AUSTRALIA PTY LTD	Brisbane	100%

With the exception of Aannemingen Van Wellen NV, which has a 30 November year end, and VMA West NV, which has a 30 June year end, all subsidiaries have a 31 December year end.

List of the proportionally consolidated, jointly controlled entities

NAME	HEAD OFFICE	GROUP INTEREST (ECONOMIC INTEREST)
EUROPE		
Belgium		
BARBARAHOF NV	Louvain	40%
FONCIERE DE BAVIERE SA	Liège	30%
BAVIERE DEVELOPPEMENT SA	Liège	30%
BATAVES 1521 SA	Brussels	50%
ERASMUS GARDENS SA	Brussels	50%
ESPACE MIDI SA	Brussels	20%
ESPACE ROLIN SA	Brussels	33.33%
FONCIERE STERPENICH SA	Brussels	50%
GRAND POSTE SA	Liège	24.97%
IMMOANGE SA	Brussels	50%
IMMO KEYENVELD I SA	Brussels	50%
IMMO KEYENVELD II SA	Brussels	50%
IMMO PA 33 1 SA	Brussels	50%
IMMO PA 33 2 SA	Brussels	50%
IMMO PA 44 1 SA	Brussels	50%
IMMO PA 44 2 SA	Brussels	50%
IMMOBILIERE DU BERREVELD SA	Brussels	50%
LA RESERVE PROMOTION NV	Kapellen	33.33%
LES JARDINS DE OISQUERCQ SPRL	Brussels	50%
LES 2 PRINCES DEVELOPMENT SA	Brussels	50%
OOSTEROEVER NV	Ostend	50%

PROJECT RK BRUGMANN NV	Antwerp	50%
REDERIJ ISHTAR BVBA	Ostend	50%
REDERIJ MARLEEN BVBA	Ostend	50%
RENT-A-PORT NV and its subsidiaries	Antwerp	45%
SOUTH CITY HOTEL SA	Brussels	20%
TURNHOUT PARKING NV	Ostend	50%
VICTORESTATE SA	Brussels	50%
VICTORPROPERTIES SA	Brussels	50%
BLUEPOWER NV	Zwijndrecht	35.00%
FASIVER CVBA	Zwijnaarde	37.45%
FLIDAR NV	Ostend	50%
SEDISOL SA	Farciennes	37.45%
SILVAMO NV	Roeselare	37.45%
TERRANOVA NV	Evergem	43.73%
Luxembourg		
CHATEAU DE BEGGEN SA	Strassen	50%
ELINVEST SA	Strassen	50%
NORMALUX MARITIME SA	Windhof	37.50%
Poland		
IMMOMAX S.P. z.o.o.	Warsaw	47%
IMMOMAX II S.P. z.o.o.	Warsaw	47%
Hungary		
BETON PLATFORM KFT	Budapest	50%
Other European countries		
LIVEWAY LTD	Larnaca, Cyprus	50%
LOCKSIDE LTD	Larnaca, Cyprus	50%
HGO INFRASEA SOLUTIONS GMBH & CO	Bremen, Germany	50%
CBD SAS	Ferques, France	50%
EXTRACT ECOTERRES SA	Villeneuve-le-Roi, France	37.45%
TERRAMUNDO LTD	West Yorkshire, United Kingdom	37.45%
OCEANFLORE BV	Kinderdijck, Nether-lands	50%
AFRICA		
Nigeria		
COBEL CONTRACTING NIGERIA Ltd	Lagos	50%
Tunisia		
BIZERTE CAP 3000 SA et sa filiale	Tunis	25%
ASIA		
DREDGING INTERNATIONAL SAUDI ARABIA	South Arabia	49.00%
DALIAN DETAI SOIL REMEDIATION ENGINEERING CO LTD	Kunming, China	37.45%
MIDDLE EAST DREDGING COMPANY QSC	Abu Dhabi	44.10%
DREDGING INTERNATIONAL ASIA PACIFIC SHAP JOINT VENTURE PTE LTD	Singapore	51.00%
AMERICAS		
Brazil		
D.E.M.E. BRASIL SERVICOS DE DRAGAGEM LTDA	Rio de Janeiro	50.00%
MINERACOES SUSTENTAVEIS DO BRASIL SA	Sao Paulo	51.00%

List of the entities accounted for under the equity method

NAME	HEAD OFFICE	GROUP INTEREST (ECONOMIC INTEREST)
EUROPE		
Belgium		
INVESTISSEMENT LEOPOLD	Brussels	24.14%
LOCORAIL NV	Wilrijk	25.00%
PPP BETRIEB SCHULEN EUPEN	Eupen	25.00%
PPP SCHULEN EUPEN SA	Eupen	19.00%
VM PROPERTY I	Brussels	40.00%
VM PROPERTY II	Brussels	40.00%
VAN MAERLANT RESIDENTIAL	Brussels	40.00%
VM OFFICE	Brussels	40.00%
TZZ	Bruges	38.90%
C-POWER NV	Ostend	11.21%
C-POWER HOLDCO NV	Zwijndrecht	18.83%
OTARY RS NV	Ostend	18.62%
POWER@SEA NV	Zwijndrecht	48.90%
POWER@SEA THORNTON NV	Zwijndrecht	48.90%
RENEWABLE ENERGY BASE OSTEND NV	Ostend	25.50%
RENTEL NV	Ostend	18.62%
SEASTAR NV	Ostend	18.62%
TERRANOVA SOLAR NV	Stabroek	18.85%
Luxembourg		
BAYSIDE FINANCE SRL	Luxembourg	40.00%
BEDFORD FINANCE SRL	Luxembourg	40.00%
PEF KONS INVESTMENT SA	Luxembourg	33.33%
Netherlands		
COENTUNNEL COMPANY BV	Amsterdam	23.00%
Poland		
B-WIND POLSKA SP z.o.o.	Gdynia	48.90%
C-WIND POLSKA SP z.o.o.	Gdynia	48.90%

STATEMENT OF THE TRUE AND FAIR NATURE OF THE FINANCIAL STATEMENTS AND THE TRUE AND FAIR NATURE OF THE PRESENTATION IN THE MANAGEMENT REPORT

(Article 12(2) and 12(3) of Belgium's royal decree of 14/11/2007 relating to the obligations of issuers of financial instruments listed for trading on a regulated market)

We attest, in the name and on behalf of Compagnie d'Entreprises CFE SA and under that company's responsibility, that, to our knowledge,

1. the financial statements, prepared in accordance with the applicable accounting standards, give a true and fair view of the assets, financial position and results of Compagnie d'Entreprises CFE SA and of the companies included in its scope of consolidation;
2. the management report contains a true and fair presentation of the business, results and position of Compagnie d'Entreprises CFE SA and of the companies included in its scope of consolidation, along with a description of the main risks and uncertainties to which they are exposed.

Signatures

Name:	Jacques Ninanne	Renaud Bentégeat
Function	Executive Corporate Vice President Administrative and Financial Director	Managing Director
Date:	*27 February 2014*	

GENERAL INFORMATION ABOUT THE COMPANY AND ITS CAPITAL

Company: Compagnie d'Entreprises CFE
Head office: avenue Herrmann-Debroux 40-42, 1160 Brussels
Telephone: +32 2 661 12 11
Legal form: public limited company (société anonyme)
Incorporated under Belgian law
Date of incorporation: 21 June 1880
Duration: indefinite
Accounting period: from 1 January to 31 December
Commercial register entry: RPM Brussels 0400 464 795 – VAT 400.464.795
Place where legal documentation can be consulted: head office.

Objet social (article 2 des statuts)

" The purpose of the company is to study and execute any work or construction within each and every of its specialist areas, in particular electricity and the environment, in Belgium or abroad, singly or jointly with other natural or legal persons, for its own account or on behalf of third parties belonging to the public or private sector.

It may also perform services related to these activities, directly or indirectly operate them or license them out or carry out any purchase, sale, rent or lease operation whatsoever in respect of such undertakings.

It may directly or indirectly acquire, hold or sell equity interests in any company or undertaking existing now or in the future by way of acquisition, merger, spin-off or any other means.

It may carry out any commercial, industrial, administrative or financial operations or operations involving movable or immovable property that are directly or indirectly related to its purpose, even partially, or that could facilitate or develop that purpose, either for itself or for its subsidiaries.

The shareholders' meeting may change the corporate purpose subject to the conditions specified in Article five hundred and fifty-nine of the *Belgian Companies Code*. "

STATUTORY AUDITOR'S REPORT TO THE SHAREHOLDERS' MEETING ON THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2013

To the shareholders

As required by law, we report to you in the context of our appointment as the company's statutory auditor. This report includes our report on the consolidated financial statements together with our report on other legal and regulatory requirements. These consolidated financial statements comprise the consolidated statement of financial position as at 31 December 2013, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, as well as the summary of significant accounting policies and other explanatory notes.

REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

We have audited the consolidated financial statements of Compagnie d'Entreprises CFE SA ("the company") and its subsidiaries (jointly "the group"), prepared in accordance with International Financial Reporting Standards as adopted by the European Union and with the legal and regulatory requirements applicable in Belgium. The consolidated statement of financial position shows total assets of 4,161 million EUR and the consolidated income statement shows a consolidated loss (group share) for the year then ended of 81 million EUR.

Board of directors' responsibility for the preparation of the consolidated financial statements
The board of directors is responsible for the preparation and fair presentation of consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and with the legal and regulatory requirements applicable in Belgium, and for such internal control as the board of directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Statutory auditor's responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (ISA). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the statutory auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the statutory auditor considers internal control relevant to the group's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the board of directors, as well as evaluating the overall presentation of the consolidated financial statements. We have obtained from the group's officials and the board of directors the explanations and information necessary for performing our audit.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Unqualified opinion
In our opinion, the consolidated financial statements of Compagnie d'Entreprises CFE SA give a true and fair view of the group's net equity and financial position as of 31 December 2013, and of its results and its cash flows for the year then ended, in accordance with International Financial Reporting Standards as adopted by the European Union and with the legal and regulatory requirements applicable in Belgium.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

The board of directors is responsible for the preparation and the content of the directors' report on the consolidated financial statements.

As part of our mandate and in accordance with the Belgian standard complementary to the International Standards on Auditing applicable in Belgium, our responsibility is to verify, in all material respects, compliance with certain legal and regulatory requirements. On this basis, we make the following additional statement, which does not modify the scope of our opinion on the consolidated financial statements:the directors' report on the consolidated financial statements includes the information required by law, is consistent with the consolidated financial statements and is free from material inconsistencies with the information that we became aware of during the performance of our mandate.

Diegem, 5 March 2014
The statutory auditor

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DELOITTE Bedrijfsrevisoren / Reviseurs d'Entreprises
BV o.v.v.e. CVBA / SC s.f.d. SCRL

Represented by Pierre-Hugues Bonnefoy

Parent-company financial statements

PARENT-COMPANY STATEMENTS OF FINANCIAL POSITION AND COMPREHENSIVE INCOME

Year ended 31 December (in € thousands)	2013	2012
Non-current assets	**1,403,091**	**371,723**
Start-up costs	178	178
Intangible assets	1,858	3,072
Property, plant and equipment	9,366	6,232
Financial assets	1,391,689	362,241
Related parties	1,385,032	358,247
Other	6,657	3,994
Current assets	**289,147**	**284,942**
Receivables at more than 1 year	0	3,203
Inventories and work in progress	127,339	102,762
Receivables at up to 1 year	140,424	153,511
- Trade receivables	96,718	115,639
- Other receivables	43,706	37,872
Cash investments	92	5,583
Cash equivalents	16,016	15,080
Prepaid expenses	5,276	4,803
Total assets	**1,692,238**	**656,665**
Equity	**1,148,532**	**172,275**
Share capital	41,330	21,375
Share premium	592,651	62,606
Revaluation surplus	492,464	12,395
Reserves	21,477	21,477
Retained earnings/(losses)	610	54,422
Provisions and deferred tax	**54,738**	**46,257**
Liabilities	**488,968**	**438,113**
Liabilities at more than 1 year	308	117,577
Liabilities at up to 1 year	487,550	319,406
- Financial debt	108,762	6,221
- Trade payables	124,491	128,723
- Tax liabilities and downpayments on orders	102,776	94,154
- Other payables	151,521	90,308
Prepaid income	1,110	1,150
Total equity and liabilities	**1,692,238**	**656,665**

Year ended 31 December (in € thousands)	2013	2012
INCOME		
Sales of goods and services	381,040	407,806
Cost of goods sold and services provided	(413,429)	(408,527)
- Merchandise	(291,027)	(302,840)
- Services and other goods	(50,593)	(37,562)
- Remuneration and social security payments	(58,765)	(66,864)
- Depreciation, amortisation, impairment and provisions	(11,733)	3,415
- Other	(1,311)	(4,676)
Operating income	(32,389)	(721)
Financial income	26,536	31,660
Financial expense	(9,562)	(7,366)
Recurring pre-tax income	(15,415)	23,574
Non-recurring income	124	44
Non-recurring expenses	(9,376)	(273)
Pre-tax income	(24,667)	23,344
Tax (current and adjustments)	(33)	(4)
Net income	(24,700)	23,340
APPROPRIATION OF INCOME		
Net income	(24,700)	23,340
Retained earnings	54,422	46,138
Dividend	(29,112)	(15,056)
Legal reserve		
Retained earnings carried forward	610	54,422

ANALYSIS OF STATEMENTS OF FINANCIAL POSITION AND COMPREHENSIVE INCOME

CFE SA's revenues fell sharply in 2013. This was due to lower business levels in civil engineering and in the buildings business in southern Belgium.

The company made an operating loss because of heavy losses on the project to build schools in Belgium's German-speaking community, weak business levels in civil engineering, together with execution problems on certain projects in the Wallonia region, restructuring measures and a claim on a guarantee relating to a former project.

Income from financial assets fell because of lower dividends paid by subsidiaries.

Exceptional expenses arose from measures taken to address difficulties at certain subsidiaries.

CFA SA made a net loss of €24.7 million.