Roto Smeets Group

ANNUAL REPORT

Roto Smeets Group
in 2013





Annual Report Roto Smeets Group 2013

Notes to the 2013 Annual Report of Roto Smeets Group

In the last twenty years, since its incorporation in 1993, following the merger of Koninklijke De Boer Boekhoven and VNU Grafische Industrie, Roto Smeets Group (RSG) has experienced both growth and contraction in its business, number of employees and results. In the course of this report, we will provide a short review of these years.

During these twenty years, RSG has published not only a financial report but also a social report. And, since the year 2000, it has published an environmental report, which, for the last ten years, has been combined with the social report to form the Corporate Social Responsibility (CSR) report.

In the financial report, we provide insight into the organisation's results and strategy and into matters, which can influence the ability of the organisation to create value in the short, medium and long term.

The CSR report presents the qualities and nature of the organisation, the relationship with the most important stakeholders and the degree to which their legitimate requirements and interests are taken into account.

The majority of RSG's competitors, both in the Netherlands and abroad, are non-listed companies and are, therefore, subject to less stringent financial reporting regulations. This also applies to the more rigorous Dutch Corporate Governance requirements imposed on listed companies. Consequently, when commercially sensitive information is involved, we have to make a prudent assessment of whether or not such information should be published in the annual report.

The financial report complies with the Annual Reporting Guidelines, Chapter 9 of the Dutch Civil Code and the 'International Financial Reporting Standard's (IFRS) as endorsed by the European Union. The CSR report complies with the guidelines of ISO 26000 and (since its inception) those of the GRI (Global Reporting Initiative). At the end of 2013, guidelines were issued by the IIRC (International Integrated Reporting Council), a global coalition of regulators, investors, companies, standard setters, the accounting profession and NGOs. European directive 78/660/EEC advises governments to make the IIRC guidelines compulsory for listed companies within one to two years. Given that GRI and IIRC have made agreements with one another about closer cooperation in the field of sustainable reporting initiatives, RSG has opted not to apply the new GRI-4 guideline this year but to start compiling its reports in accordance with the IIRC framework.
According to the proposal for section 1.b of European directive 78/660/EEC, it is permissible to divide the information from an integrated report into two separate reports, provided the reports are published simultaneously. At the request of the stakeholders, RSG will continue to do this.

The Supervisory Board and the Management Board have both acknowledged their responsibility for the realisation of these annual reports and guarantee the integrity of their contents.

Deventer, 20 March 2014

For inquiries about this report, please contact:
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+31 570 69 49 33
info@rotosmeetsgroup.com

Illustrations Annual Reports 2013

Since 1993, Roto Smeets Group (RSG) each year reports on its financial, social and environmental performance. Many of the published reports showed beautiful illustrations made by the illustrator Vincent Jansen. We found this a great opportunity to again show a selection of these beautiful works of art.

Vincent Jansen began his career in 1978 as an apprentice layout-artist/designer with the De Boer printing plant. In the evening hours he was taking a course in graphic design in Utrecht. To 'fill the gaps' Vincent was sometimes allowed to make little drawings. At first these were cartoon-like ditties in the staff magazine, but later on he did regular illustration work for all sorts of periodicals that were made by De Boer Offset.

After his study Vincent went to work as a visualizer at Richard Design, a design studio in Laren, the Netherlands, in 1985. There he made illustrations for packaging and shop displays. A few years later he was asked to go and work with the '3D' illustration bureau in Bussum, where they make so-called 'artists impressions' for architectural presentation – a completely different world.

Since 1995 Vincent has been a freelance illustrator. Creating 'artists' impressions' is still the chief part of his work. He did this, among others, for VFD Interiors in Utrecht – for which he made interior designs for large cruise ships.

For RSG he made, based on a briefing by the CEO, series of illustrations that depict a theme. This could be the wide range of policy areas in which the CEO had to work, the segments on which the operating companies of RSG were focused or the various types of media. A selection of illustrations, plus a reference to the themes and the year of publication can be found in this report and the CSR report.

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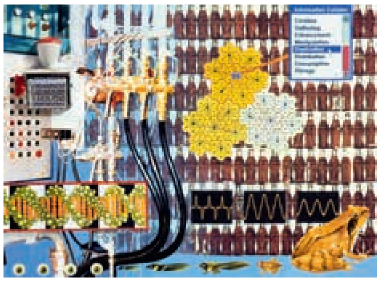
Annual Report

1994



1995

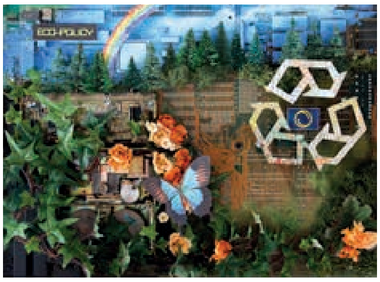
1996

1997

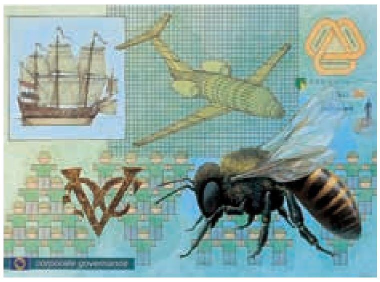
1998

1999

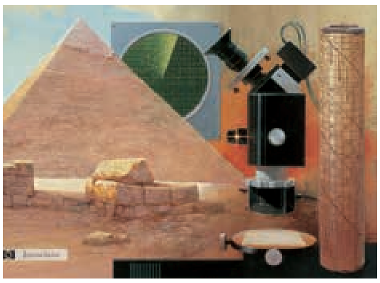
CSR Report



1996



1997



1998

1999

Content Annual Report 2013 Roto Smeets Group

Annual Report

Annual Accounts

Consolidated financial statements

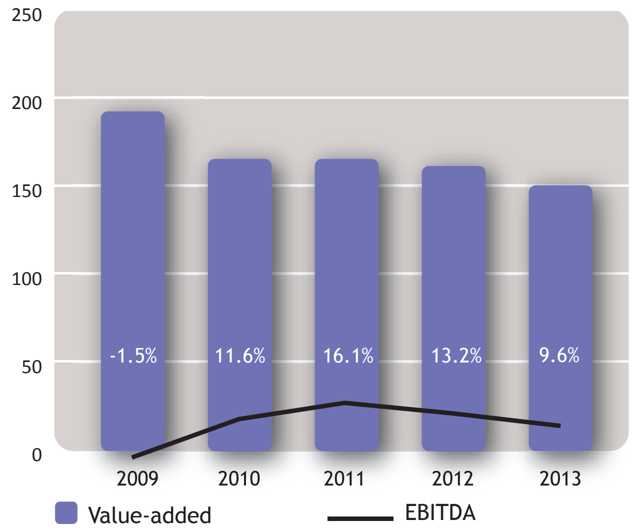
Company financial statements

Other information

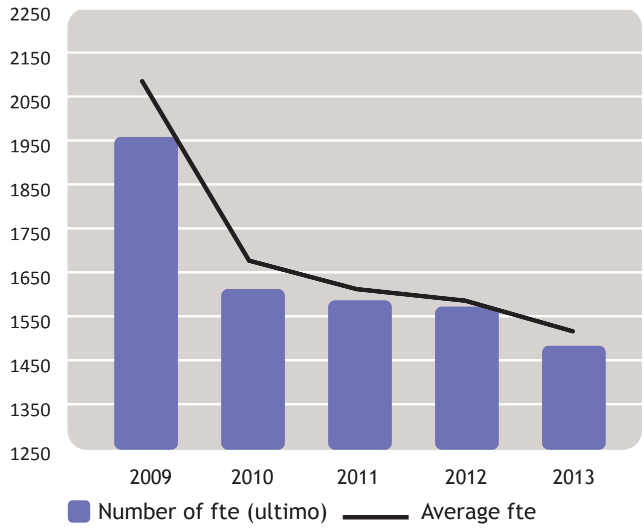
In separate Corporate Social Responsibility Report

The CSR Report can be found on the website of the company www.rotosmeetsgroup.com.
A printed copy can be requested via info@rotosmeetsgroup.com.

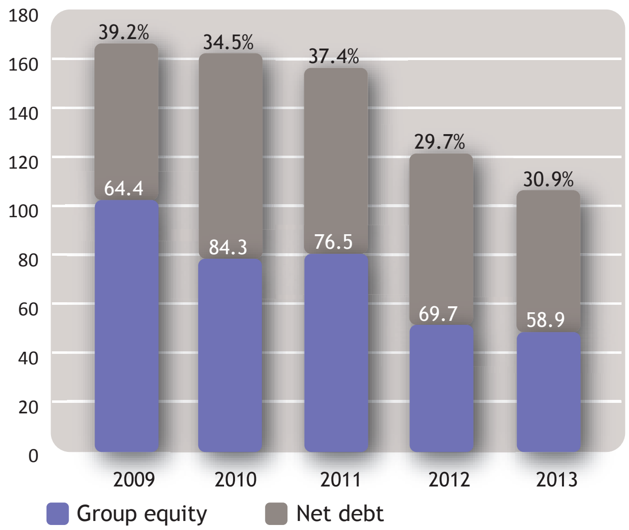
EBITDA as % of Value-added
in million euros



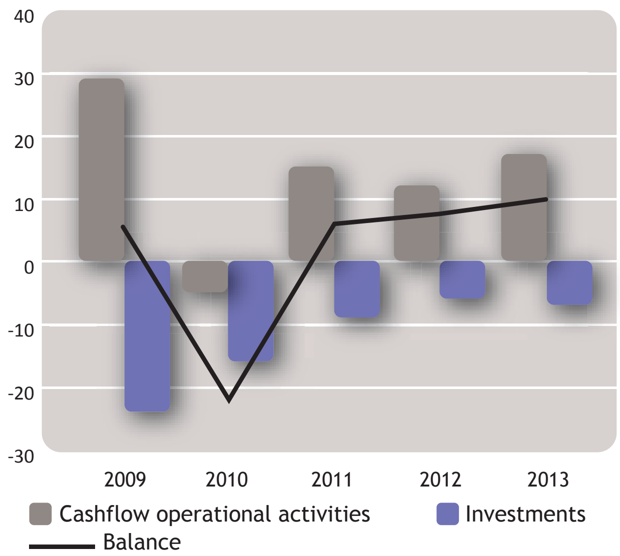
Full-time Equivalents (ftes)



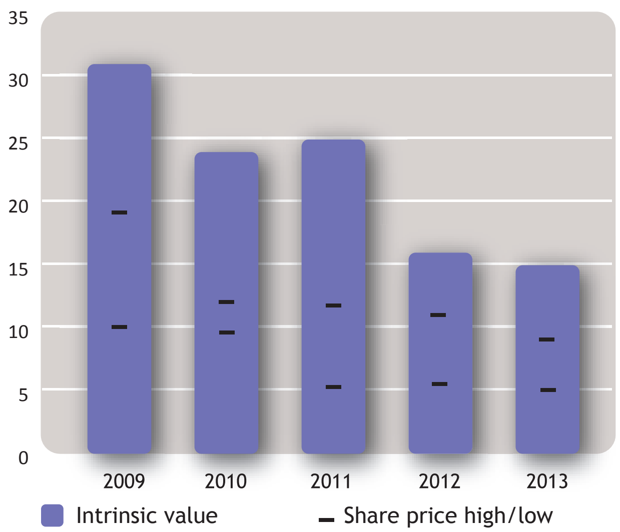
Group equity, Net debt and solvency (%)
in million euros



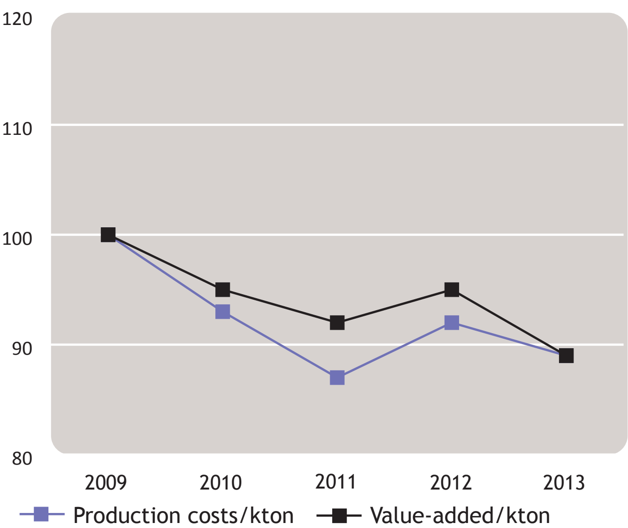
Cashflow operational activities and investments
in million euros



Intrinsic value and share prices
in euros



Value-added and Production costs
Index 2009 = 100



To shareholders and other interested parties,

Deventer, 20 March 2014

Dear Sir or Madam,

We hereby present the report of Roto Smeets Group (RSG) on the 2013 financial year.

Despite the challenging market developments, RSG's results show a number of improvements compared to 2012. Great strides have been made in improving productivity and controlling costs. As a result of the savings programmes implemented under the name 'Faster, Better, Higher', production costs fell by around 6% and productivity rose by around 4%. The final net income figure was impacted particularly by the write-down of the real estate, a provision for the previously announced reorganisation and a write-down of deferred tax assets. Without exceptional items, the positive net result would be € 0.7 million.

The market in which we operate remains erratic. We are increasingly seeing weaker competitors disappear from the market, further reducing the overcapacity. RSG is aware that print volumes are set to decline in the years ahead. But acceptable returns can also be achieved in declining and consolidating sectors.

However, continued productivity improvements and shorter turnaround times are no longer sufficient. The restructuring we have implemented has prepared us for the next phase in the rationalisation of the graphics market. RSG has relatively good prospects and has demonstrated its ability to adapt to difficult market conditions. Our balance sheet remains relatively strong compared to those of other graphics businesses. RSG conducted consultations with ABN AMRO Commercial Finance and ING Bank on the continuation of the credit facilities. ABN AMRO Commercial Finance has indicated that it does not intend to terminate the credit agreement by 1 April 2014. That led to the continuation of the agreement with ABN AMRO Commercial Finance based on the same collateral and with additional covenants for a period of two years. The ING Bank credit facility was also extended by one year with the same conditions.

An increase in scale will have to come from joint ventures, co-operation agreements or acquisitions and from initiatives aimed at achieving a further increase in added value. In this regard we are looking particularly at possible ways of playing a greater role in the value chain by integrating further with our customers and playing a bigger part in distribution, for example.

RSG thereby expects to create a sustainable position in the years ahead.

Roto Smeets Group N.V.

Joost de Haas
CEO

Key Figures

x € mln	2013	2012	2011	2010	2009
Income	291.6	316.4	343.3	345.9	415.4
Value-added	150.9	161.6	165.8	166.1	192.6
EBITDA	14.6	21.3	26.7	19.2	-2.8
EBIT	-0.1	-29.6	3.1	-23.9	-33.0
Financing costs	-2.7	-3.2	-3.7	-4.2	-3.7
Result associates	0.0	0.0	0.0	0.0	0.0
Result before taxation	-2.8	-32.8	-0.5	-28.1	-36.7
Income tax	-1.3	3.6	-0.2	5.5	9.2
Result discontinued operating activities	0.0	0.0	0.0	0.0	0.0
Net Result	-4.1	-29.2	-0.7	-22.5	-27.5
Balance					
Fixed assets	101.5	110.5	150.8	155.6	172.6
Current assets	56.3	65.8	66.5	73.5	89.3
Total assets	157.8	176.3	217.3	229.1	261.9
Group equity	48.8	52.3	81.4	79.1	102.7
Long-term liabilities	12.7	7.6	33.7	38.4	35.7
Current liabilities	96.3	116.4	102.2	111.6	123.4
Total liabilities	157.8	176.3	217.3	229.1	261.9

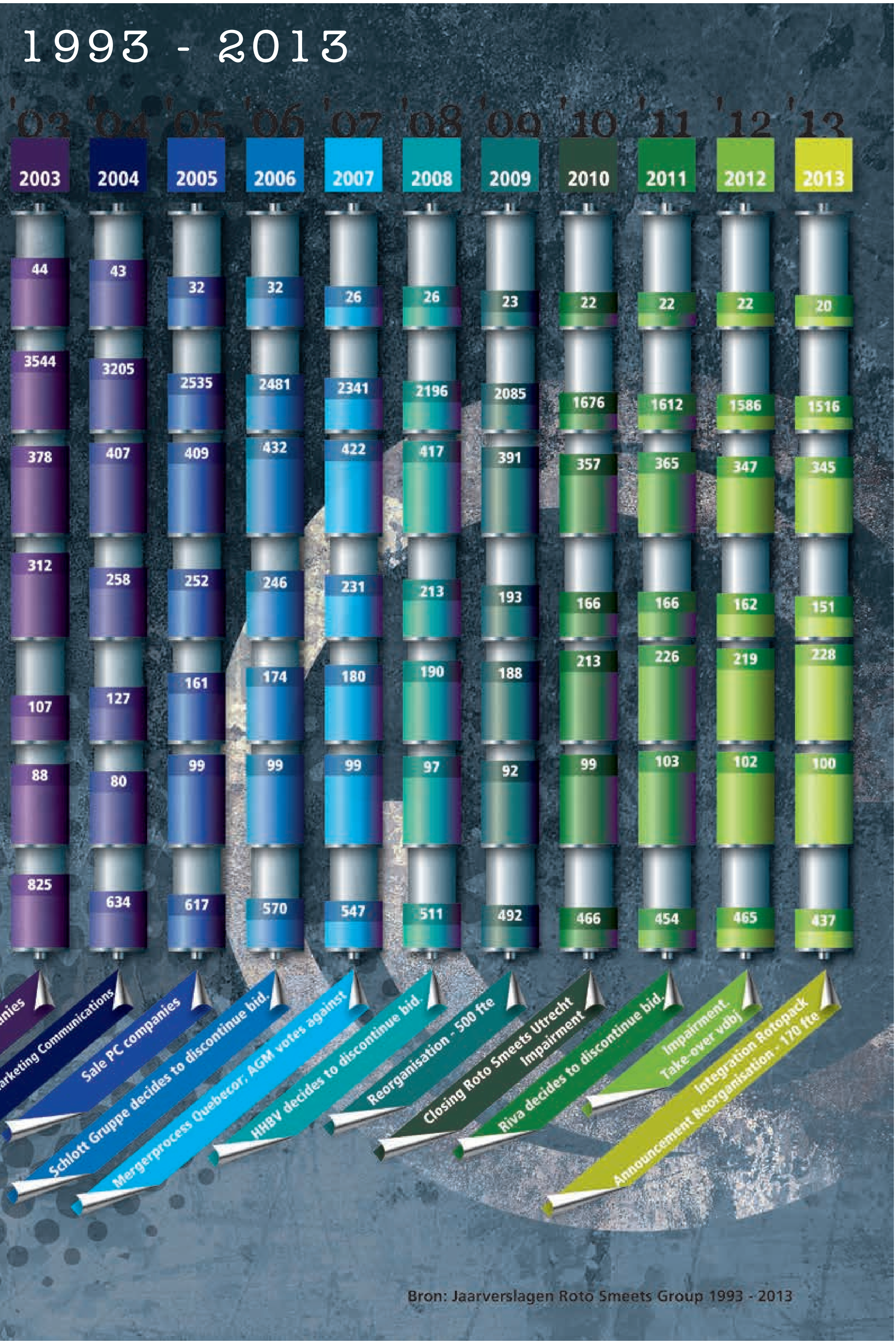
x € mln	2013	2012	2011	2010	2009
Cashflow					
Cashflow from operational activities	17.5	12.5	14.5	-4.6	29.1
Net investments	7.1	5.7	8.9	16.1	23.6
Ratios					
EBITDA/Income	5.0%	6.7%	7.8%	5.6%	-0.7%
EBITDA/Added Value	9.6%	13.2%	16.1%	11.6%	-1.5%
Return on Capital Employed	-0.1%	-20.6%	2.7%	-18.7%	-20.5%
Value-added/kton (x € 1)	437	465	454	466	492
Production costs/kton (x € 1)	393	406	385	457	443
Net debt/EBITDA	4.0	3.3	2.9	4.4	-23.0
EBITDA/interest charges	5.4	6.6	7.3	4.6	-0.8
Solvency	30.9%	29.7%	37.4%	34.5%	39.2%
Figures per average share x € 1					
Cashflow from operational activities	5.3	3.8	4.4	-1.4	8.8
Net result	-1.2	-8.9	-0.2	-6.9	-8.3
Equity	14.8	15.9	24.7	24.0	31.2
Shareprice high	8.2	11.9	13.4	14.0	18.0
Shareprice low	5.0	6.0	5.5	9.0	10.0
Others					
Number of full time equivalents	1,487	1,576	1,590	1,616	1,962
Number of shares in issue	3,290,275	3,290,275	3,290,275	3,290,275	3,290,275
Average number of shares	3,290,275	3,290,275	3,290,275	3,290,275	3,290,275

Timeline

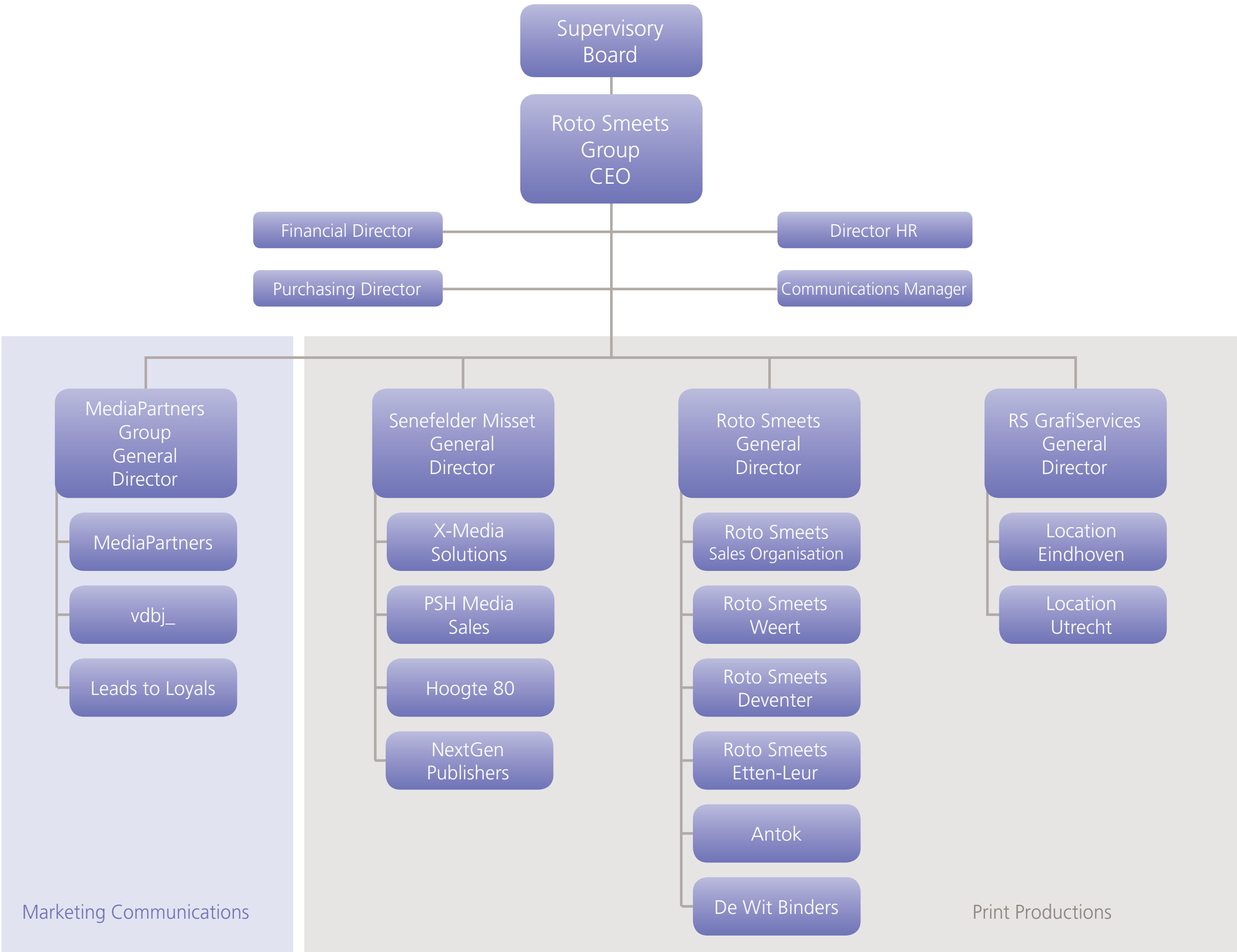
	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
Companies	42	42	40	42	59	65	64	62	56	52
Employees in Fte	3751	3415	2956	2896	3549	3697	4235	4051	3969	3889
Processed paper (x 1.000 kg)	225	243	266	293	311	312	366	378	367	356
Added Value (x € mln)	237	230	227	249	306	315	353	357	344	329
Processed paper/fte (in 1.000 kg)	60	71	90	101	88	84	86	93	92	92
Added Value/fte (x € 1.000)	63	67	77	86	86	85	83	88	87	85
Added value/ton paper (in €)	1.053	947	853	850	984	1.010	964	944	937	924

Events

- Take-over VNU Grafical Industry by Koninklijke De Boer Boekhoven NV
- Closing De Boer Rotatie
- Closing NRM, Haarlem
- Take-over Axon Publishing London
- Take-over Plantijn Group
- Overname Senefelder Groep
- Integration Casparie Group en Plantijn Group in PlantijnCasparie (PC)
- Integration digital activities in 2Organize.com
- Take-over De Wit Binders
- RS Deventer introduces widest gravurepress
- First reorgansiatoin 8 PC compa
- Introduction 2 businesslines Print Productions M


1993 - 2013
2003 44 3544 378 312 107 88 825
2004 43 3205 407 258 127 80 634
2005 32 2535 409 252 161 99 617
2006 32 2481 432 246 174 99 570
2007 26 2341 422 231 180 99 547
2008 26 2196 417 213 190 97 511
2009 23 2085 391 193 188 92 492
2010 22 1676 357 166 213 99 466
2011 22 1612 365 166 226 103 454
2012 22 1586 347 162 219 102 465
2013 20 1516 345 151 228 100 437
Communications
Sale PC companies
Schlott Gruppe decides to discontinue bid.
Mergerprocess Quebecor, AGM votes against
HHBV decides to discontinue bid.
Reorganisation - 500 fte
Closing Roto Smeets Utrecht
Impairment
Riva decides to discontinue bid.
Impairment.
Take-over vdbj
Integration Rotopack
Announcement Reorganisation - 170 fte
Bron: Jaarverslagen Roto Smeets Group 1993 - 2013

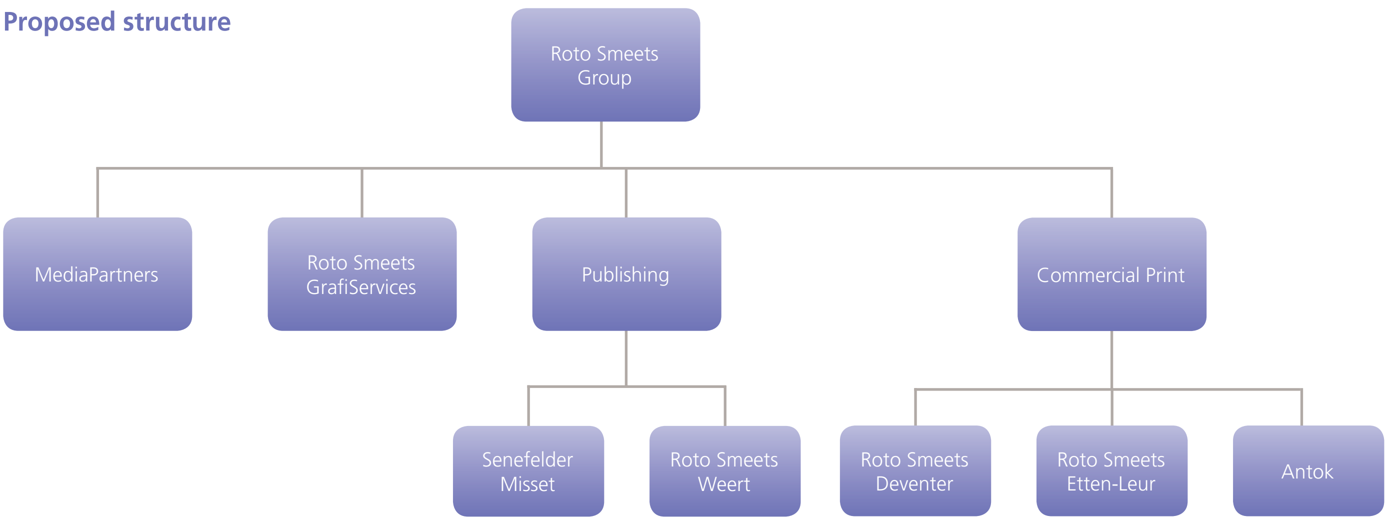
Organisation Roto Smeets Group in 2013



Reclassification of divisions

On 30 October 2013, RSG made known its intention to organise the divisions Roto Smeets and Senefelder Misset into market segments in order to enhance its level of customer orientation and focus. This resulted in a Publishing division, situated in Doetinchem and Weert, and a Commercial Print division in Deventer and Etten-Leur. The Publishing division will focus on publishing companies and not-for-profit publishers. Consequently, in addition to the Netherlands, the coming years will see greater focus placed on Belgium, (West) Germany and (Northern) France. The Commercial Print division will serve retail clients and clients who publish catalogues in Western Europe. The MediaPartners Group and Roto Smeets GrafiServices will be unaffected by these division changes.

Proposed structure



Corporate Structure

Assets and operational structure

Roto Smeets Group NV (RSG) is a Dutch corporation headquartered in Deventer, the Netherlands. The group acts as a holding company for the various operating companies that make up the group both within the Netherlands and abroad (see page 94 for a complete overview). RSG is a corporation with full statutory two-tier board status. RSG shares are listed on Euronext Amsterdam.

Capital structure

The group's authorised capital is € 75 million, divided into 7,500,000 ordinary shares and 7,500,000 preference shares, each with a nominal value of € 5. As at 31 December 2013, 3,290,275 ordinary shares were subscribed, of which 3,287,132 were issued.

Shareholders

As of 1 July 2013, the threshold for announcing a capital interest and/or control rights in publicly quoted companies was lowered to 3%. According to the register maintained by the Financial Markets Authority [Autoriteit Financiële Markten], the major shareholders listed on 20 March 2014 were:

Marsala B.V.	22.02%
Stichting Administratiekantoor W.A.N.	19.98%
Riva Investments	15.27%
Florijn Investments B.V.	13.48%
ING Groep N.V.	12.12%
J.G.H.M. Niessen	3.85%

Supervisory Board

Regulations relating to the Supervisory Board and a profile sketch of the Board are available on the corporate website. In principle, members of the Supervisory Board may sit on the Board for no more than three terms of four years.

The Supervisory Board consists of the following members:
Drs. R. Blom, Chairman
Drs. J.H.M. Rijper, Vice Chairman
H.C.A. Groenen
Drs. H.C.P. Noten

Management Board

In view of the group’s size, the Management Board’s tasks are performed by one person charged with managing the corporation in the role of CEO. Since there is only one executive director, RSG cannot comply with the Management and Supervision Act with regard to a balanced allocation between men and women.

Regulations relating to the Management Board are available on the corporate website. The CEO is appointed for a maximum period of four years; although the person concerned may repeatedly be reappointed for further four-year periods. Mr J.A. de Haas MBA was appointed CEO on 30 January 2012.

Central Works Council

RSG’s representative body consists of local works councils in the operating units, which are all represented in a Central Works Council.

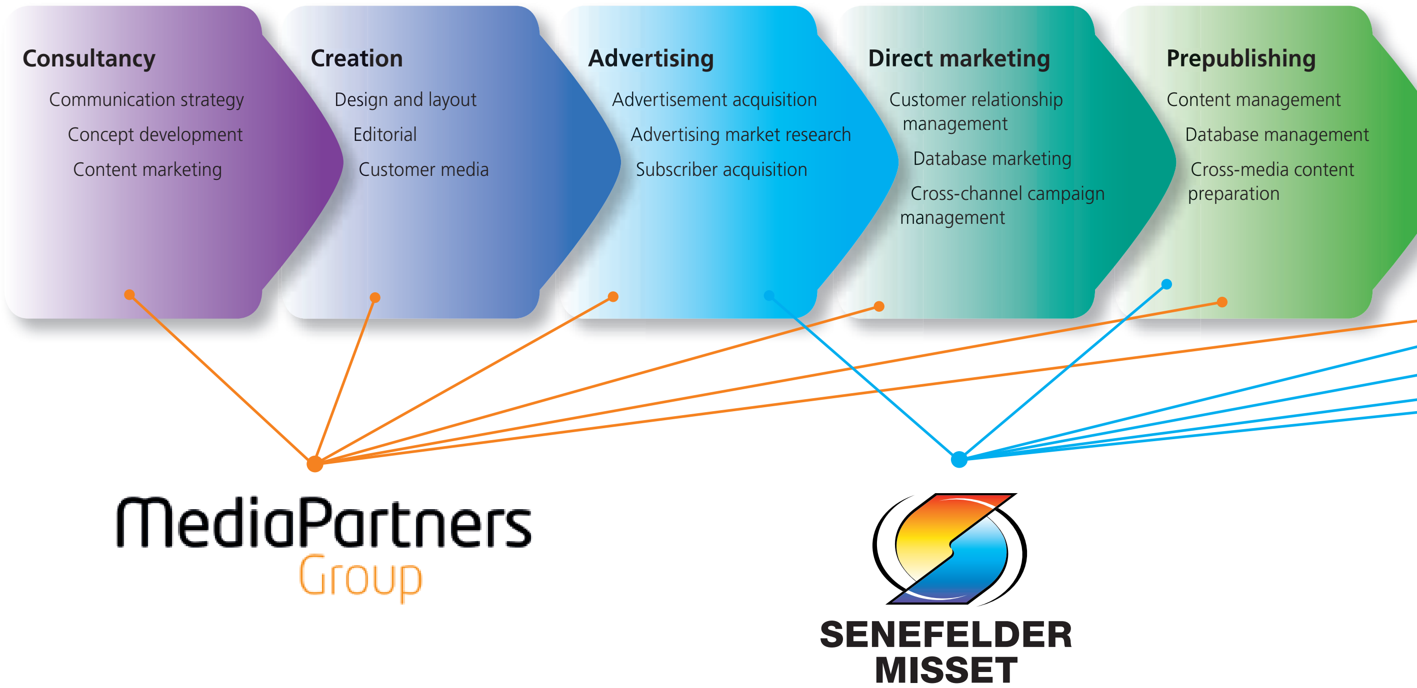
The daily management of the Central Works Council is the responsibility of:
F. Bijsterbosch, Chairman
G.J. Willemsen
A.T.M. Stevens, official secretary

Major financial dates 2014

Registration date	16 April 2014
AGM	14 May 2014
Business update Q1 2014	14 May 2014
Half-year results 2014	21 August 2014
Business update Q3 2014	6 November 2014

Principal activities and markets:

Roto Smeets Group (RSG) is one of the top independent graphics and media businesses in Western Europe and offers a wide range of graphic and communication services both in the Netherlands and abroad.
RSG’s business model is one of core activities, which mutually supplement and reinforce each other. This enables us to give shape to our clients’ communication wishes and translate these into the medium best suited to the intended target group; and that does not only involve printed work. RSG consists of 20 companies employing in average 1,516 people in 2013. The main four brands present themselves on the following pages:



Marketing Communications

MediaPartners Group

Segments

Together with its subsidiary company vdbj_, MediaPartners Group (MPG) serves a client portfolio of primarily A-status clients from the segments business and financial services, commercial undertakings and retail companies.

Proposition

MPG develops and produces content-rich media and resources in the field of: Internal Communication [InterneCommunicatie], Loyalty Communication [LoyaliteitsCommunicatie], and Activation Communication [ActieCommunicatie].

The strength of the company is its ability to link creativity & strategy with content development, which can be disseminated via various media platforms. The level of creativity & strategy is the distinguishing factor in the market. MPG achieves this with a team of specialists in the areas of strategy, concept design, art and copy, as well as editorial content. In each project, consideration is given to which solution best fits the client's requirements: customer magazines, newsletters, digital projects such as apps (smartphones/tablets), digital platforms, pdfs which can be leafed through, the application of Layars and complete websites with, for example, the integration of social media.

The external environment

Competition has grown significantly in the last two years. Increasingly, clients ask more general communication questions and, consequently, often choose parties who can only offer a partial solution. To ensure a strong position in this market, a company, like MPG, must have command of all the communication disciplines.

Print Productions

Senefelder Misset

Segments

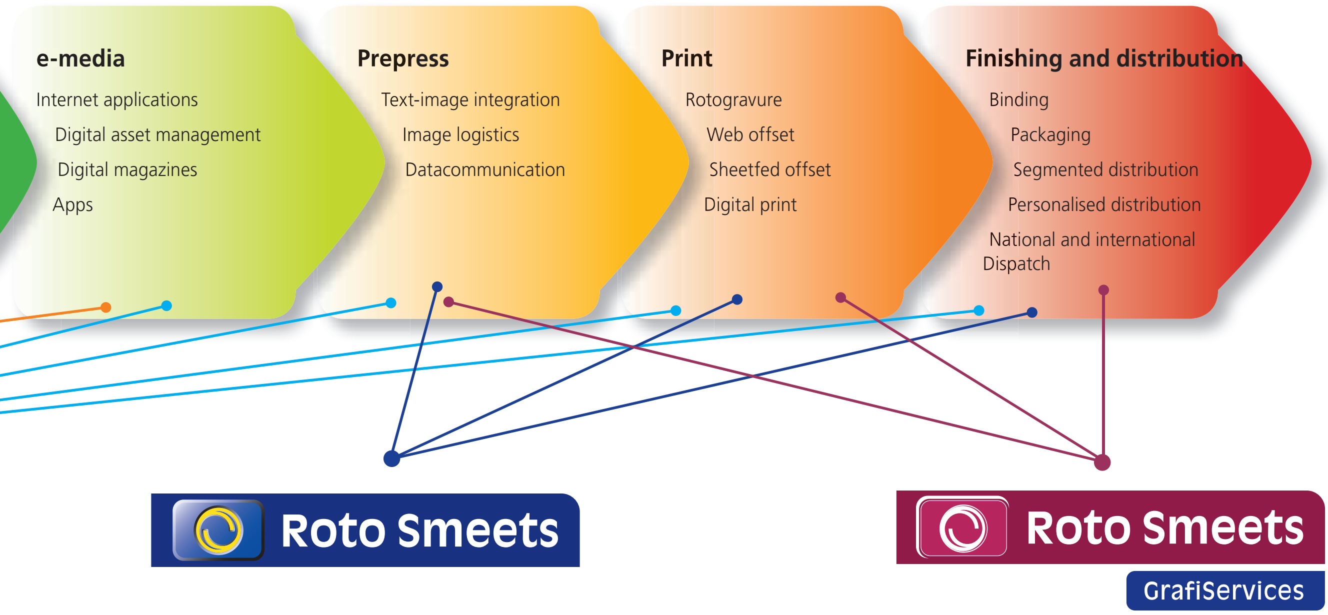
Senefelder Misset, X-Media Solutions and the PSH group supply cross-media services to the entire publishing chain of diverse organisations such as magazine publishers as well as profit and not-for-profit organisations undertaking publishing activities.

Proposition

As platform providers, the companies supply not only cutting-edge print solutions, but also logistic services and innovative digital solutions in the areas of online, mobile and tablet publishing. In addition, they offer advice and support to the entire publishing chain; their emphasis being on a cross-media approach.

The external environment

Currently, the graphics-media sector is subject to substantial and rapid changes. While in the recent past, paper was (still) an important bearer of content, the last few years have witnessed a rapidly growing number of new channels becoming available for both the business-to-business and the business-to-consumer market. In this context, thought should be given to the whirlwind emergence of tablet computers and smartphones, but also to the further integration of internet into all sorts of daily processes. Due to Senefelder Misset's role in these markets, its field of competition has become far broader. In this situation, increased turnover could be realised by expanding the geographical area of our target groups.



Roto Smeets

Segments

RSG's web printing units - Roto Smeets Deventer, Roto Smeets Etten and Roto Smeets Weert – focus together with the bindery De Wit Binders on clients who are active in the segments magazines, retail (brochures, flyers etc) and catalogues. Antok Nyomdaipari, the Hungarian based web printing company, principally supplies retail clients in Hungary and its neighbouring countries.

Propositions

Roto Smeets specialises in the production of both rotogravure and web printing in large, high-quality print runs. The production equipment facilitates a large volume of simultaneous capacity and can produce at relatively low costs per item. To prepare for the printing process, it provides entirely digital workflow solutions. Subsequently, it offers final processing services and extensive distribution facilities.

The external environment

In Western Europe, the web offset market is served by several parties, often medium sized family businesses. Due to turnaround times and logistic costs, the market is best served within a radius of 300 to 500 kilometres from the production site. Family companies in particular which have recently invested in large web offset presses are, rapidly and aggressively, turning to foreign markets. The Dutch market for magazines is witnessing increasingly intensive competition from Eastern Europe, particularly from Poland; generally in respect of titles with longer turnaround times and higher volume. To remain competitive in this market, a company must be capable of binding its clients by offering services other than simply printing.

Roto Smeets GrafiServices

Segments

RSG's sheetfed offset units are primarily active in the business-to-business sector and serve a large number of clients in commerce and industry, financial services, government, and publishers.

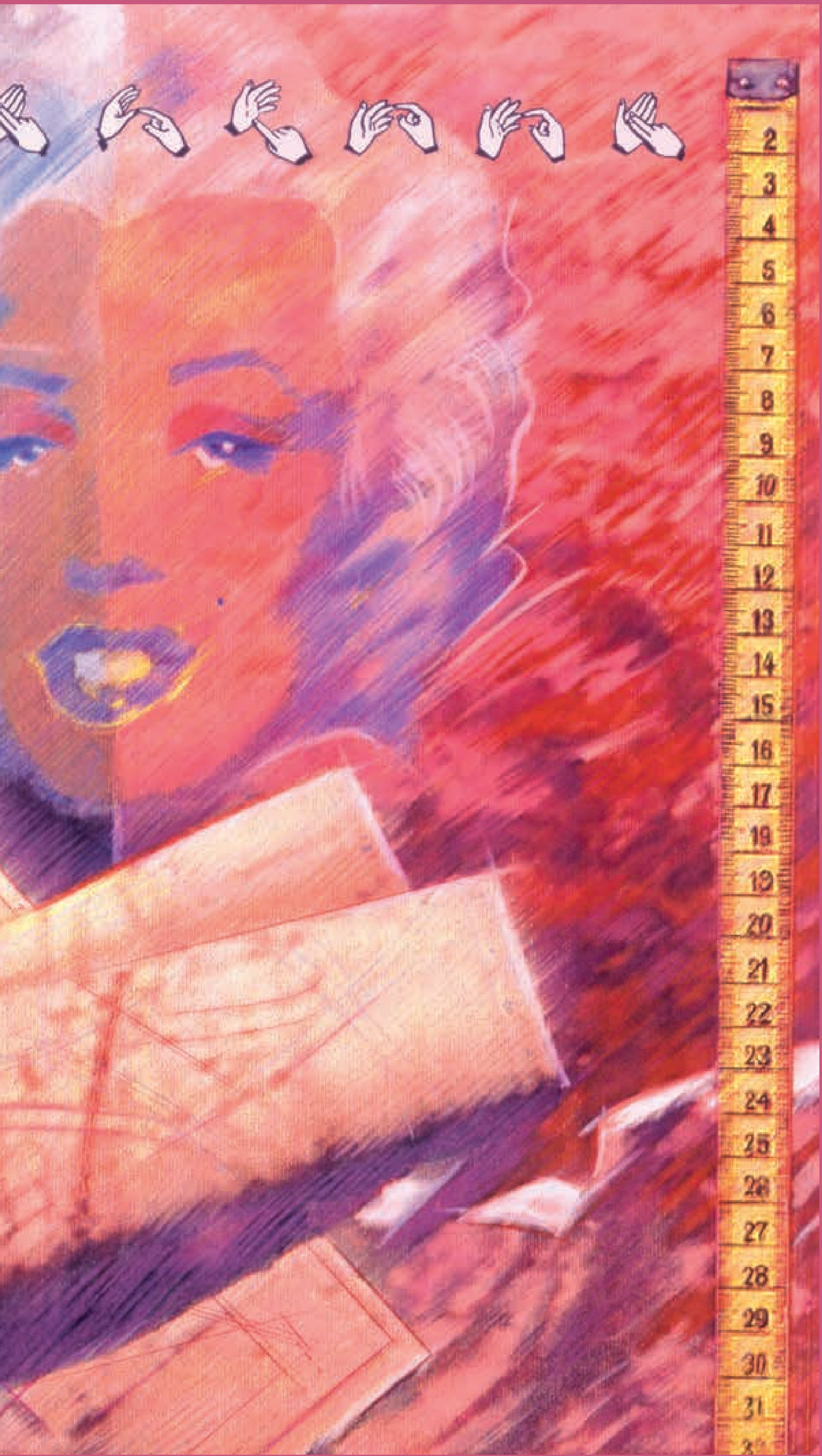
Proposition

Roto Smeets GrafiServices (RSGS) offers a diverse range of printed products: from point-of-sale-materialto the inside pages of photo albums and from reply cards to issues of smaller magazines.

The external environment

RSGS operates in a highly competitive market. Sheetfed printing is characterised by smaller print runs and in recessionary times such publications are quickly discontinued or replaced by publications using other media carriers. In addition to competition from other sheetfed printers, the impact of the increasingly larger market share of digital printers (via internet) cannot be ignored. Moreover, just like web printing units, sheetfed offset units are experiencing fiercer competition from neighbouring countries. However, by offering clients increasingly shorter turnaround times, it should be possible to keep foreign competitors at bay.

When determining its strategic direction, Roto Smeets Group took account of the risks attributable to the external environment of its divisions. In this context, we would refer you to page 22.



Sewing pattern

From the series:
Communication between people

The theme of this series is communication between people and the way in which human imagination is coupled to a ‘carrier’ such as a magazine, book or CD-Rom, so that a message can be created and communicated to other people. Also each illustration features an image that symbolises humankind plus an image that stands for an idea conjured up the human imagination. Each illustration also conveys the concept of communication by using one of the many symbolic languages that people use, in addition to spoken language. Main topic of each illustration is always a product that can be manufactures by one of the RSG companies. This illustration here represents the product ‘sewing patterns’ for dressmakers that, with its specific folding method, is a specialized product of Roto Smeets Weert.

1994/ Illustrator Vincent Jansen

1. Introduction

Also in 2013 Roto Smeets Group (RSG) had to battle continuously to absorb the persistent decline of print volumes and the continuous pressure on prices. Notably, clients in the market segment on which the RSG group focuses took far-reaching measures in 2013 which had a direct effect on the turnover of our subsidiaries. The volume of the Dutch magazine market alone declined by approximately 15%; and identical trends could be observed in foreign markets. For years, the volume of paper suitable for printed matter in Western Europe has witnessed a constant annual decline of approximately 4-5%. We are experiencing similar trends in the other market segments; albeit the decline is less dramatic.

In order to remain competitive, RSG has placed great emphasis on cost reduction. To a great extent this has been realised through the cost savings programme 'Faster, Better, Higher'. The total savings, realised through more than 200 component projects, should amount to approximately € 12m in 2014. The potential realised is just sufficient to keep pace with the price decline in the market. The strategy, put into play in 2012, to attract greater volume at lower costs, did prove successful, but not sufficiently successful for all the available capacity to be entirely filled. However, although the market volume declined, RSG was able to keep its sales volume on the same level as those of 2012 and, in so doing, considerably increased its market share. Despite this– and partially due to successfully increasing our productivity - we still experienced overcapacity in the majority of the printing plants in 2013. Consequently, at the end of 2013, a decision was taken to reduce the basic staffing level in a number of the print units (although the available production capacity is to be maintained). As a result of this measure, approximately 170 jobs are to be lost and the level of fixed costs reduced even further; but the possibility of scaling up will still exist.

RSG is conscious of the fact that, in the coming years, the volume of printed matter will continue to decline. It is still possible to achieve acceptable returns in a declining and consolidating business sector but - to do so successfully - entrepreneurship, focus and flexibility are essential. Our strategic and organizational measures will ensure these objectives are created. In this context, please refer to the chapter Strategy that follows the 2013 review.

2. Financial developments in 2013

Despite the challenging market developments, RSG's results show a number of improvements compared to 2012. The final net income figure was impacted particularly by the write-down of the real estate, a provision for the previously announced reorganisation and a write-down of deferred tax assets. Without exceptional items, net income would have amounted to € 0.7 million.

Revenues from operating activities decreased to € 291.6 million (2012: € 316.4 million), mainly as a result of lower print runs, smaller magazine sizes and withdrawals of titles from the market by customers. The added value amounted to € 150.9 million (2012: € 161.6 million) due to lower selling prices.

Personnel costs fell sharply as a result of the reorganisations carried out in the beginning of 2013 in the Print Productions businesses.

Management Board

Drs. J.A. de Haas MBA

Born:	1 August 1959 (m)
Nationality:	Dutch
Previous principal position:	Partner Coconut Capital
Present subsidiary positon:	Adjunct-professor INSEAD
Advisor/co-owner:	Amsterdam Metallized Products B.V. Herman Rutgers B.V.
First appointed:	2012
Current term:	2012 - 2016

The average number of employees, based on FTEs, decreased from 1,586 in 2012 to 1,516 in 2013. The restructuring programme led to the recognition of a € 2.9 million reorganisation charge.
The remainder of the reorganisation is being implemented in 2014, taking the reduction in FTEs in the reorganisation as a whole to approximately 170.

The EBITDA, after restructuring costs, decreased to € 14.6 million (2012: € 21.3 million). Operating income (EBIT) in 2013 amounted to - € 0.1 million (2012: - € 29.6 million). The cash flow from operating activities rose to € 17.5 million (2012: € 12.5 million). Net investments in fixed assets amounted to € 7.1 million (2012: € 5.7 million).

Financing and covenants

RSG has reached the covenants that were agreed with the banks and has been able to further reduce its debt. The interest bearing debt position at year-end 2013 was € 58.9 million in total compared to a debt position of € 69.7 million at 31 December 2012.

The total interest-bearing debt at the end of 2013 consists of:

- 25.5% (€ 15.0 million) from financial leases for presses and peripheral equipment;
- 12.3% (€ 7.3 million) from a mortgage loan;
- 62.2% from other bank loans (€ 36.6 million).

The present agreement with ABN AMRO Bank is continued. From 1 January 2013 this facility is reduced by 0.125 million per quarter. This credit has a mortgage loan of € 25 million in principal attached, plus 40% for interest and costs. The property of Roto Smeets Deventer of Deventer, Roto Smeets Etten of Etten-Leur, Roto Smeets Weert of Weert and Senefelder Misset of Doetinchem is associated with this loan. In addition, there is a second mortgage on the property located in Eindhoven, Heerhugowaard and Utrecht. Lien is also granted to the shares of all 100% subsidiaries located in The Netherlands.

The surplus guarantee for ABN AMRO Lease will also continue and is supplemented by a mutual surplus guarantee for ABN Commercial Finance. For this facility and the lease liability at ABN AMRO Lease and the factor agreement with ABN AMRO Commercial Finance, the following main covenants apply:

- Minimum Solvency ratios of 24.5% at 30 June 2014 and 25.5% at the end of 2014.
- Maximum Debt/EBITDA ratio of 3.5 and 3.25 at the end of 2014.
- Debt Service Coverage ratio of at least 1.1.
- Minimum cumulative EBITDA of € 6.3 million at 30 June, € 10.4 million at 30 September and € 15.8 million at the end of 2014.
- Minimum cost savings of € 2.7 million compared to 2013.
- Maximum Capex of € 6.3 million in 2014.

The factoring agreement with ABN AMRO Commercial Finance, which was renewed on 31 January 2012, was revised on 20 March 2013. The facility under the revised agreement has a maximum amount of € 35 million. The expiry date of the agreement is 1 July 2016.

The credit agreement of ING Bank (pro resto € 7.25 million) was extended until 31 March 2015. The loan will be further repaid by € 0.083 million per month. The existing solvency requirement of 25% remains. The other conditions are in accordance with the existing loan agreement of 17 August 2010, supplemented by a pledge of the rental income from investment properties Utrecht and Heerhugowaard, The Netherlands.

For more information on financing, we refer to note 34 of the financial statements on page 88.

Dividend policy

The RSG dividend policy assumes a cash payout of 40% of the net result per ordinary share provided solvency remains above the lower limit of 30%. Given the negative result, no dividend will be paid over the 2013 accounting year.

3. Group performance in 2013

In 2012, the direction taken was one of greater (financial) accountability and transparency at operational level. To this end, the operating units were clustered into four 'divisions' which, in particular, resulted in a higher concentration of responsibility for the cluster Roto Smeets. The underlying reason for this was, and is, the principle that only through entrepreneurship, cost awareness and strict cash management graphics businesses will still be able to achieve a return.

Roto Smeets

The trend in the markets on which Roto Smeets' web printing plants focus is still one of steep decline. In the first three quarters of 2013, the paper volume in Western Europe contracted by approximately 5% compared to the same period in 2012. The main reasons for the contraction were the discontinuation of publications, a reduction in the frequency of issues, fewer pages, small formats and lower circulation. This resulted in fiercer competition between printers, not only reducing volume but also lowering prices.

Against this background, Roto Smeets succeeded in processing the same volume of paper in 2013, but at lower selling prices. To absorb this, internal projects were continuously being worked on, to achieve lower costs, add greater value and reduce turnaround times. These projects enabled Roto Smeets to lower its production costs by an average of 6% in 2013. The productivity per FTE rose by 4% and € 2 million was saved on maintenance costs. In itself a good performance, and just sufficient to absorb the fall in prices. Through indirect efficiency measures and by adjusting the working structure in a number of operational units, Roto Smeets will reduce its workforce by approximately 130 in 2014; these job losses will be in the operating units in Deventer, Etten-Leur and Weert.

At the start of 2013, it was decided that the activities of Rotopack, Roto Smeets' independent finishing company, would be integrated into Roto Smeets Deventer. Furthermore, the activities of De Wit Binders in Eindhoven are to be integrated into the units Roto Smeets Deventer and Roto Smeets Weert at the beginning of 2015.
In the autumn of 2013, a used Unidrum drum stitcher, including rotary cutter, was installed at Roto Smeets Weert to replace two obsolete machines. The original supplier trained Roto Smeets' employees in Weert in the use of this. The knowledge acquired at Senefelder Misset proved invaluable in this context. This new configuration has had an extremely positive impact on the production turnaround times.

Extreme storms in July led to an incident at Roto Smeets Weert, where part of the roof collapsed, flooding the finishing and paper warehouse. Work on hand was nevertheless delivered after only a slight delay.

Antok

In 2013, Antok was able to acquire more orders from outside Hungary and, in so doing, further increased the level of machine occupancy. These orders demanded however hefty price concessions. Antok is currently supplying printed matter to Austria, Slovenia, Croatia, Italy, Germany, Slovakia and the Czech Republic.

Antok succeeded in raising its turnover in 2013, however higher energy costs, technical problems and lack of efficiency have led to a disappointing result. Because of this poor performance it was decided to take the oldest press out of production in 2014. This reduction also means that the workforce of Antok will be lowered.

The economic conditions in Hungary are still poor. Retail sales and thus the printed volume are further declining. A trend that is visible is that the market wants smaller sized publications. A size that fits well at Antok's press fit.

Antok is also benefiting from the fact that use can be made of RSG's central purchasing facilities to buy at a more attractive price. Because of these facilities Antok can also buy certain types of paper for its customers that are not available in Hungary.

An automated control system has been implemented in 2013 so that each phase of production can be tracked.

In response to increased client demand, Antok had its printing plant FSC certified in 2013.

Senefelder Misset

Senefelder Misset (SMD) has a broad client base, primarily from the not-for-profit sector (associations and foundations) and publishers of magazines (and trade journals), and offers a wide range of supporting services. Due to this broad service provision, SMD has been able to maintain its results at more or less the same level.
In 2013, the trend in the market was still that of falling circulation, an average decline in the size of orders and an organic reduction in the potential volume of printed matter. This meant the number of

orders had to grow if the required volumes were still to be achieved;
and, to a significant extent, SMD succeeded in this respect.

In the third quarter of 2013, SMD began using a Unidrum drum stitcher. This drum stitcher replaced three obsolete machines and is able to process a higher volume.

SMD's supporting services fared relatively well in 2013, primarily due to new activities and new orders. X-Media Solutions, active in the area of design, web design, web development and the development of (magazine) apps also had a successful year, and the number of people it employs has grown to 13. All the activities focus on offering added value to SMD's clients, in addition to the existing core business. X-Media Solutions has already developed around 30 magazine apps (approx. 10-15 a year, with an annual total of approx. 350 issues and 25,000 pages); these apps have been developed for both existing and new clients. Examples include Amnesty International, Natuurmonumenten, Uneto VNI, Piloot & Vliegtuig Magazine, Kampeerauto, Arts en Auto, etc. In 2013, two technologies were added to the portfolio, including a technology for the production of social news apps and a technology - under the name EasyEditPro - whereby editorial teams (for example the editorial teams of associations) will soon be able to produce professional looking newssheets at lower prices.

In 2013, the PSH Group, which offers advice in the area of media planning, content marketing and publishing support, suffered from the decline in advertising expenditure. However, it managed to absorb this by gaining new clients for which it organised advertising sales; these clients included Stemwijzer, RTV Arnhem, Fietsersbond and Luchtvaartnieuws from Reismedia.

Going by the name NextGen Publishing, a new collective project was launched in 2013. Together with X-Media Solutions, the operating units forming the PSH Group began publishing a Dutch magazine entitled 'DJ Mag' . This is the Dutch-licensed version of an English dance scene magazine. By combining Hoogte 80 Strategic Media's creative and content services, PSH Publishing Support's magazine management and publishing services, PSH Media Sales' commercially strategic services, X-Media Solutions' (digital) expertise and SMD's printed matter, it is almost possible to realise the multimedia platform of DJ Mag NL through internal cooperation.

Roto Smeets GrafiServices

In 2013, the legal merger of Roto Smeets GrafiServices Eindhoven and Roto Smeets GrafiServices Utrecht was completed. The market is now served with one brand and the business can benefit from the advantages of synergy this has provided.

Roto Smeets GrafiServices (RSGS) started well in 2013 but - and even better than in 2012 – but encountered a drop in the market in the second half of the year. Marketing and communication budgets in the business-to-business segment served by RSGS fell sharply again in 2013. As a result of the ever-shorter pitch moments, the price level is increasingly dictated by the supply and demand at that moment. This is manifested by the fact that a large number of clients have reduced both the scope and frequency of their communications. Turnaround times are getting shorter and shorter but, due to investments made in the last few years, this forms an important part of RSGS' propositions. RSGS expects this to be one of the areas providing opportunities in 2014.

This proposition was further strengthened in 2013 by the fact that, during that year, RSGS underwent an important transformation phase. The implementation of the new ERP system, iTechnique, led to an internal reorganisation whereby traditional processes were converted into industrial processes.

Regarding certification, both sites now not only have ISO 14001 for environmental protection and the CSR performance ladder for corporate social responsibility, but also have the quality certification ISO 9001.

MediaPartners Group

Within the Netherlands, the MediaPartners Group (MPG) is one of the larger players in field of content marketing and serves about 30 clients. These are primarily corporate organisations and a few large not-for-profit undertakings. Almost without exception, they are undertakings, which conduct marketing and internal communication on a strategic level.

Over the last few years, MPG has strengthened its position in the market and has grown significantly, however, this year growth stagnated. It was also very apparent that, in MPG's market segments, clients were delaying or shortening their communications or, alternatively, were giving content to them in an entirely different way. In addition, the margins on online projects are not as attractive as those on print productions.

Despite the fact that MPG achieved 85% of its most ambitious business target ever in 2013, this still failed to compensate for the loss of clients. For example Karwei, Randstad and Post NL terminated their cooperation. But MPG recently welcomed Aegon International, Kips and FNV as clients and it extended the Allerhande platforms for Albert Heijn with video productions (recipes are supported by instruction films).

In recent years, MPG has witnessed a significant shift from single media print assignments to strategic cross-media issues. Consequently, the demand for strategic, conceptual, online, mobile and video knowledge is rising at the expense of print. By rerouting the emphasis within the organisation, it is anticipated that the same return as previously can be achieved.

At the start of 2013, it was decided that the MediaPartners office in Belgium would be closed. Falling turnover and lack of scale caused the conclusion to be drawn that these activities were no longer viable on a stand-alone basis. The office's activities and client portfolio have been transferred to the content marketing agency's Head Office in Leuven, Belgium.en de klantportfolio zijn overgedragen aan het contentmarketingbureau Head Office in Leuven, België.

At the end of 2013, Alec Bergsma, director of the MediaPartners Group, announced that, after having held various functions over a period exceeding 15 years within RSG, he wanted to broaden his horizons outside the group. Richard de Booij (50) was appointed his successor as of 6 January 2014.

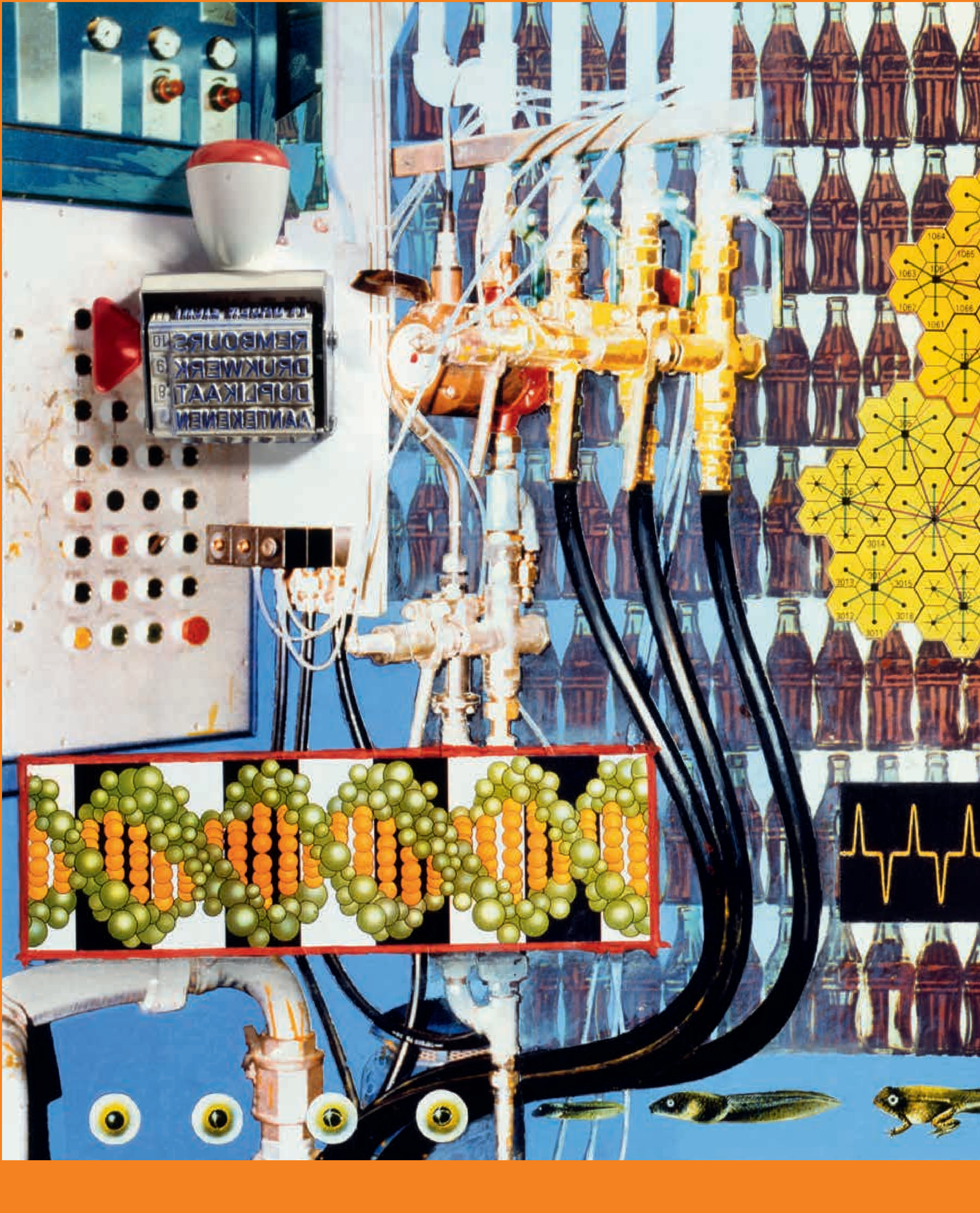
Supporting Services

ICT

In the last few years, several important steps have been taken in the production automation process from client to print form. Within all the production sites, prepress has been standardised and the most recent version of the printing workflow system Kodak Prinergy is now used. This standardisation enables client's PDF pages to be simply, predictably and automatically processed, including the application of an integrated colour management system. Moreover, it ensures identical processing on all the sites.

Further investments have also been made in the Roto Smeets MediaPortal. The MediaPortal is a workflow management system based on a web browser, to which all the production sites and their clients are connected and centrally hosted by RSG. Print-ready data delivered by clients to the MediaPortal is automatically checked and sent on to the relevant production site. Information about the quality, quantity and timeliness of delivery is shared with clients, the prepress department and order management. Within the MediaPortal application, all the address files delivered are subject to automated processing and prepared for mail distributors after which the address labels are prepared in the MediaPortal. Given the work within the MediaPortal is executed in a web browser, it can be done 'anywhere & anytime'. By means of Flowbase (a Business Process Management system), the MediaPortal also controls the decentralised prepress production system.

Due to the new and extremely strong opportunities offered by iTechnique, RSG's new MIS (Management Information system), a high degree of automation has been achieved in the production of print forms with the help of MediaPortal and Kodak Prinergy.



Multiplication

From the series:
The information column

This illustration is from a series that took as their subject the eight basic concepts of the information process. The swift pace of technological development makes it imperative that, particularly a company like RSG is creative in adjusting to the enormous changes taking place in the world of information. In each of the illustrations, this ability to adjust is symbolised by various metamorphoses which take place in nature, such as egg-larva-frog'. Directly or indirectly, communication always takes place by way of air, sound or electricity - in short, by waves. For this reason each illustration incorporates a wave of one type or another. Modem technology allows us to send messages to the remotest comers of the world. Satellites and networks cover the entire globe. For this reason, each illustration also contains a symbolic image of this process.

1995/ Illustrator Vincent Jansen

This latest development will enable RSG to produce print forms automatically with the help of JDFs (Job Definition Format) and XMLs (digital operating instructions) supplied by iTechnique. And this potential will make it possible for RSG to implement its next efficiency phase within the workflow from client to print form. As a consequence, Roto Smeets should be able to use its resources and produce more efficiently, as well as supply higher quality products.

Purchasing

In 2013, the emphasis lay on the further realisation of the purchasing benefits gained by cooperation between the operating units in the field of technical installations and parts, particularly initiated by the project 'Faster, Better Higher'. Group-wide contracts were concluded with a number of these suppliers.

Within the paper market, two paper factories - from which we purchase large quantities - announced their closure (Sappi, Norske Skog). Although there are an adequate number of alternative suppliers, the scarcity in the market means this number will not be sufficient to keep the price of paper low. It is clear that the price of paper is currently at an undesirable level for producers and, as a result, less efficient capacity is being withdrawn from the market. Increasingly, a shift can be seen among the large paper suppliers to other products offering better returns and prospects for printing than paper does.

During the third quarter of 2013, it became clear that the price of energy was more likely to rise than fall; consequently, RSG already purchased the energy required for 2014. RSG has, therefore, been able to realise a reduction in the energy prices for 2014 in comparison to 2013. Discussions with suppliers about contract extensions have already begun, as energy prices for 2015 and 2016 are currently at a very attractive level.

Human Resources

At the start of 2013, RSG launched the project 'Panta Rhei'. The core of the project is to achieve greater flexibility in the deployment of employees. The project involved the introduction of more flexible scheduling enabling the workforce to be adjusted in line with busy and slack production periods. To ensure this is well supervised, a decision was taken to purchase a personnel-planning system. The pilot for the introduction of this system within the group is already underway at Roto Smeets Weert; in 2014 the system will be rolled out in the other operating units. To do justice to the impact of the project, rules and regulations within the operating units must be amended and the underlying schedules changed. The full impact of 'Panta Rhei' - working when and where there's work - is expected to be felt in 2014. This will enable considerable savings to be made on the use of employment agency staff.

On 1 August 2013, the prevailing Collective Labour Agreement (CLA) expired. In September, it became clear that the employees' organisations in the graphics-media sector would put forward proposals to raise wages by 1% in 2013 and by a further 3% in the next one and a half years. The employers decided not to negotiate while the proposals contained any suggestion of an increase in employment costs.

Parallel to this was the development of the 'Comfortable Collective Labour Agreement'; an initiative from the CLA parties in the graphics-media industry. The Comfortable Collective Labour Agreement brings trends within the organisations and the interests of individual employees together; and includes the establishment of flexible employment conditions, facilitating customisation and diversity. The objective of the project is to create a new form of employment contract corresponding better to today's society. The intention is to adopt the provisions of the Comfortable Collective Labour Agreement definitively; however, to date, these provisions are only laid down in the 'Prototype of the Comfortable Collective Labour Agreement for the Graphics-media sector'. Flaws in the prototype, which were highlighted in the pilot period, are currently being ironed out. The negotiations will be resumed in 2014.

In the first half of 2013, RSG experienced a previously unknown level of absenteeism. To find an explanation for this, an enquiry was started in the operating units into the causes of the absenteeism and the policy regarding absenteeism; the purpose of the enquiry was to effect a reduction in the level of absenteeism. A report of the results will be available on completion in 2014. At the same time as the enquiry, the occupational health and safety service (arbodienst) took stock of the support offered to the operating units regarding the supervision and support provided to those incapable of working. The level of absenteeism has now returned to its usual level of around 5%.

To ensure an optimal organisational structure after the intended revisions to the organisation have been completed, team assessments for management and plant teams were started in all the divisions. These assessments will be completed in 2014.

More information on these subjects can be found in the 2013 Corporate Social Responsibility Report.

4. Strategy

The rapidly changing markets in which RSG operates hugely influence RSG's strategic plans. Consequently, making multi-year plans is becoming increasingly difficult. The most important elements of the strategy continue to be flexibility and entrepreneurship, as they will prove essential if the organisation is to respond rapidly to market trends and take advantage of opportunities. The strategic plans are, therefore, based on the direction of developments taking account of the rapidly changing markets.

The answer to these trends varies from one division and market segment to another:

- **Web printing plants Roto Smeets and Senefelder Misset**
  To respond with greater flexibility to market trends, these two web printing units are to be divided into market segments as well as into two divisions: Publishing and Commercial Print. It is essential for both units to increase their scale; and they will have to achieve this by offering new services to the market, entering into joint ventures and/or making acquisitions.

  - *Publishing:* the strategy for publishing is to focus on the further exploitation of the organisation's position in the Dutch magazine market by offering new services in other parts of the value chain; more in the chain in the area of content enrichment, and lower in the chain related to distribution. This will enhance both the value and the competitive position, facilitating volume increase. As the division already holds a dominant position in the Dutch magazine market, further growth will be sought in (West) Germany and (Northern) France.

  - *Commercial Print:* The commercial print market is a pure commodities market where the lowest price is frequently the only sales argument. Consequently, the strategy for this division is to focus on scale increase and cost reduction in order to strengthen the market position and raise productivity. The market segments relevant to this division (retail and catalogues) offer limited opportunities to increase added value in any other way. In the coming period, initiatives will, therefore, have to be generated so that, despite these market conditions, added value can be created and distinctive propositions developed.

- **Sheetfed offset units (Roto Smeets Grafiservices)**
  Technically, Roto Smeets Grafiservices (RSGS) is a well-equipped operating unit but, to date, it has reaped too few benefits from its strong position. After the implementation of iTechnique, RSGS is excellently placed to take on its competitors and new propositions and services will rapidly be developed. The strategic plan assumes further integration with client processes, the provision of more differentiated services (e.g. via a webshop) and a stronger segment focus realising higher added value

- **Marketing Communications**
  MediaPartners Group (MPG) is the focal point of this division. In the Netherlands, MPG is the market leader in the area of content marketing, whereby a distinction is made between loyalty, campaign (activation) and internal communications. To a great extent, the content produced is disseminated through magazines, but increasingly online and video products are playing a role. MPG was once an important source for the inflow of printed matter but recently its activities have changed direction. Given the strategic objectives of the Publishing division, explained above, we are witnessing increasing partnerships with MPG.

  In addition, MPG can still offer sufficient opportunities to increase the group's value; and, while MPG may be just ahead of its competitors in the area of online and videos, it is not yet a market leader. Consequently, MPG's strategy focuses on expanding its package of services, so that it can establish itself as a director in its clients' broad communication processes.

One complication in 2014 will be the fact that, given the current market conditions, it is practically impossible to identify the challenges and uncertainties, which RSG could encounter when implementing its strategy. However, RSG is convinced that the proposed new organisational structure will enable any critical challenges to be tackled optimally.

5. Prospects

RSG is aware that print volumes are set to decline in the years ahead. The net cash flow will therefore be substantially lower and RSG will have less scope to absorb any unexpected setbacks.

But acceptable returns can also be achieved in declining and consolidating sectors. RSG has demonstrated its ability to adapt rapidly to changing market conditions over the years. Sharp cost-cutting, tight financial management and optimum capacity utilisation have so far made it possible to keep pace with the decline of the market.

However, continued productivity improvements and shorter turnaround times are no longer sufficient. An increase in scale from joint ventures, co-operation agreements or take-over must result in more competitive cost prices. But in particular greater added value must be delivered through cost savings on the customer side and the development of new services to maintain continuous improvements in results. RSG thereby expects to create a sustainable position in the years ahead.

20 March 2014
Management Board
J.A. de Haas, CEO

Statement by the Management Board

To the Shareholders' Annual General Meeting

The management of Roto Smeets Group NV declares that annual the accounts present a true and fair view of the group's financial position and the result in accordance with the International FinancialReporting Standards (IFRS) as adopted within the European Unionand with Part 9 Book 2 of the Dutch Civil Code.

It is the management's view that the annual accounts present a true and fair view of the assets, liabilities, financial position and result of the Roto Smeets Group and operating companies represented in the consolidated financial statements.

The annual report presents a true and fair view of the group's position at the balance date, the state of affairs during the accounting year of the Roto Smeets Group and related operating companies providing the information to the annual accounts.

The annual reports devotes attention to those circumstances on which the development of the group's results, its turnover and solvency depend.

Deventer, 20 March 2014

Management Board
J.A. de Haas, CEO


DATABASE

Database

From the series:
Growth of digital data processing

The consequence of the development of the digital data processing is that processes such as graphic design, printing and distribution have all been automated and, to a large extent, perfected.
These developments have opened up new fields of activities, such as setting up networks and maintaining databases. The illustrations in this series how a number of new and existing concepts used by the printing industry as it functions today, in which digital data processing plays an important, and in many cases, even a decisive role. Hence the computer print plate as a background.
Against these backgrounds, there where three dimensional collages which symbolize new concepts such as digital photography, combimedia and selective binding. The collages reflect the dynamics and versatility of digital technology, against a backdrop of astounding perfection which only contemporary digital technology can offer.
It is a technology which, with its vast range of possibilities, allows a company such RSG to render services to target groups with highly specific profiles.

1996/ Illustrator Vincent Jansen

Personal information

Members of the Supervisory Board

at 20 March 2014

Drs. R. Blom

Born:	10 December 1948 (m)
Nationality:	Dutch
Previous principal position:	Chairman Management Board Eneco N.V.
External directorships:	Chairman Supervisory Board Roto Smeets Group N.V. Chairman Supervisory Board IGM N.V. Chairman Supervisory Board Stichting De Baak Member of the Supervisory Board Vialente
First appointed:	2009
Re-appointed:	2013
Current term:	2013 - 2017

H.C.A. Groenen

Born:	31 July 1944 (m)
Nationality:	Dutch
Previous principal position:	Director NMB Heller Holding N.V.
External directorships:	Member of the Supervisory Board Roto Smeets Group N.V. Member of the Supervisory Board Triple P N.V. Member of the Supervisory Board P.L. & Partners Beheer Member of the Supervisory Board C den Braven Beheer
First appointed:	2004
Re-appointed:	2008, 2012
Current term:	2012 - 2016

Drs. H.C.P. Noten

Born:	20 February 1958 (m)
Nationality:	Dutch
Present principal position:	Mayor of Dalfsen Municipality
Previous principal position:	Board member NS Reizigers
Voormalige nevenfunctie	Member of the Senate of Dutch Parliamentl
External directorships:	Member of the Supervisory Board Roto Smeets Group N.V. Chairman Supervisory Board Espria en Woonzorg Nederland Member of the Supervisory Board Heisterkamp N.V.
First appointed:	2005
Re-appointed:	2009, 2013
Current term:	2013 - 2017

Drs. J.H.M. Rijper

Born:	3 January 1962 (m)
Nationality:	Dutch
Present principal position	Director Wagram Equity Partners
Present subsidiary positions	*Management positions at* Monceau B.V. DA Investments B.V. Dissel Beleggingen B.V
External directorships:	Member of the Supervisory Board Roto Smeets Group N.V. Member of the Supervisory Board DA Retailgroep B.V. Member of the Supervisory Board Drukkerij Zwart B.V. Member of the Supervisory Board Tanatex Chemicals B.V. Member of the Supervisory Board C. den Braven Beheer B.V.
Re-appointed:	2011
Current term:	2011 - 2015

Report from the Supervisory Board

Introduction

For a number of years, the Management Board of Roto Smeets Group has only consisted of one person, the CEO. The consequence of this is that the Supervisory Board is expected to have a more prominent and active role regarding the supporting of the CEO. This not only relates to supervising the implementation of the policy but also advising and assisting in the determination of the group's strategic direction and the approach adopted in respect of risk management. Due to the diverse composition of the Supervisory Board, each member has, from the perspective of his own expertise, been able to offer the CEO optimal support in 2013.

Supervisory tasks in 2013

a) Meeting targets

While the most important target for 2013 - being substantially lower costs achieved through the project 'Faster, Better, Higher' - was realised, the turbulent market in which the graphics industry operates meant the savings were entirely offset by falling prices. The continuous pressure on prices was caused by increased overcapacity in the market and by parties securing contracts at price levels which could only be described as irresponsible. In addition, wage cost developments in the Netherlands contributed to this pressure. While employers' contributions continue to rise any improvement in productivity is immediately lost. This poses a threat to the competitive position of the Dutch graphics industry. Consequently, to restore the balance, new reorganisational measures have been set in motion at the end of 2013.

b) Strategy and risks

The speed with which market trends follow on from one another makes it difficult to make strategic choices for the short, medium and long term. These choices are closely related to the five major risks described on page 35 of this annual report. In particular, risks over which RSG has no influence – including the risks of persistent overcapacity, developments in the prices of raw materials, and clients' bankruptcy – make it virtually impossible to determine the term in which a strategic choice has to be realised. In this respect extensive strategy discussions were held in 2013; more information about these can be found in the Report of the Management Board.

c) Design and operation of the internal risk management system

The turbulent economic situation requires close control of the operational cash flow with the focus being on the optimum management of costs, sufficient availability of working capital, moderate investments and the phasing out of bank debt. Periodic written reports ensuing from the procedures for financial reporting, investment requests, accounts receivable management, currency exchange rate management and cash management are explained and extensively discussed in meetings with the finance director. The new ERP (Enterprise Resource Planning) system, currently being phased in, will contribute to the further improvement of these internal controls by increasingly standardising working methods and reporting.

d) Financial reporting

The 2013 annual accounts have been audited and approved by Ernst & Young Accountants LLP (see page 107). The annual accounts were discussed extensively with the auditors in the presence of the CEO and the finance director. It is the Supervisory Board's view that the 2013 annual accounts present a true picture of RSG's financial position and results, as well as the operating units included in the consolidated accounts. The Supervisory Board therefore recommends that the Annual General Meeting of Shareholders approve the 2013 annual accounts. In the same context, the Supervisory Board will also ask the Annual General Meeting of Shareholders to grant discharge to the Management Board for its governance and to the Supervisory Board for its supervision in 2013.

e) Shareholder relations

In 2013, discussions with shareholders only took place in conformity with RSG's policy governing bilateral contact with shareholders. For the contents of this policy, we refer readers to the corporate website where (in accordance with bp IV.3.13 Corporate Governance Code) this policy is detailed.

During the Annual General Meeting of Shareholders on 15 May 2013, the CEO presented the general state of affairs and financial performance of RSG in 2012, after which the AGM adopted the 2012 annual accounts. The Management Board was granted discharge for its governance of the company in 2012, as were the members of the Supervisory Board for their supervision in the same year.
The AGM reappointed Mr R. Blom and Mr H.C.P. Noten as members of the Supervisory Board. The AGM authorised the management to issue shares, to grant the right to adopt shares, to restrict or exclude shareholders' preference rights and to permit the company to acquire its own shares or certificates thereof.
At the request of one of the shareholders, the authorisation to restrict or exclude preference rights will in future be dealt with as a separate agenda item instead of being combined with the request for authorisation to issue shares and to grant the right to adopt shares.

Within three months of the meeting, the draft minutes of the AGM were made available on the corporate website for comments. As no comments were received, the minutes were approved in conformity with the articles of association. All documents related to the AGM were placed on the corporate website.

The annual company visit was held on 18 October 2013.
This year the shareholders were the guests of Roto Smeets GrafiServices, RSG's sheetfed offset unit. During the visit, attention

was paid to the investments made by RSGS in the past few years and the recent introduction of Technique, the new ERP (Enterprise Resource Planning) system. As you may have read in the Report of the Management Board, Technique is currently being introduced in all the Group's Print Production companies and will replace three systems for management information, production management/ data collection and logistics.

f) Corporate Social Responsibility, relevant aspects

The Supervisory Board supports the Group's active CSR policy and follows all developments closely. It fully supports the Group's CSR statement as found in the CSR report and on the corporate website. The values and standards presented in this statement are, in practice, translated into measures which are important for the stakeholders concerned and, moreover, support the strategic targets for value creation. For example, the internal policy for education and training should enhance the resilience and labour market potential of the group's employees. This is of benefit to both parties, as employees will be better placed to find new work faster, should they be laid off, while the claims on RSG's social liability will be lower. The stakeholder dialogue, undertaken more extensively as a result of the CSR policy, has resulted in joint ventures with suppliers for multimedia innovation projects; these projects enable savings to be made in the R&D budget. Savings in the use of the raw materials and process materials, achieved within the context of the environmental targets, have also made a positive contribution to the group's financial position. A report of activities undertaken in this context in 2013 can be found in the CSR report.

Committee Reports

Given that the Supervisory Board consists of four members, it is unnecessary to establish any separate committees and all the members sit on the two committees which have been formed:

The remuneration and appointments committee:

The most important topics discussed were:

- The proposal for the General Meeting of Shareholders held on 15 May 2013 that Drs R. Blom and Drs H.C.P. Noten both be reapointed;
- The remuneration policy, including the way the policy is applied;
- The establishment of criteria for the allocation of the variable pay components;
- The annual evaluation of the Management Board and the Supervisory Board's self-evaluation, the outcomes of which can be found in this report;
- The evaluation of the compensation policy for Supervisory Board members.
  A decision was taken to maintain the compensation at the current level.

The audit and risk management committee:

The meeting of the audit and risk management committee was attended by the CEO, the financial director and a representative from the external accountant.
The most important topics discussed in 2013 were:

- The findings of the interim audit;
- The group's financing and liquidity position, the impairment analysis of assets on the basis of the updated medium term plan and the associated valuation of the active tax latency, as well as the testing of the continuity assumption;
- The group's financial performance and its principal operating companies;
- The progress of the introduction of iTechnique to replace the current Printing Plant management system;
- The audit plan, the external accountant's audit opinion/management letter;
- The operation of the internal risk- and management system;
- The most important strategic options and their potential impact;
- Relevant amendments to legislation and regulations.

In the absence of the external accountant, the Supervisory Board evaluated the accountant's work including the quality of the audits, the accountant's independence and the audit team's expertise.
In connection with the change in the law on the rotation of auditors, RSG will next year request the General Meeting of Shareholders to approve the successors to Ernst & Young Accountants LLP with effect from the 2016 financial year. The selection procedure will be initiated at the end of 2014 and RSG will provide further information on this subject at the aforementioned meeting.

Remuneration report summary

Policy

The Management Board's remuneration policy was approved by the Annual General Meeting of shareholders on 9 May 2012. This remuneration policy was evaluated in 2013 and it was decided that, for the moment, it would remain unchanged.
Matters considered when establishing the level and structure of the CEO's remuneration include the trend in results, the trend in the share prices and non-financial indicators relevant to creating long term value for the group. The remuneration level is established on the basis of market research, which, at the start of 2011, Hay consultants conducted in the Netherlands among executives in businesses of comparable size, with similar interests and results; in other words the peer group. In addition, remuneration relationships within the group were also examined.

The remuneration the CEO receives from RSG is based on the market median and comprises both a fixed and a variable component. By means of a short term (1 year) variable component, the Chairman of the Board's remuneration is linked to the group's performance. The targets are set annually by the Supervisory Board after discussion with the Management Board.

Remuneration of the Management Board in 2013

In 2013, the fixed remuneration component was € 386,100 including the holiday allowance. In addition, the CEO has an expense allowance and a lease car at his disposal.
In respect of variable remuneration, the criteria established were linked to the realisation of the strategic objectives. The maximum variable remuneration is set at 50% of the Chairman of the Management Board's annual salary. The Supervisory Board adopts the criteria each year. In 2013, the criteria were: the realisation of the EBITDA budget, the development of the strategic plans and the realisation of costs savings through the project 'Faster, Better, Higher'. The Supervisory Board assessed the outcome of the criteria and their impact on the variable component in relation to the development of the group and decided that, in respect of 2013, variable remuneration of 45% of the annual salary would be awarded.

The long term remuneration is linked to the shareholders' interests. This concerns 100,000 phantom shares which mature in four years, fixed at a share price with a minimum of € 12.00.
The CEO's pension scheme tracks the Grafimedia pension scheme and he accrues his pension in the same way as other employees. The period of notice for the employer is two months, while the employer's notice period is four months. Severance pay will only be paid if the control over the group changes.

The complete remuneration policy can be found on the corporate website. The financial details of this policy, in conformity with article 383c BW2, are presented on page 96 of the annual accounts.

Internal structure of the Supervisory Board

Composition

The Supervisory Board has four members; and its current diversity and composition provides a suitably varied mix of knowledge, skills and expertise, ensuring it is in line with the desired profile. The profile has been placed on the corporate website (in conformity with bp III.3.1. of the Dutch Corporate Governance Code). In order to comply with the new Management and Supervision Act [Wet Bestuur en Toezicht], whenever future vacancies arise consideration will be given as to whether a more balanced relationship between males/females can be achieved. Given the schedule of departures, none of the current members will be proposed for reappointment in 2014.

	appointed	re-appointed	re-electable
Drs. R. Blom	2009	2013	2017
H.C.A. Groenen	2004	2008, 2012	-
Drs. H.C.P. Noten	2005	2009, 2013	-
Drs. J.H.M. Rijper	2011		2015

Supervision, quality assurance

a) evaluation

The annual self-evaluation of the Supervisory Board and the Management Board took place during the meeting of the remuneration and appointments committee. This year the evaluation was based on an individual questionnaire distributed to those attending the meeting in advance, whereby the emphasis was placed on institutional and procedural aspects of the performance of the Supervisory Board and Management Board. The questionnaire consisted of a list of statements encompassing several facets of the performance of the Supervisory and Management Boards. The statements were based on the core functions and preconditions necessary for a good performance. During the meeting, the outcome of the questionnaire was discussed and the conclusion drawn that those attending the meeting agreed with 80% of the statements. Statements which were not unanimously agreed with have been recorded in a document of core issues. These core issues are to be placed on the agenda of the next Supervisory Board meeting for further discussion.

b) independence

The Supervisory Board attaches great importance to the independence of its members. As a rule, all members, with the exception of no more than one, should be independent within the sense of bp III.2.1. of the Corporate Governance Code. With the exception of Joost Rijper, who manages Riva Investments' 15.27% shareholding in RSG, all the members are independent. The other members own no RSG shares, nor have they been granted any options.

Corporate Governance compliance

The Supervisory Board and CEO of RSG respect the principles and best practice provisions of the Netherlands Corporate Governance

Consumer information

From the series:
ever-increasing range of activities

Because of the fast developments within the communication industry, RSG has to deal with an ever-increasing range of activities. As a whole 'activity' cannot be caught in one picture, every illustration is a collection of associations regarding the subject of that illustration.
Certain animals evoke strong, general associations. They therefore play the most prominent role in the illustrations. The illustration, which concerned the media battle had to show speed, tactics and efficiency. Therefore a leopard was chosen for that illustration. The owl was used for the illustration on scientific information.'Corporate Governance' mainly concerns the common interest and the company's organization, which can believed to be personified by the bee. From that thought the Golden Retriever in this illustration fits very well with 'consumer information'.

1997/ Illustrator Vincent Jansen

Code and, where appropriate, have been applying these to RSG for some years. In its annual report, RSG accounts for the group's corporate governance structure and its compliance with the code. Any departures from the provisions of the code must be clearly substantiated. The group's standpoint in this respect can be found on pages 40 of the annual report and on the corporate website.

Conclusion

The Supervisory Board greatly valued the intensive and constructive discussions with the CEO, staff members and the Central Works Council.
The Supervisory Board would like to thank management and employees for their contribution and unfailing dedication in 2013 and express the hope that the economic improvements, of which cautious signs are appearing, will impact on the graphics media industry in general and on RSG in particular.

Deventer, 20 March 2014

Supervisory Board
Drs. R. Blom, Chairman
Drs. J.H.M. Rijper, vice-Chairman
H.C.A. Groenen
Drs. H.C.P. Noten

Absent schedule

Date	23 january	19 March	5 April*	15 May	6 June	21 August	9 October	13 Novem-ber	11 December
Extra participants	CEO/Staff/EY	CEO/FD/EY	CEO/COR	CEO/Staff/EY	CEO/Staff	CEO/Staff/EY	CEO/Staff/EY	CEO/Staff	CEO/Staff/EY
Ronald Blom	√	√	√	√	√	√	√	√	√
Joost Rijper	√	√	√	√	√	√	√	√	√
Henk Groenen	√	√	√	√	√	√	√	X	√
Han Noten	√	√	√	√	√	√	√	√	√

X available via teleconferencing for decisions
** tripartite consultation with Central Works Council*
Staff Staff department consists of Financial Director, Director HR and Director Purchasing
FD Financial Director
EY Ernst & Young Accountants LLP
COR Central Works Council

Management report on internal risk management and control systems

Risk profile

The graphics media industry is extremely sensitive to the economic cycle so any decline in the economy is felt very quickly. However, the long-term overcapacity which plagues this sector coupled with changing consumer behaviour in the way information is absorbed means the industry does not immediately benefit from an economic recovery.

The risk profile related to this position is described below and focuses on the five major risks.

Consideration of the five major risks is based on the present risk analysis with a reservation in respect of risks which are currently of no material influence and unforeseen, both in the short and the long term. In our opinion, the potential impact of these risks remained unchanged in 2013. The liquidity position of the group is stringently monitored and, if necessary, measures are taken.

1. Financing/Liquidity

Description

To finance its activities, RSG makes use of various facilities such as financial leases, supplier credit, mortgage financing and the factoring of its accounts receivable position. The external financing is essential for the continuation of RSG's business operations.

Impact

If the external financing were to dry up, RSG's liquidity risk would increase which could have a negative impact on the group's financial position.

Management

RSG monitors its liquidity and financing position on a daily basis. Annually, a detailed liquidity forecast is prepared for each period and updated on the basis of actual developments.

2. Risk of persistent overcapacity

Description

In recent years, the graphics industry in Western Europe has been confronted with a structural decline in demand, while technical innovations have caused capacity to increase. The fall in demand is the result of consumers increasing use of other forms of media coupled with the impact of the economic crisis on our clients. The consequence is that the industry is confronted by considerable overcapacity, which adversely affects margins.

Impact

It has taken longer than expected for a solution to the overcapacity problem to be found and this has had a negative impact on the margins and, consequently, the financial results.

Management

In the last few years, RSG has tried to mitigate the problem of overcapacity by closing printers and shutting down some presses. RSG is continually searching for ways in which to improve and to lower its costs, so that the costs can, at least, keep pace with the declining margin. In addition, by offering other services, the group tries to reduce its dependence on the market segments in which the overcapacity has the greatest impact.

3. Credit risk

Description

In the current financial climate, RSG is particularly exposed to the risks that its business partners may default on their financial obligations vis-à-vis RSG or that suppliers of durable production equipment may experience financial problems, which prevent them supplying parts or providing services.

Impact

If, despite RSG's prudent policy, any of its business partners fail to pay the amounts owed, RSG's revenue will decline which could have a negative impact on the group's financial position. Furthermore, if any of the suppliers of durable production equipment cease trading, a failure or breakdown of the equipment they supplied could lead to higher costs unnecessarily.

Management

RSG has established procedures and guidelines to limit exposure to the credit risk posed by any counterparty or market segment. These procedures, combined with spreading the business over a number of suppliers, limit RSG's exposure to credit risks. Part of these procedures includes making use of credit limits for each debtor/financial institution and by undertaking business exclusively with financial institutions with good credit ratings. In respect of the management of risks contingent on the continuity of our suppliers, we ensure our internal technical expertise is optimally safeguarded and prepare alternative scenarios with our suppliers.

4. Developments in the prices of raw material

Description

Historically, raw materials make up more than 50% of turnover of graphic products. Consequently, it is evident that the business operations are extremely dependent on the price of these raw materials. Many of these raw materials (paper, ink) are also significantly affected by the price of energy, which is additional to our own dependence on the availability and price of energy.

Impact

The margins in the sector are, therefore, directly affected by movements in the markets for energy and raw materials. Higher prices for raw materials and consumables result in higher operational costs which, in a market where pressure on prices is already considerable, cannot always be passed on to our clients. This can lead to reduced revenues and have a negative impact on RSG's financial position.

Management
RSG concludes central contracts with all suppliers of raw materials and energy. Developments are stringently monitored and the group does its utmost to take positions in good time.

5. Commercial occupancy of production capacity is crucial

Description
To undertake assignments, RSG's operating units have access to facilities, which comply with demands imposed, by the market. Returns depend on the degree to which capacity is utilised, efficiency and automation. Any unexpected breakdown in the production facilities can result in spare capacity losses.

Impact
If RSG fails to continue innovating, it runs the risk of declining revenues and, consequently, declining results. The sector in which RSG is active is highly influenced by the introduction of new products and technological changes, for example web offset presses with greater scope and faster finishing equipment. If RSG fails to keep pace with these technological changes or is unable to develop new products at the same rate as its competitors, the group's activities will - to a significant degree - be adversely affected.

Management
RSG is continuously searching for new technologies to replace existing systems and observes a rigid maintenance schedule for all its equipment. Operational systems in the RSG units, such as calculation, planning and process management, are all linked within a single system to optimise monitoring.
Adequate back-up systems and emergency power provisions are available to cope with the risk of system failure. The current implementation of Technique will make a positive contribution in this respect.

Management and control systems

To manage and control financial risks, RSG has procedures governing reporting, budgeting, investment requests, accounts receivable management, exchange rate management and cash management. These procedures are linked to periodic, written reports in which the operating units must provide a detailed description of their operational status and financial performance. These periodic reports are submitted to the Supervisory Board, Management Board and the directors of the operating units, and are periodically discussed in the permanent consultation body.

The accounts departments of all the RSG operating units work with a single financial application so that adequate control can be exercised and efficient consolidation is possible.

To manage and control the operational risks, operational systems, such as calculation, planning and process management, are all linked within a single system to optimise monitoring. Adequate back-up systems and emergency power provisions are available to cope with the risk of system failure.

The duties and authority of board members have been established and, together with the maximum powers of attorney, are included in a schedule of competencies. The duties and authority of other employees are laid down in their individual job descriptions; these are reviewed annually during appraisal and performance interviews.

To monitor trends in the market closely, market research and client satisfaction surveys are carried out incidentally. The results of these surveys are used in the realisation of strategic plans.

All RSG's production units are NEN-ISO 14001 certified so that compliance with legislation and regulations can be monitored and environmental risks managed. As of 2014, all the production units will have to meet ISO 9001 quality management standards (currently this is applicable in three units).

All the RSG units adhere to a uniform occupational disability procedure. Periodically, sector orientated risk inventories and evaluations are carried out on the work floor.

Within the context of the Market Misuse Act [Wet Marktmisbruik], RSG maintains an insider list of employees who have access to confidential information in the course of their work. These insiders must adhere to the Insider's Regulation, which lays down rules governing the ownership and trading of the group's shares, or other securities with a value partially determined by the value of these shares.

A whistleblower's code ensures employees are able to report any alleged irregularities of a general, operational or financial nature within the group without jeopardising their legal position.

To safeguard the group's culture and to generate respect for the generally accepted set of standards and values, as well as legislation and regulations, all RSG's employees are subject to a CRS statement. This statement can be found in the CRS report.

In-control statement

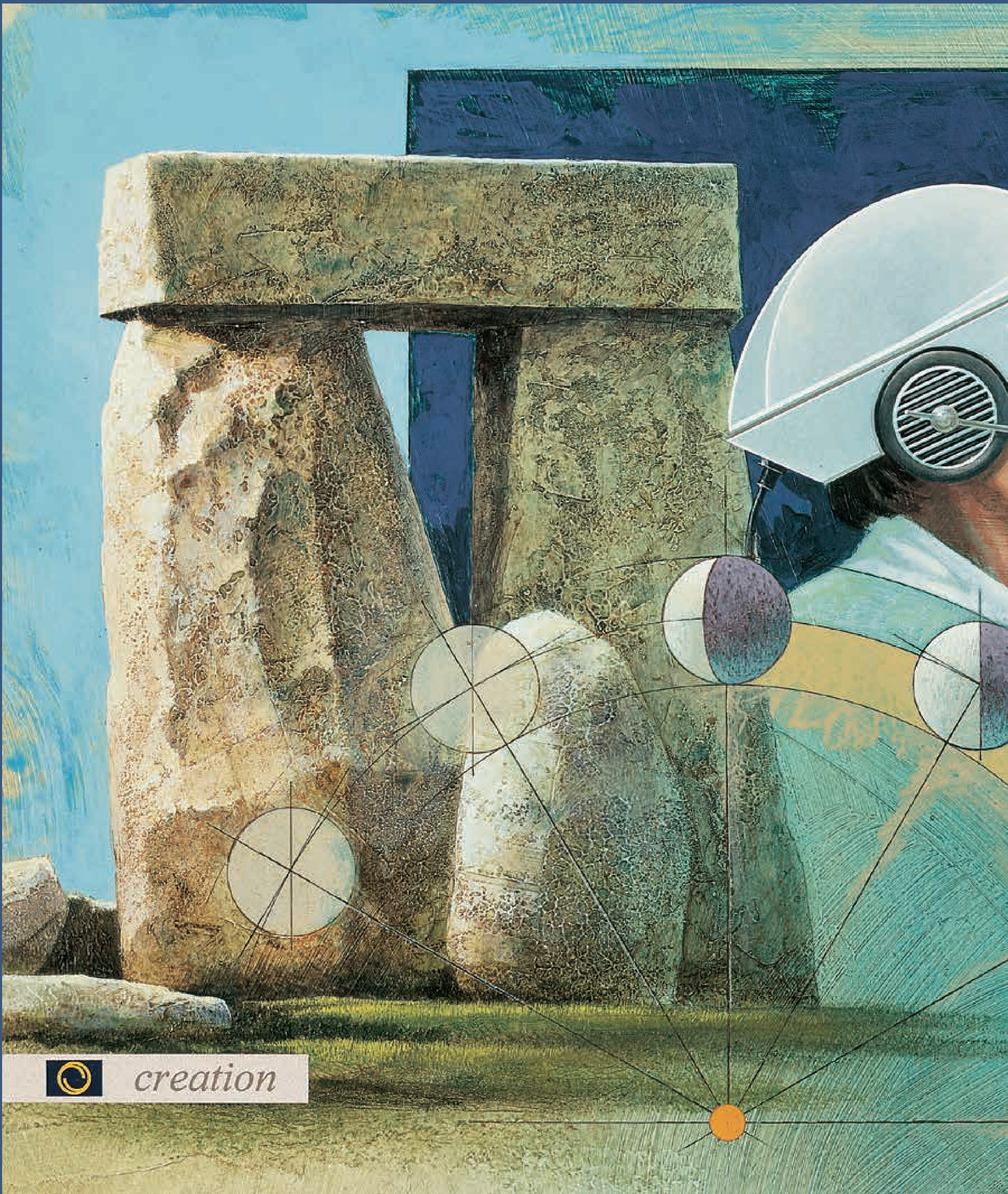
RSG's Management Board is responsible for the effectiveness of the business processes within RSG, for the financial reporting of such and for monitoring compliance with legislation and regulations. In order to carry out its tasks, the Management Board makes use of the risk management and control systems implemented within the organisation. These systems are intended to manage and control the risks of failing to realise the group's operational and financial objectives. During the financial year, the group's internal risk management and control systems are carefully monitored, so that - as far as possible - significant and company-specific risks can be managed.

In the reporting year 2013, the systems functioned satisfactorily and there were no indications that they will not do so in the current year.

The Management Board can state that the internal risk management and control systems provide a reasonable degree of certainty that the financial reporting contains no errors of material significance.

The system of procedures and activities described above forms a sound, reliable basis for managing the extent to which the group's strategic and operational objectives are realised, including the reliability of the internal and external reports.

Deventer, 20 March 2014
J.A. de Haas, CEO


creation

Creation

From the series:
Developing the technology

Around 300 years ago, if a message needed to be sent to someone on the other side of the world, it was dispatched on a sailing ship and could be in transit for several months. Nowadays a message can be transmitted around the globe in a flash. Each new development generates awe and amazement at what humans are capable of achieving. Yet a 17th-century merchant ship still creates a similar sense of wonder to a modern communication satellite. That's why this series places images of modern-day technology (e.g. virtual reality) alongside pictures of relics from ancient civilisations (e.g. Stonehenge). By adding images that relate to measuring the passage of time through the ages, illustrations emerged which show that people have always been capable of achieving the unimaginable; that while times may have changed, the creative power of humans has remained constant.

1998/ Illustrator Vincent Jansen

Corporate Governance accountability

I. Compliance with and enforcement of the Code

Every year, in its annual report, Roto Smeets Group (RSG) accounts for its responsibilities regarding the group's corporate governance structure and compliance with the code. Any departures from the provisions of the code are explained, with underlying reasons. Substantial changes are presented for discussion to the General Meeting of Shareholders.
The group's standpoint and essential documents are also published on the corporate website: www.rotosmeetsgroup.nl/corporate governance.

II. The Management Board

II.1 Duties and procedures

RSG's Management Board fully endorses the principle of the Management Board's duties and procedures as stated in the Code and, for some time, has been applying the majority of the best practice provisions described therein within the group.

The Management Board submits the following information to the Supervisory Board for approval:

a) the group's operational and financial objectives;
b) the strategy intended to lead to the achievement of these objectives;
c) the preconditions attached to this policy, for example the financial ratios;
d) any social aspects relevant to the business conducted by the group.

The main points in this respect are detailed in the annual report.

The group has a tailor-made internal risk management and control system (see page 35).

RSG also has a whistleblower's code which ensures employees are able to report any alleged irregularities of a general, operational or financial nature within the group without jeopardising their legal position. The whistleblower's code can be found on the corporate website.

RSG's CEO holds no supervisory directorships in other listed companies.

If the Management Board invokes a response time, within the sense of provision IV.4.4., this shall be done in accordance with the provisions laid down in 11.1.9 and used for further deliberation and constructive consultation, with both the relevant shareholders and the Supervisory Board.

II.2 Remuneration

In its remuneration policy, RSG applies the principles and best practice provisions in respect of the level and composition of the remuneration as well as its adoption and disclosure.
For a detailed explanation of the remuneration policy, we would refer the reader to page 31 of this report. The remuneration policy is also available on the corporate website.
The notes to the annual accounts include the legally prescribed information regarding the level and composition of the remuneration awarded to individual members of the Management Board.
Any changes to the remuneration policy adopted by the General Meeting of Shareholders shall be submitted to the General Meeting of Shareholders for its approval.

Within the sense of the Code, RSG offers no option or share plan to its Management Board. The long-term incentive for the Management Board, the phantom shares scheme, is based on fictitious shares not genuine ones.
If the employment of the CEO is terminated due to the group being taken over, the maximum severance pay he shall receive is one year's salary.

II.3. Conflict of interests

The current CEO is involved with two small businesses as co-owner/consultant. The group has investigated whether this could give rise to any conflict of interest; the conclusion was drawn that this is not currently an issue. Should this become an issue in the future, then the best practice provision in this respect shall be complied with. In 2013 there have been no transactions.

III. Supervisory Board

III.1. Duties and procedures

RSG's Supervisory Board fully endorses the principles underlying the Supervisory Board's duties and procedures as specified in the Corporate Governance Code and implements these provisions within the group. 'Regulations governing the principles and best practices for the Supervisory Board' can be found on the corporate website.

III.2. Independence

With the exception of Mr J.H.M. Rijper, all the members of the Supervisory Board are independent. Given that independence criteria III.2.2.f. (board member of a legal entity holding at least 10% of its shares) is applicable, the Board does not consider Mr Rijper independent.

III.3. Expertise and composition

The current members of the Supervisory Board have been selected on the basis of an profile outline of the specific areas of expertise necessary for them to perform their duties on the Board. The General Meeting of Shareholders on the recommendation of the Supervisory Board appoints new Supervisory Board members.

Each Supervisory Board member is capable of assessing the broad outline of the overall policy. The profile outline is available on the corporate website.

III.4. The Chairman of the Supervisory Board and Company Secretary

The Chairman of the Supervisory Board is responsible for ensuring the Supervisory Board and its committees function properly and, regarding the performance of members of the Management and the Supervisory Boards, he is, on behalf of the Board, the primary contact person for the Management Board and shareholders.
The Chairman and other members of the Supervisory Board are supported by the Company Secretary, who monitors the procedures to be followed and ensures that all the actions taken comply with the legal and statutory obligations.

III.5. Composition and role of the Supervisory Board's key committees

De Raad van Commissarissen heeft twee kerncommissies benoemd: The Supervisory Board has designated two key committees: the audit and risk management committee and the appointment and remuneration committee. The regulations governing these key committees are an integral part of the 'Regulations governing the Supervisory Board's principles and best practices' which are available on the corporate website.

III.6. Conflict of interests

In view of the fact that one of the members of the Supervisory Board cannot be regarded as independent, every form and indication of a conflict of interest between the group and the relevant member shall be avoided. The specified best practice provisions in this respect shall be carefully complied with.

III.7. Remuneration

The remuneration of the members of the RSG Supervisory Board is not dependent on the group's results. The remuneration policy governing the Supervisory Board is submitted to the General Meeting of Shareholders for approval. Any changes to the remuneration policy must be resubmitted to the General Meeting of Shareholders for approval.

III.8. One-tier board structure

The principles applicable to a one-tier board structure are not applicable to RSG.

IV. The (General Meeting of) Shareholders

IV.1. Authority

Due consideration shall be given to the authority of the Shareholders (and their General Meeting). Resolutions passed by the Management Board concerning significant changes to the identity or character of the group or enterprise shall be submitted for approval to the General Meeting of Shareholders, in accordance with the articles of association. The agenda items specified as best practices shall be discussed by the General Meeting of Shareholders.

The group places no restriction on a certain percentage or number of votes. The right to vote is exercised during the General Meeting of Shareholders.
If shareholders are unable to attend the meeting, they may vote electronically using ABN AMRO Bank's securities voting site, which can be accessed via the corporate website. At the time of giving notice of the General Meeting of Shareholders a registration date is determined. All the shareholders owning shares on the registration date are entitled to vote at the General Meeting.
Each year, the group asks its shareholders to authorise the issue of shares and to restrict or exclude preferential shares for a period of 18 months.
During that period, the Management Board may resolve to issue shares, to grant the right to take up shares, and to restrict or exclude shareholders' preference rights.
This authority applies to ordinary shares up to a number equal to ten percent of the capital placed at that time.

The Management Board also asks the shareholders to authorise the acquisition of fully paid-up shares in the capital of the company or depositary receipts for these shares, to the maximum provided for by law and the articles of association, for other than no consideration and through whatever form of acquisition of ownership, at a price that deviates by no more than 15% from either the highest or lowest price at which the relevant type of shares in the group were traded on the Euronext Amsterdam on the date on which the acquisition agreement was concluded.

No use was made of either of these authorisations in 2013.

IV.2. Depositary receipts for shares

The principle regarding depositary receipts for shares and the corresponding best practise provisions are not applicable to RSG.

IV.3. Information provision/logistics of the General Meeting of Shareholders

RSG's Management and Supervisory Boards endorse principle IV.3 and observe all the best practice provisions, to the extent they are applicable. Complete presentations and any webcasts etc. shall be available for viewing on the website www.rotosmeetsgroup.com immediately after the relevant meeting. As a permanent group of journalists track RSG actively, no separate press conferences are held. Telephone interviews are held with these journalists after each press release.

Any material amendments to the group's articles of association as well as proposals for the appointment of members to the Supervisory Board have to be submitted to the General Meeting separately.

In conformity with best practice IV.3.13 of the Corporate Governance code, RSG has published the principal points of its policy in respect of bilateral contacts with shareholders on its website.

IV.4. Responsibility of shareholders and institutional investors

This principle focuses on the responsibilities of shareholders and institutional investors and does not, therefore, apply to RSG.

V. The audit of the financial reports and position of the internal and external auditors

V.1. Financial reporting

RSG's Management Board acknowledges its responsibility for the quality and completeness of all the published financial announcements. In addition, the Management and Supervisory Boards both acknowledge the role of the Supervisory Board in supervising fulfilment of these responsibilities.

V.2. Role, appointment, remuneration and assessment of the performance of the external auditor

The external auditor attends the General Meeting of Shareholders.

Taking account of the advice of the Management Board, the Supervisory Board shall, if required, submit the appointment of the external auditor to the General Meeting of Shareholders. The audit and risk management committee shall assess the performance of the external auditor annually.

V.3. Role of the internal auditor

The principle applicable to the role of the internal auditor is not applicable to RSG.

V.4. The external auditor's relationship and communication with corporate bodies

RSG observes the principle and best practice provisions governing the relationship with and communications between the external auditor and corporate bodies.

Takeover guideline

In respect of the information required pursuant to Section 1 of the Takeover Directive Decree and Section 391.5 of book 2 of the Dutch Civil Code, we state the following:

Section 1 paragraph 1a: Information regarding RSG's capital structure is provided on page 11 of this annual report.
Section 1 paragraph 1b : RSG has no statutory or contractual restrictions on the transfer of shares.
Section 1 paragraph 1c: Substantial participations in RSG are stated on page 11 of the annual report.
Section 1 paragraph 1d: No special control rights are attached to the shares making up RSG's authorised capital.
Section 1 paragraph 1e: RSG has no schemes for employee share participation or share options.
Section 1 paragraph 1f: No restrictions are placed on the exercise of voting rights attached to ordinary shares. RSG's articles of association contain the usual provisions regarding the registration of those entitled to attend and vote at shareholder's meetings.
Section 1 paragraph 1g: RSG is not aware of any agreements with a shareholder which could cause the transfer of shares or voting rights to be limited.
Section 1 paragraph 1h: The manner of appointment and dismissal of the members of the Management and Supervisory Boards as well as amendments to the articles of association comply entirely with the Dutch Corporate Governance Code and are contained in RSG's articles of association.
Section 1 paragraph 1i: the Management Board's authority, particularly regarding the issue and purchase of RSG's own shares, is detailed under IV.1 of this chapter.
Section 1 paragraph 1j: RSG must inform the financial institutions with which it does business of any change of control. In such situations, the financial institutions may demand the early repayment of any credit they have extended. Some long-term cooperation agreements contain change-of-control clauses but, given the scope of the group, these are not considered of material importance in the sense of section 10 of the Takeover Directive Decree.
Section 1 paragraph 1k: In respect of change-of-control provisions contained in employment contracts, these can include a statement to the effect that RSG has entered into agreements with the CEO and other personnel which provide for severance pay should employment be terminated following a change of control.

Annual Accounts - Contents

Annual Accounts

Annual Accounts - Consolidated profit and loss account

(x € 1,000)	Notes	Before exceptional items	Exceptional items	2013
Total revenue	4	291,601	-	291,601
Cost of raw materials and consumables	6	- 112,410	-	- 112,410
Cost of subcontracted work and other external costs	7	- 28,289	-	- 28,289
Value-added		150,902	-	150,902
Other revenue	5	893	-	893
		151,795	-	151,795
Personnel expenses	8	- 99,539	- 2,619	- 102,158
Depreciation intangible fixed assets	9	- 250	-	- 250
Depreciation tangible fixed assets	10	- 13,014	-	- 13,014
Impairments	11	-	- 664	- 664
Unrealised changes in value of investment properties	12	-	-725	-725
Other operating costs	13	- 35,062	- 23	- 35,085
Operating result		3,930	- 4,031	-101
Financing income	14	169	-	169
Financing costs	15	- 2,867	-	- 2,867
Result before taxation		1,232	- 4,031	- 2,799
Income tax	16	- 557	- 744	-1,301
Result after taxation		675	- 4,775	- 4,100
Attributed to:				
Shareholders Roto Smeets Group NV				- 4,100
				- 4,100
Attributed to shareholders Roto Smeets Group NV:				
Ordinary and diluted earnings per share	36			- 1.25

(x € 1,000)	Notes	Before exceptional items	Exceptional items	2012
Total revenue	4	316,389	-	316,389
Cost of raw materials and consumables	6	- 124,083	-	- 124,083
Cost of subcontracted work and other external costs	7	- 30,706	-	- 30,706
Value-added		161,600	-	161,600
Other revenue	5	1,229	-	1,229
		162,829	-	162,829
Personnel expenses	8	- 105,174	- 556	- 105,730
Depreciation intangible fixed assets	9	- 115	-	- 115
Depreciation tangible fixed assets	10	- 22,284	-	- 22,284
Impairments	11	-	- 26,515	- 26,515
Unrealised changes in value of investment properties	12	-	- 1,961	-1,961
Other operating costs	13	- 38,232	2,383	- 35,849
Operating result		- 2,976	- 26,649	- 29,625
Financing income	14	50	-	50
Financing costs	15	- 3,248	-	- 3,248
Result before taxation		- 6,174	- 26,649	- 32,823
Income tax	16	1,215	2,418	3,633
Result after taxation		- 4,959	- 24,231	- 29,190
Attributed to:				
Shareholders Roto Smeets Group NV				- 29,190
				- 29,190
Attributed to shareholders Roto Smeets Group NV:				
Ordinary and diluted earnings per share	36			- 8.87

Annual Accounts - Consolidated statement of comprehensive income

(x € 1,000)	Notes		2013		2012
Result after taxes			- 4,100		- 29,190
Unrealised results					
Fair value changes forward currency contracts	30	894		248	
Foreign currency translation of foreign subsidiaries	30	- 59		- 30	
Taxation on unrealised results	30	- 224		- 62	
Unrealised results after taxes			611		156
Total realised and unrealised results after taxes			- 3,489		- 29,034
Attributed to:					
Shareholders Roto Smeets Group NV			- 3,489		- 29,034

The above results are partly results that will be included in the profit and loss account in the future.

Annual Accounts - Consolidated balance sheet as at December 31, 2013

(x € 1,000)	Notes	2013	2012
ASSETS			
Fixed assets			
Intangible fixed assets	18	1,882	2,099
Tangible fixed assets	19	76,655	82,547
Investment properties	20	11,570	12,295
Associated companies / joint ventures	21	-	-
Deferred tax assets	17	11,384	13,510
Other financial fixed assets	22	10	9
		101,501	110,460
Current assets			
Stocks	23	5,690	5,818
Trade receivables	24	41,733	49,443
Other receivables / prepayments	25	8,486	9,930
Cash and cash equivalents	26	435	628
		56,344	65,819
Total assets		157,845	176,279

(x € 1,000)	Notes	2013	2012

EQUITY AND LIABILITIES

Equity attributable to shareholders of Roto Smeets Group NV

Issued share capital	27	16,451	16,451
Share premium	28	12,833	12,833
Revaluation reserve	29	3,164	3,708
Retained earnings	30	17,958	21,514
Other reserves	30	- 1,571	- 2,182
Total equity		48,835	52,324

Long-term liabilities

Provisions	31	3,386	3,056
Risk-bearing loans and borrowings:			
Loans	32	-	-
Lease obligations	32	9,270	4,548
		12,656	7,604

Current liabilities

Trade and other liabilities	33	39,268	43,197
Finance companies	34	36,646	38,451
Interest-bearing loans and borrowings	32	12,969	26,696
Income tax payable		5,338	4,784
Financial derivatives	35	963	2,082
Provisions	31	1,170	1,141
		96,354	116,351
Total liabilities		109,010	123,955
Total equity and liabilities		157,845	176,279

Annual Accounts - Consolidated statement of changes in equity

(x € 1,000)	issued capital	share premium	revaluation reserve	retained earnings	other reserves	total
Balance as at January 1, 2013	16,451	12,833	3,708	21,514	- 2,182	52,324
Result after taxes			- 544	- 3,556		- 4,100
Unrealised results after taxes					611	611
Total realised and unrealised results after taxes	-	-	- 544	- 3,556	611	- 3,489
Balance as at December 31, 2013	16,451	12,833	3,164	17,958	- 1,571	48,835

(x € 1,000)	issued capital	share premium	revaluation reserve	retained earnings	other reserves	total
Balance as at January 1, 2012	16,451	12,833	3,708	50,704	- 2,338	81,358
Result after taxes				- 29,190		- 29,190
Unrealised results after taxes					156	156
Total realised and unrealised results after taxes	-	-	-	- 29,190	156	- 29,034
Balance as at December 31, 2012	16,451	12,833	3,708	21,514	- 2,182	52,324

Annual Accounts - Consolidated cash flow statement

(x € 1,000)	Notes	2013	2012
Cash flow from operating activities			
Net result		- 4,100	- 29,190
Depreciation and impairments	9/10/11	13,928	48,914
Profit on sale of tangible fixed assets		- 20	- 63
(Deferred) taxation		2,126	- 3,542
Other non-cash items		3,224	- 592
Changes in			
Stocks		128	1,525
Trade receivables		7,047	3,444
Other receivables / prepayments		1,444	- 1,320
Trade and other payables		- 5,580	- 5,836
Provisions		- 698	- 859
Cash flow from operating activities		17,499	12,481
Cash flow from investing activities			
Investments in tangible fixed assets		- 7,246	- 5,596
Divestments in tangible fixed assets		143	615
Investments in intangible fixed assets		- 33	- 696
Net cash inflow acquisition vdbj_		-	626
Repayments on loans		1	2
		- 7,135	- 5,049
Cash flow from financing activities			
Withdrawn risk-bearing loans		-	1,828
Repayments risk-bearing loans		- 8,752	- 6,800
Finance companies		- 1,804	- 2,275
		- 10,556	- 7,247
Effect of changes in exchange rates		- 1	- 1
Net change in cash and cash equivalents		- 193	184
Cash and cash equivalents at beginning of year	26	628	444
Cash and cash equivalents at end of year	26	435	628

The cash flow from operating activities includes cash flows in:

(x € 1,000)	2013	2012
Interest received	12	50
Interest paid	- 2,887	- 2,862
	- 2,875	- 2,812

Other changes without cash flow are:

(x € 1,000)	2013	2012
Changes financial derivatives	1,790	223
Other changes in provisions	1,057	- 2,254
Unrealised changes in value of investment properties	725	1,961
Earn-out arrangement	- 289	- 492
Other changes	- 59	- 30
	3,224	- 592

Introduction

Roto Smeets Group NV (RSG) is a Dutch company with its registered office in Deventer the ordinary shares of which are listed on Euronext Amsterdam.
The activities of RSG are described in the Company Profile in the Corporate Social Responsibility Report (CSR Report).
The consolidated annual accounts as at December 31, 2013 of RSG were drawn up by the Management Board at 20 March, 2014. The consolidated annual accounts of RSG will be adopted by the General Meeting of Shareholders to be held at 14 May 2014. In accordance with article 2:402 of the Dutch Civil Code the company profit and loss account only states the result from associated companies after taxes as well as other results after participations.

General

Statement of compliance

The consolidated annual accounts of RSG are prepared in accordance with the standards and interpretations set by the International Accounting Standards Board and approved by the European Commission, hereafter to be called International Financial Reporting Standards (IFRS).

The consolidated annual accounts were drawn up on the basis of historic costs, with the exception of financial instruments and investment properties valued at market value. The consolidated annual accounts are stated in Euros and all amounts have been rounded off to thousands (€ 000), unless stated otherwise.

Going concern assumption

Also in 2013 RSG had to battle continuously to absorb the persistent decline of print volumes and the continuous pressure on prices. Notably, clients in the market segment on which RSG focuses took far-reaching measures in 2013 which had a direct effect on the turnover of our subsidiaries.

In order to remain competitive, RSG has placed great emphasis on cost reduction. To a great extent this has been realized through the cost savings program 'Faster, Better, Higher'.
The potential realized is just sufficient to keep pace with the price decline in the market. The strategy, put into play in 2012, to attract greater volume at lower costs, did prove successful, but not sufficiently successful for all the available capacity to be entirely filled. However, although the market volume declined, RSG was able to keep its sales volume at the same level as in 2012 and, in so doing, considerably increased its market share. Despite this – and partially due to successfully increasing our productivity - we still experienced overcapacity in the majority of the printing plants in 2013.
Consequently, at the end of 2013, a decision was taken to reduce the basic staffing level in a number of the print units (although the available production capacity is to be maintained). As a result of this measure, approximately 170 jobs are to be lost and the level of fixed costs reduced even further, but the possibility of scaling up will still exist. RSG is conscious of the fact that, in the coming years, the printing volume will decline. It is still possible to achieve acceptable returns in a declining and consolidating business sector but - to do so successfully - entrepreneurship, focus and flexibility are essential. Our strategic and organizational measures will ensure these objectives are created.

At the end of 2013 RSG meets, with a solvency of 30.1%, according to the definition of ING Bank, the minimum solvency requirement of 25%. The solvency, according to the definition of financial covenants of ABN AMRO Bank, is 24.6% at the end of 2013 and meets the solvency requirement of 23.5%. RSG also meets all other covenants required by the banks at the end of 2013.

Despite the difficult conditions and the fragile financial position in which the net cash flow will come at a substantially lower level and RSG therefore has less room to absorb unexpected setbacks, the Board of Directors believes that the company will continue to have sufficient resources to maintain its business operations. The 2013 financial statements have therefore been prepared based on the going concern assumption.

RSG conducted consultations with ABN AMRO Commercial Finance and ING Bank on the continuation of the credit facilities. ABN AMRO Commercial Finance has indicated that it does not intend to terminate the credit agreement by April 1, 2014 which led to the continuation of the agreement with ABN AMRO Commercial Finance for a period of two years based on the same collateral. The solvency ratio is increased from 23.5% to 24% at 30 June 2014 and 25.5% at year-end 2014. The DSCR ratio is increased to minimal 1.1. De debt/EBITDA ratio is set at 3.5 and will be reduced to 3.25 at the end of 2014. The ING Bank credit facility was also extended for a period of one year with the same conditions.

Consolidation principles

The consolidated annual accounts comprise the annual accounts of RSG and its subsidiaries. Subsidiaries are those companies in which RSG has a controlling interest, meaning that it has the power to control the financial and operating policies of these companies in order to gain advantage from their activities. The annual accounts of the subsidiaries have been drawn up as at the same reporting date as those of the parent company, applying uniform valuation principles. All balances and transactions, income and expenses within the group and profits and losses from transactions within the group included in the assets, are fully eliminated. Subsidiaries are consolidated as from the acquisition date, being the date on which actual control was gained over the acquired party. This consolidation is continued until the moment that the actual control ceases to exist. The minority interest of third parties in-group equity and group result is stated under minority interest.

Changes in accounting policy and disclosure

The accounting policies adopted are consistent with those of the previous financial year except as follows:

IFRS standards and IFRIC interpretations

The IASB and IFRIC have issued new standards, amendments to existing standards and interpretations, some of which have not yet gone into effect or have not been endorsed by the European Union. RSG has introduced the following standards and interpretations, effective as of 1 January 2013. The application of these standards did not have a significant effect on the financial statements 2013.

IFRS 7 Financial Instruments: Disclosures

The amendments to IFRS 7 are effective for annual periods beginning on or after 1 January 2013 .IFRS 7 is adjusted regarding offsetting financial assets and financial liabilities. The standard has been extended with specific disclosure requirements for instruments on which offsetting is applied. RSG does not apply to offsetting of financial instruments in accordance with IAS 32 and therefore the amendments have no impact on the financial statements.

IFRS 13 Fair Value Measurement

This standard defines fair value, provides indications on its valuations and introduces new provisions relating to the disclosure. IFRS 13 is effective for annual periods beginning on or after January 1, 2013. IFRS 13 does not give understanding of the situations in which the measurement of the fair value is required, the standard discusses rather the way in which the valuation of the fair value to be executed when a standard requires this.

IAS 19 Employee Benefits (Revised)

IAS 19 (Revised 2011) changes, amongst other things, the accounting for defined benefit plans. Some of the key changes that impacted RSG include the following:

- All past service costs are recognized at the earlier of when the amendment/curtailment occurs or when the related restructuring or termination costs are recognized. As a result, unvested past service costs can no longer be deferred and recognized over the future vesting period.
- The interest cost and expected return on plan assets used in the previous version of IAS 19 are replaced with a net-interest amount under IAS 19 (Revised 2011), which is calculated by applying the discount rate to the net defined benefit liability or asset at the start of each annual reporting period.

The revised standard is effective for annual periods beginning on or after 1 January 2013. De standard applies to certain agreed pension schemes within RSG but it is expected that it will have no significant consequences for the consolidated financial statements.

Improvements to the IFRS standards (published August 2013), relate to a collection of minor changes to a number of IFRS standards which have no material consequence for RSG. Improvements are only employed after ratification by the EU.

Future changes in accounting policy

The following standards and interpretations that are not in force or not yet ratified by the European Union are not yet implemented in RSG:

IFRS 9 Financial Instruments

The IASB has published phase 1 and 2 of IFRS 9 Financial Instruments, the standard that eventually will replace AS 39 Financial Instruments: Recognition and Measurement. The standard would be effective for annual periods beginning on or after January 1, 2013, but was postponed by the IASB until IFRS 9 is completed. In subsequent phases, the IASB will address hedge accounting, settlement of initial loans and netting of assets and liabilities. The approval of the first phase of IFRS 9 will have an impact on the classification and measurement of financial assets of RSG. As soon as the other phases have been published RSG will examine the effect to present the complete picture.

IFRS 10 Consolidated Financial Statements

IIFRS 10 The consolidated financial statements replaces IAS 27 – Separate Financial Statements and will be effective for annual periods beginning on or after 1 January 2014. The new standard introduces a new consolidation model applicable to all companies. The model is based on control and is independent of the nature of the entity in which was invested. It is not important whether the control of the entity is done by voting rights of investors or through other contractual arrangements as is the case with "special purpose entities". The change has no effect on the financial position and results of RSG.

In accordance with IFRS 10 control is based on the fact whether the investor has:

- power over the investee;
- exposure, or rights, to variable returns from its involvement with the investee; and
- the ability to use its power over the investee to affect the amount of the investor's returns

IFRS 11 Joint Arrangements, IAS 28 investments in associates and joint ventures

IFRS 11 replaces IAS 31 - Interests in Joint Ventures. IFRS 11 classifies joint arrangements in two categories: joint operations and joint ventures. Joint operations are arrangements in which the parties with joint control have rights to the assets and obligations for the liabilities relating to that arrangement. Joint operations are accounted for by showing the party's interest in the assets, liabilities, revenues and expenses, and/or its relative share of jointly controlled assets, liabilities, revenues and expenses, if any. Joint ventures are arrangements in which the parties with joint control have rights to the net assets of the arrangement. Joint ventures are accounted for using the equity accounting method as described in the revised IAS 28 – investments in associates and joint ventures. The option to account for joint ventures using proportionate consolidation has been removed. IFRS 11 will be effective for annual periods beginning on or after 1 January 2014. RSG does not expect any impact on its financial position or performance.

IFRS 12 Disclosure of interest in other entities

IFRS 12 applies to an entity that has an interest in subsidiaries, joint arrangements, associates and/or structured entities. The objective of the new disclosure requirements is to help the users of financial statements to understand the effects of an entity's interest in other entities on its financial position, financial performance and cash flows. And to understand the nature of, and the risks associated with, the entity's interest in other entities. This standard will be effective for annual periods beginning on or after 1 January 2014 and does not have any impact on RSG its financial position or performance..

IAS 32 Offsetting financial assets and financial liabilities (amendments)

The standard will be applied for annual periods beginning on or after 1 January 2014. With this amendment the IASB intends to clarify offsetting criteria. The most important amendment concerns incorporating detailed explanation of the requirements about offsetting in the balance. IAS 32 requires that a financial asset and a financial liability must be offset as a company:

1) a legally enforceable right to offset the recognized amounts and
2) intends to settle the liability on a net basis, or to realize at the same time when the liability is settled the claim.

The above conditions for offsetting are not changed. The IASB does have detailed provisions to clarify these conditions.

IAS 36 Recoverable amount disclosures for non-financial assets (amendments)

The amendments clarify the disclosure requirements with respect to the fair value of non-financial assets. For this, the IASB has added two disclosure requirements to IAS 36:

1) Additional information about the fair value measurement of impaired assets when the recoverable amount is based on fair value less costs;
2) Information about the discount rates that have been used when the recoverable amount is based on fair value less costs of disposal using a present value technique. The amendment harmonises disclosure requirements between value in use and fair value less costs of disposal.

The amendments will be applied for annual periods beginning on or after1 January 2014. Earlier applications is permitted when the entity also applies IFRS 13 and must be disclosed.

IAS 39 Financial instruments: Novation of derivatives and continuation of hedge accounting (amendments)

This standard will be applied for annual periods beginning on or after 1 January 2014. The amendments provide an exception to the requirement to discontinue hedge accounting in certain circumstances in which there is a change in counterparty to a hedging instrument in order to achieve clearing for that instrument. The amendment covers novations:

1) That arise as a consequence of laws or regulations, or the introduction of laws or regulations;
2) Where the parties to the hedging instrument agree that one or more clearing counterparties replace the original counterparty to become the new counterparty to each of the parties;
3) That did not result in changes to the terms of the original derivate other than changes directly attributable to the change in counterparty to achieve clearing.

All of the above criteria must be met to continue hedge accounting under this exception. For novations that do not meet the criteria for the exception, entities have to assess the changes to the hedging instrument against the recognition criteria for financial instruments and the general conditions for continuation of hedge accounting.

IFRIC 21 Levies

Within the context of IFRIC 21, the term levy is defined as the liability to an outflow of resources imposed on companies by governments (local, national or international) through laws and regulations other than:

1) The outflow of resources that fall within the scope of another standard (including the payment of income tax which falls under IAS 12 ' Income taxes');
2) Fines and other measures as a result from non-compliance with laws and regulations.

IFRIC 21 addresses the question when the 'levy' must be processed. The interpretation does not address the accounting for the debit side of the transaction that arises from recognising a liability to pay a levy. Therefor entities have to look to other standards. The interpretation will be applied for annual periods beginning on or after 1 January 2014.

Important assessments and valuation uncertainties

In drawing up the annual accounts, valuations and assumptions are made with regard to the inclusion and valuation of assets and liabilities, off-balance sheets rights and commitments as well as income and expenditure.

The main assumptions regarding the future and other important sources of valuation uncertainties as at the balance sheet date which carry a considerable risk of a substantial adjustment of the book value of assets and obligations in the next financial year, concern the exceptional impairments of assets and the provisions.

Exchange rate foreign currencies

The consolidated annual accounts are stated in euros, which is also the functional and reporting currency of RSG. Each group

entity determines its own functional currency, and the items included in the annual accounts of each entity are valued on the basis of this functional currency. Transactions in foreign currencies are at first inclusion stated at the exchange rate of the functional currency as at the date of the transaction. Monetary assets and commitments stated in foreign currencies are translated at the exchange rate of the functional currency as at the balance sheet date. Possible differences will be charged to the profit and loss account, with the exception of differences resulting from borrowed funds in foreign currencies which serve to hedge an investment in a foreign entity. These are incorporated directly in the shareholders' equity up to the moment of divestment of the said entity, after which they are accounted in the consolidated profit and loss account.
Non-monetary assets and liabilities valued at historic costs in a foreign currency are translated at the exchange rates as at the date of the original transactions.
The functional currency of the foreign activities (Antok Nyomdaipari Kft.) is the Hungarian Forint, that of Roto Smeets Denmark A/S is the Danish Kroner, that of Roto Smeets Ltd. is Sterling and that of Roto Smeets Sweden AB is the Swedish Krona. As at the reporting date, the assets and liabilities of these group companies are translated in the reporting currency of RSG (the Euro) at the exchange rate as at the balance sheet date. The profit and loss accounts are translated at the weighted average exchange rate for the year. The exchange rate differences resulting from the translation are directly brought under a separate component of the shareholders' equity, after adjustment for deferred taxes. At divestment of a foreign entity, the deferred accumulated amount included in the shareholders' equity for that foreign activity, is accounted in the profit and loss account.

Valuation principles for the balance sheet

Intangible fixed assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair value at the acquisition date. After the measurement at initial recognition, intangible assets are carried at cost less cumulative depreciation and any cumulative impairments.

Intangible assets are amortized over the useful life and tested for impairment if there are indications that an intangible asset may be impaired. The depreciation on intangible assets is recognized in the profit and loss account under the item depreciation intangible assets.

Tangible fixed assets

The tangible fixed assets are valued at cost, less accumulated depreciation and impairment. The cost of the assets, in addition to the acquisition price, if applicable, also comprise the initial estimate of the costs of dismantling and removal of the asset and of the cleaning up of the property where the asset was based. Depreciation is linear, based on a percentage of the acquisition price and the expected useful life, taking into account possible residual value. Depreciation starts when the assets are taken into use. Replacement costs are only capitalised if these lead to a longer useful life of the asset.
Tangible fixed assets are tested for exceptional impairment if events or changes in conditions point out that that the book value might not be realisable. Tangible fixed assets on order are only included in the balance sheet as far as advance payments have been made. A tangible fixed asset will no longer be included in the balance sheet after it has been divested or if no future economic advantage is expected from the use or divestment of the asset. Possible proceeds or losses resulting from the elimination of the asset from the balance sheet (which will be stated as the balance of the net proceeds at divestment and the book value of the asset) will be included in the profit and loss account of the year in which the asset was eliminated from the balance sheet. The residual value and the useful life of the asset are assessed and, if necessary, adjusted at the end of each financial year.

Leases

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset. A reassessment is made after inception of the lease only if one of the following applies:

a) There is a change in contractual terms, other than a renewal or extension of the arrangement;
b) A renewal option is exercised or extension granted, unless the term of the renewal or extension was initially included in the lease term;
c) There is a change in the determination of whether fulfilment is dependant on a specified asset;
d) There is a substantial change to the asset.

When a reassesment is made, and it is determined that this comprises (no) lease agreement, the lease agreement will (no longer) be processed according to the new situation from:

a) In case of the situation sub a, c or d, when the change in the circumstances occurs which leads to the reassessment;
b) In case of situation b, the beginning of the period of extension.

For arrangements entered into prior to January 1, 2005, the date of inception is deemed to be January 1, 2005 in accordance with the transitional requirements of IFRIC 4.

Roto Smeets Group as a lessee

Finance leases, which transfer to RSG substantially all the risks and benefits incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability.

Finance charges are charged reflected in the income statement. Capitalised leased assets are depreciated over the estimated useful life of the asset and the shorter lease term, if there is no reasonable certainty that RSG will obtain ownership by the end of the lease term.
Operating lease payments are recognised as an expense in the income statement on a straight line basis over the lease term.

Investment properties
Real estate is valued at a realistic price, determined by certified external valuers. Investment properties are stated at fair value which is assessed by qualified external valuers.
Investment properties are at first processing measured at fair value. Thereafter, the changes in fair value are processed through the profit and loss account.

Associated participations and joint ventures
Joint ventures are those companies which activities RSG jointly controls with third parties on the basis of a contractual agreement.
RSG values the joint venture on the basis of the 'equity' method. The equity method is a method of processing whereby the investment is initially included at cost and subsequently is adjusted, taking account of the change in the share of the net assets after the takeover.
Associated participations are those companies over which financial and operating policies RSG exercises a material influence, without actually controlling these companies. The participations are valued in accordance with the 'equity' method. In the consolidated annual accounts, the share of RSG in the total of accounted profits and losses on joint ventures and associated participations is stated on the basis of the 'equity' method, from the moment that the material influence is actually exercised to the moment that it actually ceases to exist.

Financial assets
In accordance with IAS 39, financial assets are considered as a financial asset at fair value through profit or loss, as loans and receivables, as held to maturity investments or as available for sale financial assets.
At the initial inclusion of financial assets these are included at fair value, augmented by (in case of a financial asset not included at fair value, with recognition of valuation changes in the profit and loss account) the directly attributable transaction costs. RSG determines the classification of its financial assets after the first recognition and, if allowed and applicable, the classification is reassessed at the end of each financial year.

All regular acquisitions of financial assets are included as at the transaction date, meaning the date on which RSG takes on the obligation to acquire the asset. Regular acquisitions and divestments are acquisitions and divestments of financial assets for which assets must be delivered within a period generally determined by regulations or custom in the market.

A financial asset is no longer incorporated into the balance if a transaction leads to all or nearly all rights to economic advantage and all or nearly all risks related to the position are transferred to a third party.

All derivatives are regarded as being kept for trade purposes unless they are regarded as hedging instrument and are effective. Derivatives are financial instruments requiring no or only a limited net initial investment, settlement of which takes place in the future depending on movements in a certain share price or price (such as interest rate or the price of a financial instrument). The valuation changes are directly recognised in the profit and loss account.

Loans and receivables
Loans and receivables are financial assets with fixed or determinable payments not listed on an active market. Trade and other receivables are included at depreciated value on the basis of the effective interest rate method. Profits and losses are incorporated in the result as soon as the loans and receivables are no longer included in the balance sheet or suffer an exceptional impairment.

A provision will be made for an exceptional impairment of trade and other receivables if such receivables become uncollectible. A receivable becomes uncollectible when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that RSG will not be able to collect all of the amounts due under the original terms of the invoice. Significant financial difficulties of the debtor, the probability of insolvency of the debtor or an expected financial reconstruction, as well a default or delinquency are regarded as indicators for a permanent impairment of the receivable. The amount of the provision is measured as the balance of the asset's carrying amount and the present value of future cash flows, discounted at the financial asset's original effective interest rate. The exceptional impairment will be recognised in the profit and loss account, together with future reversals of earlier exceptional impairments.

Financial assets available for sale
Financial assets available for sale are financial assets not classified in one of the above mentioned categories. After the initial recognition the financial assets available for investment are valued at realisable value. The profit or loss is recognised as a separate component of the shareholders' equity until the asset is no longer included in the balance sheet or until it is determined that the asset has suffered an exceptional impairment. At such a moment the accumulated profit or the loss that was previously accounted for in the shareholders' equity, is included in the profit and loss account.

Determination of the fair value
The fair value of the financial assets which are actively traded on organised financial markets is determined on the basis of the share price. The fair value of financial assets for which there is no

active market, is determined using valuation techniques. The basis for such methods may include the most recent business market transactions or the present market value or another instrument, which is practically similar, or a cash value determination and option models.

Offsetting of financial instruments

Financial assets and liabilities are offset and the net amount is stated in the balance sheet at the moment there is a legally enforceable right to offset and the intention exists to settle on a net basis or to realise the asset at the same time that the obligation is settled.

Hedge accounting

RSG uses derivative financial instruments such as currency futures contracts and interest rate swaps to hedge risks regarding currency and interest rate movements. Such derivative financial instruments are recognised when first included at the realisable value as at the date on which the contract was entered into, and the realisable value is subsequently determined again. Possible profits or losses resulting from changes in the realisable value of the derivative instruments which do not form part of a hedging relation are directly recognised in the result.

At the closing of a hedging transaction, the hedging relation is formally designated and documented by RSG, as is the objective and the policy of RSG regarding management of financial risks in entering into a hedging relation.

Cash flow hedging which meets the strict conditions of hedge accounting, are recognised as follows.
The part of the profit or the loss on the hedging instrument of which it is determined that it is an effective form of hedging, is directly incorporated in the shareholders' equity, taking account of this tax effect, while the non-effective part is recognised in the profit and loss account. The amounts included in the shareholders' equity are transferred to the profit and loss account in the same period in which the hedged income or expenses were included or the expected divestment or acquisition is performed. This is accounted for as revenue. If the expected transaction is no longer expected to take place, the amounts initially included in the shareholders' equity will be transferred to the result.
If the hedging instrument expires, is sold, terminated, exercised (without replacement or rollover) or if the designation as hedging is taken away, the amounts that were initially included in the capital will remain in the shareholders' equity until the expected transaction takes place. If the transaction concerned is not expected to take place, the amount will be charged to the profit and loss account.

Impairment of financial assets

RSG assesses at each balance sheet date whether a financial asset or group of financial assets is impaired.

Assets carried at amortised cost

If there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not been incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate computed at initial recognition). The amount of the loss shall be recognised in profit or loss.
If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in profit or loss, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

Financial assets available for sale

If a disposable asset has suffered an exceptional devaluation, an amount equivalent to the gap between the acquisition value (less any redemptions on the principal amount and depreciation) and the realisable value, after deduction of any additional impairments already taken in prior years through the company's accounts, will be charged against shareholders' equity through the profit and loss account.
A reversal of an impairment on equity instruments available for divestment is not included in the profit and loss account.

A reversal of impairments on loan certificates occurs through the profit and loss account, if the increase in the realisable value of these instruments has objectively been caused by an event that occurred after this impairment charge was taken through the profit and loss account.

Impairment of non-financial assets

As at the reporting date, RSG assesses whether there are indications that an asset has suffered an exceptional impairment. If there is such a indication or if the annual assessment on exceptional impairment of an asset is required, RSG estimates the realisable value of the asset. The realisable value of an asset is the highest of the realisable value of an asset after deduction of sales costs or the cash flow generating unit after deduction of sales costs or the value in use, unless the asset does not generate incoming cash flows which are largely independent of the flows of other assets or groups of assets. If the book value of an asset exceeds the realisable value, the asset is deemed to have suffered an exceptional impairment and will be marked down to the realisable value.
On each reporting date an assessment is made whether there are indications that a previously recognised exceptional impairment does not longer exist or is diminished. If there is such a indication, the realisable value is estimated. A previously recognised loss due to exceptional impairment will only be reversed when a change has occurred in the estimation used to determine the realisable

value of the asset since the inclusion of the last loss due to exceptional impairment.
If this is the case, the book value of the asset is raised to the realisable value. This raised amount can not exceed the book value that would have been determined (after deduction of depreciation) if no exceptional impairment had been included for the asset in previous years. Such a reversal is recognised in the profit or the loss account. After such a reversal the depreciation is adjusted to systematically attribute the revised book value of the asset (after deduction of possible residual value) for the remaining useful life to future periods.

Acquisitions
All acquisitions are accounted for using the acquisition method. The identifiable assets and liabilities of the acquired company or business activities are recognised at fair value upon acquisition.

When an acquisition is carried out by RSG, a valuation is performed of the identifiable intangible assets acquired with the acquisition of an enterprise or business activity. The value appraisal is performed using cash flow models. RSG makes assumptions and projections of revenue and profit development in order to determine the cash flows and to determine the applicable discount rate.

For business acquisitions earn-out arrangements may be agreed. RSG makes an estimate of the earn-out payments based on expected future results of the acquired companies. Annually, an assessment is made whether the earn-out liability requires adjustment in respect of any changes in the profit development. Adjustments of the earn-out liability after completion of the acquisition are incorporated directly in the profit and loss account.

Stocks
Stocks of finished products, trade goods and raw materials and consumables to be used in the production process, are valued at cost or the lower market value.
The cost of stocks comprise all acquisition costs, conversion costs and other costs to bring the stocks at their present location and in their present state.

Cash and cash equivalents
Cash and cash equivalents comprise cash and short-term investments which can be immediately cashed. Deposits and other fixed interest instruments with an initial term of less than three months are regarded as cash equivalent.

Provisions
A provision is created when:
- RSG has a current (in straight enforceable or factual) obligation as a result of a past event;
- It is probable that an outflow of means which harbours economic advantages, will be required to settle the obligation;
- A reliable estimate can be made of the amount of the obligation.

If RSG expects that (part of) a provision will be compensated, the compensation will only be included as a separate asset, if it is as good as certain. The expense connected with a provision will be included in the profit and loss account after deduction of possible compensation. The amount included as provision is the most accurate estimate of the expenses required to settle the existing obligation on the balance sheet date. Provisions are assessed on each balance sheet date and adjusted to reflect the most accurate estimate. If it is no longer probable that an outflow of means shall be required to settle the obligation, the provision will be retransferred.

If the effect of the time value of money is material, the provisions are discounted at a pre-tax discount factor which, if necessary, takes into account the specific risks of the obligation. If the provisions are discounted, the increase of the provision will be recognised as financing costs because of the passing of time.

Interest bearing loans
The first valuation of interest bearing loans takes place at realisable value of the received consideration less transaction costs. After the first incorporation, the interest bearing loans are valued at depreciated cost on the basis of the effective interest rate method. The depreciated value is determined incorporating possible discounts or premiums.

Pensions
Contributions to defined befenit schemes are recognised in the profit and loss account as costs in the year to which they relate.

RSG has a defined benefit scheme, the fund Grafische Bedrijfsfondsen (GBF). With regard to the GBF, which has a collective scheme of several employers, up to now insufficient information was available to use the settlement methods for defined benefit schemes. This scheme is settled as if it was a defined contribution scheme.

Basedon IFRS 19R the benefit scheme is accounted for as defined contribution scheme.

Share-based remunerations
RSG directors receive remunerations in the form of share-based payments. These share-based payments are settled by way of cash payment ('cash settled'). The costs of share-based remunerations are determined on the basis of the market value of the shares on the date the shares were allocated. The costs of these shares are included in the profit and loss account (personnel costs) in the period before it becomes unconditional, offset by other long-term debts. The market value of the debt is re-determined at the end of each reporting period. Changes are included in the result.

Taxation

Tax obligations and receivables

Tax obligations and receivables for the current and previous years are valued at the amount that is expected to be payable to or to be received from the tax authorities. The taxation amount is calculated on the basis of the legally determined tax rates and prevailing tax laws. Tax obligations and receivables for the period under review are included in the statement of comprehensive income as far as these relate to items directly included in the statement of comprehensive income in the period.

Deferred taxation

A provision is created for deferred taxation on the basis of the temporary discrepancies as at the balance sheet date between the fiscal value of assets and liabilities and their book value as stated in these annual accounts.

Deferred tax credits are included for all recoverable temporary discrepancies, unused fiscal facilities and unrecovered fiscal losses, as far as the probability exists that there will be some fiscal profit available from which the recoverable temporary discrepancies can be recovered and the recoverable temporary discrepancies, unused fiscal facilities and unrecovered fiscal losses can be employed.

The book value of the deferred tax credits are assessed as at the balance sheet date and reduced as far as it is not probable that sufficient fiscal profit will be available from which the temporary discrepancy can be completely or partly recovered. Not incorporated deferred tax credits are reassessed as at the balance sheet date and incorporated as far as it is probable that future fiscal profit will be available from which this deferred credit can be recovered.

Deferred tax credits and obligations are valued at taxation rates which are expected to be applicable during the period in which the credit is realised or the obligation is settled, on the basis of the legally determined tax rates and prevailing tax laws.

Deferred tax credits and obligations will be balanced if there is a legally enforceable right to balance tax credits with tax obligations and the deferred taxation relating to the same taxable entity and tax authority.

Trade creditors and other short-term debts

Trade creditors and other short-term debts are stated after first recognition at the depreciated value on the basis of the effective interest rate method.

No longer incorporating financial assets and liabilities in the balance sheet

Financial assets

A financial asset will no longer be incorporated in the balance sheet if:

- RSG is no longer entitled to cash flow from this asset;
- RSG has retained the right to receive cash flows from this asset, but has entered into an obligation to pay these cash flows to a third party without a substantial delay in accordance with a special agreement or
- RSG has transferred its rights to the cash flows from this asset and either (a) has mostly transferred all risks and advantages of this asset, or (b) has not mostly transferred or retained all risks and advantages of this asset, but has transferred the control over this asset.

Financial liabilities

A financial obligation will no longer be incorporated in the balance sheet as soon as the performance has been delivered in accordance with the obligation, this obligation has been lifted or has expired.

If an existing obligation is replaced by another of the same funds provider at almost identical conditions, or the conditions of the existing obligations are substantially changed, such a replacement or change is treated as no longer incorporating of the original obligation in the balance sheet and the incorporation of a new obligation. The difference in the book values concerned is incorporated in the profit and loss account.

Principles for the determination of result

Revenue is recognised as far as it is probable that the economic advantages will benefit RSG, the income can be determined reliably and the main risks and advantages have been transferred. Costs are attributed to the year to which they relate.

Income and expenses

Income from services provided is recognised at the moment of delivery. The income from current orders as at the balance sheet date are included to the amount of the order costs incurred covered by income from the order. The order costs are stated as costs in the period in which they were incurred. Expected losses on current third-party orders are stated as costs immediately.

Interest income and expenses are processed in the financial year to which they relate and accounted for as the interest accumulates via the effective interest rate method.

The interest rate component of financial lease agreements is incorporated in the profit and loss account using the annuity method. Dividends are attributed to the year in which the dividends concerned were made payable.

Exceptional items

To obtain a better understanding, exceptional items are reported separately. Among exceptional items are considered, material non-recurring items of income and expenses greater than € 0.1 million, resulting from:

- Write-down of assets to the realizable value, as well as reversals of such reservations;
- Restructuring;
- Release/ Additions to provisions;
- Legal proceedings;
- Impairments;
- Damages not covered by a storm or natural disaster;

- Release/ additions earn-out arrangements;
- European subsidies;
- Sales of associates or other financial assets.

Government subsidies

Government subsidies are incorporated if there is a reasonable degree of certainty that the subsidy will be received, that all relevant conditions will be met and accounted for systematically in the period in which the costs these subsidies are meant to compensate incurred.

Taxation

Tax payable and recoverable tax during the year under review and deferred taxation are accounted for in the profit and loss account over the period to which they relate, unless these relate to items directly attributed to the statement of comprehensive income, in which case the taxation is attributed to the statement of comprehensive income.
The determination takes into account the fiscal facilities available in the countries.

Principles for drawing up the consolidated cash flow statement

The cash flow statement is drawn up according to the indirect method. Income and expenses from interest and corporate income tax, as well as received dividends of non-consolidated participations, are incorporated under cash flow from operating activities. Paid dividends are incorporated under cash flow from financing activities. Transactions whereby no funds are exchanged, are not incorporated in the cash flow statement.

Cash and cash equivalents comprise cash and short-term investments which can be immediately cashed. Deposits and other fixed interest instruments with an initial term of less than three months are regarded as cash equivalent.

Discontinued operations

A discontinued operation is a part of the activities of RSG representing a separate major operating activity or a separate major geographical operating area, or is a subsidiary acquired for the sole purpose of reselling. Classification as discontinued operation is done at divestment or, if earlier, when the operation meets the criteria for classification as available for divestment (IFRS 5). This may also include a group of assets being discontinued.

Notes to the consolidated financial statements

Contents

1. Segment information

The following summary shows the segment information in 2013:

(x € 1,000)	Print Productions	Marketing Communications	eliminations	consolidated
Revenue	271,013	20,588	-	291,601
Intersegment revenue	1,531	-	- 1,531	-
Total revenue	272,544	20,588	- 1,531	291,601
Net results	- 4,454	354	-	- 4,100
Assets and liabilities				
Intangible fixed assets	527	1,355	-	1,882
Tangible fixed assets	75,302	394	-	75,696
Other assets	50,305	5,010	-	55,315
Investment properties				11,570
Other unallocated assets				13,382
Total assets				157,845
Liabilities	61,429	4,266	-	65,695
Unallocated liabilities				43,315
Total liabilities				109,010
Other information				
Investments in fixed assets	7,079	200	-	7,279
Depreciation including exceptional impairments*	13,540	388	-	13,928

* The impairment is € 0.7 mln. See note 11, on page 73.

Operational segments

The activities of RSG are divided in two business segments, the so-called business lines. The business line Print Productions is aimed at the efficient and effective production of volume print. The business line Marketing Communications focuses on the set-up and execution of customer processes – the development and production of communication carriers – and the processing and optimising of customer data. We have the following cash-generating units in the Print Productions segment: Commercial Print Netherlands, Publishing, Roto Smeets GrafiServices and Commercial Print International.

The management monitors the business lines' operating results separately in order to take decisions on the allocation of resources and the assessment of results. Within the business lines all directly attributable income and expenses are recognised together with the apportioned costs of group activities.

With the exception of the 2013 earn-out and part of the reorganisation costs, all exceptional items in the result according to note 2 relate to the Print Productions segment.

The following summary shows the segment information in 2012:

(x € 1,000)	Print Productions	Marketing Communications	eliminations	consolidated
Revenue	297,077	19,312	-	316,389
Intersegment revenue	1,068	-	- 1,068	-
Total revenue	298,145	19,312	- 1,068	316,389
Net results	- 30,175	985	-	- 29,190
Assets and liabilities				
Intangible fixed assets	575	1,524	-	2,099
Tangible fixed assets	81,146	412	-	81,558
Other assets	56,487	6,764	-	63,251
Investment properties				12,295
Other unallocated assets				17,076
Total assets				176,279
Liabilities	63,583	12,212	-	75,795
Unallocated liabilities				48,160
Total liabilities				123,955
Other information				
Investments in fixed assets	5,956	336	-	6,292
Depreciation including exceptional impairments*	48,664	250	-	48,914

* The impairment is € 26.5 mln. See note 11, on page 73.

With the exception of part of the reorganisation costs, all exceptional items in the result according to note 2 relate to the Print Productions segment.

Geographical segments

The following summary shows revenue and certain asset information for the Netherlands and other countries for 2013:

(x € 1,000)	Netherlands	Other countries	total
Revenues			
Revenues	281,312	10,289	291,601
Other segment information			
Intangible fixed assets	1,882	-	1,882
Tangible fixed assets	70,765	4,931	75,696
Other assets	50,067	5,248	55,315
Investment properties	11,570	-	11,570
Other unallocated assets	13,382	-	13,382
Total assets			157,845
Investments in fixed assets	7,051	228	7,279
Depreciation including exceptional impairments	13,076	852	13,928

The following summary shows revenue and certain asset information for the Netherlands and other countries for 2012:

(x € 1,000)	Netherlands	Other countries	total
Revenue			
Revenues	308,313	8,076	316,389
Other segment information			
Intangible fixed assets	2,099	-	2,099
Tangible fixed assets	75,955	5,603	81,558
Other assets	58,270	4,981	63,251
Investment properties	12,295	-	12,295
Other unallocated assets	17,076	-	17,076
Total assets			176,279
Investments in fixed assets	6,201	91	6,292
Depreciation including impairments	48,041	873	48,914

2. Exceptional items in the result

(x € 1,000)	2013	2012
Personnel expenses		
Reorganisation costs	- 2,929	- 2,088
Release early retirement provision	-	855
Other	310	677
	- 2,619	- 556
Impairments		
Tangible fixed assets	-	- 26,029
Trade receivables	- 740	- 771
Reversed impairments	76	285
	- 664	- 26,515
Unrealised changes in value of investment properties		
Investment property Heerhugowaard	-	- 1,961
Investment property Utrecht	- 725	-
	- 725	- 1,961
Other operating costs		
Storm damage property	- 700	-
Release dismantling provision	-	1,199
Release environmental provision	203	1,275
Other	- 474	- 91
	- 23	2,383
Operating result	- 4,031	- 26,649
Financing costs / -revenues	-	-
Result before taxation	- 4,031	- 26,649
Income tax	- 744	2,418
Net result	- 4,775	- 24,231

The other personnel expenses comprises ESF/EGF grants received (€ 0.3 million). In 2012 it comprises a contribution to anniversary bonuses (€ 0.2 million) and ESF/EGF grants received (€ 0.9 million).
The other items entry in other operating costs in 2013 comprises an amount received in respect of a settlement (€ 0.3 million), an earn-out reversal (€ 0.3 million) and costs of strategic research (€ 0.2 million). In 2012 this item comprises an earn-out (€ 0.5 million) and costs of strategic research (€ 0.6 million).
Taxes in 2013 include a write-down of the deferred tax assets amounting to € 1.8 million (2012: € 4.2 million).

3. Acquisitions

On 2 July 2012 MediaPartners Group acquired 100% of the vdbj_ shares from IPG Nederland B.V., part of the McCann Worldgroup. The communications agency, at that time based in Bloemendaal, belongs to the top of the customer media industry.
The acquisition strengthened the position of MediaPartners Group in the Dutch communications market. The acquisition created a powerful group in the field of content marketing and internal communications. The new group has about 125 employees and approximately 50 customers. Of the intangible assets arising from the acquisition, client relations have been identified as assets from which income is generated.

The fair value of the identifiable assets, liabilities and client relationships at the acquisition date is as follows

(x € 1,000)	vdbj_ fair value
Assets	
Intangible assets (client relations)	1,518
Other fixed assets	20
Stock	843
Other receivables	1,209
Cash	1,062
Total assets	4,652
Liabilities	
Creditors	1,465
Reorganisation costs	922
Deferred tax	145
Accrued liabilities	570
Total liabilities	3,102
Fair value of identifiable assets and liabilities	1,550
Purchase price including additional costs:	
Paid in 2012	436
To be paid	1,114
Purchase price including additional costs	1,550
Cash flow from acquisition	
Paid acquisition costs 2012	436
Net cash acquired	1,062
Net cash flow	626

When vdbj_ was purchased, in addition to the cash part of the transaction, an earn-out scheme was also agreed. The term of the earn-out scheme covers the calendar years 2013 and 2014. If the net sales in the relevant year exceed € 2.4 million, 50% of the excess will be paid as earn-out to IPG Netherlands BV with a maximum of € 0.3 million per year. The earn-out scheme described above is valued at € 0.3 million at the end of 2013..

4. Revenue

The following summaries provide a breakdown of revenue provided by the continued activities:

The geographical distribution of revenue by residence of client:

(x € 1,000)	2013	2012
The Netherlands	161,343	191,759
Belgium	22,668	20,593
Denmark	14,642	14,586
Sweden	16,503	18,046
France	13,507	12,088
Germany	27,593	25,087
United Kingdom	16,980	18,988
United States of America	3,333	2,443
Hungary	3,597	4,539
Austria	4,349	2,272
Norway	2,484	3,538
Other export	4,602	2,450
	291,601	316,389
Percentage export	44.7%	39.4%

The distribution of revenue to production process:

(x € 1,000)	2013	2012
Gravure	114,278	130,162
Web offset	136,364	142,823
Sheetfed offset	17,736	21,593
Pre-publishing and direct marketing	23,223	21,811
	291,601	316,389

The distribution of revenue to production category:

(x € 1,000)	2013	2012
Magazines	138,986	146,583
Radio / TV guides	10,292	18,813
Catalogues	33,461	29,070
Promotional material	101,660	114,898
Other	7,202	7,025
	291,601	316,389

5. Other revenue

(x € 1,000)	2013	2012
Rental income	893	1,229
	893	1,229

6. Costs of raw materials and consumables

(x € 1,000)	2013	2012
Paper	83,868	95,425
Ink	18,082	17,993
Other raw materials and consumables	10,460	10,665
	112,410	124,083

7. Costs of subcontracted work and other external costs

(x € 1,000)	2013	2012
Subcontracted work	17,778	19,169
Freight and distribution costs	10,511	11,537
	28,289	30,706

8. Personnel expenses

(x € 1,000)	2013	2012
Wages and salaries	71,130	73,484
Social security	10,774	12,673
Flexible employees	7,866	9,042
Other personnel costs	3,536	3,976
Pension obligations	6,233	5,350
Addition provision reorganisation costs	1,295	945
Reorganisation costs	437	553
Severance pay	1,197	590
ESF / EGF subsidies	- 310	- 883
	102,158	105,730

The personnel expenses include income/expenses deemed to be exceptional. An explanation of the exceptional items in the results can be found in note 2.

The group employed an average of 1,516 employees (fte's) in 2013 (2012: 1,586).

The breakdown between the groups was as follows:

	2013	2012
Print Productions	1,374	1,440
Marketing Communications	110	114
Group management, staff and general services	32	32
	1,516	1,586

9. Depreciation intangible fixed assets

(x € 1,000)	2013	2012
Client relations	152	76
Software	98	39
	250	115

10. Depreciation tangible fixed assets

(x € 1,000)	2013	2012
Industrial buildings	3,419	3,670
Plant and equipment	8,518	17,402
Other fixed assets	1,077	1,212
	13,014	22,284

11. Exceptional impairments

(x € 1,000)	2013	2012
Plant and equipment	-	26,029
Trade receivables	740	771
Reversed exceptional impairments	- 76	- 285
	664	26,515

Impairments are deemed to be exceptional items in the result. See also note 2.

On each reporting date RSG determines whether there are any indications that any asset should be affected by an extraordinary depreciation. Should such be indicated, then the assets' realizable value has to be estimated. At the end of 2013, the book value of the net assets was higher than RSG's market capitalization. Since the persistent overcapacity in the graphics industry, the economic climate and the development of the result of 2013 it was concluded that there was an indication that assets might possibly be due for extraordinary depreciation. Based on this indication, RSG conducted an impairment test on the cash-flow generating operating units. On October 30, 2013 RSG announced that it intends to modify its structure. As a result, an impairment test was carried out on the cash-generating units, Commercial Print Netherlands, Publishing, Roto Smeets Grafiservices, MediaPartners Group and Commercial Print abroad (Antok).

The realisable value of the cash-flow generating units is determined based on the indirect or direct market value, whichever is the greater, less the sale costs. The indirect market value is determined based on the cash value of the estimated future cash flows ascribed to the unit. The indirect market value calculation allows for a residual value after the projected period. De after-tax discount rate used in determining the indirect yield is 9% (2012: 9%).

While IAS 36 states that the pre-tax discount rate should be used, and no account may be taken of corporation tax inflow or outflow, in practice the after-tax cash flows are discounted at the after-tax discount rate. Using an after-tax discount rate provides a more practical approach to value determination, while producing the same outcome.

For Commercial Print Netherlands and Publishing, the recoverable value has been derived from the 2014 budget and the MTP to 2017. The effect of the adjustment of the expected EBITDA by 1% percentage point results in a respectively € 600K and € 800K adjustment of the value of the company. An adjustment to the margin erosion of 0.25 percentage point results to respectively € 800K and € 300K adjustment of the value of the company.

Commercial Print Abroad and Roto Smeets Grafiservices have an indirect market value lower than the book value. The only asset that is eligible for impairment is the tangible fixed asset. The indirect market value of the tangible fixed asset of Commercial Print Abroad and Roto Smeets Grafiservices are higher than the book value. Therefore, an impairment does not arise. The net realizable value is determined on the basis of valuations of buildings and machinery.

The results of the impairment test performed by 31 December 2013 has not led to any necessary adjustment of the net assets.

12. Unrealised changes in value of investment properties

(x € 1,000)	2013	2012
Investment property Heerhugowaard	-	1,961
Investment property Utrecht	725	-
	725	1,961

Unrealised changes in value of investment properties are deemed to be exceptional items in the result. An explanation can be found in note 2.

Valuations of the real-estate investments at Heerhugowaard and Utrecht were carried out at the end of 2013. This resulted in an adjustment of € 0.7 million to the fair value of the Utrecht real-estate investment. The fair-value adjustment in respect of the Heerhugowaard real-estate investment in 2012 was € 2.0 million.

13. Other operating costs

(x € 1,000)	2013	2012
Selling costs	1,031	1,181
Maintenance and repair machines	11,928	13,816
Energy costs	11,857	11,666
Housing costs	3,473	4,143
Car lease	1,665	1,831
Insurance and taxes	1,402	1,562
Release environment provision	- 203	- 1,275
Storm damage property	700	-
Other general costs	3,232	2,925
	35,085	35,849

The other operating costs include income/expenses deemed to be exceptional. An explanation of the exceptional items in the results can be found in note 2.

14. Financed income

(x € 1,000)	2013	2012
Interest rate swap	157	-
Other interest income	12	50
	169	50

15. Financing costs

(x € 1,000)	2013	2012
Interest rate swap	-	217
Bank loans / overdrafts	1,879	1,549
Interest costs lease obligations	1,008	1,313
Discounting provisions	- 20	169
	2,867	3,248

16. Income tax

The breakdown of the income tax items in the profit and loss account and to equity is as follows:

(x € 1,000)	2013	2012
Consolidated profit and loss account		
Current income tax	- 1,961	- 7,682
Devaluation of compensatory losses	1,752	4,244
Deferred income tax:		
Related to change in temporary differences	1,510	- 195
Income tax expense reported in the consolidated profit and loss account	1,301	- 3,633
Consolidated statement of changes in equity		
Deferred income tax related to items charged or credited directly to equity:		
change on forward currency contracts	224	62
Revaluation investment properties	-	-
Income tax expense charged or credited to equity	224	62

The effective tax burden on pre-tax profit differs from the nominal income tax rate in the Netherlands. A breakdown of this gap is illustrated in the table below:

(in %)	2013	2012
Domestic nominal income tax rate	25.0	25.0
Depreciation of compensatory losses	- 62.6	- 13.0
Different foreign tax	- 8.9	- 0.9
Effective tax burden	- 46.5	11.1

17. Deferred tax assets

Deferred income tax as at December 31 relates to the following:

(x € 1,000)	consolidated balance sheet		consolidated profit and loss account	
	2013	2012	2013	2012
Deferred income tax assets				
Provisions	-	-	-	416
Losses available for offset against future taxable income	5,854	6,320	773	2,329
Plant and equipment	6,795	8,803	2,008	400
Land and buildings	490	490	-	490
Financial derivatives	208	449	-	-
	13,347	16,062	2,781	3,635
Deferred tax liability				
Tangible fixed assets	586	937	- 351	395
Investment properties	1,055	1,236	- 181	-
Other receivables/prepayments	-	-	-	-
Client relations	322	379	- 57	19
Other provisions	-	-		-
	1,963	2,552	- 589	414
Result deferred income tax			2,192	4,049
Deferred tax liability net	11,384	13,510		

At year end 2013 the forward fiscal loss compensation was € 52.8 million (2012: € 42.1 million). These losses were set against a deferred tax asset of € 5.9 million (2012: € 6.3 million), which is expected to be settled within the fiscally permitted period. Through the profit and loss account an amount of € 1.8 million of deferred tax assets is written of (relating to a fiscal loss of € 7.2 million) based on the budget 2014 and the MTP to 2017. This booking is deemed to be exceptional. An explanation of the exceptional items in the results can be found in note 2.

The probability of adequate fiscal profit is assessed on the basis of the 2014 budget forecast and the Medium Term plan, which extends to 2017. With the proviso, of course, that account has been taken of the difference between commercial and fiscal profit. For the estimates and assumptions, the reader is referred to the bases for evaluation and determination of the results.

18. Intangible fixed assets

The following summary shows the changes during 2013:

(x € 1,000)	Client relations	Software	Total
Balance as at January 1, 2013			
Cumulative acquisition value	1,518	696	2,214
Cumulative depreciation	- 76	- 39	- 115
Book value	1,442	657	2,099
Changes in book value			
Investments	-	33	33
Depreciation	- 152	- 98	- 250
Balance	- 152	- 65	- 217
Balance as at December 31, 2013			
Cumulative acquisition value	1,518	729	2,247
Cumulative depreciation	- 228	- 137	- 365
Book value	1,290	592	1,882

The depreciation periods are as follows:
Client relations : 10 year
Software : 3 - 5 year

The following summary shows the changes during 2013:

(x € 1,000)	Client relations	Software	Total
Balance as at January 1, 2012			
Cumulative acquisition value	-	-	-
Cumulative depreciation	-	-	-
Book value	-	-	-
Changes in book value			
Investments	1,518	696	2,214
Depreciation	- 76	- 39	- 115
Balance	1,442	657	2,099
Balance as at December 31, 2013			
Cumulative acquisition value	1,518	696	2,214
Cumulative depreciation	- 76	- 39	- 115
Book value	1,442	657	2,099

The depreciation periods are as follows:
Client relations : 10 year
Software : 3 - 5 year

On 2 July 2012, the acquisition of vdbj_ was effected of which the item client relations has arisen.

19. Tangible fixed assets

The following summary shows the changes during 2013:

(x € 1,000)	land and buildings	plant and equipment	other fixed assets	assets in order or implementation and advance payments	total
Balance as at January 1, 2013					
Cumulative acquisition value	133,109	421,113	26,501	938	581,661
Cumulative depreciation/ Exceptional impairments	- 82,945	- 392,183	- 23,986	-	- 499,114
Book value	50,164	28,930	2,515	938	82,547
Changes in book value					
Investments	285	6,096	864	1	7,246
Divestments	- 2	- 49	- 72	-	- 123
Assets into use		356	282	- 638	-
Exchange rate differences			- 1		- 1
Exceptional impairments	- 1,056	1,056			-
Depreciation	- 3,419	- 8,518	- 1,077	-	- 13,014
Balance	- 4,192	- 1,059	- 4	- 637	- 5,892
Balance as at December 31, 2013					
Cumulative acquisition value	133,393	403,093	26,025	301	562,812
Cumulative depreciation/ Exceptional impairments	- 87,421	- 375,222	- 23,514	-	- 486,157
Book value	45,972	27,871	2,511	301	76,655

The depreciation periods are as follows:
Land and buildings : 5 – 50 year
Plant and equipment : 7 – 12.5 year
Other fixed assets : 3 – 5 year

Plant and equipment includes equipment available to the company and classified under a financial lease agreement. The relevant long-term liabilities (€ 15.0 million at year-end 2013) are accounted for under 'interest-bearing loans'.

The entire impairment charge was recognised against plant and machinery at the end of 2012. Further analysis revealed that part of it (€ 1.1 million) related to land and industrial buildings. A reclassification therefore took place in 2013.

Tangible fixed assets

The following summary shows the changes during 2012:

(x € 1,000)	land and buildings	plant and equipment	other fixed assets	assets in order or implementation and advance payments	total
Balance as at January 1, 2012					
Cumulative acquisition value	132,619	423,092	25,380	2,904	583,995
Cumulative depreciation/ Exceptional impairments	- 79,325	- 355,729	- 23,146	-	- 458,200
Book value	53,294	67,363	2,234	2,904	125,795
Changes in book value					
Investments	527	3,078	1,526	486	5,617
Divestments	-	- 511	- 41	-	- 552
Assets into use	13	2,431	8	- 2,452	-
Exchange rate differences	-	-	-	-	-
Exceptional impairments		- 26,029			- 26,029
Depreciation	- 3,670	- 17,402	- 1,212	-	- 22,284
Balance	- 3,130	- 38,433	281	- 1,966	- 43,248
Balance as at December 31, 2012					
Cumulative acquisition value	133,109	421,113	26,501	938	581,661
Cumulative depreciation/ Exceptional impairments	- 82,945	- 392,183	- 23,986	-	- 499,114
Book value	50,164	28,930	2,515	938	82,547

The depreciation periods are as follows:

Land and buildings	:	5	–	50	year
Plant and equipment	:	7	–	12.5	year
Other fixed assets	:	3	–	5	year

Plant and equipment includes equipment available to the company and classified under a financial lease agreement. The relevant long-term liabilities (€ 20.2 million at year-end 2012) are accounted for under ‘interest-bearing loans’.

An explanation of the impairments can be found in note 11.

20. Investment properties

(x € 1,000)	2013	2012
Investment properties	11,570	12,295

The investment properties consist of the real estate in Heerhugowaard and Utrecht. Gross rent receipts are € 0.8 million per year. Direct operational costs (including repair and maintenance) are € 0.1 million per year.

(x € 1,000)	2013	2012
Balance as at January 1	12,295	14,256
Revaluation	-	-
Unrealised changes in value	- 725	- 1,961
Balance as at December 31	11,570	12,295

Investment properties are valued realistically, based on an external valuer's report in 2013. The value of the property is determined by capitalising the net rental value, supported by a discounted cash flow method. RSG remains committed to the sale plan.

Investment properties	Valuation method	Important non-observable inputs	Range (weighted average)
Utrecht	DCF-method	Average rental value per m^2	€ 34
		Net yield	8.3%
		Discount rate	7.0%
		Operating costs	16.3%
Heerhugowaard	DCF-method	Average rental value per m^2	€ 60
		Net yield	9.1%
		Discount rate	9.0%
		Operating costs	15.9%

A significant increase (decrease) in the rental value and of the annual rent rise would lead to a significantly higher (lower) fair value of the real estate. A significant increase (decrease) in the long-term vacancy figure and the discounting rate (and the final return) would intrinsically lead to a significantly lower (higher) fair value.

21. Associated companies and joint ventures

This item related to the share in non-consolidated associated companies. Participating interests with a negative net equity value are valued at nil. The material impact is so insignificant that has been refrained from providing further details in pursuance of IAS 28.37b. As at December 31, 2013 the company has a 40% interest in Business Media BV (2012: 40%).

22. Financial fixed assets

This concerns receivables with a life term of more than one year. The part of the receivables with a term of less than one year is classified under other receivables / prepayments.

(x € 1,000)	2013	2012
Balance as at January 1	9	769
Earn-out arrangement	-	492
Received payments	-	- 2
Loans	1	-
Receivables incorporated under other current assets	-	- 1,250
Balance as at 31 december	10	9

The balance as at December 31 is specified as follows:

(x € 1,000)	2013	2012
Loans personnel	10	9

23. Stocks

(x € 1,000)	2013	2012
Raw materials and consumables	5,690	5,818
Balance as at December 31	5,690	5,818

24. Trade receivables

Trade receivables are non-interest bearing assets with a payment term period between 30 – 90 days.

(x € 1,000)	2013	2012
Trade debtors	43,799	51,379
Provision for doubtful debts	- 2,066	- 1,936
Balance as at December 31	41,733	49,443

Transaction table of the provision impairments:

(x € 1,000)	2013	2012
Balance as at January 1	1,936	2,422
Addition/release through income	664	486
Utilised	- 534	- 972
Balance as at December 31	2,066	1,936

The provision for impairments is determined at the level of the individual debitor. With regard to trade debtors on which no impairments had been made and that have not defaulted on their payments there are no indications that they will not meet the payment obligations. Of the total trade debtors, 86.4% (2012: 79.0%) have not been impaired upon nor have defaulted on their obligations, 11.5% (2012: 18.9%) have payments that are less than 3 months overdue whereas 2.1 % (2012: 2.2%) of the receivables is more than 3 months overdue. As of 31 December, trade claims to the value of € 2.1 million (2012: € 1.9 million) were subject to exceptional impairment, for which complete provision was made.

25. Other receivables / prepayments

(x € 1,000)	2013	2012
Other receivables	1,708	2,431
To be invoiced	5,293	6,287
Prepayments	1,485	1,212
Balance as at December 31	8,486	9,930

26. Cash and cash equivalents

(x € 1,000)	2013	2012
Balance as at December 31	435	628

Cash and cash equivalents comprise of demand deposits at financial institutions with strong credit ratings and a solid reputation. We refer to note 38 for more information on credit risk management.

27. Share capital issued

(x € 1,000)	2013	2012
Balance as at January 1	16,451	16,451
Changes	-	-
Balance as at December 31	16,451	16,451

The share capital relates to 3,290,275 issued and fully-paid shares of € 5 nominal value each.
The company's authorised share capital amounts to € 75 million, consisting of 15 mln shares, divided into 7.5 mln ordinary shares and 7.5 mln preference shares, with a nominal value of € 5 each.

28. Share premium

(x € 1,000)	2013	2012
Balance as at January 1	12,833	12,833
Changes	-	-
Balance as at December 31	12,833	12,833

From a fiscal point of view this share premium can be considered as paid-up capital.

29. Revaluation reserve

(x € 1,000)	2013	2012
Balance as at January 1	3,708	3,708
Revaluation	- 725	-
Tax on revaluation	181	-
Balance as at December 31	3,164	3,708

The revaluation reserve relates to the revaluation of investment properties. This is a legal reserve.

30. Retained earnings and other reserves

Retained earnings

(x € 1,000)	2013	2012
Balance as at January 1	21,514	50,704
Result for the year	- 3,556	- 29,190
Balance as at December 31	17,958	21,514

Other reserves

(x € 1,000)	currency translation reserve	reserve for non-realised results	total
2013			
Balance as at January 1	- 836	- 1,346	- 2,182
Currency translation of foreign subsidiaries	- 59	-	- 59
Change of valuation of forward currency contracts	-	670	670
Balance as at December 31	- 895	- 676	- 1,571
2012			
Balance as at January 1	- 806	- 1,532	- 2,338
Currency translation of foreign subsidiaries	- 30		- 30
Change of valuation of forward currency contracts	-	186	186
Balance as at December 31	- 836	- 1,346	- 2,182

The currency translation reserve includes the currency translation effects arising from the translation of annual accounts of foreign subsidiaries, with a reporting currency other than the consolidate reporting currency (€).

The reserve for unrealised results reflects the change in the fair value of the hedge instruments for which this transaction has been determined to be effective. The amounts that have been included in shareholders' equity are transferred to the profit and loss account of the same period that includes the proceeds of costs of this hedge or in which the expected sale or purchase will take place.

31. Provisions

(x € 1,000)	costs of reorgani-sation	pension and early retirement liabilities	environ-ment	dismantling costs	other	total
2013						
Balance as at January 1	945	217	1,824	1,211	-	4,197
Utilised	-660	- 14	- 24	-	-	- 698
Decrease / increase by rate of discount	-	-	- 60	40	-	- 20
Addition	1,295	2	-	-	-	1,297
Released	-	- 17	- 203	-	-	- 220
Balance as at December 31	1,580	188	1,537	1,251	-	4,556
Current	886	-	284	-	-	1,170
Non-current	694	188	1,253	1,251	-	3,386
Balance as at December 31	1,580	188	1,537	1,251	-	4,556
2012						
Balance as at January 1	-	1,964	3,054	2,292	-	7,310
Utilised	-	- 852	- 7	-	-	- 859
Decrease / increase by rate of discount	-	-	52	117	-	169
Addition	945	31	-	-	-	976
Released	-	- 926	- 1,275	- 1,198	-	- 3,399
Balance as at December 31	945	217	1,824	1,211	-	4,197
Current	912	11	218	-	-	1,141
Non-current	33	206	1,606	1,211	-	3,056
Balance as at December 31	945	217	1,824	1,211	-	4,197

Costs of reorganisations

The provision for reorganisation costs concerns the costs connected with started reorganisations. The making of a provision for reorganisation costs takes place at the time that a detailed plan to adapt the organisation is formalised and the expectation is justified that the reorganisation will be carried out.

Environment

The environmental provisions include provisions related to soil pollution found at plants of RSG. These provisions are adequate for the soil remediation plans currently developed or that are being implemented. Among the environmental provisions there is also a provision for consequential damages of asbestos contamination in a building sold in Purmerend, The Netherlands.

The Amsterdam Court of Appeal has rendered an advance ruling on the environmental damage in Purmerend, The Netherlands. In this ruling the losses due to delays is significantly reduced compared to a previous ruling. Except for a number of components, this damage has been charged to the provision. The ruling led to the release of a portion of this provision in favour of the result in 2012.

Dismantling

For various gravure presses of RSG, dismantling costs are incurred at the end of the service life. RSG prepares for this obligation with a provision for dismantling costs. When putting the asset concerned into operation, IAS 16 requires that the obligation should be made at present value and should be adjusted to the acquisition price of the asset.

As a result of other insights into the future development of gravure printing at the Etten-Leur location, the need for maintaining the provision for dismantling costs lapsed. The provision made in the past was released in 2012 in favour of the result.

Discounting rate

The discounting rate used for all provisions is 3.8% (2012: 3.8%).

32. Interest bearing loans and borrowings

The following summary shows the interest bearing loans and financial leases as at December 31, 2013:

(x € 1,000)	within 1 year	1-2 years	2-3 years	3-4 years	4-5 years	more than 5 years	total
Fixed rate							
Loans	7,250	-	-	-	-	-	7,250
Financial leases	5,719	3,344	2,301	2,080	1,158	387	14,989
	12,969	3,344	2,301	2,080	1,158	387	22,239

The information below has been incorporated to provide an insight into the other liquidity flows attached to interest-bearing loans and lease obligations.

Interest	912	450	284	153	49	5	1,853

The average interest rate on the loans with a life in excess of one year was 3.68% (exclusive derivative effects).
The financial lease obligations mainly relate to contracts for production equipment. The net book value of these assets was € 18.9 million at 31 December 2013. Upon contract expiration, RSG has the right to buy these assets at a fixed contract value. For the securities for the interest-bearing loans, we refer to note 34: finance companies.

The following summary shows the interest bearing loans and financial leases as at December 31, 2012:

(x € 1,000)	within 1 year	1-2 years	2-3 years	3-4 years	4-5 years	more than 5 years	total
Fixed rate							
Loans	11,000	-	-	-	-	-	11,000
Financial leases	15,696	2,894	558	223	236	637	20,244
	26,696	2,894	558	223	236	637	31,244

The information below has been incorporated to provide an insight into the other liquidity flows attached to interest-bearing loans and lease obligations.

Interest	1,087	180	82	57	44	35	1,485

The average interest rate on the loans with a life in excess of one year was 4.93% (exclusive derivative effects).
The financial lease obligations mainly relate to contracts for production equipment. The net book value of these assets was € 23.1 million at 31 December 2012. Upon contract expiration, RSG has the right to buy these assets at a fixed contract value. For the securities for the interest-bearing loans, we refer to note 34: finance companies.

Interest bearing loans
The credit agreement of ING Bank (pro-resto € 7.25 million) was until 31 March 2014 and has been extended till 31 March 2015. The loan will be further repaid by € 0.083 million per month. The existing solvency requirement of 25% remains unchanged. The other conditions are in accordance with the existing loan agreement of 17 August 2010, supplemented by a pledge of the rental income from the investment properties in Utrecht and Heerhugowaard, The Netherlands. The interest rate is 225 basis points above 3-months Euribor rate.

33. Trade and other liabilities

The following summary gives information on trade creditors and other obligations:

(x € 1,000)	2013	2012
Trade creditors	20,637	21,146
Holiday pay and allowances	8,530	8,759
Salaries and profit sharing payments	610	608
Other	9,491	12,684
Balance as at December 31	39,268	43,197

Trade liabilities are non-interest bearing and are paid within 30 – 60 days.

34. Finance companies

(x € 1,000)	2013	2012
Factoring	28,770	28,435
Current account	7,876	10,016
Finance companies	36,646	38,451

Factoring
On 18 January 2010, RSG concluded a factor agreement with ABN AMRO Commercial Finance. The agreement relates to a credit facility in current account with financing of up to 90% of the receivables pledged to ABN AMRO Commercial Finance.
The factor agreement with ABN AMRO Commercial Finance, extended on 31 January 2012, was revised on 20 March 2013. The facility in the revised agreement has a maximum of € 35 million. The agreement has a duration till 1 July, 2016.
The interest rate is 250 base points above 1-month Euribor rate plus the ABN AMRO Bank market premium, in total a minimum of 3.0%, plus 0.25% risk premium. The factor fee is 0.035% with a minimum of € 120,000 per annum. The same ratios are related to this credit as are related to the current account credit at ABN AMRO Bank.

Current account ABN AMRO Bank

An agreement was signed with ABN AMRO Bank on 20 March 2013, whereby the current credit facility of € 11.875 million is continued. From 1 January 2013 this facility has been reduced by 0.125 million per quarter. The current facility is € 11.5 million. This credit has a mortgage loan of € 25 million in principal attached, plus 40% for interest and costs. The property of Roto Smeets Deventer of Deventer, Roto Smeets Etten of Etten-Leur, Roto Smeets Weert of Weert and Senefelder Misset of Doetinchem is associated with this loan. In addition, there is a second mortgage on the property located in Eindhoven, Heerhugowaard and Utrecht. Lien is also granted to the shares of all 100% subsidiaries located in The Netherlands. The surplus guarantee for ABN AMRO Lease will also continue and will be supplemented by a mutual surplus guarantee for ABN Commercial Finance.

For this facility and the lease liability at ABN AMRO Lease and the factor agreement with ABN AMRO Commercial Finance, the following main covenants apply:

- Minimum Solvency ratios according to defined financing covenants of 24,5% at 30 June 2014 and 25.5% at the end of 2014.
- Maximum Debt/EBITDA ratio of 3.5. and 3.25 at the end of 2014.
- Debt Service Coverage ratio of at least 1.1.
- Minimum cumulative EBITDA of € 6.3 million at 30 June, € 10.4
- million at 30 September and € 15.8 million at the end of 2014.
- Minimum cost savings of € 2.7 million compared to 2013.
- Maximum Capex of € 6.3 million in 2014.

The interest payments consist of an individual surcharge of 345 base points and a market surcharge of 70 base points above one-month Euribor with a commitment fee of 1% per annum on the average undrawn amount per quarter.

35. Financial derivatives

(x € 1,000)	2013	2012
Interest rate swaps	130	287
Currency forward contracts	833	1,795
Balance as at December 31	963	2,082

The financial policy of RSG is aimed, in the short term, at restricting the effects of exchange rate and interest rate fluctuations and in the longer term to follow market exchange and interest rates. RSG uses financial derivative products to control the risks connected to the operating activities, whereby no speculative positions are taken with these financial derivative products. The company uses various financial instruments in order to limit currency and interest rate risks.

Interest rate swaps

Interest rate swaps are used to cover the interest rate risk of variable rate financing, whereby RSG has committed to settle the difference between the one-month or three-months interbank rate and the contractually agreed interest rates at such times as have been agreed in advance. To cover the interest rate risk of variable rate financing, two interest rate swaps have been entered into, for € 10.0 and € 7.25 million. The € 10.0 million swap is based in a fixed interest of 0.94% referred to one month Euribor, ending on 1 October 2017. The € 7.25 million swap is based on a fixed rate of 1.48% referred to 3-month Euribor, ending on 1 April 2014. No hedge accounting is applied.

The rate swap contracts entered into as at December 31 are specified as follows:

(x € 1,000)	2013	expiration	1-month interest	3-months interest	market value 2013
	10,000	1 october 2017	0.94%		- 121
	7,250	1 april 2014		1.48%	- 9

(x € 1,000)	2012	expiration	1-month interest	3-months interest	market value 2012
	10,000	1 october 2017	0.94%		- 234
	8,250	1 april 2013		1.48%	- 53

Forward currency contracts

At the end of 2013 RSG hedged GBP 15.2 million (2012: GBP 20.9 million) of its estimated net cash flow in GBP after 2013 by way of average rate currency future contracts and average rate currency options, at an average GBP exchange rate over the four quarters of 2013 of GBP 0.85 per Euro. At the end of 2013, RSG hedged SEK 74.3 million (2012: SEK 75.8 million) of its estimated net cash flow in SEK after 2013 by way of average rate currency future contracts, at an average SEK exchange rate over the four quarters of 2013 of SEK 8.65 per Euro. Cash flow hedge accounting is applied to these hedges. As a result of this cover, in 2013 the sum incorporated in the business revenues of the segments involved according to the realization of expected cash flow is zero (2012: zero).

(x € 1,000)	2013	2012
EUR / GBP contracts	- 773	- 1,750
EUR / SEK contracts	- 60	- 45
	- 833	- 1,795

currency (x 1,000)	expiration	sale after 31-12-2013	sale after 31-12-2012	market value 2013 (x € 1,000)	market value 2012 (x € 1,000)
GPB	2013		6,760		- 583
	2014	7,483	6,450	- 334	- 532
	2015	6,170	6,170	- 356	- 511
	2016	1,500	1,500	- 83	- 124
		15,153	20,880	- 773	- 1,750
SEK	2013		75,800		- 45
	2014	71,400		- 62	
	2015	2,900		2	
		74,300	75,800	60	- 45

36. Earnings per share

Basic earnings per share are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent by the weighted average number of ordinary shares outstanding during the year.

The following table reflects the data on the result after taxation and listed shares used in the calculation of earnings per share:

(x € 1,000)	2013	2012
Net profit attributable to ordinary equity holders of the parent from continuing operations	- 4,100	- 29,190
Net profit attributable to ordinary equity holders of the parent	- 4,100	- 29,190
Weighted average number of ordinary shares for earnings per share	3,290,275	3,290,275

There have been no other transactions involving ordinary shares between the reporting date and the date of completion of these financial statements.

37. Contingent liabilities / rights

Investestment commitment

At balance sheet date investment commitments had been entered to an amount of € 0.1 million (2012 € 0.4 million).

Lease and operational leasing obligations

Long-term obligations pursuant to lease contracts and operational leasing obligations had been entered into to an amount of € 2.2 million (2012: € 1.9 million). In the profit and loss account, other business costs contains an item of € 1.1 million (2012: € 1.3 million) for rent paid.

Long-term obligations on account of operational lease agreements were entered into for the amount of € 2.0 million (2014: € 2.4 million).

Of the operational lease contracts € 1.0 million is due within one year. € 1.0 million has a maturity between 1 and 5 years and none of the operational lease contracts has a term longer than 5 years. The profit and loss account includes € 1.7 million (2012: € 1.8 million) of lease payments, under other operating costs.The rental obligations relate to company buildings, the operational lease agreements on cars.

Bank garantees

At balance date, the outstanding bank guarantees are € 0.4 million (2012: € 0.4 million).

Liability in accordance with article 403 of the Netherlands Civil Code

Pursuant to Section 403, subsection 1 (f) of Book 2 of the Netherlands Civil Code, the company has assumed joint and several liability with respect to liabilities pursuant to legal transactions entered into of all domestic group companies, vdbj_ excluded. The relevant declarations have been submitted for inspection of the offices of the Commercial Register in the district where the legal entity on whose behalf the joint and several liability was assumed has its registered offices.

European Globalisation Fund (EGF)

In 2009 social partners in Grafimedia and the publishing industry have submitted a request to the Ministry of Social Affairs and Employment for a subsidy from the European Globalisation Fund. This fund supports initiatives to help dismissed employees to find other employment as soon as possible. Among other things, this has led to set up the C3 Mobility centres in the branches. In respect of the request, a covenant has been drawn up between the petitioners and the Ministry of Social Affairs. The application has now been approved by the European Commission. The amount of the grant receivable depends on the actual eligible costs. At the end of 2013 € 1.2 million is received in advance. To 2013 € 1.2 million EGF funds have been withdrawn (2012 € 1.2 million). The maximum grant is € 1.2 million.

38. Financial risk management objectives and policies

RSG's principal financial instruments (other than derivatives) comprise trade receivables, interest bearing debts and credit loans, financial leases and trade liabilities.

With exception of the financial derivatives, all these items qualify as loans and receivables that are counted for at cost price less amortisation.

RSG also enters into derivative transactions, including principally interest rate swaps and forward currency contracts. The purpose is to manage the interest rate and currency risks arising for RSG's operations and its sources of finance.

The main risks arising from RSG's financial instruments are interest rate risk, liquidity risk, foreign currency risk and credit risk. The Management Board reviews and agrees policies for managing each of these risks and they are summarised below.

Capital management

The Group's goal is to maintain a strong financial position and thereby to create shareholder value. At corporate level we aspire to an EBITDA / AV margin of at least 20% with a return on capital employed of 8%, in association with a minimum solvency of 30%, a debt / EBITDA ratio of at most 3 and EBITDA / interest ratio of at least 4.75. The Group focuses on free cash flow, maintaining discipline in respect of long term investments with strict monitoring of costs and working capital. A solid financial balance sheet is crucial in the present economic climate to retain the confidence of our customers, suppliers, shareholders and employees.

Market risk

Market risk refers to the rise in commodity prices. Historically, raw materials take up more than 50% of turnover so obviously business operations depend very much on their availability and price. The price of energy is an important component of many of these raw materials (paper, ink), which adds to our own dependence on the availability and price of energy. Movements on the markets for raw materials and energy thus also have a direct effect on margins in the industry. Higher costs of raw materials and ancillaries lead to higher operational costs, which cannot always be passed on to the customer in this market with its severe pressure on prices.

RSG signs central contracts with all suppliers of raw materials and energy. Should one or more of the Group's suppliers raise its prices to such an extent that RSG resolves to end the contract, the Group may be forced to look for other suppliers, which can lead to higher costs and lower revenues, with a resulting adverse impact on the RSG's financial position.

Any reduction or increase in commodity prices by 1% and all other variables held constant, the result for the year, after tax would have been € 1.1 million higher / lower (2012: € 1.1 million higher / lower).

Interest rate risk

RSG's policy is to manage its interest cost using a mix of fixed and variable rate debts. RSG's policy is to keep between 40% and 60% of its borrowings at fixed coupon.
To manage this mix in a cost-efficient manner, RSG enters into interest rate swaps, in which RSG agrees to exchange, at specified intervals, the difference between fixed and variable rate interest amounts calculated by reference to an agreed upon notional principal amount. RSG's exposure to the risk for changes in market interest rate relates primarily to RSG's long-term obligations with a floating coupon.

RSG converted € 17.25 million of variable debt through two interest rate swaps into a fixed interest rate. € 10 million with an interest rate of 0.94 % with an end date of 1 October 2017 and € 7.25 million at an interest rate of 1.48%, ending April 1, 2014. If in 2012 the Euribor interest rate had been 100 basis points higher/lower with all other variables constant, the result after tax (inclusive hedging instruments) for the year would have been € 0.17 million lower/higher (2012: € 0.18 million higher/lower).

Liquidity risk

The primary objective of cash management is making sure that there is sufficient cash, at any time and place, for RSG to meet its obligations.
The factor agreement, concluded with ABN AMRO Commercial Finance on 31 January 2012, was revised on 20 March 2013. The revised agreement relates to a credit facility of a maximum of € 35 million in the current account with financing of up to 90% of the accounts receivable pledged to ABN AMRO Commercial Finance; The agreement has a duration till 1 July 2016.

RSG has consulted with ABN AMRO Bank and ING Bank on the credit facilities. This has resulted in extension of the credit facilities of ABN AMRO Bank on the basis of additional collateral and adjusted ratio's. The credit facility from ING Bank has been refinanced for a period of one year. In this way the funding for the coming year is secured.
For a more detailed review of the interest-bearing loans and lease obligations arranged in order on the basis of the end of the term reference is made to note 32. Further details concerning the derivatives can be found in note 35. For the short-term receivables and debts, there is a regular maturity calendar of 60 days.

Foreign currency risk

RSG has transactional currency exposures. Such exposure arises from sales or purchases by an operating unit in currencies other than the unit's functional currency. Approximately 20% of RSG's sales are denominated in currencies other than the functional currency of the operating unit making the sale, whilst almost 95% of costs are denominated in the unit's functional currency.
RSG requires all its operating units to use forward currency contracts to eliminate the currency exposures on any individual transactions in excess of € 0.1 million, for which payment is anticipated more than one month after RSG has entered into a firm commitment for a sale or purchase. The forward currency contracts must be in the same currency as the hedged item. It is RSG's policy not to enter into forward contracts until a firm commitment is in place.
It is RSG's policy to negotiate the terms of the hedge derivatives to match the terms of hedged item to maximise hedge effectiveness.
If the euro had fallen/increased by 10% versus Sterling/Swedish Krona in 2013 with all other variables constant, this would have had only a minimal impact on the result, in view of the hedging.
A 10% increase or decline of the euro versus the Hungarian Forint would have increased/decreased the capital by € 0.1 million as at December 31, 2013 (2012: € 0.1 million).

Credit risk

The credit risk relates to non-observance of an obligation by another party. This concerns both actual late payments and negative valuation changes as a result of increased probability of late payments. RSG has procedures and guidelines to limit the extent of credit risk for each party or in each market. These procedures and the spreading over a large number of clients limit the exposure of RSG to credit risks.
RSG limits the credit risk by using credit limits per debtor, per financial institution and by dealing exclusively with financial institutions with a high creditworthiness. As at the balance sheet date, there were no significant concentrations of credit risk.

With regard to treasury activities RSG ensures that financial transactions are only completed with counterparties which have a Moody's credit rating of P1 (for short-term instruments) or A3 (for long-term instruments). On a business group level, the receivables are constantly monitored by the management of the groups, mainly due to breakdown by age (see note 24).
The recognised credit risks are thereby adequately accounted for. It is therefore not likely that significant losses will be incurred with regard to receivables not taken into account. The maximum credit risk to which RSG is exposed equals the book value of the financial assets included in the balance sheets, including derivative financial instruments with a positive market value. As at the reporting date, there were no significant agreements or financial instruments available to reduce the maximum credit risk to which the company is exposed. In general, the maximum exposure to credit risk consists of the book value of financial assets, including financial derivatives, in the balance sheet.

The following table shows the maximum credit risk:

	2013	2012
Financial fixed assets	10	9
Trade receivables	41,733	49,443
Other receivables	8,486	9,930
Cash and cash equivalents	435	628
	50,664	60,010

Fair value

The fair value of the financial assets and liabilities hardly deviates from the book value.

Fair value financial instruments

The table below shows an overview of the book value and the estimated fair value of financial instruments:

	book value at 31-12-2013	fair value at 31-12-2013	book value at 31-12-2012	fair value at 31-12-2012
Assets				
Financial fixed assets	10	10	9	9
Trade receivables	41,733	41,733	49,443	49,443
Other receivables	8,486	8,486	9,930	9,930
Cash and cash equivalents	435	435	628	628
Liabilities				
Risk-bearing loans	22,239	22,239	31,244	31,244
Financial companies	36,646	36,646	38,451	38,451
Trade and other liabilities	39,268	39,268	43,197	43,197
Financial derivatives	963	963	2,082	2,082

The following table shows the fair value hierarchy of the assets and liabilities of RSG:

Quantitative explanation of the fair value hierachy for assets as of 31 December 2013:

		Valuation at fair value based on:			
	Valuation date	Total	Quoted prices on active markets (level 1)	Main observable inputs (level 2)	Main non-observable inputs (level 3)
Assets					
Investment property	31 December 2013	11,570			11,570
Financial fixed assets	31 December 2013	10		10	
Trade receivables	31 December 2013	41,733		41,733	
Other receivables	31 December 2013	8,486		8,486	
Liabilities					
Interest bearing loans/leaseobligations	31 December 2013	22,239		22,239	
Financial companies	31 December 2013	36,646		36,646	
Trade and other liabilities	31 December 2013	39,268		39,268	
Financial derivatives	31 December 2013	963		963	

The fair value of financial instruments is determined on the basis of the following methods and starting points: cash, short-term investments, short-term receivables, short-term loans and other short-term financial obligations are included at their book value. These instruments approach their market value.

39. Related party disclosures

The consolidated financial statement includes the financial statements of Roto Smeets Group and the subsidiaries listed below:

Situation as at December 31	statutory location	country of incorporation	% equity interest 2013	% equity interest 2012
Roto Smeets Group BV	Deventer	The Netherlands	100	100
Sales offices				
Roto Smeets BV	Amsterdam	The Netherlands	100	100
Associated companies:				
Roto Smeets Belgium NV/SA	Brussel	Belgium	100	100
Roto Smeets Denmark A/S	Kopenhagen	Denmark	100	100
Roto Smeets Deutschland GmbH	Bielefeld	Germany	100	100
Media Extra NV	Brussel	Belgium	100	100
Roto Smeets France SA	Parijs	France	100	100
Roto Smeets Ltd.	Sawbridgeworth	United Kingdom	100	100
Roto Smeets Sweden AB	Täby	Sweden	100	100
Print Productions				
Roto Smeets Deventer BV	Deventer	The Netherlands	100	100
Rotopack BV	Deventer	The Netherlands	100	100
Roto Smeets Etten BV	Etten Leur	The Netherlands	100	100
Roto Smeets Weert BV	Weert	The Netherlands	100	100
Senefelder Group BV	Doetinchem	The Netherlands	100	100
Senefelder Misset BV	Doetinchem	The Netherlands	100	100
Periodieken Services Holland BV	Arnhem	The Netherlands	100	100
NextGen Publishers BV**	Vlaardingen	The Netherlands	100	-
Roto Smeets GrafiServices BV	Utrecht	The Netherlands	100	100
Roto Smeets Grafische Nabewerking BV	Eindhoven	The Netherlands	100	100
De Wit Grafische Projecten BV	Eindhoven	The Netherlands	100	100
Roto Smeets Services BV	Hilversum	The Netherlands	100	100
Antok Nyomdaipari Kft.	Celldömölk	Hungary	100	100

** The company name PlantijnCasparie Vlaardingen is amended in NextGen Publishers BV and connected to Senefelder Group BV.

Situation as at December 31	statutory location	country of incorporation	% equity interest 2013	% equity interest 2012
Marketing Communications				
MPG Holding BV	Amstelveen	The Netherlands	100	100
Associated companies:				
MediaPartners Group BV	Amstelveen	The Netherlands	100	100
vdbj_ Communicatie Groep BV	Bloemendaal	The Netherlands	100	100
Stamp BVBA*	Brussel	Belgium	-	100
Draft Artwork & Designhouse NV	Curaçao	The Netherlands	100	100
Leads to Loyals BV	Capelle ad IJssel	The Netherlands	100	100

* activities were sold on 1 February 2013 and liquidated on 23 december 2013.

Other companies				
Roto Smeets Prepress BV	Hilversum	The Netherlands	100	100
Roto Smeets De Boer Personeels BV	Hilversum	The Netherlands	100	100
Multi Media Centrum BV	Hilversum	The Netherlands	100	100
Business Media BV	Utrecht	The Netherlands	40	40
Roto Smeets De Boer Beheer BV	Hilversum	The Netherlands	100	100
Associated companies:				
Henkes Senefelder BV	Purmerend	The Netherlands	100	100
PlantijnCasparie Heerhugowaard BV	Heerhugowaard	The Netherlands	100	100
PlantijnCasparie Vlaardingen BV**	Vlaardingen	The Netherlands	-	100
PlantijnCasparie Breda BV	Breda	The Netherlands	100	100

Apart from participations with managerial control, the Management Board and Supervisory Board can be classified as parties associated to Roto Smeets Group NV.
In the reporting year there were no transactions between the Management Board, the Supervisory Board and Roto Smeets Group NV other than those arising from their labour contracts and outlined under note 40.

40. Remuneration of the Management Board and of members of the Supervisory Board

Management Board (x € 1)	fixed periodical	pension-commitments	variable 2013	fixed periodical	pension-commitments	variable 2012
J.A. de Haas	392,190	44,010	173,745	361,937[1)]	38,316	176,525
	392,190	44,010	173,745	361,937	38,316	176,525

[1)] Remuneration covers 11 months since employment started at 30 January, 2012.

The above total does not include the costs of the crisis levy. These amount to € 61.656 in 2013 (2012 € 26,490).

In addition to the remuneration stated above, 'Phantom Shares' were granted to the members of the Management Board.
The following table shows the number of 'Phantom Shares' assigned:

outline phantom shares	outstanding on 1 January	grsanted during year	settled during year	outstanding on 31 December	granting date	expiration	value on 31 december
J.A. de Haas	25,000	25,000	-	50,000	30 januari 2012	4 jaar	-
	25,000	25,000	-	50,000			-

On 31 December 2012 the obligation of 'phantom shares' was nil (2012: nil). In 2013 under the 'Phantom option agreement RSG' no amount was included in the profit and loss account. For the 'Phantom option agreement RSG' reference is made to the remuneration policy in the annual report.
In the exercise period, the participant is entitled to payment of a cash amount equal to the closing share price on the NYSE Euronext Amsterdam stock exchange on the exercise date minus the exercise price (€ 12.00). If in any year a form of dividend is paid by RSG, the parties will consult on the value of the Phantom stock option rights.

Supervisory Board (x € 1)	fixed remuneration	reimbursement of expenses 2013	fixed remuneration	reimbursement of expenses 2012
H.C.A. Groenen	25,200	2,000	25,200	2,000
H.C.P. Noten	25,200	2,000	25,200	2,000
R. Blom	32,000	4,000	32,000	4,000
J.H.M. Rijper	25,200	2,000	25,200	2,000
	107,600	10,000	107,600	10,000

41. Paid-out and proposed dividend

(x € 1,000)	2013	2012
Declared and paid-out dividend during the financial year		
Declared and paid-out dividend during the financial year 2012 € -.- (2011: € -.-)	-	-
Proposed for adoption to the General Meeting of Shareholders		
Dividend on ordinary shares for 2013 € -.- (2012: € -.-)	-	-

General

The company financial statements were drawn up on the basis of Part 9 of Book 2 of the Netherlands Civil Code, using the possibility offered by article 2:362 sub 8 of the Netherlands Civil Code allowing the IFRS principles to be used as applied in the consolidated annual accounts.

Principles of valuation and result determination
For the principles of valuation and result determination we refer to the principles as included in the notes to the consolidated annual accounts, as these also apply to the company annual accounts, unless stated otherwise.

Participations
The participations in group companies are valued at net asset value. The reporting dates of the group companies are the same and the principles for financial reporting are in accordance with those of RSG for similar transactions and events in similar conditions.

Annual Accounts - Company profit and loss account

(x € 1,000)	2013	2012
Result group companies (after taxation)	- 4,100	- 29,190
Net result	- 4,100	- 29,190

(x € 1,000)	Notes	2013	2012
ASSETS			
Financial fixed assets			
Associated company Roto Smeets Group BV	1	72,171	75,660
Deferred tax assets		11,384	13,510
		83,555	89,170
Total assets		83,555	89,170

(x € 1,000)	Notes	2013	2012
EQUITY AND LIABILITIES			
Shareholders' equity			
Share capital issued	2	16,451	16,451
Share premium	3	12,833	12,833
Revaluation reserve	4	3,164	3,708
Retained earnings and other reserves	5	16,387	19,332
		48,835	52,324
Current liabilities			
Loans Roto Smeets Group BV		23,148	23,148
Other liabilities		11,572	13,698
		34,720	36,846
Total equity and liabilities		83,555	89,170

Annual Accounts - Company statement of changes in equity for the year ended December 31, 2013

(x € 1,000)	issued capital	share premium	Revaluation reserve	retained earnings	other reserves	total
Balance as at January 1, 2013	16,451	12,833	3,708	21,514	- 2,182	52,324
Result from participations	-	-	-	-	- 59	- 59
Value changes forward currency contracts	-	-	-	-	670	670
Revaluation	-	-	-	-	-	-
Total income and expense for the year recognised directly in equity	-	-	-	-	611	611
Result for the year	-	-	- 544	- 3,556	-	- 4,100
Total realised and unrealised result after taxes	-	-	- 544	- 3,556	611	- 3,489
Dividend payment	-	-	-	-	-	-
	-	-	- 544	- 3,556	611	- 3,489
Balance as at December 31, 2013	16,451	12,833	3,164	17,958	- 1,571	48,835

Annual Accounts - Company statement of changes in equity for the year ended December 31, 2012

(x € 1,000)	issued capital	share premium	Revaluation reserve	retained earnings	other reserves	total
Balance as at January 1, 2012	16,451	12,833	3,708	50,704	- 2,338	81,358
Result from participations	-	-	-	-	- 30	- 30
Value changes forward currency contracts	-	-	-	-	186	186
Revaluation	-	-	-	-	-	-
Total income and expense for the year recognised directly in equity	-	-	-	-	156	156
Result for the year	-	-	-	- 29,190	-	- 29,190
Total realised and unrealised result after taxes	-	-	-	- 29,190	156	- 29,034
Dividend payment	-	-	-	-	-	-
	-	-	-	- 29,190	156	- 29,034
Balance as at December 31, 2012	16,451	12,833	3,708	21,514	- 2,182	52,324

1. Financial fixed assets

Group companies

Changes in the company's share in group companies:

(x € 1,000)	2013	2012
Balance as at January 1	75,660	104,694
Result group companies	- 4,100	- 29,190
Result from participations	- 59	- 30
Value changes forward currency contracts	670	186
Revaluation	-	-
Balance as at December 31	72,171	75,660

Shareholders' equity

Authorised share capital

The company's authorised share capital amounts to € 75 million and is divided into 7,500,000 ordinary shares and 7,500,000 preference shares, with a nominal value of € 5 each.

2. Share capital issued

(x € 1,000)	2013	2012
Balance as at January 1	16,451	16,451
Changes	-	-
Balance as at December 31	16,451	16,451

The share capital relates to 3,290,275 issued and fully-paid shares of € 5 nominal value each.

3. Share premium

(x € 1,000)	2013	2012
Balance as at January 1	12,833	12,833
Changes	-	-
Balance as at December 31	12,833	12,833

From a fiscal point of view this share premium can be considered as paid-up capital.

4. Revaluation reserve

(x € 1,000)	2013	2012
Balance as at January 1	3,708	3,708
Revaluation	- 725	-
Tax on revaluation	181	-
Balance as at December 31	3,164	3,708

The revaluation reserve relates to the revaluation of investment properties.

5. Retained earnings and other reserves

(x € 1,000)	2013	2012
Balance as at January 1	19,332	48,366
Result financial year	- 3,556	- 29,190
Value changes forward currency contracts	670	186
Result from participations	- 59	- 30
Balance as at December 31	16,387	19,332

(x € 1,000)	retained earnings	currency translation reserve	reserve unrealised results	total
2013				
Balance as at January 1	21,514	- 836	- 1,346	19,332
Result from participations	-	- 59	-	- 59
Result financial year	- 3,556	-	-	- 3,556
Value changes forward currency contracts	-	-	670	670
Balance as at December 31	17,958	- 895	- 676	16,387
2012				
Balance as at January 1	50,704	- 806	- 1,532	48,366
Result from participations	-	- 30	-	- 30
Result financial year	- 29,190	-	-	- 29,190
Value changes forward currency contracts	-	-	186	186
Balance as at December 31	21,514	- 836	- 1,346	19,332

6. Dividend
As referred to in the paragraph Dividend policy in the Report of the Management Board on page 17.

7. Contingent liabilities
For the contingent liabilities is referred to note 37 of the consolidated accounts.

8. Remuneration of members of the Management Board and the Supervisory Board
For the remuneration of the Management Board and the Supervisory Board is referred to note 40 of the consolidated accounts.

9. Number of employees
Both in 2013 and in 2012, the company had no employees.

10. External auditor's fee
The for the financial year charged fees for the audit of the annual accounts is € 400.000 (2012: € 385,000). Concerning other audit assignments an amount of € 5,675 (2012: € 8,386) is charged. Other non-audit services in 2013 where nil (2012: nil).

Other information - Statutory provisions concerning profit appropriation

1. The Company may distribute the profit to the shareholders and other parties entitled to distributable profit only to the extent that its shareholders' equity exceeds the sum of the called and paid portion of the capital and the reserves which are required by law to be maintained.

2. From the distributable profit, an annual payment shall first be made on the preference shares equal to the percentage referred to hereinafter of the amount compulsory paid in on those shares. The percentage stated above equals the refunding rate as established by the European Central Bank – weighted to the number of days for which the percentage was in force – during the financial year for which the payment is made, augmented by two and one quarter percent (2.25%). No further payments are made on the preference shares.

3. The Management Board shall be empowered, with the prior approval of the Supervisory Board, to add the profit remaining after application of the previous paragraph in whole or in part to the reserves.

4. Any profit remaining after the addition to the reserves as referred to in the previous paragraph shall be at the disposal of the General Meeting of Shareholders.

5. Distribution of profit shall take place following adoption of the annual accounts from which it is apparent that such distribution is justified.

6. In the event that the General Meeting of Shareholders does not resolve to distribute profit for any financial year, that profit shall be added to the reserves.

7. The Management Board, with the approval of the Supervisory Board, may decide to make an interim distribution if the requirements of paragraph 1 of this Article have been met as evidenced by an interim statement of assets and liabilities, as referred to in Section 2:105, subsection 4 of the Netherlands Civil Code, which statement must be deposited at the offices of the Commercial Register within eight days after the day on which the decision to make the distribution is published. The provisions of paragraph 9 of this Article shall apply mutatis mutandis to the payment of an interim distribution.

8. The General Meeting of Shareholders may resolve to charge a distribution from profit to a distributable reserve only on the basis of an Management Board proposal to that effect which has been approved by the Supervisory Board.

9. The General Meeting of Shareholders may resolve, on the basis of an Management Board proposal to that effect which has been approved by the Supervisory Board, to make distributions in the form of shares and / or depositary receipts for shares in the Company, without prejudice to the provisions of Article 4 of these Articles of Association.

10. Unless the General Meeting of Shareholders determines otherwise, distributions shall be made payable fourteen days after the fixing thereof, at a time and place to be determined by the Management Board.

11. The claim on the part of shareholders shall lapse and revert to the Company on expiry of a term of five years, calculated from the second day on which the claim becomes payable on demand..

Independent auditor's report

To: the General Meeting of Shareholders of Roto Smeets Group NV

Control Statement of the independent auditor

Report on the financial statements

We have audited the accompanying financial statements 2013 of Roto Smeets Group NV, Deventer. The financial statements include the consolidated financial statements and the company financial statements. The consolidated financial statements comprise the consolidated statement of financial position as at 31 December 2013, the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of the significant accounting policies and other explanatory information. The company financial statements comprise the company balance sheet as at 31 December 2013, the company profit and loss account for the year then ended and the notes, comprising a summary of the accounting policies and other explanatory information.

Management's responsibility

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Dutch Civil Code, and for the preparation of the management board report in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore management is responsible for such internal control as it determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion with respect to the consolidated financial statements

In our opinion, the consolidated financial statements give a true and fair view of the financial position of Roto Smeets Group NV as at December 31, 2013 and of its result and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Dutch Civil Code.

Opinion with respect to the company financial statements

In our opinion, the company financial statements give a true and fair view of the financial position of Roto Smeets Group NV as at December 31, 2013 and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

Emphasis of matter

We draw attention to page 55 of the financial statements, which describes the going concern assumption of Roto Smeets Group NV. Our opinion is not qualified in respect of this matter.

Report on other legal and regulatory requirements

Pursuant to the legal requirement under Section 2:393 sub 5 at e and f of the Dutch Civil Code, we have no deficiencies to report as a result of our examination whether the management board report, to the extent we can assess, has been prepared in accordance with Part 9 of Book 2 of this Code, and whether the information as required under Section 2:392 sub 1 at b-h has been annexed. Further we report that the management board report, to the extent we can assess, is consistent with the financial statements as required by Section 2:391 sub 4 of the Dutch Civil Code.

Amsterdam, 20 March 2014

Ernst & Young Accountants LLP

Signed by G.A. Arnold

Operating companies

The annual report covering the period from 1 January 2013 to 31 December 2013 relates to all operating companies within the Group. The situation at 20 March 2014 is given below:

Roto Smeets Group N.V.

Print Productions

Sales offices

Roto Smeets B.V., Deventer, the Netherlands
Roto Smeets Belgium N.V./SA, Brussels, Belgium
Roto Smeets Denmark A/S, Copenhagen, Denmark
Roto Smeets Deutschland GmbH, Bielefeld, Germany
Roto Smeets France SA, Paris, France
Roto Smeets Ltd., Sawbridgeworth, UK
Roto Smeets Sweden AB, Täby, Sweden

Web printing plants

Roto Smeets Deventer B.V., Deventer, the Netherlands
Roto Smeets Etten B.V., Etten-Leur, the Netherlands
Roto Smeets Weert B.V., Weert, the Netherlands
Senefelder Misset B.V., Doetinchem, the Netherlands
Antok Nyomdaipari KFT, Celldömölk, Hungary

Sheetfed offset plants

Roto Smeets GrafiServices B.V., Eindhoven, Utrecht, the Netherlands

Graphics and other services

Periodieken Service Holland B.V.
Trade names PSH Media Sales / Hoogte 80 strategische media, Arnhem, the Netherlands
NextGen Publishers, Doetinchem, the Netherlands
Roto Smeets Grafische Nabewerking B.V., Eindhoven
Trade name De Wit Binders

Marketing Communications

MediaPartners Group B.V., Amstelveen, the Netherlands
vdbj_ Communicatie Groep B.V., Amstelveen, the Netherlands
Leads to Loyals B.V., Capelle a/d IJssel, the Netherlands

Minority shareholding

Business Media B.V. (40%), Ede, the Netherlands

Roto Smeets Group

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Site: www.rotosmeetsgroup.nl
Chamber of commerce:
entered in the register in the commercial register Deventer under nr. 32017953

Illustrations
Vincent Jansen, Hilversum

Infographic page 8-9
Loenhout Art + Design, Hollandsche Rading

Design
Roto Smeets GrafiServices B.V.

In the event of any difference of interpretation, the Dutch original of this English translation shall apply throughout this annual report.

Roto Smeets Group

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Roto Smeets Group in 2013 annual report

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ANNUAL REPORT

Roto Smeets Group in 2013