



# ANNUAL REPORT 2013





**Hydratec Industries NV**

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**Disclaimer:**

This international annual report 2013 serves as an indicative and shortened version of the official Dutch annual report 2013, which is published on the company's website [www.hydratec.nl](http://www.hydratec.nl). In case of contradictions, the Dutch version shall prevail.

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## FOREWORD FROM THE CEO

In view of the weak general economic climate at the end of 2012 it was clear that predicting clients' demands for our companies' products during 2013 would be difficult. In these uncertain circumstances we asked our Directors and Managers to pay extra attention to maintaining client relationships. And, therefore, revenue! But, at the same time we implemented measures to prevent the erosion of sales prices and to maintain our gross margins. When market conditions are unfavourable the pressure to maintain volumes and cover costs at the expense of the scant added-value is, indeed, considerable. In the first months of 2013 order inflow was very slow for all the companies and revenue dropped even further compared to an already weak 2012. As a substantial portion of our flexible labour costs had already been cut back during 2012, solace had to be found in margin improvement.

Last year our companies invested a total of over € 5 million – a high level of investment for Hydratec. These investments, however, formed the foundations for structural improvements and opportunities in the long term. They are also proof of our conviction that, despite the currently adverse economic conditions, our companies are capable of achieving growth in terms of both revenue and profit.

Properly examining all the aspects of the cost price demands inventiveness and an open mind. In the current economic climate raising sales prices is simply not an option. In this respect a great deal was achieved last year. All the companies maintained, or even improved, their gross margin by re-engineering products, manufacturing even more efficiently, using more waste material, improving their purchasing and finding alternative sources of components. But also by focusing on sales of products with higher margins or higher added-value. With considerable attention being paid to retaining revenue and existing clients.

Despite all this revenue decreased. But we did make a relatively higher profit on this revenue and, through stringent cost control, were able to limit the drop in net profit. Pas Reform delivered outstanding logistics performances in order to offset substantial fluctuations in project orders and, at the same time, achieved a substantial cost price reduction. LAN Handling Systems profited from a stable demand for its systems, which were manufactured using more standard components than ever before. Both Plastics companies were able to maintain their revenue levels by implementing various measures including a better use of raw materials and improvements in their manufacturing processes. Danielson developed important technological product innovations, but unfortunately the demand for standard panels remained weak.

Although our total net profit was lower than in 2012 I dare to state that our companies performed well and are in a better position than they were a year ago. Understanding for and appreciation of the performances that were achieved. Certainly also for the fact that, with great thoughtfulness and attention to cost control a great many improvements were achieved. Successful enterprise emanates from the ability to think 'out of the box' and, first and foremost, from not accepting that anything is cast in stone. Disappointing operating results are often blamed on 'the crisis', although in actual fact it's really a case of structural changes in market conditions demanding a completely new approach. It's a delusion to think that the good times of the past will be returning at any moment. In a time in which everyone has access to the same information and the same materials it's how the available expertise and experience is applied that makes the difference. It is also not the sector that determines a company's profit but, to a far greater extent, the innovative strength of its organisation! Only organisations that can continuously anticipate their clients' needs will be successful. Selecting the right clients, especially when it comes to clients in the industry sector, is also a key success factor!

The forecasts for the coming year are rather optimistic, but there is still no sign of real economic growth. Revenue growth must, therefore, come from winning market share from the competition. Knowing the needs of the market and prospects is essential, primarily because that will also create opportunities to submit finely tuned tenders and win orders. I have every confidence that our companies will succeed. Although their business activities differ considerably, our companies have one thing in common: they all have very good and very motivated management teams. Management teams that have proven, under difficult market conditions, that they can achieve structural improvements, can think at different levels, can seize opportunities and can perform better than the competition. If the anticipated increase in market demand materialises we will definitely be able to profit from it!

**Roland Zoomers,**  
CEO

**'Successful enterprise emanates from the ability to think 'out of the box' and, first and foremost, from not accepting that anything is cast in stone.'**

## PROFILE AND ORGANISATION



Hydratec Industries NV (Hydratec) is an industrial holding company of companies that supply high-quality products and systems and occupy strong positions in the following market segments:

- The global agri and food markets;
- The European Man Machine Interface- (MMI) applications market;
- The Benelux and German plastic products and packaging industries.

### Agri & Food Equipment



Pas Reform  
Hatchery Technologies



### Man Machine Interfaces (MMI)



### Plastics



## AGRI & FOOD EQUIPMENT Pas Reform Hatchery Technologies

Pas Reform ranks among the world's leading hatchery equipment manufacturers, with a presence in over 100 countries.

Since its founding in 1919 the company has expanded into one of the world's largest hatchery systems suppliers. Pas Reform is active in the following product groups:

- Industrial incubators for the production of uniform, robust day-old chicks.
- Hatchery automation systems for the efficient processing of hatching eggs and day-old chicks.
- Climate control equipment for sustainable and hygienic air and water treatment.

Pas Reform has extensive experience with providing advice regarding these systems and with their design, installation and operation.

At the heart of the company is the Pas Reform Academy which, in close co-operation with clients and universities, carries out research into the influence of the incubation process on the embryo development of the chicks. This specialist expertise is used to develop new, innovative products and services for the hatchery industry and to train and coach hatchery managers.



Pas Reform exports to more than 100 countries. Sales and service activities are carried out via the head office in Zeddum and joint ventures in the USA and Brazil. Pas Reform also has its own sales offices in Asia and an extensive network of local partners and agents. The products are distributed all over the world from the logistics centre in Doetinchem.

Pas Reform's 80 employees focus primarily on the development, sale, final assembly and service of the hatchery systems.

[www.pasreform.com](http://www.pasreform.com)

**At the heart of the Company is the Pas Reform Academy which, in close co-operation with clients and universities, carries out research into the influence of the incubation process.**



**Pas Reform  
Hatchery Technologies**



## AGRI & FOOD EQUIPMENT LAN Handling Systems



LAN specialises in the handling of packaged food and pharmaceutical products.

LAN's systems are client-specific and form the connection between filling machines, sterilisation boilers and packing machines in a production line. They are used to position, pick up and move products of various sizes and shapes and made from a variety of materials. This enables the most complex packaging to be processed in every required quantity.

LAN has expanded its product range to include automation systems for the efficient processing of hatching eggs and day-old chicks. LAN's strength is its project-based approach to the execution of large and complex systems in which inventive robot technologies and mechanical solutions are

combined with advanced control technologies to achieve a production line that works perfectly. This demands intensive co-operation within the project teams and with the client. This is why LAN's organisation and operations revolve around teamwork and partnerships with clients.

Most of LAN's revenue is generated outside the Netherlands. Its loyal clients include multinationals such as Mars, Nestlé Purina, Campbell's, Kraft and Del Monte. The systems are developed and assembled by 60 employees in the facility in Tilburg. Due to the client-specific character of the projects the heart of the

company is formed by the engineering department where specialists design the systems' mechanical, electrical and control technologies. Manufacture of the components is contracted-out. LAN's own specialists then assemble, test and install the system.

[www.lan-hs.com](http://www.lan-hs.com)

**LAN's systems are client-specific and form the connection between filling machines, sterilisation boilers and packing machines in a production line.**





## MAN MACHINE INTERFACES Danielson Europe

Danielson develops control panels on the basis of membrane switches, rubber keypads, piezo switches and touch screens.

In its market approach Danielson's priority is the needs of its clients and every solution is designed to the client's specifications. These clients are machinery and equipment builders in the medical sector and manufacturers of industrial automation equipment.

Thanks in part to its client-oriented approach, in which Danielson's specialists advise clients at an early stage in the development process, Danielson occupies a top position in the European market. Danielson's objective for the coming years is to strengthen this position still further.

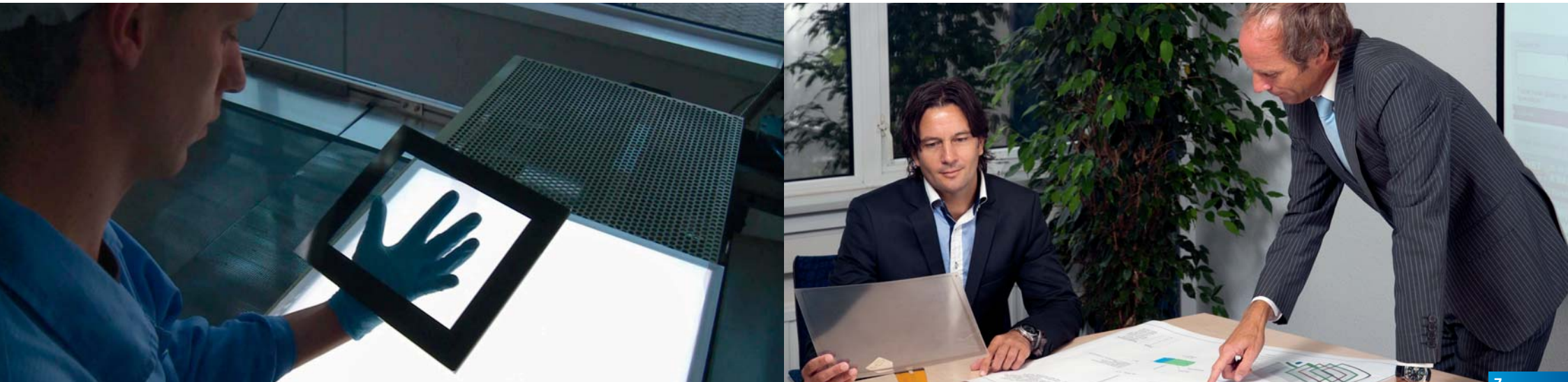
Danielson develops control panels on the basis of membrane switches, rubber keypads, piezo switches and touch screens. Thanks to the knowledge it has gained and its investments in equipment, in recent years Danielson has become 'Europe's No. 1 in Touch screens'. The latest development is fast prototype construction that enables Danielson to provide its clients with prototypes extremely quickly and thus offer a competitive advantage.

Danielson, with over 150 employees, serves the entire European market. The company has two production facilities in Hardenberg (NL) and Aylesbury (UK). To ensure clients are provided the optimum service, Sales Engineers are located in Europe's main industrial centres.

[www.danielson europe.com](http://www.danielson europe.com)

**Thanks to the knowledge it has gained and its investments in equipment, in recent years Danielson has become 'Europe's No. 1 in Touch screens'.**

**DANIELSON**



## PLASTICS Timmerije

Timmerije is a leading designer and manufacturer of high-quality plastic products in the Benelux.

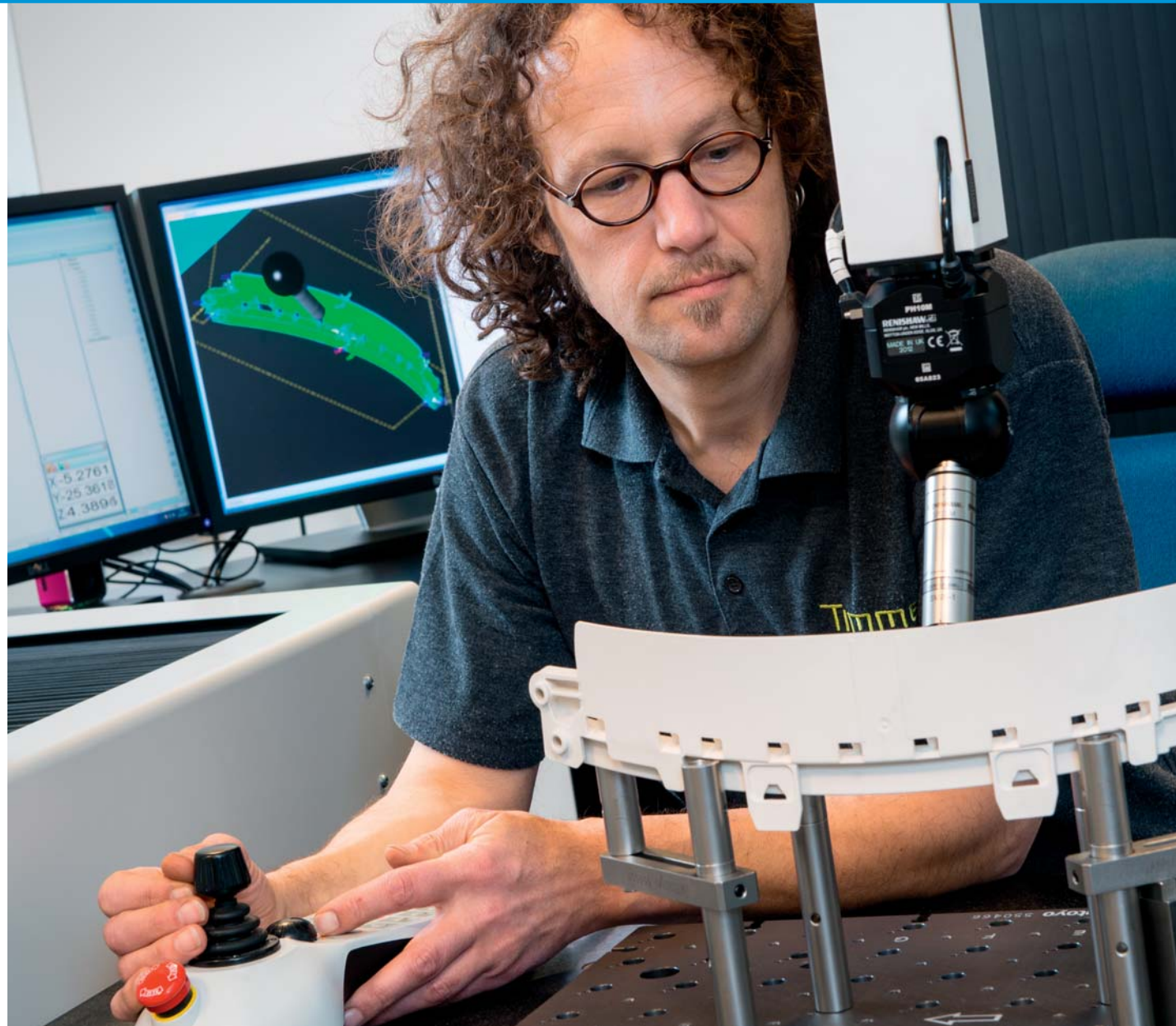
Timmerije's extensively-equipped machine park staffed by dedicated professionals guarantees responsibility, ambition and quality. Social responsibility also plays a major role in the company's activities – all the assembly is carried out by employees with an occupational limitation. Open co-operation in multidisciplinary teams guarantees a high degree of service, efficiency and delivery reliability.

Design, production and logistics processes that are closely tuned to each other result in a planned time-to-market and continuity. Extensive knowledge of materials, moulds and innovative processing techniques gives clients a head-start in the market and with the 'Timmerije Green' principle they achieve a more sustainable next level in plastics.

[www.timmerije.com](http://www.timmerije.com)

**Open co-operation in multidisciplinary teams guarantees a high degree of service, efficiency and delivery reliability.**

**Timmerije**  
NEXT LEVEL IN PLASTICS





## PLASTICS Euro Mouldings

Euro Mouldings is a specialised supplier of client-specific plastic packaging.

All the packaging is manufactured in-house with the help of 40 blow moulding machines.

The major added-value for Euro Moulding's clients is in the field of logistics service. The company stores considerable stocks, in fact 90% of the turnover is supplied from stock. To achieve this Euro Mouldings keeps nearly 10,000 pallets of finished products in stock. Closely following clients' turnover development and the forecasting process are among the company's core activities. Euro Mouldings also strives to deliver complete packages, which leads to shortened delivery times.

The wide product range means many different markets can be served including the automotive, chemicals, food, cosmetics and agricultural sectors. Most deliveries are to clients in the Netherlands, Germany and Belgium.

Many of the products are manufactured using Euro Moulding's own moulds. In addition to these 'standard' products Euro Mouldings also produces client-specific packaging. New products are continuously being developed (either independently or to fulfil an order from a client). The focus here is on improved functionality, logistics advantages, weight-savings, the re-use of raw materials and image.

The combination of development capacity for new packaging and logistics added-value is summarised in Euro Mouldings' mission: 'We stock your design'.

With around 70 employees Euro Mouldings is a reliable, flexible and client-oriented supplier of plastic packaging.

[www.euromouldings.com](http://www.euromouldings.com)

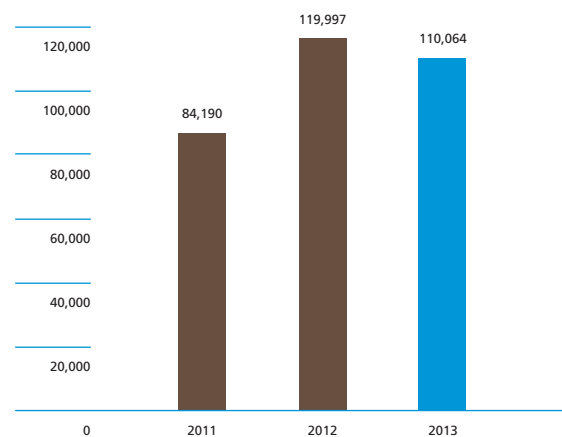
**The wide product range means many different markets can be served.**



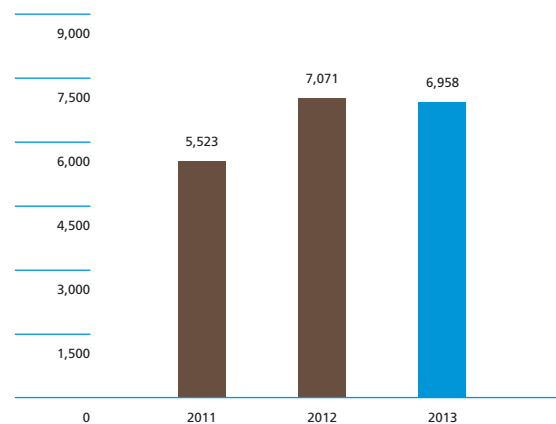
# KEY FIGURES 2013

Amounts in thousands of euro unless stated otherwise

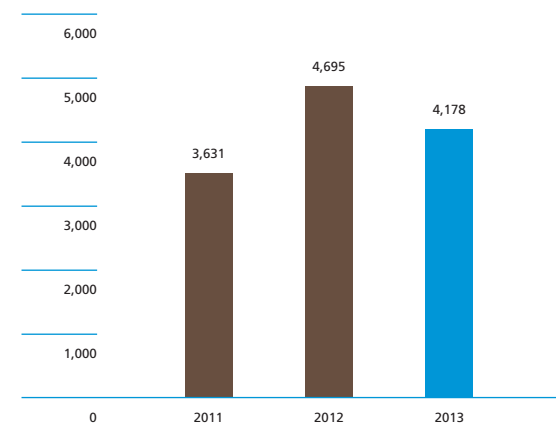
### Net revenue



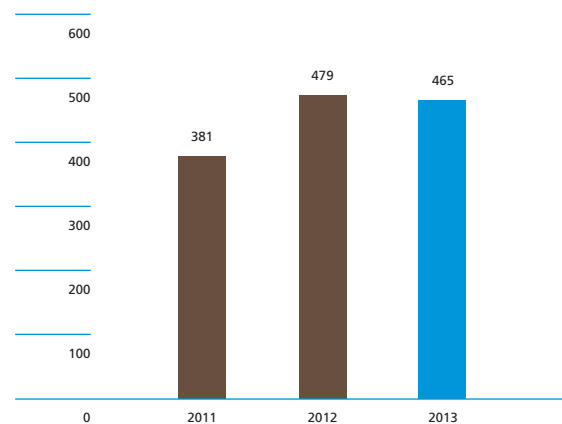
### Operating profit



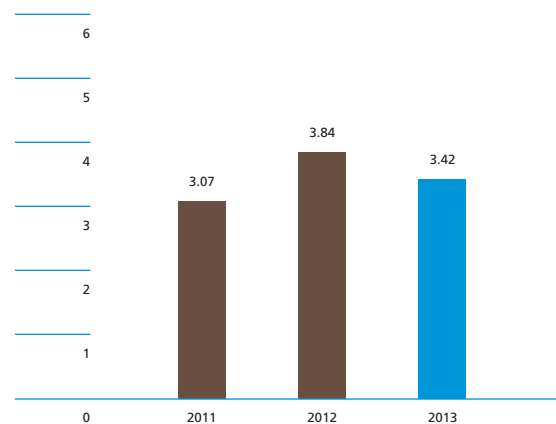
### Net profit (to be allocated to shareholders)



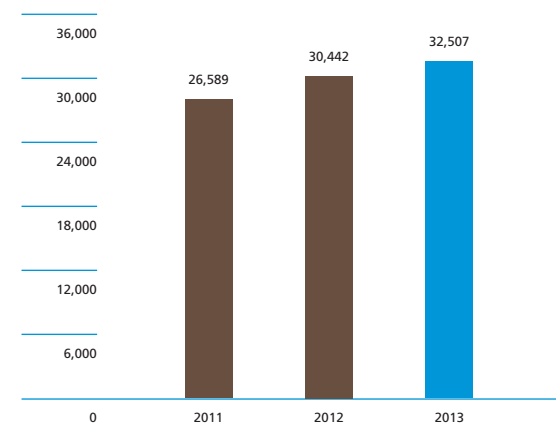
### Average number of employees



### Profit per share (in euro)



### Group equity



<b>Profit and loss account</b>	<b>2013</b>	<b>2012</b>	<b>Key ratios</b>	<b>2013</b>	<b>2012</b>
Net revenue	110,064	119,997	Operating profit as a % of revenue	6.3%	5.9%
Operating profit	6,958	7,071	Return on invested capital <sup>1</sup>	9.9%	11.7%
Net profit	5,193	5,392	Return on shareholders' equity <sup>2</sup>	14.2%	17.7%
Net profit to be allocated to shareholders	4,178	4,695	Solvency <sup>3</sup>	38.7%	35.6%
<b>Cash flow</b>			Number of issued shares	1,222,143	1,222,143
Cash flow from operating activities	4,207	9,814	Profit per share (in euro)	3.42	3.84
Cash flow from investing activities	- 5,489	- 4,451	Number of employees at year end (FTEs)	465	479
Cash flow from financing activities	- 2,255	- 1,687			
<b>Net cash flow</b>	- 3,537	3,676			
<b>Balance sheet</b>					
Shareholders' equity	30,420	28,403			
Group equity	32,507	30,442			
Balance sheet total	83,995	85,572			

<sup>1</sup> Net profit + interest charges as a % of the average invested capital (total assets minus cash and cash equivalents minus current, non-interest-bearing liabilities).

<sup>2</sup> Net profit as a % of the average shareholders' equity.

<sup>3</sup> Group equity as a % of the balance sheet total.

## MAJOR FACTS IN 2013

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The revenue increase in the second half of 2013 was still insufficient to fully offset the weak first half of the year. Total revenue amounted to € 110 million compared with € 120 million in 2012.

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All the companies implemented measures to maintain and improve gross margins.

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Operating profit of 6.3% of revenue was achieved (2012: 5.9%), partly through stringent cost control.

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Despite the uncertain economic conditions structural investment continued. Such investment is, after all, the basis for revenue and profit growth.

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Net profit fell slightly from € 5.4 million to € 5.2 million.

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Profit per share was € 3.42 (2012: € 3.84).

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As in previous years, a dividend payout to shareholders amounting to 40% of the net profit is proposed, which means a dividend of € 1.37 per share.

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At the end of 2013 Hydratec's solvency was 38.7%.

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The opening of Pas Reform's distribution and training centre on 1 November 2013



## STRATEGY AND FINANCIAL TARGETS

### STRATEGY

Hydratec is an industrial holding company with majority interests in a number of different business activities. The strategy is aimed at achieving consistent, long-term growth of revenue and profit that as a minimum is of a market-conforming level from every Group company. The strategic market positions and market options of each business activity are evaluated annually, partly in the light of the achieved results. These evaluations form the basis for decisions regarding long-term investments and priorities in respect of product-market developments. This must offer our shareholders the prospect of a consistent and good return. We strive pro-actively for the expansion of existing activities and the possible broadening of our industrial activities through acquisitions and collaborations. At the same time activities can be divested if we are convinced they will achieve better structural development within other business organisations.

### MOTIVATED MANAGEMENT AND EMPLOYEE ORGANISATIONS

It is very important that every one of the companies has a good and motivated management team. These management teams must be able to identify structural market opportunities and develop innovative products and, first and foremost, steer their own organisations in a practical and realistic manner that includes the continuous stimulation of the employees' personal development. This is assured on the basis of ambitious, but realistic, targets that form a guideline for everyone involved through well-founded scenarios.

The Management Boards of Hydratec's companies are responsible for carrying out their own operating activities within a clear framework of decisions related primarily to budgets, investments, major organisational changes and fundamental amendments to business operations that require the approval of the Hydratec Management Board. All business aspects, including the development of the results, are discussed during the regular consultation meetings between Hydratec's Management Board and the Management Boards of the operating companies. These discussions are based on a clear framework of regular reports, including assessments of the most important performance indicators.

### ACTIVE ENTREPRENEURSHIP

Because the activities of the different groups are very varied there is no basis for central staff departments, which means overhead costs are limited to the minimum. Business operations are based on the high degree of target-oriented, no-nonsense management within which active entrepreneurship and stimulating leadership can flourish best. This enables the local Management Boards to respond quickly and effectively to opportunities and threats.

### FINANCIAL TARGETS

Hydratec strives to achieve a stable operating profit of at least 10% of revenue from its activities. This profit target can, however, temporarily fail to be achieved primarily as a consequence of economic conditions or of adjustments within the organisation deemed necessary. Together with the envisaged growth and a solvency of at least 35%, Hydratec strives for a dividend distribution amounting to at least 40% of the profit after taxes (excluding any one-time income).

# INFORMATION FOR SHAREHOLDERS

## STOCK MARKET LISTING AND MARKET CAPITALISATION

Hydratec's shares are listed on NYSE Euronext Amsterdam (ISIN NL 000 939 1242). The total number of issued shares amounts to 1,222,143.

## DISCLOSURE OF MAJOR HOLDINGS ACT

The following interests governed by the Disclosure of Major Holdings Act are known:

Shareholder	Interest	Date of disclosure
Mr. E. ten Cate	79.5%	23 March 2010
Zoomers Beheer BV	6.0%	1 November 2006
B.F. Aangenendt	3.2%	1 January 2012

## FINANCIAL CALENDAR 2014

Announcement of annual figures	26 March
Trading update first quarter	25 April
General Meeting of Shareholders	27 May
Publication of half-year figures	24 July
Trading update third quarter	4 November

## FINANCIAL DATA PER ORDINARY SHARE

Amounts in euro unless stated otherwise

	2013	2012
Number of issued shares	1,222,143	1,222,143
Operating profit	5.69	5.79
Shareholders' equity	24.89	23.24
Profit per share	3.42	3.84
Available cash flow <sup>1</sup>	- 1.05	4.39
Dividend	1.37	1.55
Price at year end	22.73	21.00
Lowest price	21.00	17.00
Highest price	26.00	25.80

<sup>1</sup> Operating cash flow minus investment cash flow.

## SUPERVISORY BOARD

### **E. ten Cate (1945)**

#### *Chairman*

First appointed: 2000

Current term ends: 2016

Current position: Director Bank ten Cate & Cie N.V.

Shareholding in Hydratec: 79.5%

#### **Supervisory Board memberships/other positions held**

Supervisory Board member, Royal Ten Cate nv

Chairman of the Supervisory Board, Rijksmuseum Twente

Supervisory Board member, Medisch Spectrum Twente

### **H.A.A. Kienhuis (1945)**

#### *Vice-chairman*

First appointed: 2011

Current term ends: 2015

Last position held: lawyer and attorney

#### **Supervisory Board memberships/other positions held**

Vice-chairman, Stichting Edwina van Heek

Member of the Board, Stichting Continuïteit Reesink NV

### **J.E. Vaandrager (1943)**

First appointed: 2011

Current term ends: 2015

Last position held: member of the Board and CFO, TKH Group NV

#### **Supervisory Board memberships/other positions held**

Supervisory Board member, Todlin N.V.

Supervisory Board member, B.E. Semiconductor Industries N.V.

All the Supervisory Board members are Dutch nationals.

*From left to right: E. ten Cate, J.E. Vaandrager and H.A.A. Kienhuis*



# REPORT OF THE SUPERVISORY BOARD

Last year was an eventful year because of the decidedly uncertain conditions in all the markets. In the light of the prevailing market conditions we are gratified that the eventual drop in revenue was limited and, thanks to stringent measures, the net result for shareholders amounted to € 4.2 million, slightly lower than the € 4.7 million over the previous year.

## Annual report

We hereby submit to the shareholders the 2013 annual report, including the annual accounts, of Hydratec Industries NV. These annual accounts have been audited and certified by the external auditor, PwC, and discussed by us and the Management Board on 25 March 2014 in the presence of the auditor.

The auditor's report is included on page 70 of the official Dutch 2013 annual report, which can be found on the company's website [www.hydratec.nl](http://www.hydratec.nl). On these grounds we are of the opinion that the annual report meets the specifications for transparency and forms a good basis for the Supervisory Board's accountability in respect of its supervision.

We recommend that you adopt the annual accounts, approve the dividend proposal and discharge the Management Board for its management and the Supervisory Board for its supervision during 2013.

## Composition of the Supervisory Board

The members of the Supervisory Board are listed on page 16. The profile sketch of the Supervisory Board is published on the company's website. The background and experience of the Supervisory Board members is diverse.

One Supervisory Board member is an experienced lawyer with considerable business experience. Another has spent his entire career working in a variety of functions in

different companies and ended his active career as a member of the Board and the CFO of a stock exchange listed concern. The third Supervisory Board member is an experienced entrepreneur who for many years has also been closely involved with Hydratec's development into the company it is today. The Supervisory Board is of the opinion that this variety of experience and backgrounds provides a good diversity.

## Supervision

Hydratec's targets for 2013 were ambitious and, due to the disappointing business climate, not all of them were achieved. Although an increase in revenue had been forecast, a decrease in revenue was actually achieved. This disappointing development was no reason to change the strategy. The Supervisory Board endorses the Management Board's policy of, even under these disappointing conditions, continuing to invest in product development, strengthening technical know how, improving production capacity and reinforcing the market position. The investments in non-current assets in 2013 remained well above the depreciation. A circumspect approach was taken in respect of the workforce. The report of the Management Board looks at this topic in great detail. All the companies were very careful in respect of costs and strived to increase margins. They succeeded.

In the opinion of the Supervisory Board the risks faced by Hydratec remained unchanged in 2013 and no exceptional or unexpected risks arose. It is encouraging that even in an adverse business climate the different business activities managed to achieve satisfactory results. The internal risk management system functioned well. This warrants a compliment for the Group Management Board and the Management Boards of the operating companies for their

timely anticipation of more difficult times. In 2013 the Supervisory Board met once with the auditor. In addition, during one meeting, in the absence of the Management Board, the Supervisory Board evaluated the functioning of the Management Board and its own Board. During this discussion nothing of a special nature came to light.

## Remuneration report

An agreement, that expires on 1 September 2015, has been reached with the CEO, Mr. R. Zoomers. This agreement covers all the company's obligations in respect of fixed salary and pension agreements. Should this contract be terminated by the company before the agreed date, the recompense will amount to one year's salary. Mr. B. Aangenendt is a member of the Management Board, but combines this function with that of CEO of Lias Industries BV. For practical reasons he has an employment agreement with Pas Reform BV, that conforms with the market.

The Supervisory Board has decided to award the members of the Management Board a bonus in respect of 2013 that is partly based on the achieved operating profit.

The Supervisory Board of Hydratec Industries NV follows a remuneration policy for the company's Management Board based on the following principles:

- The Management Board remuneration policy must enable good managers to be recruited and retained.
- The remuneration policy must be in accordance with the company's Corporate Governance policy.
- The remuneration must be compatible with the strategic and financial targets and be performance-oriented, whereby there should be a good balance between short-term and long-term results and/or targets.

## REPORT OF THE SUPERVISORY BOARD

- The remuneration may not include any incentives that are aimed at the recipients own interests and conflict with the interests of the Company.
- The possible outcomes of the remuneration policy are evaluated annually.

The remuneration of the members of the Management Board, as well as the bonus awarded in respect of 2013, is specified in Note 1.25.2 on page 47 of the official Dutch 2013 annual report.

### Non compliance with the Management and Supervision Act

Currently there are no women on Hydratec's Management Board or Supervisory Board. The Supervisory Board recognises the advantages of diversity, including gender diversity. The Board is, however, of the opinion that gender is only one aspect of diversity. Members of the Management Board and Supervisory Board will, in the future, continue to be selected on the basis of their experience, background, skills, knowledge and insight and with particular consideration being given to the importance of a balanced composition.

The Supervisory Board has evaluated its functioning. Of the three members of the Supervisory Board two are independent. This is not the case for one member of the Supervisory Board due to his substantial shareholding in Hydratec. This factor has not played any role in the consultation between the members of the Supervisory Board and during the year no instances of conflicting interest arose. The current term of two of the Supervisory Board members ends in 2015.

In 2013 the Company decided to change its auditor in advance of new legislation. The Supervisory Board thanks BDO, which has audited the Company's annual accounts for many years. In close consultation between the Management Board and the Supervisory Board, and after an in-depth comparison of several parties, PWC was selected as the new auditor.

### Composition of the Management Board

There have been no changes compared with the previous financial year.

### Supervision and meetings

During 2013 five scheduled meetings were held with the Management Board. Prior to the General Meeting of Shareholders on 27 May 2014 the Supervisory Board, in the absence of the Management Board, evaluated the functioning of the Management Board and its own Board.

During its meetings the Supervisory Board discussed the strategy, acquisition policy, risk management, quarterly and half-yearly results, 2012 annual figures, 2014 budget and the remuneration policy.

The effects of the economic crisis on the markets in which the Hydratec-companies operate were, of course, also discussed as were the measures to maintain the profit level from reduced revenue.

### Corporate governance

The Supervisory Board endorses the objectives of the guidelines contained in the Dutch Corporate Governance Code for stock exchange listed companies. Currently Mr. E. ten Cate is the only member of the Board who does not meet the independence criteria as laid-down in paragraph III. 2.2, clause e of the Code. Hydratec also deviates from the Code in the following ways:

- Hydratec has no formal written code of conduct. We expect our managers and employees to act with integrity and employee assessments are, in part, based on their conduct in this respect (§ II.1.1);
- Due to the size of the company and the related size of the Supervisory Board no specific committees have been formed within the Supervisory Board (§ III.5.1);
- We believe that the openness of relations and communication within our relatively small company is such that any irregularities can be discussed or reported without endangering the legal position of the people involved. For this reason there is no Whistle-blower's regulation (§ II.1.7);
- Hydratec does not offer webcasts of presentations to investors and analysts (§ IV.3.1);
- Hydratec has not formulated or laid-down a regulation regarding the holding of shares by members of the Management Board or Supervisory Board. This is deemed to be the personal responsibility of the Management Board and Supervisory Board members concerned (§ III.6.5);



- Hydratec believes that experience with and knowledge of the company are an important basis for the functioning of the Supervisory Board and should be a determining factor in respect of the length of a Supervisory Board member's term. For this reason no maximum term has been set for Supervisory Board members. At the end of every term a Supervisory Board member may, after careful consideration, be reappointed for a new term (§ III.3.5);
- In view of the Company's size no internal auditor has been appointed (§V.3.3).

#### **In conclusion**

The Supervisory Board is grateful to the Management Board, the management teams and all the employees for their efforts, dedication and ambition during 2013 and the results they achieved in another difficult year.

Amersfoort, 10 April 2014

#### **Supervisory Board**

**E. ten Cate** Chairman

**H.A.A. Kienhuis** Vice-chairman

**J.E. Vaandrager**



## MANAGEMENT BOARD

### **R. (Roland) Zoomers (1950)**

*Statutory Director*

*CEO*

First appointed: 2002

Current term ends: 2015

Shareholding in Hydratec: 6.0%

### **B. (Bart) F. Aangenendt (1964)**

*Statutory Director*

*Director*

First appointed: 2012

Current term ends: 2016

Shareholding in Hydratec: 3.2%

### **M. (Mark) C. van den Burg (1969)**

*Financial Director*

First (non statutory) appointment: 2012

All the members of the Management Board are Dutch nationals.



*From left to right: B.F. Aangenendt, R. Zoomers and M.C. van den Burg*



# REPORT OF THE MANAGEMENT BOARD

## **BUSINESS DEVELOPMENT DURING 2013**

The revenue and gross margin for 2013 were € 110 million and € 49.6 million respectively. The main reason for the 8% drop in revenue was weak market demand, and therefore sales, during the first half of the year. The fluctuations in revenue were also determined to a great extent by the project-based sale of orders in the Agri and Food activities. These activities achieved revenue of € 53.1 million (48% of Hydratec's total revenue) compared with € 60.9 million in 2012. In the last quarter of 2013 around half of the large order from the Russian "Cherkizovo" was delivered. The revenue of the MMI and Plastics activities fell by 2.6% compared with 2012. Hydratec's gross margin rose from 41% in 2012 to 45% in 2013. This was due on the one hand to a range of measures implemented by all the companies and, on the other hand, a more favourable mix of sales, especially by Pas Reform.

## **FINANCIAL DEVELOPMENTS**

The operating profit for 2013 amounted to € 6.9 million, which was 6.3% of revenue (2012: operating profit € 7.1 million, 5.9% of revenue). Agri & Food Equipment was responsible for € 4.9 million of the operating profit. All the segments made a positive contribution towards Hydratec's profit.

## **Financial income and expenses**

In 2013 net interest charges amounted to € 521,000 compared with € 527,000 in 2012. At the end of 2013 Hydratec's bank balance was € 4.7 million (2012: € 10 million). Due to the low interest rates interest income in 2013 amounted to € 105,000. Interest covered debts decreased from € 17.9 to € 16.5 million. The interest expense related to these loans amounted to € 626,000.

Hydratec has no cash pool facilities for its operating companies. They are individually financed.

## **Fiscal effects**

The effective tax rate for 2013 was 19.3% compared with 17.6% in 2012, which resulted in a tax payable of € 1.2 million (2012: € 1.2 million) in the profit and loss account. In 2013 the utilisation of the innovation box regulation once again reduced the tax payable, this year by € 325,000 (2012: € 236,000).

## **Net profit**

Net profit for 2013 amounted to € 5.2 million compared with € 5.4 million in 2012. Net profit for shareholders was € 4.2 million (2012: € 4.7 million).

## **Cash flow**

In 2013 operational cash flow amounted to € 4.2 million (2012: € 9.8 million). Cash flow from investing activities amounted to € 5.5 million negative. Almost all the investments were in (in) tangible non-current assets. Cash flow from financing activities amounted to € 2.3 million negative, mainly due to the dividend distribution of € 1.9 million.

## **Balance sheet**

The balance sheet ratio was virtually the same as for 2012. Solvency improved from 35.6% in 2012 to 38.7% in 2013. The € 2.1 million increase in non-current assets is equal to the increase in Group equity. The balance sheet total was, however, € 1.6 million down, mainly due to lower cash and cash equivalents amounting to € 5.4 million combined with lower bank current account obligations and pre-payments amounting to € 3.9 million. Despite the reduced revenue level, working capital rose by € 0.7 million

due to higher trade debtors. This was the result of the high level of activities during the fourth quarter of 2013. At the end of 2013, in observation of agreements regarding a put-call option on the participation of the minority shareholder in LAN Handling Systems BV (15%), a put-option was recognised in the balance sheet as a current liability of € 374. At the end of 2012 this still had no value.

## **DIVIDEND PROPOSAL**

It will be proposed to the General Meeting of Shareholders that a dividend of € 1.37 per share be paid out for the 2013 financial year (2012: € 1.55 per share). This sum will be paid in cash. The net profit for 2013 will be added to the other reserves. This dividend distribution is in line with the policy of paying out at least 40% of the profit after taxes.

## **LARGE COMPANY**

Since 1 June 2011 Hydratec has qualified as a large company. The Chamber of Commerce was notified as of this date. The Company's Articles of Association should be amended accordingly. During the General meeting of Shareholders on 27 May 2014 the amended Articles of Association will be put before and voted on by the shareholders.

**DEVELOPMENTS PER ACTIVITY**

**Agri & Food Equipment: Pas Reform Hatchery Technologies and LAN Handling Systems**

€ x 1,000	2013	2012
Revenue	53,079	60,934
Gross margin	21,094	20,228
Depreciation and amortisation	552	498
Investments	2,876	982
Operating profit	4,920	4,388
Number of FTEs at year end	138	142

Due to a cautious investment climate in the poultry branch, in 2013 the revenue generated from Agri & Food Equipment was lower than in 2012. In the second half of 2013 feed prices improved slightly but, due to unfavourable currency exchange rate developments in the emerging countries, investments were still postponed.

LAN was, however, able to profit from the positive developments in the pet food industry, especially in Eastern Europe. Pas Reform and LAN are project companies and as such have organisations based on flexibility. This enabled them to respond rapidly and efficiently to fluctuating levels of client demand.

In part as a result of a more favourable market-product segmentation, on average sales prices rose. In addition, targeted value-engineering led to a reduction in costs per project. This had a substantial positive effect on the margin and, as a result, the return on sales remained good and, at the same time, the market positions of both Pas Reform and LAN were reinforced.

In 2013 Pas Reform extended its distribution and training centre, which increased its logistics flexibility and the professionalism of its service provision.

Pas Reform sets great store by the training and coaching of its clients. The Pas Reform Academy's success as a knowledge provider and major source of inspiration for the hatchery industry is bringing more and more poultry experts to the Netherlands. This direct client contact is a key source of inspiration for innovations and increases the added-value Pas Reform can offer its clients. Agri and Food companies are getting larger, which is making support through training and process automation increasingly important. Pas Reform and LAN are responding to this trend with their products and services.

In 2013 the global distribution network was strengthened further. The partnership with the American company, NatureForm, that was finalised in January 2014 is particularly important in respect of being able to provide good service to the large American market.

**Man Machine Interfaces: Danielson Europe**

€ x 1,000	2013	2012
Revenue	19,252	20,801
Gross margin	10,407	11,113
Depreciation and amortisation	738	636
Investments	732	1,042
Operating profit	532	1,281
Number of FTEs at year end	153	164

Danielson Europe saw no recovery in its most important sales markets in 2013 - the demand from existing clients remained relatively low and new projects were postponed or only got going very slowly.

As a consequence revenue was 7% down compared to 2012 and resulted in operating profit amounting to 2.8% of revenue.

**'Our competitive strength is determined by our ability to continuously come up with innovative solutions for clients.'**

In the fourth quarter Danielson implemented a programme aimed at increasing the efficiency of its operating activities and significantly reducing its costs. This has led to a more streamlined, energetic organisation and a reduction in the cost level of around € 0.5 million.

World Class Manufacturing, the long-term quality improvement programme initiated in 2011, continued throughout the Company in 2013. The resulting improved quality meets clients' expectations and is delivering a substantial reduction in quality costs.

During the year the Touch Screen Knowhow project was completed successfully; since then Danielson has rightfully been able to lay claim to its position of Europe's No. 1 in Touch Screens. The Company's lead in expertise and experience in the field of so-called Projective Capacitive Touch Screens led to new orders for these products worth a total of € 0.5 million. Renowned clients are also involving Danielson at an early stage in the application of this technology.

In 2013 investment programmes in the field of energy housekeeping, heating, air-conditioning and compressed air once again contributed towards reducing costs and improving the environment and sustainability.

**Plastics: Euro Mouldings and Timmerije**

€ x 1,000	2013	2012
Revenue	39,026	39,049
Gross margin	18,120	17,354
Depreciation and amortisation	1,890	1,484
Investments	1,967	2,627
Operating profit	2,387	1,383
Number of FTEs at year end	172	171

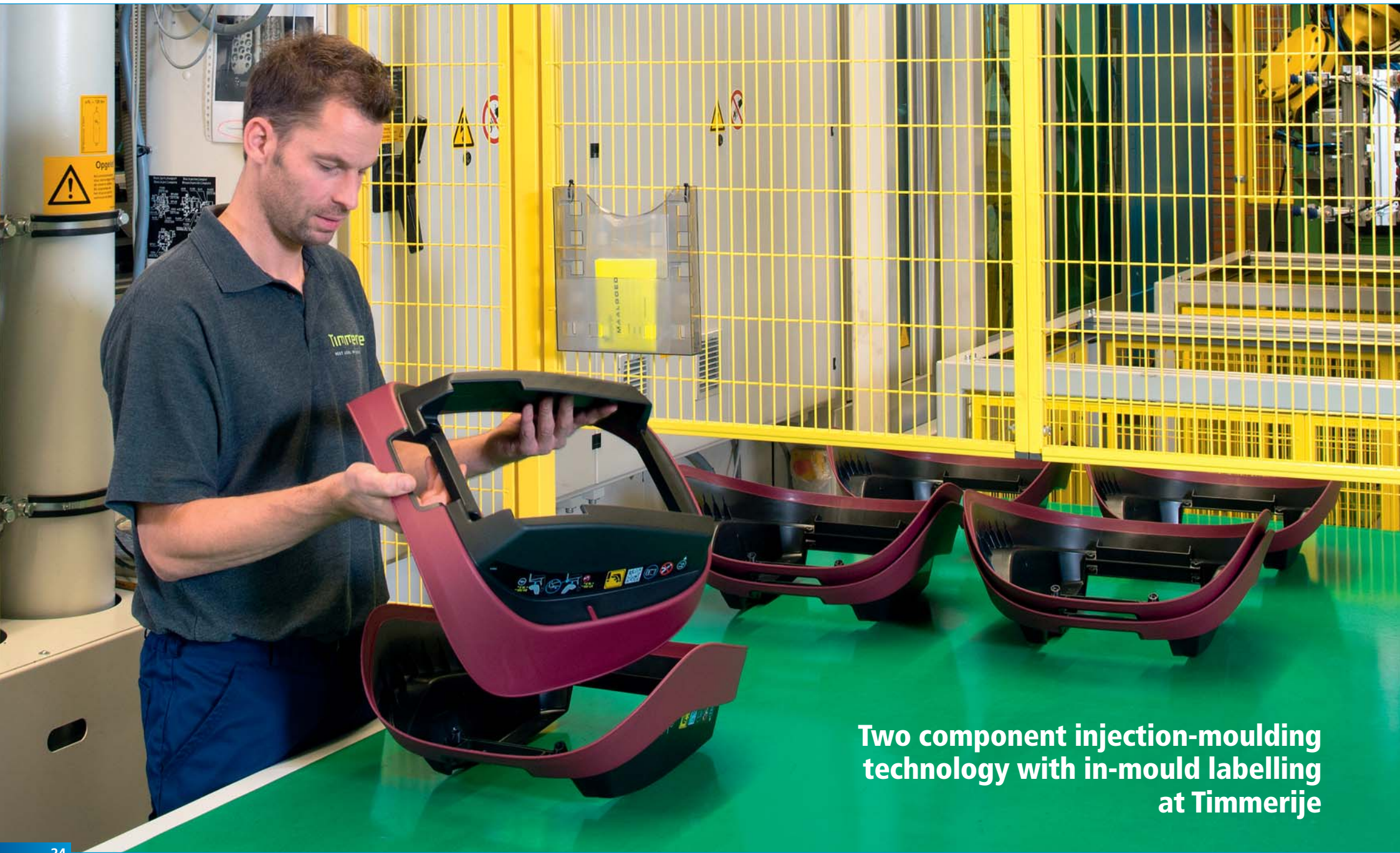
The Plastics companies were confronted with weak demand from their clients, especially during the first half of 2013. This situation improved during the second half of the year. Euro Mouldings in Nijverdal succeeded in achieving extra revenue by acquiring a large tender order, although it was with a somewhat lower margin. Thanks to the acquisition of several orders from both existing and new clients Timmerije in Neede was able to offset the decline in revenue from existing products. The effects of the measures aimed at improving profitability that had been implemented earlier really started to become noticeable. In the second half of the year and, as a result, operating profit rose substantially.

Possibilities for re-using plastic are sought continuously. Most of the so-called manufacturing waste is immediately reused in the on-going manufacturing process. In addition, continuous research is carried out and possibilities for using recycled plastic in new products are found. This not only generates potential cost advantages it also leads to a more sustainable use of raw materials.

**HEALTH, SAFETY, ENVIRONMENT AND SUSTAINABILITY**

A focus on good, and above all safe, working conditions is key for maintaining a consistently controlled and high-quality manufacturing process. Paying constant attention to employees, and in particular their working conditions, is especially important for industrial companies. Not only to minimise absenteeism through sickness but also to guarantee maximum safety within the manufacturing processes. Programmes aimed at introducing continuous improvement are in place at and implemented by the employees of every Hydratec company. Virtually every industrial process involves environmental risks. Limiting these risks is an extremely important area of attention for the management teams. Environmental risk assessments are, therefore, carried out at the manufacturing facilities on a regular basis and, if necessary, lead to the immediate implementation of measures and procedures to reduce the risks still further. Increasingly the processes are also checked for possibilities to improve the sustainability of our products and/or manufacturing processes. This aspect will become more and more important. Not only to offset the ever higher energy prices, but also because we expect increasingly stringent requirements in this field will be specified by our clients.





**Two component injection-moulding technology with in-mould labelling at Timmerije**

### PERSONNEL AND ORGANISATION

As at the end of 2013 the workforce had decreased from 474 to 465 FTEs. As a principle we strive for strong local organisations with a high degree of entrepreneurship and a sense of responsibility for all business processes. The personnel policy is implemented at the operating company level. At this level attention is paid to safety, accident prevention and absenteeism through sickness and, above all, to the creation and maintenance of a loyal organisation with sufficient flexibility and ambition. Within every company there is regular and constructive consultation with the local Works Council. The central Management Board participates in this consultation at least once a year in the absence of the local manager.

### RISK MANAGEMENT

#### Risk and risk management

Hydratec's annual accounts are drawn-up in accordance with IFRS regulations. Several of the financial risk factors to which Hydratec is exposed are explained in the Notes related to the consolidated annual accounts on page 61 of the official Dutch 2013 annual report. These include market, credit, currency and interest rate risks. A sensitivity analysis regarding these factors is also included. These risks are not, however, exceptional and, in our opinion, are inextricably linked to the nature of the company's activities.

### Hydratec Industries NV's growth, acquisition and new activities

The steady growth of its revenue and results is at the core of Hydratec's strategy. We endeavour to achieve this primarily through the organic growth of every one of the companies by expanding market positions and by broadening the product offering. We believe that continuous growth is necessary for healthy business development and stimulate our companies to improve their competitive positions by achieving product improvements and innovations. Product developments are, however, based primarily on identified concrete requirements of clients and potential clients.

At the same time Hydratec endeavours to strengthen the market positions of its companies, gain synergy advantages and gradually expand its revenue and geographical area of operations through acquisitions. Hydratec also remains abreast of opportunities in sectors in which it is not yet active. This can mean that Hydratec acquires activities in new markets in which it does not have a proven track record of experience and/or expertise.

This growth strategy may require investments that cannot always be financed from our own resources and available credit facilities. It may, therefore, be necessary to call on the capital market and/or shareholders. Maintaining a strong solvency ratio is, therefore, an important basis for continuity.

### Dependence on large clients and projects

Although the Plastics companies' top-10 clients account for around 65% of the total revenue, the largest client accounts for less than 10%. If a large client terminates its relationship with the company the loss of revenue cannot be offset immediately. In view of the fact that such client relationships involve a wide range of products, should a client relationship be terminated the actual loss of revenue would be gradual.

Two of the MMI company's clients are between them responsible for nearly 25% of the total revenue with one of them being responsible for 18% of the total revenue. This company has been a client for many years and purchases a wide range of different products. Should this client decide to terminate the relationship the loss of revenue would be spread over a period longer than a year. The top-10 clients of the Agri & Food Equipment companies are responsible for 50% of the revenue. In 2013 Russia and Indonesia with around 16% and 12% of the revenue were important sales regions. In the Agri & Food Equipment companies, however, it is several large projects that are responsible for major fluctuations in revenue and profit. Even after a contract has been signed for a project the client can postpone the actual deliveries for a considerable length of time. Because the major portion of the production of the components for the machines is contracted-out to sub-contractors this risk is, to a degree, shifted to the sub-contractors.

### Product liability and product risks

Within the Hydratec companies many different manufacturing processes are carried out on a relatively small scale and often involving a low level of automation. The resulting increased risk of human error and incidental manufacturing faults can lead to a loss of product quality and the discontinuity of the manufacturing process. In addition the Hydratec companies carry out a considerable amount of product development, which increases the risk of design faults. This can lead to relatively high costs for clients, who will endeavour to be recompensed by their supplier. All the companies implement strict quality standards and carry out Risk Inventories & Evaluations (RIE). All the companies are ISO certificated or comply with an ISO-based quality system. Although all the companies are insured against product liability this does not guarantee cover in every case. At all the companies product manufacture involves many different machines, which reduces the risk of the breakdown of one machine constituting a major manufacturing risk.

### Suppliers

The Plastics companies purchase raw materials that are used on a global scale by all plastics companies. Although only a relatively few extremely large global suppliers operate in these raw materials production markets, the (lack of) availability of these raw materials does not constitute a real risk.

The MMI company is the largest client of two specific companies, purchasing 20-25% of their total production. These suppliers supply respectively 20% and 10% of the total volume purchased by the MMI company. Although this represents a high degree of mutual dependency, the MMI company does have the medium-term option of purchasing these products from other suppliers.

The Agri & Food companies use a large mix of suppliers: Eastern European companies for the more mass-produced products and companies in the region for specific components and smaller quantities. The largest supplier (< 10% of the purchase volume) is based in the Czech Republic.

### Real estate

The companies are increasingly being confronted with more stringent requirements regarding possible soil contamination in the event of new construction or renovation. These stipulations could lead to higher costs when expanding, or lower proceeds from the sale of real estate.

### Environmental risks

Manufacturing and processing plastic products and (silk-screen) printing films go hand-in-hand with environmental risks. Limiting these risks is a key issue for the Hydratec companies which must, at all times, focus on the environmental aspects relevant to their operations and the prevention of calamities. The current situation and related (financial) risks at the manufacturing facilities are evaluated and recorded on a regular basis. The aim of the evaluation is not only to ensure compliance with environmental legislation, but also to assess what

preventative measures can be implemented.

The recognised environmental risks are, when necessary, converted into concrete action plans. The effectiveness of the implemented measures is checked continuously in order to limit the risks as far as possible. In addition to the preventative measures, Hydratec's policy is also aimed at reducing the total environmental burden. The waste streams of all the companies have been optimised with the objective of generating less waste. Developments that can lead to improved environmental care will continue to be closely monitored in the future.

### Automation

Hydratec strives to achieve manufacturing efficiency and logistics advantages, for example through far-reaching automation. Its success is increasingly dependent on the timely and correct implementation and/or extension of automation systems. This makes the organisation more and more dependent on the proper functioning of these systems.

ICT systems that do not function properly, or do not function at all, could threaten the continuity of business operations within a relatively short space of time. All the companies follow stringent procedures that ensure that, in the case of a system fault and/or failure, they have back-up systems and can access the most recent data.

**'Our operational management is aimed at achieving long-term structural growth of revenue and profit.'**



### Foreign currency

Hydratec, with the exception of Danielson UK, invoices all its revenue in euro. Danielson operates in the UK and invoices 45% of its revenue in pounds sterling. In this respect Hydratec faces a currency risk related to the translation of the financial results and balance sheet position into the company annual accounts and any dividend distribution. This risk is partially hedged via local financing of the working capital. Danielson Europe purchases components and products from suppliers that invoice in US dollars. This accounts for around 20% of purchases. In principle these euro/dollar positions are hedged by forward currency contracts. This guarantees a constant purchase price over a longer period (three to six months).

### CORPORATE GOVERNANCE STATEMENT

The Supervisory Board and Management Board endorse the principles of Corporate Governance and Hydratec Industries NV complies with the main provisions laid down in the Dutch Corporate Governance Code. Key concepts such as transparency and accountability to and the participation of the shareholders form the basis for our policy. We do, however, deem some of the guidelines to be irrelevant for a SmallCap company. For example, in view of the company's size and the fact that its Supervisory Board has less than four members, no committees have been appointed. The points on which Hydratec deviates from the Code and the reasons why are listed per section of the Code on the Corporate Governance page of the company's website.

The reporting systems used within our companies and the regular reports to the Management Board are of major importance. Revenue and order in-flow are reported weekly. Monthly reports include the most important financial and operational components, such as revenue, gross margin, operating costs, operating profit, orders received, working capital components, personnel summaries, investments, delivery/supply reliability and efficiency. These reports form the basis for monthly meetings between the Management Board and the operating company managements as well as for the consolidated summaries that are also sent to the Supervisory Board. The local managements also prepare quarterly reports which include an explanation of business development within their companies.

At least once a year a General Meeting of Shareholders is organised during which all the resolutions are approved on the basis of the 'one share, one vote' principle. Shareholders, individually or with a joint interest of at least 3% of the issued shares, are entitled to ask the Management Board or Supervisory Board to add particular topics to the agenda. Important Board resolutions which could result in a change to the Company's identity or character must be approved by the General Meeting of Shareholders. The Company's Articles of Association are published on the Company's website as are the main tasks and authorities of the General Meeting of Shareholders and the Supervisory Board.

### IN CONTROL STATEMENT

Hydratec's Management Board is of the opinion that the risk management and control systems provide a reasonable level of assurance that the financial reporting does not contain any material misstatements. These risk management and control systems functioned properly during the year under review and we have no indications that they will not function properly during the current year. The process of refining the management and control systems has been, and will continue to be, evaluated on a continuous basis.

The Hydratec Management Board declares that, to the best of its knowledge, the annual accounts provide a fair and accurate picture of the assets, liabilities, financial position and profits of the Company and the companies jointly included in the consolidated annual accounts. The annual report provides a fair and accurate picture of the situation as at the balance sheet date and the business development during the financial year of the Company and the affiliated companies for which the data is included in the annual accounts. The annual report describes the actual risks with which the Company is confronted.



#### **OUTLOOK AND EXPECTATIONS FOR 2014**

During 2013 two things became very apparent. First that the bad macro-economic conditions had the greatest effect on the demand for the products of our companies that supply the industrial market. And second that, especially in the second half of the year, the acquisition of orders and the completion of several large projects by the Agri & Food companies can cause substantial fluctuations in the revenue. As we cannot assess with any reliability whether there is as yet any real, structural improvement in the Western European and global economies, we believe it is still too early to make a definite statement regarding the expected results for 2014. Our investments will certainly be lower than in the past year because at that time the construction of Pas Reform's new distribution and training centre demanded a substantial investment of around € 2.5 million.

#### **A WORD OF THANKS**

When the economic situation is bad, answering the needs and wishes of clients is often even more difficult. It goes without saying that retaining clients, and therefore revenue, is extremely important. This demands a considerable effort and a willingness to pro-actively anticipate clients wishes, fluctuations in revenue and increasingly stringent quality demands. We thank our employees for their efforts and their loyalty which give us a solid foundation for strengthening our competitive strength and once again achieve revenue growth and higher profit.

Amersfoort, 10 April 2014

#### **Management Board**

**R. Zoomers** CEO

**B.F. Aangenendt** Director

## SUMMARIZED ANNUAL ACCOUNTS

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## CONSOLIDATED PROFIT AND LOSS ACCOUNT

x € 1,000	2013	2012
<b>Net revenue</b>	110,064	119,997
Material usage	60,443	71,302
<b>Gross margin</b>	49,621	48,695
Wages and salaries	19,811	19,160
Social security premiums and pensions	4,436	4,135
Depreciation and amortisation of (in)tangible non-current assets	3,427	2,849
Other operating costs	14,989	15,480
	42,663	41,624
<b>Operating profit</b>	6,958	7,071
Interest income	105	117
Interest expenses	626	644
Financial income and expenses	– 521	– 527
<b>Profit from normal business operations before taxes</b>	6,437	6,544
Taxes	1,244	1,152
<b>Net profit</b>	5,193	5,392
<b>Net profit attributable to:</b>		
Shareholders	4,178	4,695
Minority interests	1,015	697
	5,193	5,392
Weighted average number of shares	1,222,143	1,222,143
Profit per ordinary share (in euro)	3.42	3.84
Diluted profit per ordinary share (in euro)	3.42	3.84

## CONSOLIDATED SUMMARY OF COMPREHENSIVE INCOME

x € 1,000	2013	2012
Net profit	5,193	5,392
<b>Components that may be recognised in profit in the future</b>		
Currency translation differences	– 43	39
Result of hedge on financial derivatives	79	– 71
<b>Components that will not be recognised in profit in the future</b>		
Change in put-option minority shareholders Lias	– 303	567
Total not achieved profit	<u>– 267</u>	<u>535</u>
Total profit after taxes	<u>4,926</u>	<u>5,927</u>
<b>Related corporate tax amounts:</b>		
Result of hedge on financial derivatives	– 20	18
<b>Total profit attributable to:</b>		
Shareholders	3,911	5,230
Minority interest	<u>1,015</u>	<u>697</u>
	<u>4,926</u>	<u>5,927</u>



## CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER before profit appropriation

x € 1,000	2013	2012
<b>ASSETS</b>		
Intangible non-current assets	19,030	19,171
Tangible non-current assets	24,427	22,151
Financial non-current assets	90	87
Deferred tax assets	137	128
<b>Total non-current assets</b>	<b>43,684</b>	<b>41,537</b>
Stocks	14,615	14,695
Trade debtors	16,867	16,174
Corporation tax	265	525
Other taxes and social security premiums	1,018	606
Other receivables	2,573	1,716
Accrued assets	347	333
Cash and cash equivalents	4,626	9,986
<b>Total current assets</b>	<b>40,311</b>	<b>44,035</b>
<b>Total assets</b>	<b>83,995</b>	<b>85,572</b>

x € 1,000	2013	2012
<b>LIABILITIES</b>		
<b>Shareholders' equity</b>	<b>30,420</b>	<b>28,403</b>
Minority interests	2,087	2,039
<b>Group equity</b>	<b>32,507</b>	<b>30,442</b>
Personnel-related provisions	541	539
Other provisions	286	295
Deferred tax liabilities	2,165	2,276
Non-current debts	6,829	6,575
Put-option minority shareholders Lias	0	3,061
Other financial instruments	150	273
<b>Total provisions and non-current debts</b>	<b>9,971</b>	<b>13,019</b>
Trade creditors	7,825	7,875
Corporation tax	700	478
Other taxes and social security premiums	1,073	1,122
Owed to banks	9,628	11,299
Put-option minority shareholders Lias/LAN	3,594	0
Other debts and accrued liabilities	18,697	21,337
<b>Total current liabilities</b>	<b>41,517</b>	<b>42,111</b>
<b>Total liabilities</b>	<b>83,995</b>	<b>85,572</b>

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

x € 1,000	Issued capital	Share premium	Translation reserve	Hedge reserve	Other reserves	Undis- tributed profit	Total	Minority interest	Total group equity
<b>Book value as at 1 January 2012</b>	550	3,418	- 382	- 102	17,525	3,631	24,640	1,949	26,589
Shareholder related changes:									
• Dividend distribution 2011					- 1,467		- 1,467		- 1,467
• Dividend minority shareholders								- 317	- 317
Other changes:									
• Profit appropriation 2011					3,631	- 3,631	0		0
<b>Not realised profit</b>									
• Currency translation differences foreign participations			39				39		39
• Value differences interest rate swaps				- 71			- 71	3	- 68
• Put-option minority shareholders Lias					567		567	- 293	274
<i>Subtotal Not realised profit</i>			39	- 71	567		535	- 290	245
<b>Realised profit</b>									
• Profit 2012						4,695	4,695	697	5,392
<b>Book value as at 31 December 2012</b>	550	3,418	- 343	- 173	20,256	4,695	28,403	2,039	30,442
Shareholder related changes:									
• Dividend distribution 2012					- 1,894		- 1,894		- 1,894
• Dividend minority shareholders								- 752	- 752
Other changes:									
• Profit appropriation 2012					4,695	- 4,695	0		0
<b>Not realised profit</b>									
• Currency translation differences foreign participations			- 43				- 43		- 43
• Value differences interest rate swaps				79			79	15	94
• Put-option minority shareholders Lias / LAN					- 303		- 303	- 230	- 533
<i>Subtotal Not realised profit</i>			- 43	79	- 303		- 267	- 215	- 482
<b>Realised profit</b>									
• Profit 2013						4,178	4,178	1,015	5,193
<b>Book value as at 31 December 2013</b>	550	3,418	- 386	- 94	22,754	4,178	30,420	2,087	32,507

## CONSOLIDATED CASH FLOW STATEMENT

x € 1,000

	2013	2012
<b>Result from normal business operations before taxes</b>	6,437	6,544
Adjusted for:		
• Depreciation and amortisation	3,427	2,849
• Book profit/loss on sale of fixed assets	– 9	– 6
Financial income and expenses	521	527
Changes in provisions	– 212	– 186
Changes in working capital:		
• Stocks	66	2,462
• Current receivables	– 2,017	– 2,451
• Current liabilities	– 2,708	600
	– 4,659	611
Interest income	129	224
Interest expense	– 667	– 593
Profit tax paid	– 760	– 156
<b>Cash flow from operating activities</b>	<b>4,207</b>	<b>9,814</b>
Investments in intangible non-current assets	– 139	– 174
Disposal of intangible non-current assets	2	6
Investments in tangible non-current assets	– 5,436	– 4,477
Disposal of tangible non-current assets	10	51
Investments in financial non-current assets	0	0
Disposal of financial non-current assets	74	143
<b>Cash flow from investment activities</b>	<b>– 5,489</b>	<b>– 4,451</b>

x € 1,000

	2013	2012
Dividend paid to shareholders	– 1,894	– 1,467
Third party dividends (Plastics / Agri & Food Equipment)	– 752	– 317
Repayment of non-current liabilities	– 1,407	– 290
Non-current borrowings	1,798	387
<b>Cash flow from financing activities</b>	<b>– 2,255</b>	<b>– 1,687</b>
<b>Net cash flow</b>	<b>– 3,537</b>	<b>3,676</b>
Currency translation differences	– 15	2
Change in cash and cash equivalents	– 3,552	3,678
Cash and cash equivalents as at 1 January	37	– 3,641
<b>Cash and cash equivalents as at 31 December</b>	<b>– 3,515</b>	<b>37</b>
Cash and cash equivalents		
Cash and at bank	9,986	1,575
Current account bank	– 9,949	– 5,216
<b>Total 1 January</b>	<b>37</b>	<b>– 3,641</b>
Cash and at bank	4,626	9,986
Current account bank	– 8,141	– 9,949
<b>Total 31 December</b>	<b>– 3,515</b>	<b>37</b>

## FIVE YEAR SUMMARY

Amounts in thousands of euro unless stated otherwise

	2013	2012	2011	2010 <sup>1</sup>	2009
<b>Profit and loss account</b>					
Net revenue	110,064	119,997	84,190	55,137	17,322
Operating profit	6,958	7,071	5,523	3,073	- 1,223
Net profit to be allocated to shareholders	4,178	4,695	3,631	1,765	- 255
Operating profit excluding one-time income	4,178	4,695	3,631	1,765	- 590
<b>Cash flow</b>					
Cash flow from operating activities <sup>2</sup>	4,207	9,814	10,888	1,661	653
Cash flow from investing activities	- 5,489	- 4,451	- 18,304	- 10,295	- 1,277
Cash flow from financing activities	- 2,255	- 1,687	733	- 1,869	- 1,222
Net cash flow	- 3,537	3,676	- 6,683	- 10,503	- 1,846
<b>Balance sheet</b>					
Shareholders' equity	30,420	28,403	24,640 <sup>3</sup>	21,165	20,540
Group equity	32,507	30,442	26,589 <sup>3</sup>	22,875	20,861
Balance sheet total	83,995	85,572	76,889 <sup>3</sup>	36,992	24,079

<sup>1</sup> Based on continued business activities.

<sup>2</sup> 2010 cash flow based on movement in cash and cash equivalents and bank current account.

<sup>3</sup> Revised in 2012 annual accounts.



	2013	2012	2011	2010	2009
<b>Key ratios</b>					
Operating profit as a % of revenue	6.3%	5.9%	6.6%	5.6%	- 7.1%
Return on invested capital	9.9%	11.7%	8.2%	8.2%	- 7.6%
Return on shareholders' equity	14.2%	17.7%	15.9%	8.5%	- 1.5%
Solvency	38.7%	35.6%	34.6%	61.8%	86.6%
<b>Information per ordinary share (in euro)</b>					
Operating profit	5.69	5.79	4.52	2.60	- 1.03
Shareholders' equity	24.89	23.24	20.16	17.89	17.36
Profit per share	3.42	3.84	3.07	1.49	- 0.22
Profit per share excluding one-time income	3.42	3.84	3.07	1.49	- 0.50
Dividend	1.37	1.55	1.20	1.00	1.00
Price at year end	22.73	21.00	18.05	15.00	14.30
Lowest price	21.00	17.00	14.70	12.40	13.50
Highest price	26.00	25.80	19.98	16.25	19.44
<b>Other information</b>					
Average number of employees	469	474	381	330	158
Net revenue per employee	234.7	253.2	221.0	167.1	109.6
Salary costs per employee	51.7	49.1	47.7	43.6	39.1

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