



ANNUAL
REPORT 2015



CONTENTS

PROFILE OF VDL NEDCAR	4
• Key figures	4
PROFILE OF VDL GROEP	6
REPORT OF THE MANAGEMENT BOARD	8
FINANCIAL STATEMENTS 2015	11
• Consolidated balance sheet	12
• Consolidated profit and loss account	13
• Cash flow statement	14
• Principles for valuation and determination of result	17
• Valuation principles for the balance sheet	19
• Financial instruments and risk management	25
• Notes to the consolidated balance sheet	26
• Notes to the consolidated profit and loss account	31
OTHER INFORMATION	33
• Independent auditor's report	35
• Provisions under the articles of association concerning profit appropriation	36
• Profit appropriation	38

**ANNUAL
REPORT 2015**



**PROFILE OF
VDL NEDCAR**



VDL Nedcar B.V. (VDL Nedcar) is a limited liability company. Since 14 December 2012, the issued and paid-up share capital of the company of € 250,010,091 has been held in full by the Dutch company VDL Groep B.V. (VDL Groep) located in Eindhoven.

Until 15 October 2013, the shares were held via VD Leegte Beheer B.V. and since that date via VDL Car Beheer B.V., both full subsidiaries of VDL Groep.

Up to and including 2012, the principal activity of VDL Nedcar was the volume production of passenger cars for Mitsubishi Motors Corporation. Since the end of 2012, the company has developed towards its role as an independent vehicle contract manufacturer, with BMW as its first client. The company also produces sheet metal parts for various customers.

VDL Nedcar's registered office is in Sittard-Geleen (Born), the Netherlands. The Articles of Association of VDL Nedcar were confirmed by a notarial instrument dated 30 November 1991 and most recently amended by an instrument dated 17 December 2012. The company is entered in the Trade Register of the Chamber of Commerce and Industry for Zuid-Limburg in Roermond, under number 14027374.

Statutory directors

J. Govaarts (President)	as of 1 February 2004
C. Bouckaert (Executive vice-president)	as of 17 June 2009
VDL Car Beheer B.V. (General director)	as of 15 October 2013

Company Secretary

H. Ambergen	as of 1 April 1999
-------------	--------------------

VDL Nedcar has gained ISO 9001 and ISO 14001 certification.

KEY FIGURES

(All financial amounts x € 1,000)

	2015	2014	2013	2012
Invoiced sales	911,462	767,032	94,511	505,240
Operating result	24,056	5,184	-423	-130,807
Result before taxation	24,296	5,585	0	-129,948
Result before taxation / sales	2.7%	0.7%	0.0%	-25.7%
Net profit	18,408	4,338	0	-129,948
Net profit / sales	2.0%	0.6%	0.0%	-25.7%
Depreciation on tangible fixed assets	21,735	11,456	12,883	61,996
Cash flow	40,143	15,794	12,883	-67,952
(Dis)investments tangible fixed assets	54,810	6,005	38,073	986
Shareholders' equity	254,272	235,864	226,418	176,418
Balance sheet total	484,842	464,170	344,435	400,223
Solvency	52.4%	50.8%	65.7%	44.1%
Net profit / shareholders' equity	7.2%	1.8%	0.0%	-73.7%
Production volume (units)	57,019	29,196	0	24,895
Number of employees as at 31 December	2,461	2,495	1,653	1,464
Average number of employees	1,928	1,657	1,486	1,494



**PROFILE OF
VDL GROEP**



VDL Groep is an international industrial company devoted to the development, production and sales of semi-finished products, buses & coaches and other finished products as well as the assembly of cars. From its head office in Eindhoven (The Netherlands) VDL supervises its subsidiaries, which have a high level of autonomy and responsibility for results.

The establishment in 1953 of 'Metaalindustrie and Constructiewerkplaats P. van der Leegte' laid the basis for what today is VDL Groep. Through targeted acquisition and autonomous growth, this family business has developed into a group encompassing 87 subsidiaries spread over 19 countries and a workforce of 10,623.

In subcontracting, VDL is a leader in the fields of metalworking, mechatronic systems and system supply, plastics processing and surface treatment. The car assembly division includes the production of passenger cars for third parties. The bus & coach division consists of chassis, chassis modules, coaches, public transport buses, mini & midi buses, special projects and second-hand buses. The finished products division is extensive: suspension systems for the trailer and truck industry, heating, cooling and air technical systems, production automation systems, systems for the oil, gas and petrochemical industry, systems for the agricultural sector, sunbeds and roof boxes, container handling equipment, waste collection system, cigar-making and packaging machines, components for bulk handling and dust extraction installations, systems for explosion and fire protection.

VDL Groep strives to achieve growth both through acquisitions and autonomous means. This entails a focus on making continuous improvements to its products and production processes. Such a vision imposes a number of preconditions: modern machinery, locations based on good logistics, a critical quality policy and a high level of expertise amongst its workforce. Investments made by VDL Groep enable the group to meet customer requirements.

VDL Groep has a flat organisational structure with short policy lines. The company culture is characterised by the shared VDL philosophy of 'human added value'. This forms the basis for close cooperation between companies within the group.



**REPORT OF THE
MANAGEMENT
BOARD**



Review

In 2015 VDL Nedcar built the MINI Hatch, which went into production in 2014, for the BMW Group. In addition, following the required preparations, production of the MINI Convertible successfully started early November 2015. Production of both models is going to plan, in terms of both quality and quantity, and BMW is pleased with VDL Nedcar's performance. In short, the company is developing successfully. The size of the workforce remained virtually unchanged.

In 2015 VDL Nedcar continued to work on its development into a high-quality independent vehicle maker that manufactures under contract for third parties. There has been close consultation with BMW regarding the future utilisation of production capacity. And active acquisition is being undertaken in order to attract new customers. In conjunction with the authorities involved we are examining the possibilities for embedding future growth as firmly as possible in spatial terms and supporting this as efficiently and sustainably as possible as regards infrastructure. In that context we have jointly drawn up an investigation report in which options for expansion and infrastructure facilities are examined. Together with the authorities, the various projects are now being elaborated and further developed. Finally, significant efforts are undertaken to increase the utilisation of the available production capacity in the Press Shop.

Products and production volume

In 2015 VDL Nedcar produced a total of 57,019 MINI Hatch and Convertible vehicles. The invoiced sales figure of € 911.5 million was attributable primarily to the production of vehicles and the invoicing of engineering and project work to BMW. The company also supplied pressed parts to third parties.



Personnel

During the year under review the size of the workforce was virtually stable, with 2,495 employees on 1 January and 2,461 employees on 31 December.

Result

The result after tax of € 18.4 million has been transferred to the shareholders' equity.

Use of funds

In 2015 the total value of company assets increased from € 464.2 million to € 484.8 million. Net investments amounted to € 54.8 million, while € 21.7 million was released from depreciation. This resulted in an increase of € 33.1 million in the book value of the tangible fixed assets. Total current assets decreased in 2015, from € 268.9 million to € 256.5 million.

Financing

The company did not make use of any external financing in 2015. During 2015 a positive cash flow of € 3.0 million was generated. Since a positive operational cash flow is expected for 2016, no external financing is required for that year either. For explanatory notes regarding the financial instruments, please see the principles applied for valuation and determination of results, as stated in the annual accounts.

Distribution of dividends

No dividend has been paid to the shareholders.



Risks

Although the cooperation with BMW is going well, dependence on a single customer constitutes a strategic medium-term risk, which we aim to limit by means of acquisition efforts. To enable the acceptance of future orders we need to have sufficient options for expansion both in terms of personnel (at all levels) and as regards spatial and permit-related aspects. To ensure this we are currently taking concrete steps together with the authorities and various other relevant parties.

Outlook

For 2016 the outlook is positive. Production volumes are expected to increase considerably compared with 2015 and give rise to substantial growth in the size of the workforce. VDL Nedcar plans to recruit the vast majority of these new employees from the target group of benefit recipients. A specific training and trial-appointment scheme is under development and will be offered to them.

The net investments will be at a comparable level to 2015.

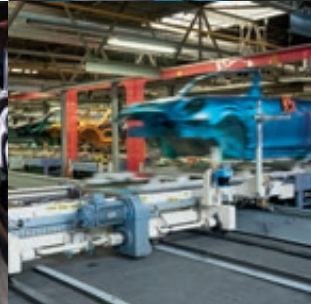
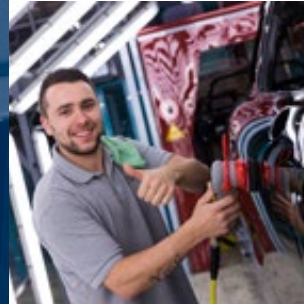
For the longer term too, the outlook for growth in the production numbers and employment is favourable. We will also focus on strengthening and developing our competences and on acquiring new orders. In addition, even more emphasis will be placed on spatial planning. As an independent car manufacturer, VDL Nedcar will remain flexible in relation to its customers.

We can look back on 2015 with satisfaction. We would like to thank everyone who has played a part in achieving these results. In 2016 we will continue to develop the company and prepare it for a stable future. We consider ourselves fortunate that we can count on the support of everyone involved in the company.

Sittard-Geleen (Born), 18 April 2016

The Management Board

FINANCIAL
STATEMENTS
2015



CONSOLIDATED BALANCE SHEET

All amounts x € 1,000

After profit appropriation

	31 December 2015	31 December 2014
	<hr/>	<hr/>
ASSETS		
Fixed assets		
Tangible fixed assets	228,359	195,284
Current assets		
Inventories and work in progress	35,680	32,777
Projects in progress	0	0
Receivables	170,648	188,981
Liquid assets	50,155	47,128
	<hr/>	<hr/>
	484,842	464,170
LIABILITIES		
Shareholders' equity	254,272	235,864
Provisions	18,397	15,377
Current liabilities	212,173	212,929
	<hr/>	<hr/>
	484,842	464,170

CONSOLIDATED PROFIT AND LOSS ACCOUNT

All amounts x € 1,000

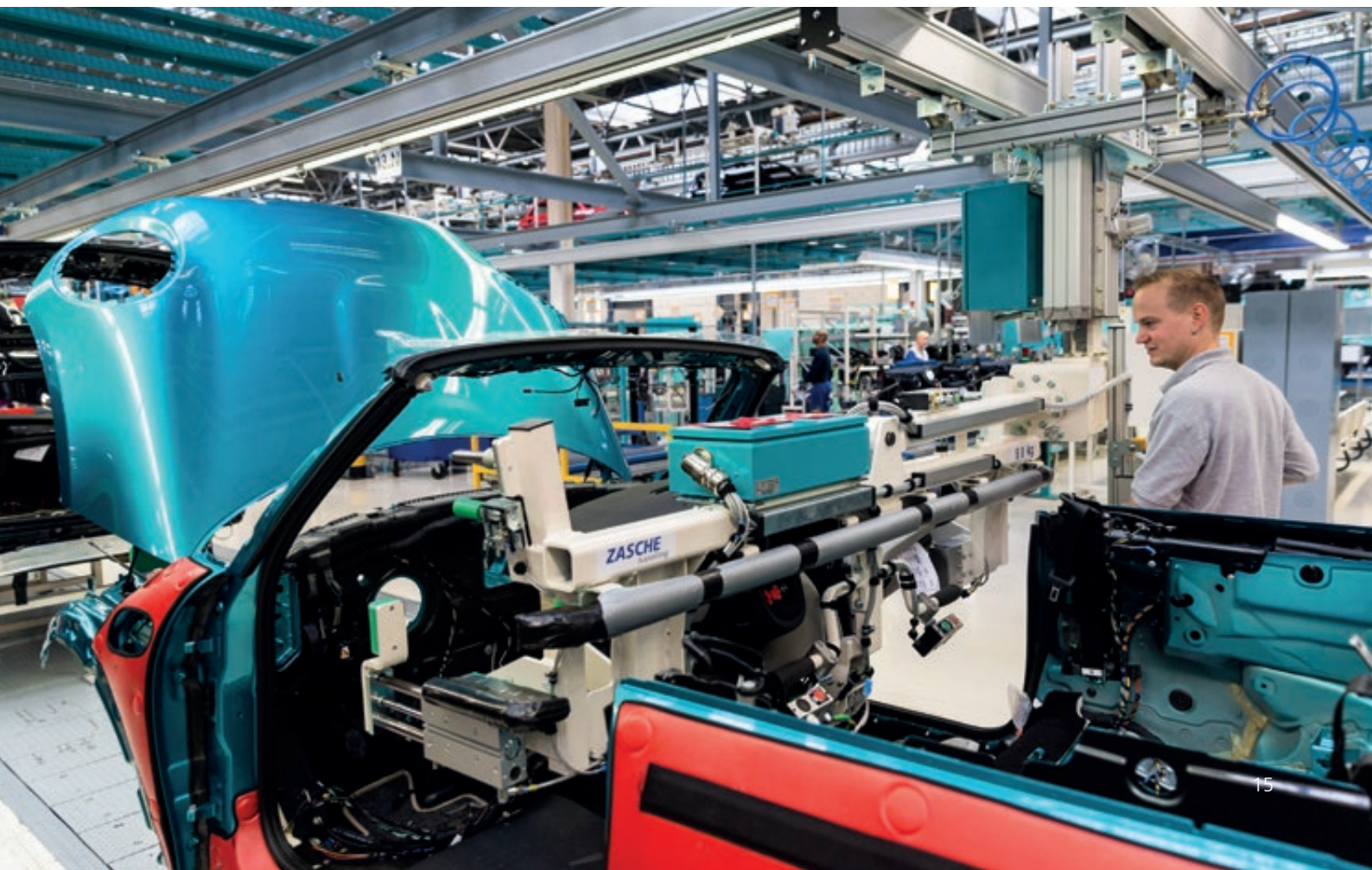
	2015	2014
	<hr/>	<hr/>
Invoiced sales	911,462	767,032
Change in projects in progress	-11,065	-161,243
Net sales	<hr/> 900,397	<hr/> 605,789
Other operating income	5,087	12,315
Total operating income	<hr/> 905,484	<hr/> 618,104
Costs of raw materials and consumables	678,118	442,372
Costs of work contracted out and other external costs	51,820	46,764
Wages and salaries	108,960	116,759
Social security contributions and other personnel expenditure	23,382	24,061
Depreciation on tangible fixed assets	21,735	11,456
Other operating costs	1.193	-28,492
Extraordinary income and expenditure	-3.780	0
	<hr/>	<hr/>
Total operating costs	881,428	612,920
Operating result	<hr/> 24,056	<hr/> 5,184
Financial income and expenses	240	401
Result before taxation	<hr/> 24,296	<hr/> 5,585
Taxation	-5,888	-1,247
RESULT AFTER TAXATION	<hr/> 18,408	<hr/> 4,338

CASH FLOW STATEMENT

All amounts x € 1,000

	2015	2014
Cash flow operational activities		
Operating result	24,056	5,184
Adjustments for:		
Depreciation on tangible fixed assets	21,735	11,456
Change in provisions	2,740	-31,734
	<u>24,475</u>	<u>-20,278</u>
Change in working capital:		
Inventories	-2,903	-32,366
Projects in progress	11,065	142,373
Trade receivables	7,761	-74,188
Other receivables	10,572	-57,087
Debts to trade creditors	1,918	30,210
Other current liabilities	-13,739	92,228
	<u>14,674</u>	<u>101,170</u>
Cash flow business operations	<u>63,205</u>	<u>86,076</u>
Interest paid / received	240	401
Tax	-5,608	-950
	<u>-5,368</u>	<u>-549</u>
Cash flow operational activities	<u>57,837</u>	<u>85,527</u>
Cash flow investment activities		
Investments in tangible fixed assets	-54,899	-64,416
Disinvestments tangible fixed assets	89	7
	<u>-54,810</u>	<u>-64,409</u>
Cash flow investment activities	<u>-54,810</u>	<u>-64,409</u>
Subtotal	<u><u>3,027</u></u>	<u><u>21,118</u></u>

	2015	2014
	<u> </u>	<u> </u>
Carried forward	3,027	21,118
Cash flow from financing activities		
Dividend paid	0	0
Other changes	0	5,108
	<u> </u>	<u> </u>
Cash flow from financing activities	0	5,108
	<u> </u>	<u> </u>
Change to cash flow	3,027	26,226
	<u> </u>	<u> </u>
Liquid assets developed as follows:		
Position as at 1 January	47,128	20,902
Change in financial year	3,027	26,226
	<u> </u>	<u> </u>
Position as at 31 December	50,155	47,128
	<u> </u>	<u> </u>





PRINCIPLES FOR VALUATION AND DETERMINATION OF RESULT

GENERAL

Activities

The principal activities of VDL Nedcar B.V. (and its group companies) are the production of passenger cars and components, parts and accessories.

Establishment address

VDL Nedcar B.V. is effectively established at Dr. Hub van Doorneweg 1 in Born.

Group relationships

VDL Nedcar B.V. is part of the VDL Groep ('Group'). At the head of this group is VDL Groep B.V. with its registered office in Eindhoven, the Netherlands. The financial statements of VDL Nedcar B.V. are contained in the consolidated financial statements of VDL Groep B.V. The consolidated financial statements of VDL Groep B.V. are available from the offices of VDL Nedcar B.V..

Estimates

To make it possible to apply the principles and rules for drawing up the financial statements, it is necessary that the management of VDL Nedcar B.V. prepares a judgement on various issues, and that the management makes estimates that could prove essential for the amounts contained in the financial statements. If necessary for the degree of insight required in article 2:362 Nd 1 of the Netherlands Civil Code, the nature of these judgements and estimates, including the accompanying assumptions, is contained in the explanatory notes to the relevant items in the financial statements.

Consolidation

In the consolidated financial statements of VDL Nedcar B.V., the financial details are accounted for, for the participations and other legal entities over which predominant control can be exercised or over which central management is undertaken. Participations are legal entities over which VDL Nedcar B.V. can directly or indirectly exercise predominant control, since it holds the majority of the voting rights, or in any other way can control the financial and operational activities. This also takes into account potential voting rights that can be exercised on the balance sheet date.

The participations and other legal entities over which predominant control can be exercised or over which central management is undertaken, are 100% accounted for in the consolidation. The third party share of group equity and in the group result is listed separately.

Intercompany transactions, intercompany profits and mutual receivables and liabilities between subsidiaries and other legal entities contained in the consolidation are eliminated, in as much as the results are not realised by transactions with third parties outside the Group. Unrealised losses on intercompany transactions are also eliminated, except in the case of extraordinary downward value adjustment. Principles of valuation of participations and other legal entities contained in the consolidation have where necessary been adjusted to comply with the applicable valuation principles for the Group.

The companies included in the consolidation are:

- Car Participatie Maatschappij B.V., Born (100%);
- NedCar Insurance B.V., Born (100%) (wound up in 2015);
- VDL Nedcar Service Centrum B.V., Born (100%).

Applicability of article 2:402 of the Netherlands Civil Code

Because the profit and loss account for 2015 of VDL Nedcar B.V. is accounted for in the consolidated financial statements, in accordance with article 2:402 of the Netherlands Civil Code, reproduction of abbreviated profit and loss account is considered sufficient (in the single financial statements).

Related parties

All legal entities over which predominant control, shared control or significant influence can be exercised are identified as related parties. Legal persons capable of exercising predominant control are also identified as related parties. The members of the board under the articles of association, other key officers in the management of VDL Nedcar B.V. and the parent company of VDL Nedcar B.V. and close relatives are related parties.

Significant transactions with related parties outside the Group are explained in as much as they are not entered into according to normal market conditions. Of these transactions, the nature and scale of the transaction and other information necessary for providing sufficient insight is provided.

Explanatory notes to the cash flow statement

The cash flow statement was prepared in accordance with the indirect method. The funds in the cash flow statement consist of the liquid assets, with the exception of deposits with a term of longer than three months. Cash flows in foreign currency are converted at an estimated average exchange rate. Exchange rate discrepancies on funds are shown separately in the cash flow statement. Income and expenditure from interest, receipts of dividends and income tax expenditure are accounted for under the cash flow from operational activities. Paid dividends are accounted for under the cash flow from financing activities.

GENERAL PRINCIPLES**General**

The consolidated financial statements were prepared in accordance with the statutory provisions contained in Part 9 Book 2 of the Netherlands Civil Code and the clear statements from the Guidelines for annual accounting, issued by the Dutch Accounting Standards Board.

Assets and liabilities are generally valued at acquisition price or manufacturing cost or current value. If no specific valuation principle is stated, valuation is made according to acquisition price.

Comparison with previous year

The principles of valuation and determination of result remain unaltered as compared with the previous year.

Foreign currencies

Items in the financial statements of the participations are valued taking account of the currency of the economic environment in which the participation primarily undertakes its business activities (the functional currency). The consolidated financial statements are prepared in euros. This is both the functional and presentation currency of VDL Nedcar B.V. Transactions in foreign currencies during the reporting period are reflected in the financial statements at the exchange rate on the balance sheet date.

Operational leasing

Lease contracts may exist within the company, whereby a large proportion of the advantages and disadvantages relating to ownership do not lie with the company. These lease contracts are accounted for

as operational leasing. Obligations arising from operational leasing are accounted for on a straight-line basis in the profit and loss account, over the term of the contract, taking account of payments received from the lessor.

Extraordinary items

Extraordinary items refer to income or expenditure arising from events or transactions which belong to the operating result, but which for the sake of comparability are explained separately on the basis of the nature, size or incidental character of the item.

Financial instruments

All financial instruments reported in the balance sheet are valued at (amortised) cost price.

Derivatives are initially recognised in the balance sheet at fair value, the subsequent valuation of derivative financial instruments depends on whether or not the instrument is quoted in an active market. If the underlying object of the derivative financial instrument is listed on a stock exchange, it is valued at fair value. Recognition of changes in the value of a derivative financial instrument is dependent on whether or not the instrument is designated as a hedging instrument.

VDL Nedcar B.V. applies hedge accounting. The company documents at the inception of a transaction the relationship between hedging instruments and hedged items. By means of a test, the company periodically determines the effectiveness of the hedge relationship. This may be carried out by comparing the critical characteristics of the hedge instrument with those of the covered position or by comparing the adjustment in fair value of the hedge instrument with the covered position.

VALUATION PRINCIPLES FOR THE BALANCE SHEET

FIXED ASSETS

Tangible fixed assets

Buildings and land used for business purposes are valued at current value on the basis of assessments based on private sales value for continued use with costs for the purchaser's account, less straight-line depreciation, taking account of the estimated useful life of the assets in question. There is no depreciation on land. The buildings and land used for business purposes were reassessed in 2014, by an independent expert on the basis of the principles outlined in the decision on current value. In the case of reassessment of buildings, account was taken of deferred taxation of 15%.

The other tangible fixed assets are valued at purchase price or manufacturing costs, including directly attributable costs, less straight-line depreciation, taking account of the estimated useful life and extraordinary downward value adjustments.

For obligations for recovery following the end of use of the asset (dismantling costs), a provision is established. This position is built up during the lifetime of the asset in question.

Grants on investments are deducted from the acquisition price or manufacturing costs of the assets to which the grants relate.

The estimated useful life per category is:

Buildings	: 33.33 years
Renovations and facilities	: 5 – 20 years
Machines and installations	: 5 – 10 years
Other fixed business assets	: 5 – 7 years

Depreciation over time is carried out on investments during the year under review. The costs for repair and maintenance are charged directly to the result..

Financial fixed assets

Participations are valued according to their share in the net asset value. In determining this value, the value of assets and liabilities and results are determined in accordance with the principles of these financial statements, in respect of those participations over which the company has predominant control.

Receivables from group companies and minority participations and other financial fixed assets are valued at amortised cost price or market value, whichever is lower.

Impairment on fixed assets

On each balance sheet date, the company determines whether there are indications that a fixed asset may be subject to an extraordinary downward value adjustment. If such indications are present, the realisable value of the asset is determined. If it is not possible to determine the realisable value for the individual asset, the realisable value will be determined for the cash flow-generating unit to which the asset belongs. An impairment occurs if the book value of an asset is higher than the realisable value; the realisable value is the higher of the market value and the operating value.



An impairment loss is directly accounted for as a loss in the profit and loss account. If it is determined that an impairment that was accounted for in the past no longer exists or has fallen in size, the increased book value for the asset in question will not be set higher than the book value that would have been determined if no impairment had been accounted for, for the asset in question.

CURRENT ASSETS

Inventories

Inventories of raw materials and consumables are valued at purchase prices subject to the FIFO method ('first in, first out') or realisable value if lower.

The inventory of work in progress is valued at manufacturing costs or realisable value if lower.

The manufacturing costs consist of all costs relating to acquisition or manufacture, and costs incurred for bringing the inventories to their current location or their current condition. Manufacturing costs include direct salary costs and surcharges for indirect fixed and variable costs related to production, including the costs of management and staff, maintenance department and internal logistics.

The realisable value is the estimated sales price less directly attributable sales costs. In determining the realisable value, account is taken of the obsolescence of the inventories.

Projects in progress

Projects in progress on behalf of third parties consist of the balance of realised project costs, allocated profit and, if applicable, accounted losses and already declared instalments. Projects in progress are



presented individually in the balance sheet under current assets. If the item shows a credit balance, it will be presented under current liabilities.

Receivables

Receivables, including tax and prepayments and accrued income, are initially measured at fair value and subsequently at amortised cost. The fair value and amortised cost are practically equal to the nominal value. Any provisions considered necessary for bad debt risk shall be deducted. These provisions are determined on the basis of an individual assessment of the receivables.

Liquid assets

Liquid assets consist of cash at bank and in hand. Current account debts to banks are listed under debts to credit institutions under current liabilities. Liquid assets are entered at nominal value.

SHAREHOLDERS EQUITY

Revaluation reserve

If revaluations have been included in the revaluation reserve less relevant (deferred) tax obligations, the realised revaluations are immediately included in the shareholders equity. The corresponding release of (deferred) tax obligations is credited to the result under the item tax on result from ordinary business operations.

PROVISIONS

General

Provisions are established for legally-enforceable or actual obligations existing on the balance sheet date, whereby an outflow of resources is probably necessary, the scale of which can be reliably estimated.

The provisions are valued at the best estimate for the amounts necessary for settling the obligations as at the balance sheet date. The provisions are valued at nominal value of the expenditure expected to be necessary for settling the obligations, unless otherwise stated.

If a third party is expected to reimburse these obligations, and if it is likely that this payment will be received upon settlement of the obligation, this payment will be deducted from the provisions.

Provision for deferred taxation

The provision for deferred taxation relates to future tax obligations arising from the differences between the valuation of the buildings according to these financial statements and the fiscal valuation of the relevant items. Deferred tax obligations are calculated according to the rate of corporate income tax and as concerns the reassessment of buildings at a cash value of 15%. The majority of this provision can be characterised as long-term.

Warranty provisions

This provision relates to possible costs to be reimbursed for products sold, if for the legal entity an obligation arises due to non-compliance with agreed quality requirements.

Dismantling provision

The provision relates to future dismantling costs for the production lines. The dismantling provision is built up during the lifetime of these production lines.

Provision for post-retirement medical health benefits

This provision consists of obligations arising from the contribution towards medical health benefits of retired former employees. The provision is built up at nominal value of the future obligations.

Provision for anniversaries

The provision for anniversaries is recorded at net present value of the expected payments during the period of employment. In calculating the provision, account is for example taken of expected salary rises and the likelihood of remaining in employment.

OTHER ASSETS AND LIABILITIES

Liabilities are initially valued at fair value. Transaction costs immediately attributable to the acquisition of liabilities are included in the valuation at initial entry in the general ledger. Following initial entry, liabilities are valued at amortised cost, namely the amount received taking account of the share premium or discount less transaction costs. The fair value and amortised costs are practically equal to the nominal value.

PRINCIPLES FOR DETERMINATION OF THE RESULT**General**

The result is determined as the difference between the realisable value of goods and services provided and the costs and other expenditure over the year. Income from transactions is reported in the year in which it was realised.

REVENUE RECOGNITION**Income from the sale of goods**

Income from the sale of goods is included as soon as all essential rights and risks relating to ownership of the goods have been transferred to the purchaser.

Project income and project costs

For projects in progress, the result of which can be reliably foreseen, the project income and project costs are accounted for as net turnover and costs in the profit and loss account proportionally to the performance provided as at the balance sheet date (the 'Percentage of Completion' method or PoC method).

The progress of the performance provided is determined on the basis of the project costs incurred up to the balance sheet date in relation to the estimated total project costs. If the result cannot (yet) be reliably estimated, the income is accounted for as net turnover in the profit and loss account, up to the amount of incurred project costs that can probably be recovered; the project costs are then accounted for in the profit and loss account in the period in which they are incurred. As soon as the result can be reliably determined, revenue recognition is carried out according to the PoC method, proportionally to the performance provided as at balance sheet date.

The result is determined as the difference between the project income and project costs. Project income relates to the contractually agreed income and income from additional and less work, claims and payments if and in as much as it is probable that these will be realised, and can be reliably predicted. Project costs are the costs relating directly to the project, that can generally be allocated to project activities and allocated to the project and other costs contractually attributable to the client.

If it is probable that the total project costs exceed total project income, expected losses are immediately accounted for in the profit and loss account. This loss is reported in the cost of sales. The provision for the loss is part of the item projects in progress.

Net turnover

Net turnover comprises the income from the delivery of goods and realised project income from projects in progress less discounts, etc. and any tax levied on turnover, and following elimination of transactions within the Groep.

EMPLOYEE BENEFITS

Periodically-payable benefits

Wages, salaries and social security contributions are accounted for in the profit and loss account, on the basis of the employment conditions, in as much as payable to employees.

Pensions

VDL Nedcar B.V. has accounted for all pension schemes according to the obligations approach. The premium payable on the year under review was also accounted for as an expense.

MISCELLANEOUS

Depreciation on tangible fixed assets

Tangible fixed assets are depreciated during the expected future useful life of the asset from the moment of commissioning. There is no depreciation on land. If a change is made to estimated future useful life, future depreciation will be adjusted.

Book profits and losses from the incidental sale of tangible fixed assets are included under other operating cost.

Government grants

Operating grants are accounted for as income in the profit and loss account in the year in which the granted costs were incurred or income was lost or if a grant operating shortfall occurred. The income is accounted for when it is likely that it will be received.

Grants related to investments in tangible fixed assets are deducted from the asset in question and accounted for as part of depreciation in the profit and loss account.

Interest income and interest expenses

Interest income and interest expenses are accounted for in proportion to time, taking account of the effective interest rate for the assets and liabilities in question. In accounting for the interest expenses, account is taken of the reported transaction costs on the loans received.

Tax on the result from ordinary business operations

The tax on the result is calculated on the result before tax in the profit and loss account. Account is taken of changes occurring in the deferred tax receivables and deferred tax liabilities. Tax payable on the result is offset with the head of the tax entity via the current account.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**MARKET RISK****Currency risk**

VDL Nedcar B.V. operates primarily in the European Union. Practically all positions and transactions are in euros, meaning that limited currency risk is run.

Price risk

VDL Nedcar B.V. runs no noteworthy price risks.

Interest and cash flow risk

VDL Nedcar B.V. runs interest risk on the interest-bearing receivables (in particular under current assets and liquid assets) and interest-bearing current liabilities.

For receivables and liabilities with variable interest agreements, VDL Nedcar B.V. runs risks in respect of future cash flows; as concerns fixed interest receivables and liabilities, VDL Nedcar B.V. runs risks on the fair value as a consequence of changes to the market rate.

As concerns receivables, no financial derivatives are contracted in respect of interest risk.

CREDIT RISK

Despite the concentration of accounts receivable at a limited number of customers VDL Nedcar B.V. has no significant credit risk. Any outstanding liquid assets are with banks with at least an A-rating.

VDL Nedcar B.V. has its receivables to associated companies, where no credit risk is run.

Liquidity risk

VDL Nedcar B.V. has no liquidity risk since the company has sufficient liquid assets.

NOTES TO THE CONSOLIDATED BALANCE SHEET

All amounts x € 1,000

Fixed assets

Tangible fixed assets

The statement of changes in tangible fixed assets reads as follows:

	Buildings and land	Machines and installations	Other fixed assets	Total
Book value as at 1 January 2015	113,530	70,598	11,156	195,284
Reclassification	5,818	-5,818	0	0
Investments	18,106	31,398	5,395	54,899
Disinvestments	-2	0	-87	-89
Depreciation	-6,255	-12,619	-2,861	-21,735
Book value as at 31 December 2015	131,197	83,559	13,603	228,359
The specification for the book value as at 31 December 2015 is as follows:				
Acquisition price (including revaluations)	283,154	455,967	39,512	778,633
Cumulative depreciation	151,957	372,408	25,909	550,274
	131,197	83,559	13,603	228,359

Revaluations included in the purchase price for buildings and land at year end 2015 amounted to 50,022 (year end 2014: 48,157). Depreciation on historical cost basis in the year under review amounted to 23,600.

	31 December 2015	31 December 2014
Current assets		
Inventories and work in progress		
Raw materials and consumables	30,059	25,567
Work in progress	5,621	7,210
	35,680	32,777

The book value of the inventories valued at lower market value is zero.

Inventories and work in progress

Since as at 31 December 2015 and 31 December 2014 respectively, pre-invoiced instalments exceeded the capitalised costs, this item was accounted for under current liabilities.

	31 December 2015	31 December 2014
Receivables		
Trade receivables	93,213	100,974
Affiliated companies	76,879	79,918
Taxation	461	1,431
Other receivables and accrued income and prepayments	95	6,658
	<u>170,648</u>	<u>188,981</u>

On the average balance of the receivables from affiliated companies of 0.85% interest is charged per year (2014: 1%). No agreements have been concluded on repayment and collateral for such receivables.

Receivables have a term of less than one year.

Liquid assets

Cash	0	0
Credit institutions	50,155	47,128
	<u>50,155</u>	<u>47,128</u>

The liquid assets are readily available.

Shareholders' equity

	Share capital	Premium reserve	Revaluation reserve	Other reserves	Total
Balance as at 1 January	250,010	50,000	44,504	-108,650	235,864
Result year under review	0	0	0	18,408	18,408
Change revaluation reserve	0	0	1,586	-1,586	0
Balance as at 31 December	<u>250,010</u>	<u>50,000</u>	<u>46,090</u>	<u>-91,828</u>	<u>254,272</u>

Share capital

The registered capital of VDL Nedcar B.V. amounts to 340,335 consisting of 750,000 shares each with a nominal value of € 453.78 of which 550,950 shares were issued and fully paid up.

Provisions

For deferred taxation	3,932	3,652
Other provisions	14,465	11,725
Balance as at 31 December	<u>18,397</u>	<u>15,377</u>

	31 December 2015	31 December 2014
Other provisions		
Warranty provision	2,116	804
Provision phase-out	1,228	418
Provision post-retirement medical health benefit	2,786	3,001
Provision for anniversaries	5,220	4,063
Other provisions	3,115	3,439
Balance as at 31 December	<u>14,465</u>	<u>11,725</u>

Provisions developed as follows:

	Deferred taxation	Warranty provision	Phase-out
Balance as at 1 January	3,652	804	418
Additional charge to the result	280	1,668	810
Reduction in favour of the result	0	0	0
Payment charged to the provision	0	-356	0
Balance as at 31 December	<u>3,932</u>	<u>2,116</u>	<u>1,228</u>

	Post- retirement medical health benefit	Provision for anniversaries	Other provisions	Total
Balance as at 1 January	3,001	4,063	3,439	15,377
Additional charge to the result	163	1,784	231	4,936
Reduction in favour of the result	0	0	-141	-141
Payment charged to the provision	-378	-627	-414	-1,775
Balance as at 31 December	<u>2,786</u>	<u>5,220</u>	<u>3,115</u>	<u>18,397</u>

	31 December 2015	31 December 2014
Current liabilities		
Debts to affiliated companies	0	941
Projects in progress	64,403	53,338
Trade receivables	44,830	42,912
Taxation and social security premiums	17,342	16,330
Other liabilities and accrued expenses	85,598	99,408
	<u>212,173</u>	<u>212,929</u>

Over the average balance of the debts to affiliated companies, no interest is charged. No agreements have been concluded on repayment and collateral for such receivables.

Current liabilities have a term of less than one year.

Projects in progress		
Pre-invoiced instalments on projects in progress	197,035	498,264
Less: capitalised costs	132,632	444,926
	<u>64,403</u>	<u>53,338</u>

These balances for projects in progress can be further divided into:

- projects for which the value of the capitalised costs exceeds the invoiced instalments, in the amount of € 14.5 million and € 0 and;
- projects for which the value of the invoiced instalments exceeds the value of the capitalised costs, in the amount of € 78.9 million and € 53.3 million.

OFF-BALANCE SHEET COMMITMENTS

All amounts x € 1,000

Bank guarantees

At the end of 2015 VDL Nedcar provided bank guarantees to the amount of 370.

Currency forward contracts

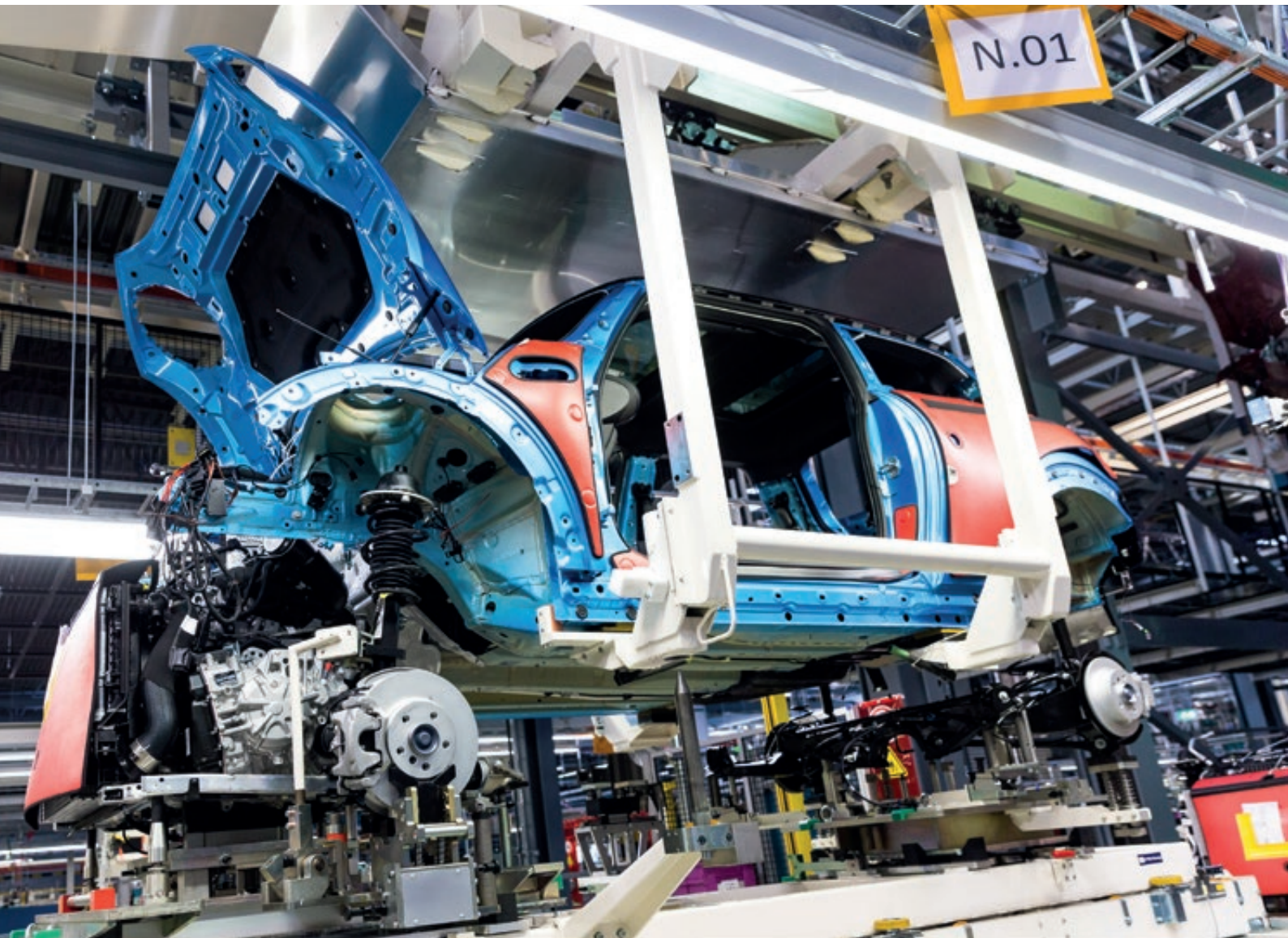
In the framework of normal trading activities, as at 31 December 2015, VDL Nedcar had committed to current forward contracts to the amount of 1,130. Current value as at 31 December 2015 was 65 positive.

Purchase commitments

In the framework of acquiring fixed assets and projects in progress, the company has assumed contract commitments of in total 58,350. In addition, in respect of regular production of cars, purchase commitments were entered into, covered by the end purchaser.

Liability in the event of a fiscal unity

VDL Nedcar B.V. together with VDL Groep B.V. forms a tax entity for corporation tax and turnover tax. On the basis of the Collection of the State Taxes Act, the company and its consolidated subsidiary are each jointly and severally liable for the tax payable by the combination.



NOTES TO THE CONSOLIDATED PROFIT AND LOSS ACCOUNT

All amounts x € 1,000

	2015	2014
	<hr/>	<hr/>
Invoiced sales		
Netherlands	1,527	1,688
Other countries Europe	909,707	765,217
Asia	226	0
America	2	127
	<hr/>	<hr/>
	911,462	767,032
	<hr/>	<hr/>
Social security contributions		
Social security contributions and other personnel costs include the following amount for social security contributions	9,161	10,040
	<hr/>	<hr/>
Pension contributions		
Social security contributions and other personnel costs include the following amount for pension contributions	7,952	7,333
	<hr/>	<hr/>
Workforce		
Average number of employees (FTE)	1,928	1,657
	<hr/>	<hr/>
Broken down according to position:		
Management Board	2	2
Office	597	513
Production	1,329	1,142
	<hr/>	<hr/>
	1,928	1,657
	<hr/>	<hr/>
Number of employees at financial year end	2,461	2,495
	<hr/>	<hr/>
At the end of 2015, no employees were employed abroad (2014: 0). The number of employees at financial year end includes interns and temporary employees.		
Financial income and expenses		
Interest income and similar revenues	0	24
Interest income from affiliated companies	560	637
Interest expenses and similar expenses	-320	-260
	<hr/>	<hr/>
	240	401
	<hr/>	<hr/>

	2015	2014
	_____	_____
Tax on result from ordinary business operations		
Result from ordinary business operations before tax	24,296	5,585
Taxation on result from ordinary business operations	5,888	1,247
Effective tax rate	24,23	22,33
Applicable tax rate	25,00	25,00

The effective tax rate differs from the applicable tax rate as a result of the effect of deferred taxation of 15% on revaluation of buildings.

Fee to group accountant

On the basis of article 2:382a paragraph 3 of the Dutch Civil Code, this statement has been left out.

OTHER
INFORMATION





INDEPENDENT AUDITOR'S REPORT

To: the Shareholders and Management of
VDL Nedcar B.V.
Dr. Hub van Doorneweg 1
6121 RD Sittard-Geleen (Born)

The accompanying summary financial statements, which comprise the summary balance sheet as at 31 December 2015, the summary profit and loss account and the summary statement of cash flows for the year then ended, and related notes, are derived from the audited financial statements of VDL Nedcar B.V. for the year ended 31 December 2015. We expressed an unqualified audit opinion on those financial statements in our report dated 18 April 2016. Those financial statements, and the summary financial statements, do not reflect the effects of events that occurred subsequent to the date of our report on those financial statements.

The summary financial statements do not contain all the disclosures required by Part 9 of Book 2 of the Dutch Civil Code. Reading the summary financial statements, therefore, is not a substitute for reading the audited financial statements of VDL Nedcar B.V..

Management's responsibility

Management is responsible for the preparation of a summary of the audited financial statements on the bases described in the principles.

Auditor's responsibility

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

Opinion

In our opinion, the summary financial statements derived from the audited financial statements of VDL Nedcar B.V. for the year ended 31 December 2015 are consistent, in all material respects, with those financial statements, in accordance with the described principles.

Eindhoven, 18 April 2016
Govers Accountants / Adviseurs

w.g. Rudi van den Heuvel MSc RA

**PROVISIONS UNDER THE ARTICLES OF ASSOCIATION CONCERNING
PROFIT APPROPRIATION**

Article 34

1. The General Meeting of Shareholders is authorised to appropriate the profit as determined following adoption of the Financial Statements, in so far as the shareholders' equity is greater than the reserve that must be maintained in accordance with the law or articles of association.
2. A decision to distribute shall have no consequences unless approved by the Board of Directors. The Board of Directors will only refuse approval if the Board knows or can reasonably foresee that following distribution, the company will not be able to make payment of its demandable liabilities.
3. If following distribution, the company is unable to make payment of its demandable liabilities, the Directors who at the moment of distribution knew of that situation or should have reasonably foreseen it shall be jointly and severally liable to the company for the shortfall arising as a consequence of the distribution, plus statutory interest from the date of distribution. Article 2:248 paragraph 5 of the Netherlands Civil Code shall apply mutatis mutandis. Any Director who can prove that distribution by the company cannot be attributed to him, and that he was not in default in taking measures to prevent the consequences thereof, shall not be liable. Anyone who received the distribution, while he knew or reasonably should have foreseen that following distribution the company would be unable to continue making payment of its demandable liabilities, shall be required to compensate for the shortfall arising as a consequence of the distribution, each up to not more than the amount or the value of the distribution received by him, plus statutory interest from the date of distribution. If the Directors have fulfilled the claim as outlined in the first sentence, the payment to the Directors as intended in the third sentence shall be made proportionally to the share paid by each of the Directors. In respect of a liability arising from the first or third sentence, the debtor is not entitled to set off. The provisions in this paragraph shall not apply to distribution in the form of shares in the capital of the company or deposits or not fully paid-up shares.
4. Anyone who determined or co-determined the policy of the company, as if he were a Director, shall be considered equal to a Director for application of paragraph three.
5. In calculating each distribution, the shares of the company in its own capital shall not be considered.
6. In calculating the amount to be distributed on each share, only the amount of the compulsory deposits on the nominal amount of the shares shall be considered.
7. The claim to demand the adopted dividend shall expire five years following its adoption



PROFIT APPROPRIATION

Profit appropriation 2015

The Board proposed to add the result to the other reserves.

Approval of the financial statements

In the General Meeting of Shareholders held on 18 April 2016, the financial statements for 2015 of the company as established in Born were adopted. The appropriation of the result was carried out in accordance with the proposal from the Board.



VDL Nedcar B.V.

Dr. Hub van Doorneweg 1
6121 RD Sittard-Geleen (Born)
P.O. Box 150
6130 AD Sittard-Geleen
The Netherlands

Tel.: +31 (0)46 - 489 44 44

Fax: +31 (0)46 - 489 54 44

Website: www.vdlnedcar.nl

E-mail: info@vdlnedcar.nl

