ANNUAL REPORT 2012

Imtech

CONTENTS

PREFACE FROM THE BOARD OF MANAGEMENT

This 2012 Annual Report was delayed due to developments in Imtech's Polish and German business which resulted in a total write-off of 370 million euro. In reaction Imtech's share price fell by 50%. An intensive investigation, partly forensic in nature, revealed that the situation that arose in Poland and Germany was caused by the fraudulent actions of the previous management in those countries. The managers concerned have been replaced and further steps have been taken to prevent such problems in the future. A full report on the investigations and the actions we have taken in relation to these events is made available.

Many have been affected by the events of recent months. To all our stakeholders; shareholders, customers, suppliers, financiers, auditors and employees, we offer our apologies for the situation that has arisen. We are very aware that Imtech's reputation has been damaged and we will continue to do everything we can to regain your trust and confidence.

The Annual Report 2012 has now been finalised and the financial statements have been audited by the external auditor. Mainly due to the write-offs in Poland and Germany Imtech has, for the first time in its history, made a loss. The EBITDA for 2012 was 51.7 million euro negative and the result after tax amounted to 226.3 million euro negative. The result per share was a loss of 2.64 euro per ordinary share. The write-offs have also had implications for the financial information of previous years, which have been adjusted, in the 2012 financial statements. The finalisation of the 2012 financial statements has also confirmed that Imtech was in breach of the financial covenants as agreed with its lenders. No dividend will be paid to shareholders in respect of 2012.

The German and Polish top management have been removed from their positions and the entire former Board of Management of Royal Imtech has resigned. René van der Bruggen retired in April 2013 and handed over the Chairmanship to Gerard van de Aast earlier than planned. Boudewijn Gerner resigned and has been succeeded by Hans Turkesteen, whose appointment as a Board member has yet to be approved by the shareholders. In view of the situation the new Board of Management has announced rigorous measures.

Financial restructuring

We have set in motion a financial restructuring with the objective of creating a robust financial structure. We intend to reinforce equity through a 500 million euro rights issue. The rights issue is guaranteed by means of a volume underwriting commitment, under customary conditions, by Rabobank and ING. The proceeds from the rights issue, after deduction of expenses, will be completely used to repay the bridge facility and reduce debt and will reinforce the balance sheet. The rights issue has to be approved by the shareholders.

To bridge the period until the proceeds of the rights issue will become available, Rabobank and ING have agreed to provide a bridge facility consisting of cash and guarantee facilities. Agreement with our most important lenders has also been reached regarding the revised terms under which our current facilities will be continued (syndicated loans and senior notes).

The target of our final financial structure includes a net debt/EBITDA ratio of 1.5–2.0 no later than by the end of 2015. This will give us sufficient headroom to finance the seasonal need for working capital while also retaining a buffer for unforeseen circumstances. This should result in a financial structure that is more appropriate for a company in our industry.

Tightening the quality and effectiveness of business controls

One of the reasons the problems in Poland and Germany could develop was that our business controls were not effective enough. We will tighten and strengthen these controls.

The Board of Management will be extended from two to four members and will become more operational in nature. A Tender Review Board has been set up to tighten our tendering procedures and monitor specific large projects. Legal procedures will be directed more firmly from the corporate centre and we have set up a central Internal Audit Department. From now on Divisional Controllers will report not only to their Divisional Director but also to the company's CFO. A similar functional reporting line will be reinforced for Divisional legal staff, who will report to their Divisional Director as well as the company's Group Director Governance, Risk and Compliance (GRC). Authorisation regulations have been tightened according to the "two pairs of eyes" principle and with clear authorisation levels. Bonuses will be aligned with strategic objectives and will be based on profit and cash generation. A company-wide business ethics program will be implemented. These measures will contribute towards the organisational change that has already been set in motion.

Organisational model

The decentralised business model will continue to form the basis of our organisation. This model promotes growth through local entrepreneurship and close contact with customers and other stakeholders. This model also reflects many years of tradition and our company culture. Our employees and management thrive on this model and regard the local Imtech business as "their business". The tightened and strengthened business controls will be part of the model from now on.

Value proposition intact

Despite the recent problems we want to emphasise that our value proposition is intact. Through our combination of leading market positions, technical know-how and an enterprise-oriented business model we are continuing to play an important role in solving customers' problems. We have over 29,000 employees and serve more than 24,000 customers.

Around 55% of our business is recurring. We are responsible for thousands of maintenance contracts and act as the permanent technology partner for countless customers. This generates a stable flow of income.

The added-value generated through applied technology and innovation is increasing. Around 30% of our total revenue is derived from 'GreenTech' (green' technology and sustainable projects). The five largest sustainability projects in 2012 saved our customers over 79 kiloton of CO_2. We also underline the importance of Corporate Social Responsibility (CSR) and follow an active CSR policy in which we account for our efforts to meet the world's growing economic, environmental and social needs in responsible ways.

2012 Revenue, order book and acquisitions

In 2012 our revenue rose by 7.3% to 5.433 billion euro and the order book was 6.4 billion euro (+10% compared with 2011). In 2012 we acquired several companies and, as a result, strengthened our positions in a number of countries including Turkey, the UK and Finland. The total acquisition price (including earn-out) amounted to 120 million euro. The total annual revenue in 2012 from the acquisitions amounts to around 155 million euro.

Strategy, acquisitions and outlook

The revenue and margin targets that had been set for 2015 have been discarded. In 2013 and 2014 our priority will be to tighten the operational execution of business processes with a special focus on organic growth, project management, working capital and cash generation. To strengthen our competitiveness and profitability, we are implementing reorganisation plans in the Netherlands and Germany, resulting in a loss of 1,300 jobs. The expected charges in 2013 will amount to approximately 80 million euro. We do not foresee any acquisitions during these coming two years. At this stage we are not making any specific predictions regarding the 2013 results.

To summarise

In recent months we have worked energetically on solving the problems with which we have been confronted in Poland and Germany. Unfortunately this has necessitated a substantial write-off. At the same time major steps have been taken to strengthen our company – financially and managerially- so that in time the company will be in a good position again for further controlled growth. In the coming months we will continue to implement the recovery plan. The quality and effectiveness of our business controls will be tightened and reinforced. The operational execution of our business processes throughout the company will be improved with a special focus on organic growth, project management, working capital and cash generation. Although there is still a lot of work to do we are confident that with the efforts of our motivated employees this operation will be completed as it should be.

Gouda, 18 June 2013

Gerard van de Aast, CEO

KEY ISSUES 2012 AND SUBSEQUENT EVENTS

Net loss of 226.3 million euro in 2012.

Adjusted annual figures and opening balance sheet for 2011.

Revenues in 2012 increased by 7% to 5.4 billion euro.

Report to Shareholders on the investigations at Imtech.

Reorganisation in 2012 (with a loss of 900 fte's amounting to 50 million euro) and 2013 (with a loss of 1,300 fte's amounting to 80 million euro) at Imtech Benelux, Imtech Germany, Imtech Spain and Imtech Marine.

Intended Strengthening of our shareholders' equity with a rights issue of 500 million euro.


Imtech

PROFILE

Royal Imtech N.V. is a technical services provider in the fields of electrical services, ICT and mechanical services. Imtech, with around 29,000 employees, achieves an annual revenue of over 5.4 billion euro and serves around 24,000 customers.

Imtech is able to cluster the electrical, ICT and mechanical technologies across and throughout the full width and depth of the technology spectrum into integrated and multidisciplinary solutions. This results in differentiating strengths and makes value creation possible.

The achievement of added-value is at the heart of Imtech's strategy. This added-value translates into a life-cycle approach aimed at reducing the customer's total cost of ownership (the cost of technical solutions throughout the entire exploitation period). Imtech focuses on intensive multidisciplinary co-operation with customers and within the chain by attaining preferred technology partner positions.

Imtech is active in the European markets for buildings, industry, ICT and traffic and the global marine markets. Imtech's key European countries are Austria, Belgium, Germany, Finland, Hungary, Luxembourg, the Netherlands, Norway, Poland, Romania, Spain, Sweden, Turkey, the UK and Ireland.

Imtech is a leading player in the European 'GreenTech' market ('green' technology and sustainability projects) and generates around 30% of its total revenue from this segment. Imtech also follows an active policy in the field of Corporate Social Responsibility.

Imtech's shares are listed on the NYSE Euronext in Amsterdam where Imtech is included in the AEX Index.

Imtech's mission is threefold:

Technology that improves society

Imagining our society without technology has become impossible. Technology offers solutions with high added-value for society's fundamental problems in the fields of energy, environment, fine particles and water. Technology contributes towards improving mobility, (health) care and education, and, in the field of security, in research laboratories and research centres, in the pharmaceutical industry, in the development of clean and safe automobiles and in the food production industry. We are active right across the social spectrum and develop integrated technological solutions that contribute towards a sustainable society. We accept our corporate social responsibility, which is why CSR is an integral component of our strategy.

Technology that improves business

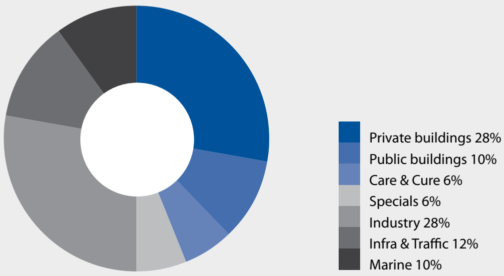
Knowing what the customer wants is crucial. Which is why we are a decentralised organisation that is close to its 24,000 customers. We strive to achieve added-value through our thorough knowledge not only of our customers' processes, but also of the markets in which they operate. Customers can concentrate fully on their core business while we take responsibility for their technology infrastructure throughout the entire exploitation phase. Co-operation with the customer and within the chain, together with technological (process) innovation, leads to value creation and an optimum total cost of ownership.

Technology that works

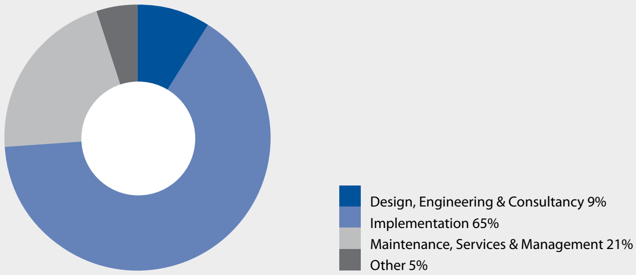
Technological solutions must work and deliver measurable results. Our expertise stretches back over more than 150 years. As a technology services provider we stand at the threshold of innovations, such as decentralised power plants, energy efficiency and platform automation in shipping. We have an installed base of countless projects and references. The professionalism of our employees is crucial to ensure that the technology works.

KEY FIGURES

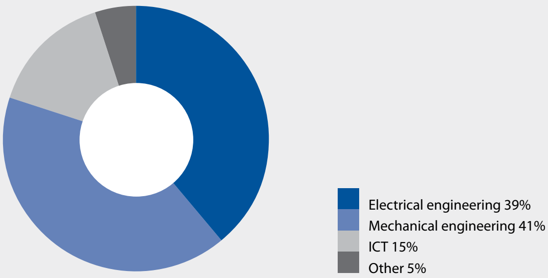
Total revenue and other income split per market segment



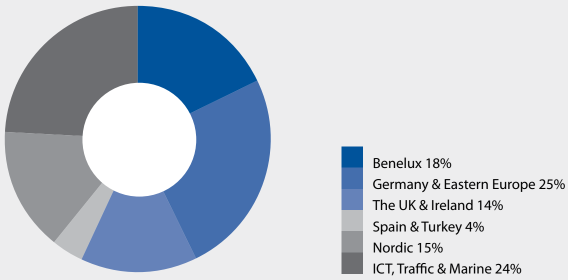
Total revenue and other income split per activity



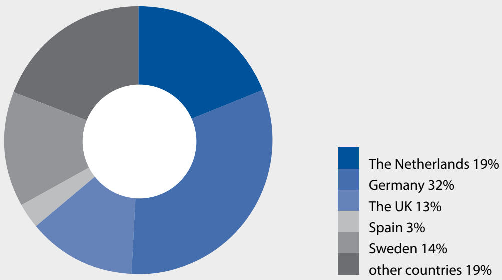
Total revenue and other income split per technology



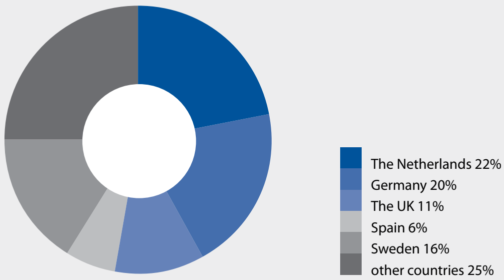
Total revenue and other income split per cluster



Total revenue and other income split by country



Number of employees split by country



Key figures

In millions of euro unless stated otherwise	2012	2011 [1]
Results		
Total revenue and other income	5,433	5,065
EBITDA*	(51.7)	257.1
EBITA*	(91.6)	221.8
EBIT*	(158.5)	192.8
Net result	(233.0)	95.8
EBITDA margin*	(1.0%)	5.1%
EBITA margin*	(1.7%)	4.4%
Cash flow from operating activities	116.5	206.4
Order book*	6,409	5,811
Balance sheet		
Balance sheet total	3,938	3,802
Equity attributable to shareholders of Royal Imtech N.V.	547	817
Net interest-bearing debt*	773	576
Working capital*	68	230
Working capital as a % of total revenue	1%	5%
Solvency*	14%	22%
Interest coverage ratio*	(3.6)	5.6
Leverage ratio [2]	(16.8)	2.3
Human Resoures		
Number of employees as at 31 December	29,473	27,412
Average sick leave per employee	3.1%	3.3%
Training costs *(as a % of salary costs)*	3.3%	2.9%
Corporate Social Responsibility		
GreenTech as % of total revenue	30%	30%
CO_2 emissions in kilotons	103	106

1 *2011 restated in accordance with IAS 8, see note 3 page 97.*

2 *Based on average net interest bearing debt/EBITDA.*

* *See financial glossary for definitions.*

THE IMTECH SHARE

The Imtech share

In euro unless stated otherwise	2012	2011 [1]
Highest price	25.490	28.475
Lowest price	15.020	15.600
Year-end price	17.390	20.015
Basic earnings per share	(2.64)	1.09
Dividend per share	-	0.70
Shareholders' equity per share [2]	6.14	9.29
Price/earnings ratio at year-end	(6.6)	18.4
Dividend yield at year-end	-	3.5%
Number of issued shares	94,059,916	92,746,782
Number of outstanding shares at year-end	89,106,689	87,943,977
Average number of outstanding shares	88,375,606	87,493,069
Market capitalisation at year-end	1,635,701,939	1,856,326,842

[1] *2011 restated in accordance with IAS 8, see note 3 to the consolidated financial statements.*

[2] *Based on the number of shares outstanding as at 31 December.*

The objective of Investor Relations

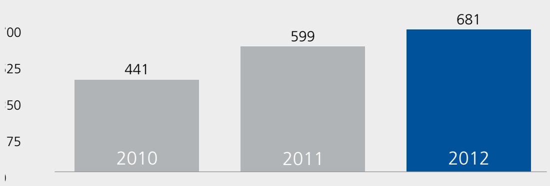
The objective of our Investor Relations policy is to ensure the investment world is aware of Imtech's strategy, business model, competitive position, market developments, financial position and performance. Using this information the investment world can make an estimate of the potential value of the Imtech share. To achieve this objective within the applicable laws and regulations, we make all the relevant and important information available to investors via annual reports, half-year reports, trading updates, press releases, presentations to investors and analysts and the website www.imtech.com.

Distribution of shareholders

The majority of our shares is owned by institutional investors. Our shares are well-spread among institutional investors. Per 31 May 2013, our substantial shareholders

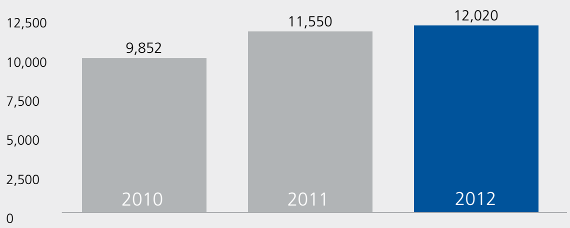
Increasing interest from investors

(number of contacts)



Increasing tradability of the Imtech share

(average per day in 1,000 euro via NYSE Euronext Amsterdam)



are Delta Lloyd (approx. 5.8%), ING Groep (approx. 5.2%) and Ameriprise Financial (approx. 5.0%). Approximately a quarter of our shares is held by private investors, mainly in the Netherlands and Belgium. Around 5% of the shares is held by the company (to hedge its obligations under the share scheme and the share options scheme).

Imtech on the stock exchange

Our shares are listed on NYSE Euronext in Amsterdam and are included in the AEX index since March 2013. Since the announcement at 4 February 2013 about the write-offs on Polish projects and postponed publication of the full-year figures 2012 followed by additional write-offs on other Polish projects and the write-offs on German projects, our share price has fallen sharply.

Trading activitity of Imtech share

Trading in both Imtech shares and options on the Imtech share is possible via NYSE Euronext Amsterdam. In 2012 the average volume of options traded per day rose by 23% to 2,273 contracts and the average number of outstanding option contracts per day rose by 6% to 49,424 contracts.
The introduction of the option on the Imtech share has contributed towards a further improvement of the share's liquidity.
Although the liquidity of the Imtech share on the NYSE Euronext has increased over the past few years, more and more volume is shifting to other trading platforms, such as BATS Chi-X and Turquoise. In 2012 69% was traded via NYSE Euronext (2011: 73% and 2010: 80%).

Dividend

Each year 40% of the net profit attributable to shareholders excluding exceptional items is paid out to shareholders as dividend. After the identification of the irregularities in Germany and Poland, it was clear that Imtech was not going to meet its year end 2012 financial covenants. Although formal covenant testing had not yet taken place, Imtech and its main financiers entered into discussions to address this matter. On 19 March 2013 the Group reached an agreement with the main financiers on the provisional continuation, until 1 August 2013, of their outstanding facilities as at that date. From that moment, negotiations were started to reach a more structural and longer term solution. On 15 June 2013, Imtech reached agreement with its main financiers regarding waiver and amendment agreements. Since 2009 shareholders have been able to receive their dividend in cash or shares. In 2012 48% of shareholders opted for a payout in shares, for which 1,313,134 shares have been issued. No dividends will be paid out for the financial year 2012 and the company is not allowed to pay cash dividends as long as it has not reached a leverage ratio of < 2.0× EBITDA.

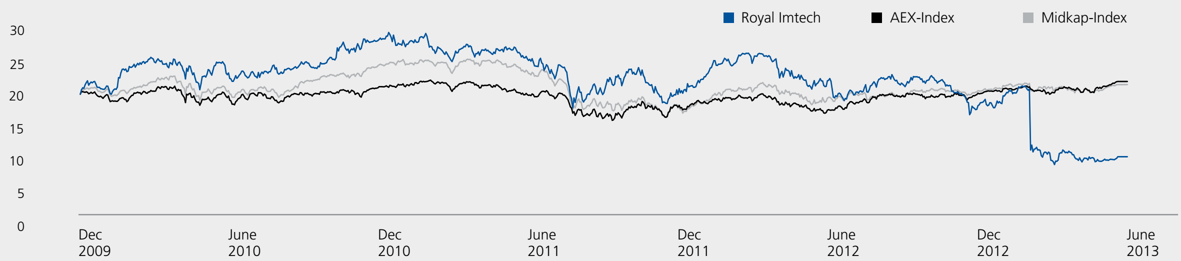
Financial calendar

28 June 2013	Annual General Meeting of Shareholders
2 August 2013	Extraordinary General Meeting of Shareholders
27 August 2013	Half-year figures 2013

The full and up-to-date financial calendar can be viewed on www.imtech.com.

Share price development 2010 – 2013

(in euros)



IMTECH COMPETENCE PYRAMID

Our **electrical competences** (electrical) cover a range of electrical engineering solutions, such as low, medium and high voltage, energy distribution, measuring and control technology, instrumentation, infrastructure technology, electrical propulsion, integrated security, building management, access technology, system technology, (dynamic) traffic management and traffic management systems and power electronics.

Our **ICT competences** (ICT) cover the ICT chain: software and hardware, including business intelligence, control technology, cloud-based computing, platform automation, data and telecommunications, data modelling, data centres, collaboration, ERP (Enterprise Resource Planning) software, SAP software, ICT infrastructures, intelligent transport systems, storage, (telecom) networks, server technology, virtualisation, infrastructure automation, route information systems, internet and intranet applications, logistics automation, managed IT services, technical automation, navigation and communication technology, robotisation, satellite communication and simulation.

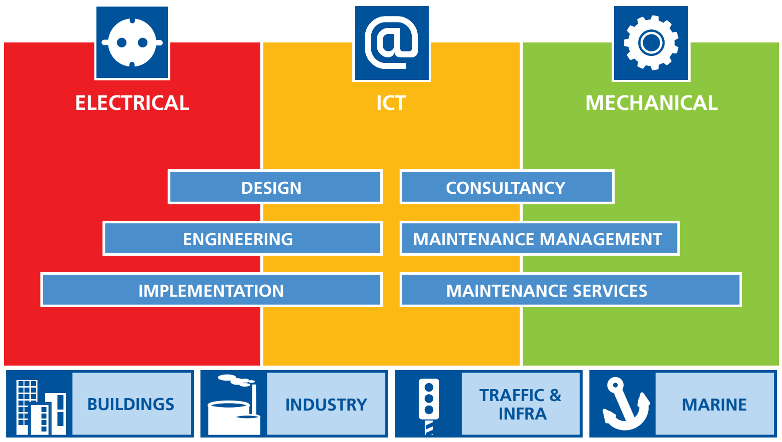
Our **mechanical competences** (mechanical) cover air, climate and energy solutions (including HVAC: Heating, Ventilation and Air Conditioning), cold and heat storage, clean-room technology, energy management, energy contracting, energy technology, dehumidifier technology, incineration technology, heat technology, sprinkler technology, piping, process technology, fire-extinguishing technology and mechanical (process) installations.

Buildings: all types of buildings including data centres, distribution centres, offices, government buildings, laboratories, airports, museums, parking garages, penal institutions, leisure centres, stadiums, stations, universities and colleges, shopping centres, hospitals and care institutions ('care & cure').

Industry: a focus on power plants, the automotive industry, chemicals and petrochemicals, the energy and environment market, pharmaceuticals, machine building, oil & gas, the animal feed industry, the aircraft industry and the (luxury) food industry.

Traffic & Infra: concerns the measurement, analysis and improvement of traffic flow, (dynamic) traffic management (on the road and water) and traffic infrastructure, traffic safety, airport infrastructure, public transport, parking systems, rail (railway, tram and metro), tunnels, bridges and locks, transport and distribution networks, (public) lighting, (waste) water treatment and management and drinking water.

Marine: a focus on special purpose ships (dredgers, offshore support ships, crane ships and FPSOs – Floating Production, Storage and Offloading ships), naval vessels (logistic support ships, frigates, corvettes, patrol vessels and submarines), offshore platforms, cargo vessels (container ships, bulk carriers and other cargo ships), passenger liners, luxury yachts and inland waterways vessels.



ORGANISATION, MARKETS AND COMPETENCIES

Benelux

	Buildings	Industry	Traffic & Infra	Marine	Electrical services	ICT	Mechanical services
	Market segments				Compe-tencies		
Imtech Nederland B.V.	●	●			●	●	●
Imtech Building Services B.V.	●	●			●	●	●
Imtech Industrial Services B.V.		●			●	●	●
Imtech Contracting		●			●	●	●
Ventilex B.V.		●			●	●	●
Imtech Infra B.V.			●		●	●	●
Imtech Infra Nederland			●		●	●	●
Imtech Infratechniek			●		●	●	●
Asset Rail B.V. (40%)			●		●		
Imtech Belgium N.V.	●	●			●	●	●
Imtech Belgium N.V.	●	●			●	●	●
Imtech Maintenance	●				●	●	●
Van Looy Group N.V.	●	●			●	●	●
Imtech Luxembourg	●				●	●	●
Paul Wagner et Fils S.A.	●				●	●	●

Germany & Eastern Europe

	Buildings	Industry	Traffic & Infra	Marine	Electrical services	ICT	Mechanical services
Imtech Deutschland	●	●			●	●	●
Imtech Deutschland GmbH & Co. KG	●	●	●	●	●	●	●
Imtech Contracting GmbH	●	●			●	●	●
Kraftwerks- und Energietechnik	●	●			●	●	●
Umweltsimulation und Prüfstandtechnik	●	●	●	●	●	●	●
Forschung und Entwicklung	●	●			●	●	●
Reinraum- und Medientechnik		●			●	●	●
Imtech Brandschütz GmbH	●	●			●		●
Con Tech GmbH Real Estate Management	●	●			●	●	●
Imtech Polska Sp. z.o.o. (Poland)	●	●			●	●	●
Imtech KTS-CZ s.r.o. (Czech Republic)	●	●			●	●	●
Imtech Russland AG (Russia)	●	●			●	●	●
S.C. Imtech Arconi S.A. (Romania)	●	●			●	●	●
Imtech Austria Anlagentechnik GmbH	●	●			●		●
Imtech Hungary KFT	●	●			●		●

UK & Ireland

	Buildings	Industry	Traffic & Infra	Marine	Electrical services	ICT	Mechanical services
	Market segments				Compe-tencies		
Imtech UK Ltd.	●	●	●		●	●	●
Imtech Technical Services Ltd. (UK)	●	●	●		●	●	●
Imtech Meica Ltd.	●	●			●	●	●
Imtech G&H Ltd.	●	●			●		●
Imtech Aqua Group Ltd.	●	●			●		●
Imtech Suir (Ireland)	●	●			●		●
Imtech Process Ltd.			●		●	●	●
Inviron Ltd.	●	●			●	●	●
Smith Group UK Ltd.	●	●			●	●	●
Capula Ltd.		●	●		●	●	

Spain & Turkey

	Buildings	Industry	Traffic & Infra	Marine	Electrical services	ICT	Mechanical services
Imtech Spain S.L.	●	●			●	●	●
Imtech Spain Buildings	●				●		●
Imtech Spain Industry		●			●		●
Imtech Turkey	●	●			●	●	●
AE Arma-Elektropanç A.Ş. (80%)	●	●			●		●

Nordic

	Buildings	Industry	Traffic & Infra	Marine	Electrical services	ICT	Mechanical services
Imtech Nordic AB	●	●	●		●		●
NVS Installation AB (Sweden)	●	●	●				●
NVS AS (Norway)	●	●					●
LVI-Helin Oy (Finland)	●	●					●
Närkes Elektriska AB (NEA)	●	●			●		
Sydtotal AB	●	●					●
Elajo Invest AB (37.6%)	●	●			●		
EMC Talotekniikka OY (Finland)	●	●			●		●

	Market segments				Competencies		
	Buildings	Industry	Traffic & Infra	Marine	Electrical services	ICT	Mechanical services
ICT, Traffic & Marine							
Imtech ICT	x	x	x			x	
Imtech ICT Business Solutions B.V.	x	x				x	
Imtech ICT Nederland B.V.	x	x				x	
Imtech ICT Management & Consultancy B.V.	x	x	x			x	
Imtech ICT Communication Solutions B.V.	x	x				x	
Imtech ICT Performance Solutions B.V.	x	x	x			x	
Fritz & Macziol GmbH	x	x				x	
Infoma Software Consulting GmbH	x					x	
Fritz & Macziol (Schweiz) A.G.	x	x				x	
F&M Asia Pte. Ltd.	x	x				x	
Imtech ICT UK Ltd.	x	x				x	
Imtech ICT Belgium	x	x				x	
Imtech ICT Austria GmbH	x	x				x	
Qbranch AB	x	x				x	
Imtech Traffic	x	x	x		x	x	
Peek Traffic Ltd. (UK)			x		x	x	
Peek Traffic B.V.			x		x	x	
Peek Traffic Sp. z.o.o. (Poland)			x		x	x	
Peek Promet d.o.o. (Croatia)			x		x	x	
Peek Traffic Sweden AB			x		x	x	
Imtech Traffic & Intra Oy			x		x	x	
WPS Parking Systems	x	x	x		x	x	
Imtech Marine B.V.				x	x	x	x
Imtech Marine B.V.				x	x	x	x
Elkon Elektrik Sanayi Ve Ticaret AS				x	x	x	
Koninklijke Dirkzwager B.V. (54%)				x		x	
IHC Systems B.V. (50%)				x	x	x	
Van Berge Henegouwen B.V.				x	x	x	
Free Technics B.V.				x	x	x	
Groupe Techsol Marine Inc.				x	x	x	

Buildings
Industry
Traffic & Infra
Marine
Electrical services
ICT
Mechanical services

A full list of Royal Imtech N.V. operating companies can be obtained from the Chamber of Commerce Rotterdam.

REPORT OF THE SUPERVISORY BOARD

EXCEPTIONAL DEVELOPMENTS SINCE THE END OF THE REPORTING YEAR

Royal Imtech became aware of possible irregularities with a large Polish project at the end of January 2013. Upon discovery thereof, Royal Imtech immediately took actions to investigate those events in more detail, to limit the financial and operational impact of those events as much as possible and to avoid such events reoccurring in the future. In the course of those actions, it became clear that, in addition to the events affecting Polish projects, Imtech also faced considerable other issues. Major write-offs, the replacement of top management in Germany and Poland as a result of identified irregularities, and the thorough investigations performed by external experts have required the Supervisory Board to invest considerable time in the recent months. The events that have come to light are serious and worrying. We, the Supervisory Board, are fully aware that Royal Imtech's shareholders have been severely affected by the financial impact of these events. We deeply regret that these events have occurred.

The Supervisory Board fully supports the Board of Management in its actions to complete a financial restructuring of the company. The Supervisory Board furthermore has been closely involved in the decision to reinforce Royal Imtech's equity through a 500 million euro rights issue. The Supervisory Board underlines that the actions to financially restructure the company are of major importance for the company's future. We are confident that the financial restructuring will be concluded successfully. As a result, the financial statements 2012 have been prepared on a going concern basis.

As soon as the issues in Poland were revealed, the Supervisory Board met in plenary session almost on a weekly basis in order to intensively supervise and discuss the matters at hand with the Board of Management. The Supervisory Board – amongst others – intensively supervised and advised on the discussions between Imtech and its financers, the investigations that took place earlier this year, the openness Imtech is pursuing by making available its full report on the investigations, and the announced reorganisation. Due to the high frequency of meetings and the nature of the matters at hand, the meetings of the Supervisory Board and the Audit Committee have been combined until June 2013.

It was with great regret that we received notification of the sudden passing away of our fellow Supervisory Board member Adri Baan on 5 April 2013. Mr. Baan was a member of the Supervisory Board as of 2008. With his great knowledge of international business and general management he made a considerable contribution to Imtech's development, for which we are very grateful. We will miss his views, contribution and great personal commitment to this company.

We hereby submit to the shareholders for adoption the financial statements for the financial year 2012 prepared by the Board of Management. The official English version of the financial statements was audited by KPMG Accountants N.V. ('KPMG'). The Independent Auditor's report is included on page 174, and discussed by us and the Board of Management in the presence of KPMG. In view of the major write-offs and after consultation with the Board of Management, we propose not to distribute any dividends for the year 2012 and to charge the net loss of 233 million euro to the reserves. We advise the shareholders to adopt these financial statements. The statutory appropriation of result is stated on page 176 of the official English version of the financial statements.

Strategy and acquisitions

The revenue and margin targets set for 2013 – 2015 have been discarded. In 2013 and 2014 Imtech's priority will be to tighten the operational execution of business processes with a special focus on organic growth, project management, working capital and cash generation. Imtech does not foresee any acquisitions during these coming two years, although as of 2015 Imtech expects to actively revive its acquisition strategy. The still fragmented growth markets in which Imtech operates offer attractive growth opportunities through acquisitions in addition to room for organic growth.

The decentralised business model will continue to form the basis of Imtech's organisation. This model promotes growth through local entrepreneurship and close contact with customers and other stakeholders. The recent developments have led to the conclusion that it is necessary to tighten the quality and effectiveness of the business controls. This includes the reinforcement of the authorisation matrix, tighter control of large projects and reinforcing the financial function and reporting. The Board of Management will be expanded from two members to four members. The two additional board members will concentrate primarily on business operations. One of them will be responsible for Germany & Eastern Europe, the other will be responsible for Imtech ICT, Traffic & Infra and Imtech Marine.

2012

During the year under review (before the recent developments came to light), the Supervisory Board assisted, with the interests of all stakeholders in mind, the Board of Management with advice and supervised the Board of Management's policy and the general conduct of affairs within Imtech in six regular meetings. The Audit Committee met four times, the Remuneration Committee met three times and the Nomination Committee met five times. All meetings were attended by the members of the Supervisory Board and its different committees, with only four absences (three of which being a result of prolonged illness).

The division of tasks and the working method of the Supervisory Board and its Committees are described under Corporate Governance (see page 60). The reports of these meetings were discussed by the Supervisory Board. Two Supervisory Board members participated in the consultation meeting with the Central Works Council during which a special theme "CSR", corporate social responsibility, was discussed. As usual, one of the Supervisory Board meetings was held on the site of one of Imtech's divisions, this time being Imtech Turkey in Istanbul, where we were introduced to local management and visited a construction site in Istanbul and a shipyard in Tuzla. Furthermore, the Supervisory Board members visited Infra and were introduced to local management. During another meeting, the General Manager division Imtech ICT, reported on his division's strategy and business progress.

In brief, the recurring topics discussed were: (i) the actual operational and financial progress compared to the budget and other targets, (ii) next year's budget, (iii) the strategy, market development and acquisitions (prior evaluation and subsequent analysis), (iv) internal control and risk control, (v) management development, organisational structure and the functioning and remuneration of the Board of Management, (vi) relevant social aspects of business operations, (vii) corporate social responsibility and (viii) the Supervisory Board's composition, profile and own functioning.

In 2012 the Supervisory Board paid extra attention to: (i) a considerable number of acquisitions, (ii) succession planning of the Board of Management, (iii) risk management and compliance matters, (iv) financing, liquidity and working capital and analyst reports and (v) the reorganisation within Imtech.

During 2012, Imtech acquired various companies with the aim of strengthening or expanding its positions particularly in Turkey, the UK and the Nordic. The acquisitions were approved by the Supervisory Board.

The total acquisition price including earn-outs has amounted to 120 million euro. The overall annual revenue of the acquisitions has amounted to around 155 million euro with around 1,600 new employees. Except for AE Arma, the acquired companies made an immediate contribution towards earnings per share.
The actual performance of past acquisitions (compared to the original expectations) was evaluated to ascertain the extent to which shareholders' value had actually been created. The results of the 2011 acquisitions are in line with the original goals. The results of the 2010 acquisitions have fallen somewhat behind their original forecasts, due to, inter alia, deteriorating market circumstances.

Market development, operational and financial progress

The influence of economic conditions on the markets in which Imtech is active was assessed. Business progress within the divisions and the operating companies and the financial reporting were discussed both in the Supervisory Board meetings and in the meetings of the Audit Committee, the half-yearly and annual figures in presence of KPMG, where various matters were also discussed in more detail. These matters included several reorganisation plans regarding the Benelux, Imtech Spain and Imtech Marine, which were announced earlier in the October 2012 trading update. Also, the impairment regarding the Spanish division, trading updates, KPMG's management letters, the annual forecast and the 2013 budget were discussed. Summaries from analysts' reports concerning Imtech were discussed regularly.

Regular attention was paid – especially by the Audit Committee – to risk management, the provisions, control of working capital and the cash position. More specifically, the Audit Committee looked into the trading updates related to the first and third quarter, audit plan and audit costs, internal control (tasks, reviews and follow-up), risk analysis of the various divisions, risk management (claims and in control statement), financing issues, an update on tax planning, insurances and the aging of debtors.

In 2012, the Supervisory Board paid significant attention to the negative working capital developments, specifically in Germany and Poland. The 2011 investigation and recommendations by the Boston Consulting Group were discussed. Furthermore Imtech instructed REL Consultancy (a Hackett group company) to develop a debt collection program. An ABN Amro analyst report that was issued late 2012 and analysed Imtech's working capital developments was discussed extensively with the Board of Management.

Internal control, risk management and compliance matters

Attention was also paid - especially by the Audit Committee - to the Board of Management's evaluation of the internal risk management and control systems and the follow-up of the findings from KPMG's audit.

The Audit Committee critically reviewed KPMG's observations regarding internal control, the follow-up of previous findings and the internally prepared "in control" statements. According to these statements the most important operational risks were sufficiently controlled by the various divisions. In April 2011, Imtech established a Risk & Insurance Council, in which all divisions are represented. The Risk & Insurance Council gave a presentation to the Audit Committee on the way Imtech controls its risks and which steps it would take in the future, such as expanding from operational risk management to enterprise risk management. Moreover and as a pilot, an external advisor carried out a Risk Assessment Bribery for two subsidiaries in order to determine any possible gaps with compliance in connection with fraud, corruption and competition. This report was discussed widely within the company and Imtech has set to work to follow-up on these recommendations.

Two members of the Audit Committee joined a meeting of the Risk & Insurance Council. On the advice of the Audit Committee, the Risk & Insurance Council contacted other companies to gain better insight in best practices.

In accordance with the whistleblower regulation, two compliance issues were reported to the Audit Committee in 2012. These matters have been thoroughly investigated and corrective measures have been taken.

Independence of auditor

The Audit Committee evaluated KPMG's functioning as an external auditor and its fees for auditing the financial statements, as well as its other audit and non-audit services. KPMG confirmed its independence from Imtech in accordance with the professional standards applicable to KPMG. KPMG attended the Annual General Meeting of Shareholders on 4 April 2012.

Miscellaneous

At the Annual General Meeting of shareholders on 4 April 2012, the amended articles of association were approved. The amendments included a name change of the company to Royal Imtech N.V. among other minor changes.

There have been no transactions involving a conflict of interest of Supervisory Board or Board of Management members. No loans, advances or guarantees have been provided to the members of the Board of Management or Supervisory Board.

Composition Board of Management, functioning and salary components, and remuneration policy

At the Extraordinary Meeting of Shareholders on 10 December 2012, Mr. G.J.A. van de Aast was appointed member of the Board of Management for a period of four years, from 1 January 2013 until the annual General Meeting of Shareholders in 2017. The Central Works Council advised positively on this appointment. The Supervisory Board appointed Mr. Van de Aast as chairman of the Board of Management (CEO) as of 27 February 2013. On the same date, Mr. R.J.A. van der Bruggen stepped down as CEO and retired as planned as of 3 April 2013.

Mr. J. Turkesteen was appointed as the new CFO as of 11 February 2013 and will be nominated as member of the Board of Management on the Annual General Meeting of Shareholders to be held on 28 Juni 2013. The Central Works Council has advised positively on this nomination.

Also, on 8 February 2013, Mr. B.R.I.M. Gerner stepped down in joint consultation as CFO and as member of the

Board of Management. To ensure continuity and due to his familiarity with the company, Mr. Gerner remained associated with Imtech as advisor for a period of time. This advisory work has meanwhile been terminated.

The most important conditions of the agreements for services with Mr. Van de Aast and Mr. Turkesteen are published on Imtech's website (www.imtech.com). In compliance with the Dutch Corporate Governance Code and looking forward to the announced introduction of claw back legislation, the agreements for services contain clauses on claw back and public offering consequences. On the personnel front, specific and ample attention was paid to the organisational structure and the succession planning for the senior management. In 2012, the functioning of the former Board of Management was also evaluated in the absence of the Board of Management.

The targets for the variable income (both short-term and long-term) are reviewed annually and specified for each Board of Management member at the beginning of each year by the Remuneration Committee. Its report is published on Imtech's website (www.imtech.com). Through the Remuneration Committee, an external advisor advises the Supervisory Board on the changes in market conditions with respect to all salary components. This advisor does not advise the Board of Management on the remuneration of its members. The Remuneration Committee proposed, and the Supervisory Board approved, the following in respect of the salary components of the Board of Management members.

The base salary of the Board of Management members is in line with the median level of Board of Management members of larger (international) Dutch companies whose functions are of a comparable weight. On 1 January 2012, the base salaries of both the then Chairman of the Board of Management as the former CFO were increased by 5% and were set at 736,050 euro and 514,500 euro, respectively.

The variable short-term income of the members of the Board of Management was established on the basis of a combination of the achievement of the financial objectives of the Group and personal goals. The variable short-term income for 2011 (paid in 2012) was for the then Chairman of the Board of Management 79.2% of the base salary in 2011 ("at target" 55%) and 57.6% for the former CFO ("at target" 40%).

In the context of the long-term variable income 2009-2011, on 10 April 2012, 55,203 shares vested to the then CEO and 28,352 shares to the then CFO. This number was determined by reference to the achievement of targets and meant that 123.5% of the conditional award was finally granted. Due to an error in the calculation in 2011, the percentage of the shares conditionally granted in 2008 (2008-2010) was incorrectly set at 123.5% instead of 128.5%. This was corrected in 2012 resulting in 1,405 additional shares unconditionally vesting on 4 April 2012 to the then Chairman of the Board of Management and 464 additional shares to the then CFO. Half of the vested shares were sold to pay the taxes due. For the remaining shares a retention period of two years applies (which ends when the member retires). Because of a one-year extension of the employment agreement with Mr. Gerner in April 2012, the discount applied to the financial year 2011 to the variable long-term income 2011-2013 was undone, bringing the total number of shares conditionally granted for this period to 11,448. For the purpose of long-term variable income in 2012, respectively 2012 – 2013 8,922 shares were awarded to the then CEO and 14,032 shares were awarded to the then CFO granted conditionally (calculated at a price of 22.00 euro).

In light of the recent developments, Imtech has asked the Former CEO and the Former CFO to return in full their short- and long-term bonuses paid over 2010 and 2011. We will take further steps in this regard where available. The Former CEO and the Former CFO have already agreed not to seek any bonuses for 2012.

The main elements of the remuneration policy approved by the General Meeting of Shareholders and currently in force are as follows:

- the base salary is set at the median level of the reference market for directors of large Dutch companies;
- the amount of the variable income depends on objectives set in advance and can, if achieved ('at target') add 135% to the base salary of the Chairman of the Board and 100% of the base salary of the CFO. The targets for the Chairman of the Board and CFO are focused around 40% on the short term (one year) and approximately 60% on the long term (three years);
- the short-term variable income targets are in the area of EBITA growth (50%), revenue growth (30%) and personal goals (20%);

- the long-term variable income targets are in the area of strategic objectives (together 50%) and Total Shareholders' Return (TSR) compared with the peer group (50%). The TSR number is calculated on the basis of the average ranking over three years of the annual price increase plus dividends paid of comparable companies;
- the peer group comprises the companies in the Midcap index of NYSE Euronext Amsterdam;
- achievement of the short-term targets is rewarded by an annual cash amount;
- achievement of the long-term targets is awarded after three years in shares, which are awarded conditionally in advance. After these three years, the shares have to be held for another two years;
- the Remuneration Committee may, per target, deviate from the variable income in cash or shares set for 'at target' (level 100%). For excellent performance the variable income may amount to a maximum of 150% of the 'at target' amount of cash or number of shares. This percentage may be reduced to zero for non-achievement of the objectives. The measurement method is based on a sliding scale within a graduated classification; and
- general fringe benefits.

In the context of the remuneration policy, during the Extraordinary Meeting of Shareholders on 10 December 2012 a revised share scheme for the new members of the Board of Management was approved.

The Remuneration Committee concluded that the remuneration policy (adopted at the General Meeting of Shareholders on 7 April 2009) should be reassessed and aligned with the revised strategy, due to the strategic changes of Imtech, giving special focus to the operational performance of the business with special focus on project management, working capital management and cash generation. The Remuneration Committee therefore proposed to amend the remuneration policy at the 2013 Annual General Meeting of Shareholders (see page 27 ("Refinancing, tightening of business controls and amendments to the remunerations structure") for a description of the proposed changes to the remuneration policy).

Supervisory Board composition, profile and own function

During the General Meeting of Shareholders on 4 April 2012, Mr. Baan was reappointed for a period of four years. From that date he was also appointed as Vice Chairman of the Supervisory Board. Unfortunately, Mr. Baan deceased unexpectedly in April 2013.

The composition of the Supervisory Board and the expertise of its individual members as a whole meet the profile requirements of the members and are such that the Supervisory Board is able to carry out its duties. The Supervisory Board strives for diversity in terms of amongst others gender and age in achieving a desired balance in its composition. The required expertise and experience, as well as the availability of the right candidates, are decisive when proposing candidates for (re)appointment. Therefore, although Imtech pays close attention to gender diversity in the profiles of new Board of Management and Supervisory Board members in accordance with article 2:166 section 2 of the Netherlands Civil Code, Imtech does not strictly follow the recommendation for an explicit target on gender diversity and has not formulated concrete targets in this respect. The Supervisory Board will continue to discuss with the Board of Management how to further promote diversity within the Imtech group.
All members of the Supervisory Board are independent of Imtech in accordance with the Dutch Corporate Governance Code. The duties and procedures of the Supervisory Board and its committees are set out in regulations. The profile and the regulations can be found on the website of Imtech (www.imtech.com). On page 22, you can view the particulars of the members of the Supervisory Board.

The self-assessment on the functioning of the Supervisory Board and its committees was carried out in 2012 under the guidance of an external consultant. In this context, individual interviews were held with each member of the Supervisory Board and also with the members of the Board of Management, the Human Resources Director, the Company Secretary and the external auditor. These conversations took place in late December 2012 and mid-January 2013. The evaluation took place in mid-February 2013, also under the guidance of the external consultant.

During the Annual General Meeting of Shareholders on 4 April 2012, shareholders were informed (i) that there would be a vacancy in the Supervisory Board during the Annual General Meeting of Shareholders in 2013 due to the resignation of Mr. R.M.J. van der Meer by rotation, and (ii) that the General Meeting of Shareholders and the Central Works Council have the right to recommend persons for appointment as member of the Supervisory Board.

Mrs. R.D. van Andel was appointed by the Supervisory Board on 1 July 2012 as a member of the Nomination Committee and the Remuneration Committee.

Looking forward

At this time, based on recent events and findings, it has been decided in consultation with the Board of Management to evaluate the governance, risk and control (GRC) policy within Imtech. To this end, Ernst & Young conducted an investigation and prepared a report. As a result, Imtech has set up an internal audit department which monitors compliance and operation of the various internal risk management and control systems. A newly established Tender Review Board will oversee the tender procedure and the four-eyes principle has been extended. In addition, the authorisation matrix was revised to, among other things, involve the Supervisory Board earlier on projects and record its approval, and to tighten the power to provide (bank)guarantees. The charter of the Audit Committee was amended to intensify its risk monitoring function. The Supervisory Board and the Audit Committee will closely monitor the further evaluation and the measures to be taken further in this area.

The company culture needs to be improved on matters like business ethics, compliance and business dilemma's. Key-employees will be trained on these items, to start with the top 150 in the second half year of 2013. These trainings will not only focus on knowledge transfer, but also on the development of an appropriate company culture in which integrity, loyalty and critical thinking remain in balance with each other. These trainings will also focus on improved knowledge of the relevant (compliance) framework, including the whistleblower procedure. The Supervisory Board will closely monitor the improvements of the company's culture.

Acknowledgement

The Supervisory Board acknowledges that the events uncovered during the investigations occurred "on its watch". Mr. Van der Meer will retire at the end of the Annual General Meeting of Shareholders on June 28, 2013. Another vacancy exists as the result of the said passing away of Mr. Baan. Mr. Van Tooren and Mr. Van Amerongen will resign per the end of this Extraordinary General Meeting of Shareholders. They will attend the Extraordinary General Meeting of Shareholders to give account regarding the annual report and the 2012 annual accounts. In the interest of the desired continuity within the Supervisory Board, Mrs. Van Andel and Mr. De Rooij have agreed to continue their role as members of the Supervisory Board. The continuance of their function for a longer term depends on the further filling of the vacancies within the Supervisory Board and with due observance of the profile as determined for the size and composition of the Supervisory Board.

The Supervisory Board deeply regrets that the events occurred and were not detected at an earlier and less progressed stage. To all the stakeholders of Royal Imtech we offer our apologies for the situation that has arisen. We are confident that following the investigations, all possible actions have been taken and will be taken to minimise the risk of further mishaps in the future.

The Supervisory Board expresses its gratitude to all Imtech employees for their efforts in 2012 and their resilience under challenging circumstances in 2013. We especially want to thank the new members of the Board of Management for expeditiously and decisively addressing the challenges Imtech faced in the beginning of 2013.

Gouda, 18 June 2013

On behalf of the Supervisory Board,
Rudy van der Meer, Chairman

FUNCTION SUMMARY SUPERVISORY BOARD AND BOARD OF MANAGEMENT

Supervisory Board

R.M.J. (Rudy) van der Meer (1945)

Chairman, appointed in 2005, current term ends 2013
Member of the Audit Committee
Member of the Remuneration & Nomination Committee
Former member of the Board of Management
Akzo Nobel N.V.

Supervisory Board memberships
James Hardie Industries SE
LyondellBasell N.V.
Coöperatie VGZ UA (Chairman)

E.A. (Eric) van Amerongen (1953)

Appointed in 2002, current term ends 2014
Chairman of the Remuneration & Nomination Committee
Intermediary with representative bodies
Former CEO Koninklijke Swets & Zeitlinger N.V.

Supervisory Board memberships
Thales Nederland (Vice-chairman)
Shanks Group Plc (senior independent non-executive director)
BT Nederland B.V. (Vice-chairman)
Essent N.V.
Koninklijke Wegener N.V. (Vice-chairman)
ANWB B.V. member of the Supervisory Board Vereniging ANWB

R.D. (Ruth) van Andel (1961)

Appointed in 2011, current term ends 2015
Member of the Remuneration & Nomination Committee
Intermediary with representative bodies
Former lawyer/partner Clifford Chance te Amsterdam

Supervisory Board membership
Member of the Supervisory Board Stadsschouwburg en Philharmonie in Haarlem

Important additional function
Member of the Board Jeugdsportfonds Nederland

A. (Adri) Baan (1942 – †05-04-2013)

Appointed in 2008
Vice-chairman

J.J. (Joop) de Rooij (1961)

Appointed in 2011, current term ends 2015
Former CFO and member of the Executive Board of Directors SHV Holdings N.V.

Supervisory Board membership
ADG dienstengroep B.V.

Important additional function
Member of the Board Nederlands-Duitse Handelskamer

Supervisory Board

A. (Harry) van Tooren (1947)	Appointed in 2006, current term ends 2014 Chairman of the Audit Committee Former member of the Executive Committee ING Europe / Wholesale International
Supervisory Board membership	Hunter Douglas N.V.
Important additional function	Member of the Supervisory Board Maasstad Ziekenhuis (hospital)

Board of Management

G.J.A. (Gerard) van de Aast (1957)	Member Board of Management Appointed in EGM on 10-12-2012 as of 01-01-2013

J. (Hans) Turkesteen (1963)	CFO as of 11-02-2013 Proposed for appointment as member of the Board of Management in AGM on 28-06-2013

R.J.A. (René) van der Bruggen (1947)	Chairman of the Board of Management until 27-02-2013 (retired as of 03-04-2013) Appointed in 1999
Supervisory Board memberships	Grontmij N.V. Aalberts Industries N.V.
Important additional functions	Member of the Exchange Council NYSE Euronext Member of the Supervisory Board Gelderse Vallei Ziekenhuis Member of the Board Nederlands-Duitse Handelskamer Member of the Board Stichting Beschermingspreferente aandelen Fugro

B.R.I.M. (Boudewijn) Gerner (1951)	Member of the Board of Management until 08-02-2013 (resigned as of 08-02-2013) Appointed in 2002
Supervisory Board membership	Laurens / Laurens Wonen
Important additional function	Vice-chairman International Chamber of Commerce Nederland

All the Supervisory Board and Board of Management members are Dutch nationals.


Imtech

REPORT OF THE BOARD OF MANAGEMENT

Exceptional developments and their consequences

As mentioned in the Preface, the extraordinary events of 2012 and early 2013, and their consequences, have been the determining factor for the period under review.
A review of these events is given below. A full report to shareholders on the investigations and actions we have taken in relation to these events and the further actions we aim to take to reduce Imtech's risk profile going forward is available on our website: www.imtech.com

Write-offs in respect of Poland

At the end of January 2013 questions were asked about the circumstances under which the Adventure World Warschau project - an adventure park near Warsaw - and other Polish projects were taken on. A team of specialists went to Poland to investigate further and concluded that irregularities in respect of these and/or other projects in Poland could not be ruled out. On 4 February 2013 we reported an unexpected write-off of at least 100 million euro on projects carried out bij Imtech In Poland, and possible irregularities in connection with Polish projects. At the same time a forensic investigation was instigated and the local management in Poland was suspended from duty. Investigations revealed that in the 2012 half-yearly figures around 200 million euro in promissory note and pledged accounts, related to the Adventure World Warschau project had been incorrectly presented under IFRS as cash and cash equivalents. This sum was treated as advance payments for work in progress for the Adventure World Warschau project although these advance payments had not become available to Imtech. The interim findings led to the conclusion that the original promissory note should not have been classified as cash and cash equivalents in the 2012 semi-annual financial statements but instead as 'financial assets'.

On 27 February 2013 the possible write-off in Poland rose to around 150 million euro (before taxes), compared to the initially reported numbers in February 2013.
On 12 March 2013 a definitive and binding extrajudicial settlement was agreed with Adventure World Warschau and, among others, its associated companies.
The settlement provided a solution for all the issues concerning the realisation of the adventure park and related projects over which the parties were divided and also terminated the partnership between the parties.

Write-offs in respect of Germany

On 5 February 2013 the CEO and CFO of Imtech Germany resigned due to the situation in Poland because they both had direct managerial responsibility for the activities in Poland. At the same time we appointed new, interim, top-management in Germany. On the basis of a further analysis of the situation in Germany the newly appointed management was confronted with valuation problems on projects and (old) receivables in Germany. An evaluation of the situation led to conclusion, on 27 February 2013, that a write-off of around 150 million euro (before taxes) would probably be necessary. This foreseen write-off was related to a write-off on overdue debtors, a lower estimate at work in progress and losses which were passed on to the future without proper justification. An additional write-off of 70 million euro was announced on 23 April 2013, which resulted in a total write-off of 220 million euro in Germany.

Changes to the composition and size of the Board of Management

As a result of the situation in which the company has found itself, the composition of the Board of Management was changed. Mr. Van der Bruggen (CEO) took retirement on 3 April 2013. The Chairmanship had already been transferred to Mr. Van de Aast (CEO) on 27 February 2013. Mr. Gerner (CFO) who resigned on 8 February 2013 handed over his position to Mr. Turkesteen (CFO) as of 11 February 2013 – earlier than planned. Mr. Turkesteen will be proposed for appointment as a member of the Board of Management during the next General Meeting of Shareholders (see the Report of the Supervisory Board). The Board of Management will be expanded from two members to four members. The two additional board members will concentrate primarily on business operations. One of them will be responsible for Germany & Eastern Europe and Turkey the other will be responsible for Imtech ICT, Imtech Traffic & Infra and Imtech Marine. The divisions Benelux, UK & Ireland, Spain and Nordic will report to Mr. Van de Aast (CEO).

Financial consequences

Financial stability
Taking the size of the write-offs into account, it was clear that Imtech was not going to meet some of its year end 2012 bank covenants. Allthough formal covenant testing had not yet taken place, Imtech and its main financiers (including the holders of unsecured senior notes and the largest guarantee holders) entered into discussions.
On 19 March 2013 Imtech reached an agreement with the main financiers on the provisional continuation, until 1 August 2013, of their outstanding facilities as at that date. In addition negotiations were started to reach a more structural and longer term solution. As per 15 June 2013 Imtech and its main financiers have reached an agreement on the continuation of the existing facilities. Amongst others, the agreement includes increased interest margins to be paid by Imtech and several additional terms and conditions, some of which will be tested on a quarterly basis.
As an addition to the existing credit facilities a bridge facility of 500 million euro (350 million euro cash and 150 million euro guarantees) was agreed with ING and Rabobank in February 2013. This bridge facility can be used to finance the normal seasonal fluctuations in working capital. This facility is still in place and available until 31 October 2013. The bridge cash facility will be repaid with proceeds of the rights issue.

To reinforce equity a rights issue of 500 million euro is planned, which is underwritten by ING and Rabobank by means of a volume underwriting commitment under customary conditions. We are currently preparing this rights issue and intend to finalize this issue in the summer of 2013. The rights issue is conditional to the approval by the AGM, which will be held at 28 June 2013.

The above elements are of major importance in Imtech's progressing with financial restructuring, towards a stronger and sustainable financial position. Despite the inherent uncertainties in this restructuring process, we believe that there is sufficient ground to assume a successful conclusion thereof. We have prepared the financial statements 2012 on the going concern basis. Reference is made to note 4 in the consolidated financial statements 2012 with respect to the going concern assumption.

Adjustment of the financial information 2011
The write-offs in respect of Germany and Poland partly relate to previous years, and have therefore been accounted for by adjusting the financial information of 2011. Also other adjustments, in the Benelux and Spain, have been taken into account. The adjustments have been executed in line with the IFRS guidelines (IAS 8).

Germany and Poland
The irregularities in Germany and Poland have resulted in a cumulative write-off of 370 million euro before tax. Thereof 267 million euro has been included in the profit and loss account 2012, 54 million euro has been adjusted in the profit- and loss account 2011 and 49 million euro has been corrected in the opening balance sheet 2011. The tax credit in relation to the 370 million euro loss amounts to 50 million euro, with respect to the restatements only a tax credit is recognised for the German losses since it is not expected that the Polish losses can be offset against taxable profits in the near future.

Other material prior period errors
In light of the events in Germany and Poland, the internal and external audit work has been intensified in all other segments of the Group. This has resulted in the identification of other prior period errors, in the Netherlands and Spain.

Imtech Netherlands has incorrectly recognized intercompany profits, charged to the division Germany and Eastern Europe. These intercompany transactions and results have been reversed, thereby decreasing the results in the Benelux segment. These reversals amount to 10 million euro for 2012, 7 million euro for 2011 and 14 million euro for prior years (all amounts before tax). The latter has been adjusted in the opening balance sheet 2011.

In Spain irregularities have been identified in one of the business units, where management had historically overstated results and work in progress. This management is no longer employed by the division and internal (group) controls have been strengthened. The misstatement, for a total of 5 million euro result before tax, has been adjusted in the profit and loss account 2011.

Financial results 2012

Operational performance

Total reported result before tax for 2012 amounts to a loss of 222 million euro.

The operational performance – in terms of EBITDA – was adversely impacted by the write-offs in Germany and Poland, the restructering charges, as well as by difficult market conditions in Benelux, Spain and Marine. The restructuring charges, relating to the Benelux, Spain and Marine, amounted to 50 million euro. In the Benelux a significant operational loss was realised, in ongoing very difficult markets. Marine has also experienced a difficult year, with below target operational performance. Good performance was delivered by the UK & Ireland, Nordic and ICT, with increased EBITDA (margins) as compared to 2011, partly driven by acquisitions. Germany and Eastern Europe results were heavily impacted by the write-offs as described earlier.

The net finance result for 2012 amounts to (65.9) million euro, compared to (52.0) million euro in 2011. The increase mainly relates to higher finance expenses, reflecting the increased interest bearing debt postion of Imtech.

Financial position

The net loss in 2012, and the net effects of the prior year restatements, have resulted in a significant decrease of total equity and, as a consequence, of our solvency (14%, compared to 22% as at 31 December 2011). Our net debt position has increased in 2012 to 773 million euro as at 31 December 2012, compared to 576 million euro at year-end 2011. A major driver for the debt increase are the payments regarding the acquisitions in 2012.

Net working capital, after the write-offs regarding Germany and Poland, has significantly decreased during 2012. This was mainly the result of a significant increase in other liabilities. With respect to the other components of working capital, there have not been significant changes or issues during 2012.

The non current assets have increased to 1,537 million euro, compared to 1,419 milion euro as at 31 December 2011. The increase is mainly acquisition-related and includes goodwill and other intangible assets. A goodwill impairment of 20 million euro has been booked regarding our Spanish division.

Cash flow

Net cash flow for 2012 is negative and amounts to -140 million euro (2011: 102 million euro positive), which is mainly driven by investments, relating to new acquisitions (104 million euro) and to (in)tangible assets (80 million euro). The net cash flow from operating activities amounts to 8 million euro positive (2011: 141 million euro positive). A significant negative impact was the loss for the year, which was partly offset by the decrease of working capital as per year-end 2012.

Other

The income tax credit for the year 2012 is limited, compared to the size of the negative result before tax. This results from the limitations with respect to (future) tax loss compensation, mainly in the Netherlands, Germany and Poland. Due to the significance of the losses in 2012 and prior years, the boundaries of tax compensation in the near future have been reached.

Refinancing, tightening of business controls and amendments to the remuneration structure

In view of the situation, on 27 February 2013 we announced vigorous measures.

Financial restructuring

We are working on a financial restructuring aimed at rebuilding a robust financial structure. This restructuring has a number of components, which are summarised below.

Rights issue

We aim to strengthen our equity through a rights issue of 500 million euro. This rights issue is underwritten by means of a volume underwriting commitment, under usual conditions. The proceeds of the rights issue, after deduction of expenses, will be completely used for debt reduction and will reinforce the balance sheet. The rights issue has yet to be approved by the shareholders.

Bridge loan agreement

We have agreed a bridge loan agreement of 500 million euro, available to the company on demand, with Rabo Bank and ING. This agreement comprises a 350 million euro bridge cash facility and a bridge guarantee facility of 150 million euro. This bridge loan agreement will serve as a supplement to existing facilities and will, if necessary, be used to finance the normal season-related fluctuations in working capital. The bridge cash facility will be repaid with proceeds of the rights issue.

Agreement with major financiers
On 15 June 2013, Imtech concluded with its main financiers regarding waiver and amendment agreements. The key elements of these agreements are a covenant holiday for 2013 with quarterly testing of financial covenants thereafter and a significant step-up in margins given the change in credit profile. Until Imtech reaches a leverage ratio lower than 2.0× EBITDA, Imtech is bound by tighter restrictions regarding inter alia the payment of cash dividends, the incurrence of additional financial indebtedness andacquisitions and disposals.
The agreement with the major financiers contains change of control clauses.

Provisions policy
We will adopt a more conservative approach to valuing and making provisions for receivables from third parties. Rightful receivables will be collected vigorously using all the appropriate measures.

A robust financial structure
During the coming years we will focus on achieving a more conservative financial structure. We are striving for a net debt/EBITDA ratio (leverage ratio) of 1.5–2.0 no later than at the end of 2015. It is also important that there is sufficient headroom to finance the seasonal need for working capital while retaining a buffer for unforeseen circumstances. By achieving the leverage ratio and sufficient headroom, we will have realised a more robust financing structure. We do not foresee any acquisitions in the coming two years and our capital expenditure policy has been tightened.

Strengthened GRC policy
With the announcements of the write-offs in Poland and Germany we have reviewed the already existing governance, risk and control (GRC) policy. Although we were already in the process of strengthening and improving our GRC policy, we decided to accelerate this process. A strengthened GRC policy is part of our new management model, which is aimed at reducing the risk profile of the company. We will continue to employ a decentralised management model as the basis of its organisation, but with strengthened quality and effectiveness of its business controls.
To this end the following measures have been announced and we already started implement these measures:

- Strengthening the Tender Review Board. All projects with a value of 15 million euro or more or with a high risk profile will require approval by the CEO or CFO. Projects with a value of above 75 million euro will require approval of the entire Board of Management and in addition such projects must be submitted for prior approval by the Supervisory Board.
- A more stringent and enhanced authorisation matrix was reinforced.
- An internal audit department was set up.
  This department among others reviews valuation of work in progress and of overdue receivables. It also promotes and oversees compliance with Imtech's GRC policies throughout the organisation. Furthermore, when designated by the Board of Management, the internal audit department will carry out special investigations and tasks for the Board of Management.
- Strengthening the awareness of our accounting principles, and promoting the sound application thereof. This has been implemented and will continue to be implemented within our company. The application of these tightened accounting principles not only extends to monthly reporting of actual results, but also to elements such as budgets and forecasts.
- Introduction the "two pairs of eyes" principle for the financial funtion whereby divisional controllers are required to not only report to the relevant division director but also to the CFO. Decisions regarding hiring, appraisals, terms of employment and dismissal will need to be taken by the relevant division director acting together with the CFO.
- For the legal function, the "two pairs of eyes" principle has been reinforced. All divisional in-house lawyers will need to report to their own manager, as well as to the Group Director GRC.
- A revision and reinforcement of treasury policies related to working capital management, additional interim internal cash forecasting and reporting, stricter guidelines and rules for local financing facilities, centralised control and management of guarantees and cash.
- Organising intensive training programmes for staff to support the above and to encourage a high level of awareness in respect of GRC and stimulate appropriate corporate culture towards the right mix of integrity, loyalty and critical thinking.
- Revision of the senior management incentive plans to align the remuneration with our strategy and target with less focus on revenue growth and more focus on cash generation.

- Strengthening of the Board of Management's operational role by the appointment of two board members.

Management targets and variable income
The management targets, and the variable income component linked to the targets for the Board of Management members and the senior management, have been evaluated in consultation with the Supervisory Board. Subject to the approval of the General Meeting of Shareholders, the remuneration systems and targets will be brought in-line with the strategy. This applies for both the Board of Management and senior management. As far as the short-term variable income is concerned the aim will be a balanced mix of profitability (EBITA), cash conversion and personal targets in the ratio 40:30:30. The targets will be linked to an ambitious, but realistic, budget agreed in advance. As far as the long-term variable income is concerned, the proposal is a plan based for 40% on the achievement of the realistic cash conversion targets (90% of EBITA) and for 60% based on the TSR (Total Shareholder Return) compared to a representative group of comparable stock exchange listed companies.

Dividend
Based upon the discussions above, no dividends will be paid out over the 2012 financial year. The company is not allowed to pay cash dividends as long as it has not reached a leverage ratio of < 2.0× EBITDA.

Reorganisation in the third quarter of 2012
The market in the Benelux and Spain is structurally challenging. Despite the strategic reorientations, cost reductions and efficiency measures that have been implemented since 2010, we have had to cope with low production levels, under-utilisation and a limited EBITDA contribution. On top of that, it is anticipated that in 2013 the buildings market in the Netherlands, Belgium and Spain will worsen yet again. The infrastructure market is also under pressure in the Benelux. In 2012 Marine experienced the effects of a low order intake in the preceding years. Here too the EBITDA contribution towards the Group result is modest. For these reasons, at the end of October 2012 we decided to carry out a reorganisation. The objective was to achieve a better business-economics structure by matching the business situation to the cost levels prevailing in the market. Unfortunately this has meant the loss of over 900 jobs in the Netherlands, Belgium and Spain. We have reached agreement with the representative bodies and trade unions concerned regarding various social plans. The total cost of these reorganisations amounts to 50 million euro.

Pensions transferred in 2012
Most of Imtech's employee pension schemes are placed with industrial pension funds and insurance companies. In Germany the pension provision is self-administered. We also had a supplementary pension scheme for higher and middle management ('exedent scheme'), that was placed with Imtech's own pension fund in the Netherlands - Stichting Imtech Pensioenfonds ('the Fund'). Pensioners and employees of the holding company, Imtech ICT and Imtech Marine, as well as the so-called 'inactive participants', were also placed with the Fund. In total the Fund had around 1,900 participants. As a result of the financial crisis the Fund had a limited coverage shortfall. The company was not obliged to pay any supplementary contributions, since the Fund was totally separate from the company. After consultation with De Nederlandsche Bank, the Board of the Imtech Pension Fund and the Participants Council decided to dissolve the Fund as of 1 June 2012. The reasons behind this decision were the size of the Fund, the increasing administration costs, regulatory pressure, investment risks, interest rate development, increasing demands on Board members and insufficient possibilities for a solid recovery of the coverage level. The pensions have now been placed partly with the Pensioenfonds Metaal en Techniek industry pension fund and partly with the insurance company Delta Lloyd. Both transfers have taken place at no further costs to the participants.

Strategy
We aim to become the preferred technology partner of our customers through delivering integrated technical solutions, which assist its customers in reducing the total cost of ownership of their facilities.

We will continue to employ a decentralised management model as the basis for our organisation. Historically, this model has proven to be successful for the growth of our company as it supports optimal relationships with our customers by being responsive to customers' needs and stimulating local entrepreneurship. We believe that our decentralised business model will be a significant driver of growth for our company.
Our strategy is based on three pillars: operational excellence, organic growth and acquisitions.

I. OPERATIONAL EXCELLENCE

Operational excellence focuses on how we can better use our resources, plan matters better and avoid mistakes. We are currently assessing the best practices of operational excellence that exist within our company and intend to implement them across the group, whilst still taking into account the differences among the various operating clusters.

The operational excellence programme has been divided in six main components: (a) project management and project execution, (b) cash and working capital management, (c) procurement processes, (d) tender processes, (e) risk management, and (f) governance and control.

a. *Project management and project execution*

As a project driven company, project management and project execution are key for realising a healthy project profitability. Within our company, there are differences on how projects are managed and executed (e.g. means of ensuring the most appropriate project manager is working on a particular project, selection of the optimal team for a project, selection of the right sub-contractor(s), accurate planning and logistics for the project), and this will remain so in the future. However, in particular in view of the industrial trend of increasing complex projects, assessing and rolling out internal best practices to improve project management and project execution is an advantage which can benefit all business units. In the beginning of 2012 we started a programme for developing and training senior project managers. We will continue to focus on improving project management and project execution, and will reinforce project management programmes and continue to assess and implement best practices. Furthermore, we will start global account management for key customers that are active in multiple locations (and who are serviced by multiple operating clusters or divisions within the group), so that our largest customers are managed centrally.

b. *Cash and working capital management*

Within project businesses, cash and working capital management are of great importance. Since 2010 working capital requirements have been increasing. We will enhance our working capital and cash management with specific attention to customer billing and invoice payment procedures and tighten our accounting policies. Further, we require and strengthened monthly reporting and forecasting and improved working capital management in each of our clusters, divisions and business units. Moreover, we will revise our treasury manual, implement a treasury management system and restructure our existing cash management and cash pooling arrangements.

c. *Procurement processes*

Late 2011 we improved our procurement strategy by focusing on cross-divisional cooperation to realise more value and synergies for our company and our customers. This is mainly done through cross-divisional framework contracts with suppliers. Project-specific contracts and divisional framework contracts basically reside with the divisions.
Our procurement strategy aims to unlock suppliers' innovations and bring the right innovations to the whole Group, where possible on an exclusive basis, as part of long-term partnerships or intensive collaborative relationships with suppliers. Besides that, our procurement also focuses on reducing the total cost of ownership for a customer by taking all (internal and external) costs into account and minimising those costs integrally. In order to facilitate growth of our green technology solutions, our procurement policy is to identify and encourage our suppliers to develop and offer green technology components that can be used by the group's divisions, which we believe is valued by our customers.

d. *Tender procedures*

Our previous tender processes included making a risk analysis (essentially aimed at assessing the possible risks and other consequences of the activities) before commencing work on a project and used a central database and risk analysis tool (the 'Risk master tool'). We are reinforcing our tender procedures and approval of tenders, and (i) introduced an immediately effective measure as per 20 March 2013 that prior approval of the CEO or CFO of the company is required for projects with a value above 15 million euro and (ii) are introducing a Tender Review Board, which will oversee the tender procedures for new projects. We are considering upgrading the Risk master tool so that projects can be monitored at corporate level not only at the commencement stage, but throughout the entire project.

e. Risk management

Risk management is an important element in the daily business of a project driven company. Due to the recent findings, we decided to accelerate our process of strengthening and improving our GRC policy under the direct responsibility of the Group Director GRC. In February 2013, with the assistance of an external adviser, we started a review of the company's existing risk management procedures and systems. That review indicated that the development of the risk management and internal control infrastructure had not been commensurate with the increase in complexity and size of our company that resulted from the growth of the company over the last years. We are therefore strengthening our risk management policy, e.g. by enhancing our tender procedures and appointing a Group Director GRC who will also be directly responsible for risk management.

f. Governance and control

We already had several internal rules and regulations in place in the fields of governance and compliance. Since February 2013, we are reinforcing the quality and effectiveness of our governance and control mechanisms, changing the role of the Board of Management, adopting other governance measures and strengthened the financial and legal function. In this process, we will be advised by external experts.

II. ORGANIC GROWTH

We envisage realising organic growth through the following four components: (a) focus on recurring revenue streams, (b) multi-service, multi-site offerings, (c) capitalising on acquisitions and (d) scaling technologies across the Group.

a. Focus on recurring revenue streams

We apply a continuous focus on securing recurring revenue streams (i.e. revenue streams from a customer who keeps returning for various services and recurring work such as multi-year maintenance contracts). We believe that leveraging our diverse customer base and contract portfolio contributes to attractive recurring revenue streams across all of its operating segments. We envisage to provide additional services to existing customers within a certain business segment, introduce new services to existing customers across business segments, and try to secure a sustainable recurring revenue stream from new customers.

b. Multi-site/multi-service solutions

As set out above, we perceive an increasing trend among our customers to outsource a wide range of technical services and seek multi-site/multi-service solutions, due to increasing technical complexity of their systems, cost pressures and a desire to devote more attention to their core businesses. We believe that these outsourcing trends create attractive growth opportunities. We have positioned ourselves to benefit from these trends through using our wide range of multi-technology competences, logistical expertise and our dense local network in key geographies. This allows us to provide a local or multi-national 'one-stop-shop' service offering to our customers for multi-site/multi-service offerings.

c. Capitalising past acquisitions

We acquired numerous companies over the last years. For many of these acquired companies the integration process has been completed or is in an advanced stage, allowing us to benefit from synergies post acquisition. For certain other acquired companies, integration will need to commence. For a number of more recent acquisitions, we have accelerated the integration processes, mainly through sharing best practices on execution, technology and organising back offices efficiently.

d. Scaling technologies across the Group

We envisage to increasingly leverage our customer relationships and knowledge across the Group in order to unlock additional growth potential, e.g. by sharing customer relationships, competences, notable experience or specific know-how across our company. We assessed the extent to which this approach could be used most effectively given market outlook and potential profitability. In the light thereof, we identified the following four markets in which its clusters, divisions and business units could share know-how and experiences:

- Green technologies
- Water technologies
- Data centres
- Care and cure

III. ACQUISITIONS

We operate in very fragmented markets, which provides growth opportunities through consolidation. Historically, we actively pursued a buy-and-build strategy and have acquired a large number of companies. Given our current financial position and measures to realise operational excellence and organic growth, we foresee no further acquisitions in 2013 and 2014. As of 2015, we aim to actively pursue acquisitions again.

Industry trends

We have based this strategy on the following trends within the industry we operate in:

A growing need for increasingly complex technical services

In the end-markets where we are active, we perceive an increasing use of technology, which in addition becomes more and more complex. We believe that the need for reliable design, engineering, installation and maintenance services grows correspondingly. We have experienced that customers find themselves less equipped to source the complex services as mentioned above internally and seek to outsource them to high-quality service providers in close proximity to their operations.

Increasing regulatory and HSE requirements and an ageing asset base require external expertise

Our end-markets are facing increased regulatory requirements, an ageing asset base and (in particular for the industry market) more stringent health, safety, environmental and quality requirements. As a result, customers in these industries are increasingly focused on improving the integrity of their assets and operations, improving service levels and lowering their costs. We believe that customers will increasingly require external expertise in order to accomplish these objectives.

Customers require one-stop-shopping

We perceive an increasing trend among our customers to outsource a wide range of technical services, due to increasing technical complexity of their systems, cost pressures and a desire to devote more attention to their core businesses. We also observe that some of our larger customers are increasingly making outsourcing decisions at 'holding' level rather than on a facility-by-facility basis. This leads to an increasing demand for integrated technical service providers that are able to provide technical services across a broad range of technical fields, as well as in multiple locations ('multi-site/multi-service' solutions). As such, we believe there is an increasing demand for 'one-stop shopping', requiring technical service providers to be able to provide the full suite of services required in all stages of a project, including operation and maintenance of assets.

Increasing importance of "green technologies"

We believe that "green technologies" present significant opportunities for the technical services market.
As sustainability becomes an increasing concern to businesses, national and local authorities and the public at large, energy-efficient solutions in infrastructure and facilities may continue to gain importance. In addition, customers are seeking energy-efficient solutions as they perceive energy prices as high. As a result, we have seen new sectors open up related to the design, engineering, installation, operation and maintenance of e.g. photovoltaic and wind plants, hydroelectricity, biomass and bio-fuel plants.
The following factors have contributed to the importance of "green technologies":

- we have perceived that the need for advanced technical solutions has become a prime focus for industrial, commercial, maritime, infrastructure and public sector customers, as national and local authorities begin to impose more stringent requirements or offer incentives regarding the use of energy efficient systems and renewable energies in response to growing concerns for sustainable development
- the increased average age of facilities requires technical upgrades to bring them in line with regulatory and standard comfort requirements

Further consolidation in the European technical services market

The technical services market in most European countries continues to be very fragmented. We believe that none of the market leaders in these markets has a significant market share. This fragmentation has led and is expected to continue to lead to consolidation in the market.

Retaining and attracting well-trained technical staff remains a critical success factor for technical services companies

There is a shortage of well-trained technical staff in the technical services industry we are active in and newly-trained personnel (graduating from technical educational programmes) is also scarce. The ability to manage the impact of such shortage is a critical success factor in the technical services industry and employee recruitment and retention are strategic issues.

Competitive strengths

Our key competitive strengths include the following:

A leading technical services provider with strong reputation to execute complex projects

We have a leading position with a strong reputation for having in-depth knowledge to handle complex technical services projects. While our competition in the technical services industry is mostly fragmented, we have the benefit of extensive knowledge and experience in various end-markets which enable us to successfully complete complex technical services projects. Given this knowledge and experience, we believe we are well-positioned to benefit from cross-selling opportunities and to provide our services in all phases of project execution, i.e. "design, build, maintain and operate".

Multi-disciplinary technical services provider offering its customers fully integrated solutions

We believe that our multi-disciplinary know-how helps to position ourself as a 'one-stop-shop' for our customers, who are increasingly seeking providers that can offer more complex and integrated technical services solutions. We constantly adapt our service offering to meet our customers' ever-changing needs and we roll out new and technological integrated services on an on-going basis. For example, one of the current areas of focus is to provide solutions for improving energy efficiency and energy savings in the markets of buildings, industry and marine, areas that we believe present attractive opportunities in "green technologies".

A dense local network in the regions in which the Group operates allows it to be highly responsive to its customers' needs

The technical services industry is a "face-to-face" business, in which we deem close proximity to customers to be essential. We therefore developed extensive branch networks in each of our core markets, with around 500 branches in Europe and 60 branches outside of Europe, mainly within our ICT, Traffic and Marine businesses. The geographical proximity to our customers' facilities allows us to be reactive to our customers' needs. We believe that due to our extensive presence throughout certain countries in Europe, we are well situated to provide localised services within the agreed time frames/deadlines to our customers. Our dense local network further allows us to respond to the perceived growing trend among our large customers to outsource technically complex non-core service operations across their facilities over multiple sites.

Long-term customer relationships and high customer retention

Our close customer relationships were built through years of providing technical services for our customers' operations, resulting in detailed knowledge and understanding of our customers' production process, asset base and requirements. Our operational expertise, close collaboration with our customers and our performance and track record over many years have resulted in significant customer loyalty helping to maintain our long-term customer relationships.
For those customers with whom we have a long-standing relationship, we have substantial experience with and knowledge and understanding of customer processes, and we believe that these factors would make it relatively difficult for such customers to switch to a competitor of us. Relationships with hundreds of our customers date back for several years, including, amongst others, relationships with Airbus, Audi, BMW, Meyer Werft, Repsol, Royal Dutch Navy, Skanska, Shell and UK Highways Agency.

A predictable recurring revenue flow from a diversified customer base in different end-markets

We believe that our broad customer base with limited concentration in any given end-market, long-standing customer relationships, focus on maintenance services with recurring revenue, broad service offering, as well as our small average order size, provide us with and predictable revenue flows. We have a diversified customer base of approximately 24,000 customers, active within a range of markets and sectors. We are not dependent on one or more customers or one particular market or sector. We believe that this mitigates our exposure to negative cyclical effects affecting such customers, markets or sectors to some extent.

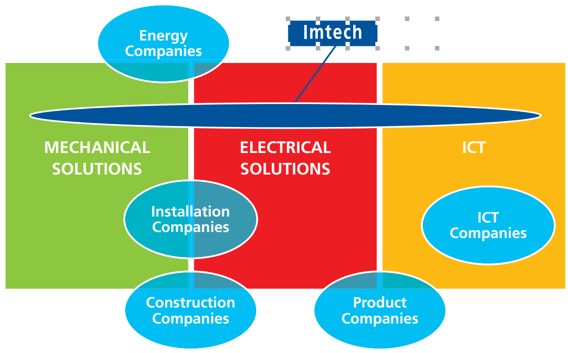
Award winning innovative solutions

Customers are facing complex challenges due to factors such as increased regulatory requirements, an aging asset base and, in particular for industrial markets, more stringent health, safety, environmental and quality requirements. We provide innovative solutions for these challenges and have won numerous awards for innovative solutions developed by our professionals. These innovative solutions provide an opportunity for future growth. Examples include:

- We are active in the green buildings sector and realised the greenest office building in Germany (head office of Deutsche Bank) by means of a total revitalisation of the technical infrastructure. We believe that this building is now deemed to be an iconic reference project in the European buildings market for green building solutions
- We offer total solutions to data centres in order to have such data centres operate in an undisturbed and optimal energy-efficient manner. We can realise this by providing emergency generators, advanced building management systems, high-tech camera systems, a state-of-the-art 'control room', fire detectors and protection, evacuation systems and lightning rods
- We developed and implemented an Intelligent Transportation Systems (ITS), which is an information and communication system for interaction between traffic control systems and vehicles for maximum fuel efficiency to minimise congestion and vehicle stops at signal-controlled intersections and roundabouts
- An average ship's fuel consumption amounts to one third of the total costs. Ship owners focus more and more on reduction of fuel consumption, not only to reduce costs but also to get a higher ranking on the international "Environmental Ship Index" to receive a discount on harbour dues in ports. We offer amongst others (diesel) electric propulsion systems, temporary energy storage systems and energy recovering systems to reduce the fuel consumption and polluting emissions

Profile

Compared to the competition Imtech's profile is unique as the illustration below shows.



Competition

Our geographical and product/services markets in which we compete are highly fragmented and our competition ranges from smaller local competitors to large, multi-national companies. We believe that no market leader in the respective geographic markets has a significant or dominant market share. This fragmentation offers opportunities to further consolidate the market.

Very complex or large projects typically have fewer (but larger) companies competing for them. Competition characteristics and intensity vary within different regions, countries and sectors. Depending on customers' desire to manage technical complexity and risk, particularly on longer-term large and more complex projects, it is not unusual for them to encourage or force service providers to cooperate rather than compete, in support of the customers' objectives.

There is no single, easily identifiable like-for-like competitor that we find ourself competing against, nor do we believe that there is any independent technical services provider that offers the same broad and deep portfolio of integrated technical services as the Group. Some of our principal competitors are part of diversified, multi-national companies having a diversified geographic footprint. However, the balance of our competition is highly fragmented and varies across the geographic and business lines in which it operates.

We identify the following companies as being the largest companies in the different geographical markets (where we are active in the buildings and industrial markets) and technology divisions (where we are active in the ICT, traffic & infra and marine market):

The largest companies in the different geographical markets

Competitor	Revenue *(million euro)* [1]	Part of	Benelux	Germany & Eastern Europe	UK & Ireland	Spain & Turkey	Nordic	ICT	Traffic	Marine
Cegelec (Vinci Energies, Europe)	8,476	Vinci	■	■						
Cofely (GDF Suez Energy Services, Europe)*	7,757	GDF Suez	■	■		■				
Royal Imtech	**5,433**		■	■	■	■	■	■	■	■
Bilfinger Berger *(excl. construction)*	5,384			■						
Spie*	4,141		■		■					
Caverion*	2,803	YIT		■			■			
Stork Technical Services*	1,418		■							
Bravida*	1,184						■			
Balfour Beatty Engineering Services*	602	Balfour Beatty			■					
SSE Contracting*	540	SSE			■					
Anel*	155					■				
Grupo Cobra*	911					■				
Grupo Navec	135					■				
CGI	3,916							■		
Bechtle	1,432							■		
Tieto	1,825							■		
Siemens	n/a								■	■
Swarco	478								■	
Telvent	737	Schneider Electric							■	
Wärtsila Ship Power	1,323	Wärtsila								■
Rolls Royce Marine	2,586	Rolls Royce								■
GE-Converteam	n/a	GE								■

1 *Source is each company's 2012 annual accounts, save for Grupo Navec and Telvent, where [2010] annual accounts are the source and save for the entities with an asterisk where year-end 2011 annual accounts are the source.*

The revenue for Cegelec is based on the European revenue of Vinci Energies. For Cofely, the revenue is based on GDF Suez Energy Services in Europe. Bilfinger Berger's revenue is based on the total global revenue excluding the construction business. The revenue of CGI is only for their European activities. The revenue of both Siemens and GE-Converteam are not included as we believe that the revenue of the relevant business units is much lower than the reported revenue of the relevant divisions of these companies.

The most relevant competitors in the geographical clusters are Cegelec, Cofely, Spie, Caverion and Bravida.

Added-value and continuity

More added-value translates into a lifecycle approach focused on lowering the customer's total cost of ownership (the cost of technical solutions throughout the exploitation period). The ways this is expressed include a focus on intensive co-operation with customers and within the chain, the achievement of preferred technology partner positions and the integration of energy technology and ICT in Imtech total solutions. This enables the energy efficiency of, for example, buildings, industrial manufacturing facilities and ships to be improved. The demand for sustainable solutions remains an important growth market for us. Integrating our technologies into our total approach enables us to deliver added-value. Our decentralised organisation model and our 24,000 customers in a variety of markets mean our risks are spread. This too forms a solid basis for continuity and, therefore, further organic growth.

Sustainable technology: 'GreenTech'

The integration of sustainable energy solutions in our total approach resulted in around 30% of our total revenue coming from this sector in 2012. We are active in:

- energy efficiency: metering, consultancy, implementation and maintenance of energy-saving technologies;
- energy management and energy contracting: multi-year responsibility for energy provision;
- power plants, decentralised energy provision, waste-to-energy, biomass power plants; biogas power plants, green gas power plants and co-generation power plants;
- thermal energy, solar energy, bio-energy and energy storage;
- 'green' ships, zero emission, dieselelectric propulsion and energy reduction on board ships.

Integrating these applications into the technical infrastructure leads to reduced energy consumption and lower CO_2 emissions. This makes a major contribution towards meeting our customers' and society's sustainability targets.

Research and Development

We undertake most of our R&D activities in co-operation with our clients during the development of projects. Besides, we have our own competence centres that concentrate on R&D in the fields of energy technology, building technology, marine and industrial technological solutions, infrastructure and mobility. The R&D centre in Hamburg is active in the field of energy technology and simulation technology in the built-up and industrial environment. We value our co-operation with universities in sharing knowledge and know-how.

Acquisitions in 2012

The technical service provision market is fragmented both within and outside Europe and contains many technical companies that are performing well. This made a number of acquisitions possible in 2012.

Stringent rules for acquisitions were applied in 2012. Companies to be acquired must:

- Fit perfectly in our strategy;
- Have an excellent track record of financial results and achieve added-value;
- Have a demonstrably capable management, which will remain responsible for business progress for several years after the acquisition;
- Achieve growth through integration or intensive co-operation with existing Imtech activities.

The most important acquisitions in 2012 were:

Turkey

The acquisition of 80% of the shares in multidisciplinary technical services provider AE Arma-Elektropanç (1,200 employees, around 90 million euro annual revenue) has brought Imtech a basis position in Turkey. In addition to activities in its own country, the new Imtech-company is increasingly active in emerging markets, such as the Middle East, Russia, Kazakhstan, Azerbaijan and various other countries in the region. The activities are well spread across various segments within the buildings market. AE Arma-Elektropanç was acquired in April 2012. We have a contractual obligation to purchase the remaining 20% (currently held by six minority shareholders, three of whom are also a member of the managing board of the company) in 2015 under an earn-out arrangement based on business performance. For more information see page 51.

Nordic

Within the Nordic countries four add-on acquisitions, with a combined annual revenue of 11 million euro and 100 employees, were completed. In Sweden the industrial position in particular has been strengthened with the acquisition of Värnamo Elservice (Småland region), VVS-Montage i Dalarna (the mining region of Borlänge-Ludvika-Falun) and Fagersta Industri EL (Fagersta and surrounding area). Värnamo Elservice was acquired in June 2012. VVS-Montage i Dalarna and Fagersta Industri EL were acquired in April 2012. For more information see page 52.

The acquisition of Steinar Holbæk has brought Imtech closer to achieving its goal of commanding a strong position in every Norwegian metropolitan region. Steinar Holbæk, which occupies a strong position in the Kristiansand region, was acquired in March 2012, but as the closing and transfer of share took place early 2013.

In the Nordic region the small business unit (12 employees) specialised in lift technology has been sold as this is not a core activity.

UK & Ireland

The acquisition of Capula (over 180 employees, around 40 million pounds sterling annual revenue) has gained Imtech a strong position in the energy market (power plants, distribution and networks), the water market and industry. Capula specialises in instrumentation, control and automation. Capula differentiates itself through the high degree of IT integration in its solutions and is involved in new developments, such as waste-to-energy, CO_2 capture and CO_2 storage. This acquisition offers numerous cross-selling possibilities from within the existing activities in the UK. Capula was acquired in May 2012. For more information see page 48.

ICT

The acquisition of Infas Enermetric (1 million euro annual revenue), through an asset deal, has strengthened Imtech's position in the field of ICT support in public sector facility management. The FM-Tools® ICT package developed by Infas Enermetric offers software solutions for energy and management questions related to real estate in the public sector. Infas Enermetric was acquired in October 2012. For more information see page 56.

Traffic

In Finland the position has been strengthened in both the traffic & infrastructure market and the industrial market by the acquisition of the affiliated technical services providers SSR and Polar (in total 50 employees and around 15 million euro annual revenue). SSR and Polar were acquired in June 2012. For more information see page 58.

Marine

The acquisition of Van Stappen & Cada (10 employees, 3 million euro annual revenue) has strengthened the position in the port area of Antwerp in Belgium. Van Stappen & Cada was acquired in July 2012. For more information see page 59.

Benelux

The acquisition of Medrott (20 employees, 2 million euro annual revenue) has strengthened Imtech's position in the care & cure sector. Medrott is a technology specialist in the growing market for the sale, management and maintenance of sensitive, high-quality medical equipment in the Benelux and is active in 220 hospitals. Medrott was acquired in December 2011 and consolidated as from January 2012. For more information see page 40.

In 2012 the total consideration of the acquisitions (including earn-out) amounted to 120 million euro. The combined annual revenue of all the acquisitions amounts to around 155 million euro with around 1,650 employees. The annual EBITDA from the acquisitions amounts to around 17.0 million euro. The acquisition costs recognised under 'Group management' in the financial statements and charged to the result amount to 3.8 million euro (2011: 3.7 million euro).

Policy priorities of the Imtech Councils 2012

We have a number of functional Councils focussing on Human Resources, HSE (Health, Safety & Environment) and CSR (Corporate Social Responsibility), Risk & Insurance, Control, Procurement, Information Management and Information Technology. Each Council focuses on the further development and honing of Imtech's policy within its own field of expertise. At Group level this provides insight into the decentralised activities while ensuring corporate practices are more visible and more accessible. At the same time compliance is raised to a higher level and corporate guidelines for governance can be implemented.

The Executive Council plays a major role in the decision-making and setting of priorities within the various Councils. Policy proposals are put before the Executive Council by the Council Chairmen and, once approved, are implemented. The Executive Council also checks policy on a regular basis and, if deemed necessary, makes adjustments.

During 2012 the various Councils focused on the following policy priorities:

- HR (Human Resources) and HSE (Health, Safety & Environment): see page 68;
- CSR (Corporate Social Responsibility): see page 71;
- Risk & Insurance: see page 62;
- Control: budgeting, financing, working capital management, reporting based on IFRS, ERP implementation, reporting system and acquisitions;
- Information Management: a consolidated Imtech Information Strategy (IIS) 2012-2015 focused on collaboration and communication possibilities, information management in the form of ERP (Enterprise Resource Planning), Business Analytics, BIM (Building Information Modelling) and the development of an IT architecture that dovetails with Imtech's growth strategy by providing more flexibility and scalability;

- Information Technology: the secure use of Imtech information and data, security policy based on BYOD (Bring Your Own Device), Unified Communications as a component of the Collaboration policy, Cloud Computing in the form of SaaS (Software as a Service) and IaaS (Infrastructure as a Service), contract and licensing management, utilisation of benefits of scale;
- Procurement: framework contracts for the procurement needs of strategic product groups that contribute towards cost reduction, sustainability and innovation, international co-operation agreements with strategic suppliers, the further professionalising of the procurement policy (improved measuring of supplier performance and the expansion of the KPIs - Key Performance Indicators – used to assess procurement performance).

Outlook 2013

No specific forecasts are being made regarding 2013.

BENELUX

BENELUX: CHALLENGING MARKET CONDITIONS, EBITDA DOWN, REORGANISATIONS IMPLEMENTED

In the Benelux we generated revenues and other income of 958 million euro. In terms of revenue, we are one of the leading technical services providers in the Benelux. We deliver our services in the Benelux through a regional network of 64 branches spread over four divisions, which are each managed through a division head office: (i) Imtech Netherlands (562 million euro revenue and 3,664 employees in 2012) and (ii) Imtech Belgium (156 million euro revenue and 904 employees in 2012) are active in the buildings and industry markets, (iii) Imtech Infra (191 million euro revenue and 1,237 employees in 2012) is active in the infrastructure market and (iv) Paul Wagner et Fils (49 million euro revenue and 317 employees in 2012) is active in the buildings market in Luxembourg. As of 31 December 2012, we had 6,122 employees in the Benelux.

The market for technical services in the Benelux is characterised by structurally challenging market conditions and fierce national and international competition, especially in the buildings and infra market. As a consequence the EBITDA has been under pressure for several years. For the last couple of years, the buildings activities has made losses due to due to a lack of market and margin focus in combination with adverse market conditions. To address this, the buildings activities were restructured by a large reduction of the employee base in 2012, which was completed in first quarter in 2013. The total restructuring cost amounts to around 35 million euro. Management aims to tighten operational management and project control and to introduce a clear operational structure with strict rules and procedures in respect of accepting new projects. Demand in the infrastructure market is under further pressure as a result of decline in local government budgets, which has had a negative effect on profitability. Given the ongoing tough market conditions in both buildings and infrastructure markets and not expecting a recovery on short notice, an additional restructuring was announced in April 2013. The markets in which our industrial activities operate all show a competitive playing field and a stable investment level by the customers in those markets. In 2012, the adjusted EBITDA of the Benelux turned into a loss of 18.9 million euro.

Changing the focus in the difficult buildings market

Due to the market conditions and competition in the buildings market we continue to withdraw from the competitive 'traditional' technical new construction-related activities segment and focusing on segments in which customers demand higher added-value, primarily energy, green technology, care & cure, data centres, maintenance and management, design and build offerings and PPS proposals. In combination with cost savings, improved efficiency and the improvement and clustering of competencies, those actions should enable a return to profitability in the market segments. Although this approach, which was implemented several years ago has borne fruit, until now the achieved improvement has been negated by the substantial reduction of volume in the new construction segment, especially in the Netherlands at large and the Brussels office market. Taken overall our position in the building market is under pressure.

A slightly stronger position in the energy market

In the energy market we are working on numerous projects, such as the installation of a 9,500 m² solar farm capable of generating 444,000 kWh of energy at Amsterdam's Schiphol Airport. We have also helped the airport convert catering waste into bio oil. Other projects include sustainable offices for energy company

Key figures Benelux	2012	Δ	2011 [1]
Revenue and other income *(in millions of euro)*	958	(6.7%)	1,027
EBITDA *(in millions of euro)*	(54.6)	(303.0%)	26.9
EBITDA excluding restructuring cost *(in millions of euro)*	(18.9)	(163.2%)	29.9
EBITDA margin *(excluding restructuring cost)*	(2.0%)		2.9%
Order book *(in millions of euro)*	1,167	(6.0%)	1,241
Capital employed, excluding cash and cash equivalents *(in millions of euro)*	63		140
Number of employees *(as at 31 December)*	6,122	(4.8%)	6,433

1 *Restated in accordance with IAS 8, see note 3 page 97.*

Alliander and network manager Enexis, and part of the underground gas storage technology for TAQA Energy and the Gasunie.

The care & cure sector opts for energy savings

Imtech's quality is appreciated by the care & cure sector because it leads to lower running costs, higher operating reliability, reduced CO_2 emissions and energy savings. Customers for our 'Smart Healthcare' concept, which involves drawing up tailor-made plans for an integrated approach to energy requirements, sustainability, technical infrastructure, maintenance and ICT, include the IJsselland Hospital in Capelle a/d IJssel. The HagaZiekenhuis in The Hague has selected us as their long-term technology partner. In Belgium we implemented geothermal solutions to optimise energy efficiency in several major hospitals. Clustering our expertise in energy and technological infrastructures with our knowledge of medical equipment makes further growth possible. Which is why Medrott, a technology specialist in the growing Benelux medical equipment market, has been acquired. A total of 10,000 items of medical equipment are maintained for the Leuven en Medux University Hospital in Belgium and 1,500 care and nursing homes in the Netherlands.

Data centres: stable

High-tech solutions offer optimum possibilities for energy savings and CO_2 reduction. The 'green' data centres we supplied Telecity and Interxion have an Energy Utilization Efficiency (EUE) lower than 1.2. We have also signed another maintenance contract with BT. Overall the situation is stable.

Maintenance and management: moderate growth

We focus on added-value technical property management services including energy monitoring, energy efficiency improvement programs and are able to keep buildings in an optimum condition at a competitive multi-year contract price. As a result we manage around 250,000 m² of offices for customers such as Commerzbank and KPN. We have been awarded for the maintenance of around 400 Rijkswaterstaat (Department of Public Works) district offices and support offices - and we are also responsible for maintaining and improving the European Parliament's security technology.

Industry: stable investment levels

Despite difficult market conditions our position in the industry market has improved slightly. We focus on offering added-value in the oil & gas, chemicals, terminals, food & feed and (primarily in Belgium) pharmaceutical sectors by working in close co-operation with our customers on their primary processes. This strategy has proved its worth. Examples include a long-term maintenance contract for the Shell refineries in Moerdijk and Pernis, the technology (BREAAM qualification 'very good') in an Innovation Research Centre for a Royal FrieslandCampina cheese factory, improving waste incineration for Afvalbedrijf Rijnmond, automating terminals for Argos, entirely new production plant for Airproducts and pharmaceutical companies Genzyme and GlaxoSmithKline in Belgium, maintenance for Exxon Mobil and renovating large oil tanks for Vopak. In the automotive sector we are realising the automation of a new production facility for DAF Trucks in Oevel.

Increased industrial export

In the oil & gas segment we have the technological expertise that makes exporting high-quality electrical solutions and power electronics (the combination of power electronics and high tension) possible. Examples include orders for Total in Gabon (power plant upgrade), a Shell refinery in Brunei and a bio-gas power plant (energy from chicken manure) in Moldavia. We have also supplied laboratory applications (analysis centres) for testing both heavy oil and lighter oil products (FCC, Fluid Catalytic Cracking) and are achieving growth in the international food, feed and minerals market with our energy-efficient drying technology.

The infrastructure market: economies, competition and pressure on prices add up to a mediocre performance

Further government cut-backs, increasing competition and pressure on prices sums up the infrastructure market, especially when it comes to municipalities. The effect was a mediocre performance in 2012. Four innovative projects that are important for the future were acquired. The first is the technical infrastructure in a road tunnel under Maastricht that forms part of the A2 motorway. We are responsible for the design and execution of technical installations. Another project is a high-tech container terminal on the second Maasvlakte for APM Terminals. This is the world's first, most energy efficient and virtually fully automated terminal.

The breadth of our portfolio enables us to offset the challenging market conditions. We are involved in the technological upgrading of various road tunnels including the Schiphol tunnel in the Netherlands and the

Grouft-tunnel in Luxembourg. We have acquired several contracts in the rail market. We are installing an innovative shipping management system along the North Sea Canal and are maintaining the entire technical infrastructure in the weirs in the Province of Limburg and we are carrying out the technological renovation of nine water treatment plants in the Brabantse Delta. In the energy market we are renovating gas networks for Stedin (Utrecht) and Joulz (The Hague), connecting 10,000 dwellings to smart meters – a basis for remote meter reading and energy saving - for network manager Alliander and, in Belgium, we are responsible for solar energy solutions and high-tech pumping stations for drinking water companies and telecoms solutions for the Flemish government.

Outlook

The reorganisations will reduce cost levels in order to become more competitive. The buildings and infrastructure markets will, however, continue to be difficult. The market conditions in the industry sector are also remaining difficult. That is why in 2013 reorganisations are announced. By contrast we anticipate further growth in the export of industrial technical solutions.

GERMANY & EASTERN EUROPE

In Germany & Eastern Europe, the Group generated revenues and other income of 1,372 million euro. As of 31 December 2012 Germany & Eastern Europe had 5,479 employees. We are a leading technical services provider in Germany and Eastern Europe. We provide a variety of services around the buildings and industry market focusing on energy contracting, clean-room technology, fire protection, stadium technology, (decentralised) power plants and systems, care & cure, data centres, airports and test solutions for the automotive industry.

An extraordinary situation has arisen in Germany & Eastern Europe. In total 370 million euro has been written-off (compared to the initially reported numbers) and virtually the entire top management in both Germany and Poland has been replaced. We announced a further reorganisation and commenced a cost savings- and efficiency programme in Germany. The focus is on the continuity of the business and the recovery of reputation and trust.

Despite the extraordinary situation Germany and Eastern Europe remain important markets for Imtech. We serve thousands of customers from around 70 offices in six regions – North (Hamburg), West (Düsseldorf), Central (Frankfurt), East (Berlin), South-west (Stuttgart) and South-east (Munich). We also have a research and development centre in Hamburg. In Eastern Europe, we are active in Poland, Hungary, Austria, Romania, Russia and Slovakia through our network of 30 branches. The combination of specific technological competencies and research makes it possible to offer fully integrated technical solutions. We are increasingly following our German key customers outside of Germany for specific projects to deliver our technical solutions.

The German economy is performing reasonably well amidst the economic uncertainty prevailing in Europe and, despite the situation that has arisen, Imtech remains well positioned. This is partly due to the fact that over the past few years we have developed into an energy implementation partner offering a wide range of services and added-value in the field of energy efficiency, energy management and (decentralised) power plants. Our position has been given even more perspective by the German government's decision to close existing nuclear power plants.

The write-off, which included a write-off overdue trade receivables, a lowering of work in progress and a wrongful moving of losses to the future, has resulted in a substantial drop in EBITDA and revenue for 2012 in both Germany and Poland. The expected effect on the structural profitability of the German and Polish activities is a normalised EBITDA level of 3%-6% in time. This is in-line with the Group average, but is lower than the margin for Germany and Eastern Europe in the preceding years. On the positive side, steady growth was achieved in Austria, Hungary and Slovakia, development in Romania and Russia was stable and the export of technology from Germany showed growth.

A focus on energy efficiency

The majority of German orders include a component of energy efficiency and/or energy management. The focus is on sustainable industrial production facilities and sustainable buildings. During the coming 10 years for aircraft manufacturer Airbus we will install new drying technology– the Imtech Smart Drying System® - in Airbus' drying halls around the world and will also be responsible for the related services and maintenance. Using our drying technology will not only reduce production time by enabling Airbus' various types of aircraft to be dried twice

Key figures Germany & Eastern Europe	2012	Δ	2011 [1]
Revenue and other income *(in millions of euro)*	1,372	(7.9%)	1,490
EBITDA *(in millions of euro)*	(132.5)	(261.2%)	82.2
EBITDA excluding restructuring cost *(in millions of euro)*	(132.5)	(260.2%)	82.7
EBITDA margin *(excluding restructuring cost)*	(9.7%)		5.6%
Order book *(in millions of euro)*	2,485	18.4%	2,099
Capital employed, excluding cash and cash equivalents *(in millions of euro)*	262		344
Number of employees *(as at 31 December)*	5,479	2.9%	5,326

1 *Restated in accordance with IAS 8, see note 3 page 97.*

as quickly, it will also result in energy savings of 45% on heating and 50% on electricity and, as a consequence, a 50% reduction of CO_2. This technology was developed in Imtech's research and development centre. One major on-going order is the energy management in around 800 buildings, most of which are used by Deutsche Post. This large project is on schedule and has won the award for the best European Energy Service Project. In the industry sector Imtech commands energy competencies, for example in the field of sustainable heat exchange. At DMK Deutsches Milchkontor, the largest dairy processor in Germany, heat exchange will be one of the technologies that will result in substantially reduced energy usage and costs. The latest simulation technologies (including Imtech's HK-Sim®) will be used for this project.

The automotive industry – an emphasis on sustainability

As the technology partner of the German automotive industry we are helping make automobile manufacturing more sustainable. We have installed the technical infrastructure for an extension of Daimler's assembly line in Bremen and are responsible for the technical infrastructure in a new Audi bodyworkshop in Ingolstadt and an innovative turbine testing facility for truck manufacturer MAN. We have also exported various automotive test solutions to countries including Thailand and China.

'Green' stadiums – a growth market

'Green' stadium technology is an interesting growth market both within and outside Europe. We are the technology partner for FC Bayern München's Allianz Arena, which includes responsibility for a sustainable power plant. We are also responsible for the 'green' technical solutions in FC Stuttgart's Mercedes Benz Arena. Energy-savings in stadiums can rise to over 40%.

A strong position in the sustainable data centre market

The simulation tests carried out in the Imtech research and development centre lead to high energy efficiency in data centres, which makes achieving an extremely low (less than 1.25) PUE (Power Usage Effectiveness) possible. This technology has led to intersting orders, including from BT, Deutsche Telecom and various retailers and automobile manufacturers.

Innovation in care & cure and research centres

The German care & cure market is an important growth market. Specific technology helps care institutions meet the highest standards for hygiene, security and (patient) well-being. Technological integration is the key, for example in the field of efficient cogeneration (combined heat and power) solutions, decentralised power plants, thermal energy, energy-efficient data networks, LED lighting, extremely clean air in operating theatres and the use of medical gases. Projects include the energy infrastructure in the new Rems-Muss clinic in Winnenden, the Dominkus hospital in Düsseldorf and the Rheinische Kliniken in Bonn. Research centres are another important segment for us. Projects (energy improvement, technical upgrades, etc) include a new research and teaching building for Münster University and energy projects in the Max-Planck-Institut für Eisenforschung (MPIE) in Düsseldorf.

Fire protection is developing well

The standards related to fire protection are high in Germany, especially for public buildings such as museums and airports. We occupy a solid position is this specific niche market with dozens of orders for tailor-made solutions from customers such as OBI, Wacker, Airbus, BMW and Audi. We are also active at several German airports.

Airports expand their activities

One of the largest ongoing projects involves virtually the entire technical infrastructure, including an innovative energy reclamation system, for the new Berlin Brandenburg International airport. This project significally contributes to our performance. Our activities are on schedule despite delays in other parts of the airport where we are not involved. We have also completed a number of technical expansions at Frankfurt airport and at Düsseldorf airport we are responsible for an innovative cogeneration power plant, a modular system for generating sustainable electricity and heat, as well as the sustainable modernisation of the cooling.

Increased technical management and service activities

The technical facility and building management market is changing and the demand for measurable added-value is increasing. Major projects include the technical facility management for Airbus in Hamburg. Service activities have increased in all our regions.

Poland: co-operation with Adventure World Warschau terminated

The agreement in 2013 of a definitive and binding extrajudicial settlement with Adventure World Warschau and its associated companies terminated the co-operation between Imtech and its customer in respect of this project. This effectively marked a new beginning for the activities in Poland, but this time on a limited scale. Although this was a set-back, the demand for technological solutions and energy efficiency remains and we are still, and will continue to be, involved in many projects including the technical infrastructure in the medical University of Warsaw's new children's' hospital, data centres for IBM and in a new factory for Gillette.

Steady organic growth in Austria, Hungary and Slovakia

We are continuing to achieve steady organic growth in Austria. To make commercial activities in the south of the country more efficient a new office has been opened in Graz. In Vienna we are involved in the technical installations at the new Central Station. Other orders include the technology in a nursing home in Baumgarten and the technical infrastructure for a Metro branch in Simmering. Our activities in the industry sector have also increased, for example with a contract from steel manufacturer Voestalpine Donawitz. In Hungary we are responsible for the technical infrastructure, including a sustainable decentralised power plant, in an Audi factory in Györ. In Slovakia we are installing a cooling tower for Volkswagen. In these countries the focus on energy efficiency is contributing towards differentiating strength in the market.

Stable development in Romania and Russia

Although Romania is suffering from the effects of the economic crisis Imtech has performed reasonably well. During 2012 we received a number of new orders including the technical renovation of the Millennium Business Centre in Bucharest. A second Imtech office has been opened in Timişoara. New orders have also been received from customers in Russia including Metro Group, Selgros and MAN in Saint Petersburg.

Outlook

Although the extraordinary situation in Germany and Poland has reduced the profitability of our German and Eastern European division's activities, we believe that the reorganisation and the implementation of the announced measures will ensure that in the future we have a healthy basis from which to achieve organic growth. The market, our customers and our well-qualified employees make us confident that our activities in Germany and Eastern Europe will in time perform in line with the market and the rest of the Group.

UK & IRELAND

We occupy strong positions in the UK & Ireland by generating revenues and other income of 751 million euro. We are one of the leading technical services providers in the United Kingdom and Ireland in the markets for buildings, industry and infrastructure. In the division UK & Ireland, we deliver our services through a regional network of 39 branches. As of 31 December 2012, the Group had 3,598 employees in UK & Ireland. In the United Kingdom we are mainly active in the buildings, industrial and infrastructure industries. In Ireland we are mainly active in the pharmaceutical and energy industries (and followed many customers to countries outside of Ireland, e.g. Kazakhstan and Saudi Arabia).

Growth through added-value

Despite difficult market conditions in the UK we achieved a good performance as a result of both organic growth and acquisitions. The integration of energy efficiency and innovation into our solutions has enabled us to develop into a technology partner for customers. We also specialise in an integrated approach to technical maintenance and management, including advanced data management, and possesses specific technological expertise in the water and waste water treatment market. This has led to further growth. In 2012 we acquired Capula, a system integrator in the power and utility market. Cross-selling led to further growth and we achieved organic growth in the water and energy markets. Despite the challenging state of the Irish economy here too we achieved a satisfactory performance with a focus on data centres, wind energy and waste-to-energy. Our export of technical solutions to emerging markets was also substantial.

Growth in the water and energy markets

We are a partner in several five-year AMP (Asset Management Plan) cycles including those of Welsh Water, Thames Water, Anglian Water Service and Veolia. During 2012 we signed a new AMP contract until 2020 with Severn Trent Water. The acquisition of Capula has brought a new market in the field of water treatment within our reach - asset performance management systems ('dashboards') for water companies. Our activities related to the major expansion of London's sewer capacity in Beckton and Crossness continued on-schedule. The anaerobic fermentation technology with which sewage sludge is converted into sustainable energy in bio-gas power plants is another growth market in which we specialise. New developments during the year included the upgrading of biomass power plants on the basis of biomethane applications.

Energy and utility companies offer opportunities

The acquisition of Capula has broadened our services package to include energy and utility companies. This is an opportunity-rich segment in terms of both potential orders and the intensifying of internal co-operation. E.ON and Drax Power coal-fired power plants are gradually being converted to biomass and we (via Capula) are responsible for the management and monitoring systems.

London – a high volume of investment

Despite fierce competition and pressure on prices the volume of investment in London remained high and our strategy proved a differentiating strength when it came to winning orders. One recent project that demonstrated this was the technological renovation of the Eaton Court Building for which an innovative BIM approach (Building Information Management) was developed. We are also a partner in the Greater London Authority's RE:FIT programme – an investment of millions of pounds sterling for public institutions that wish to improve the energy efficiency of their buildings or switch to decentralised energy generation.

Key figures UK & Ireland	2012	Δ	2011 [1]
Revenue and other income *(in millions of euro)*	751	49.0%	504
EBITDA *(in millions of euro)*	44.2	67.4%	26.4
EBITDA excluding restructuring cost *(in millions of euro)*	44.2	68.7%	26.2
EBITDA margin *(excluding restructuring cost)*	5.9%		5.2%
Order book *(in millions of euro)*	575	11.9%	514
Capital employed, excluding cash and cash equivalents *(in millions of euro)*	194		137
Number of employees *(as at 31 December)*	3,598	11.8%	3,218

1 *Restated in accordance with IAS 8, see note 3 page 97.*

Outside London – a wide range of activities

The many projects outside London in which we are involved include sustainable offices for the Waters Corporation in Wilmslow and for energy company E.ON in Coventry.

Growth in technical maintenance

We offer a wide range of technological total solutions for maintenance and management. Clustering maintenance efforts enables customers to reduce their running costs and energy requirements significantly. Inviron, the maintenance specialist acquired in 2011, developed well, in part thanks to intensive internal co-operation. Long-term maintenance contracts were acquired from, or renewed by, customers such as the General Medical Council, Capital Shopping Centres, Suffolk County Council and Land Securities Retail. We have also built-up a stable position in the market for airports. On-going contracts include the technical maintenance and management at Heathrow and Gatwick airports and RAF airfields.

Education - new orders

We are in a good position in the education market and are involved in the 'Building Schools for the Future' (BSF) programme which provides schools with sustainable solutions for heating, hot water and energy generation. A maintenance contract for 350 Cambridge County Council schools was extended and we installed energy management solutions at a number of Universities.

Industry: substantial growth

In 2012 we not only achieved growth in the industry market we also strengthened our position through the acquisition of Capula. On-going projects include the technological installation of data management systems for Chevron. Real-time intelligence that improves the productivity of oil drilling platforms in the North Sea is another new market to which we have gained access. In Ireland, where investments in the pharmaceutical industry showed signs of a slow recovery, our specific competencies in the field of electronics and instrumentation (E&I) enabled us to respond to the needs of customers such as Pfizer. These solutions were also exported, primarily to the oil & gas industry in Kazakhstan, but also to the Middle East (oil & gas industry), Belgium (pharmaceutical industry) and Norway (a high-tech warehouse of retailer COOP in Oslo).

Outlook

We are well positioned for further growth in both the UK and Ireland and also via export to other European countries and the emerging market of Kazakhstan. Energy efficiency and innovation will be the building-blocks of differentiating strengths. The cross-selling potential is attractive and we are penetrating new markets. Our position in London remains strong and our activities in the energy market and the markets for (waste) water treatment and waste-to-energy are developing well.

SPAIN & TURKEY

In Spain, we offer technical services provision in the industry and buildings markets and realised revenues and other income of 156 million euro with our 1,809 employees through our network of 31 locations. In April 2012, we acquired 80% of the shares in the Turkish mechanical and electrical engineering services company AE Arma-Elektropanç. The in 2012 consolidated revenue was 78 million euro realised by 1,451 employees throughout 10 branches. The reduction of the EBITDA in Spain was only partially offset by the EBITDA of AE Arma-Elektropanç.

Spain: challenging market conditions, reorganisation and strategic reorientation

In Spain we were confronted with challenging market conditions. Over the last few years, the market volume is under pressure. This has resulted in fierce competition and an erosion of margins. For that reason we have adjusted our Spanish business to the challenging market conditions with a restructuring by reducing our workforce and merging offices to reduce our cost base and become more competitive. The cost of this restructuring amount to 4 million euro. Further, we have impaired 20 million euro on our Spanish goodwill on the balance sheet. The remaining Spanish goodwill is about 22 million euro. We also began a strategic reorientation to focus on added-value, energy, the retention of the maintenance activities, care & cure and a further broadening of our markets.

Industry: position broadened

In the industrial market, we offer projects and maintenane. Our customer base contains large companies operating in the oil and gas, energy, steel and harbour infrastructure. We will focus on increasing our maintenance activities and exploring the opportunities by following some of our key customers with activities outside of Spain to broadening of our markets in countries such as Peru, Chile, Colombia and Morocco.

In the industry market we won the order for a new fuel storage facility for Vopak in Algeciras - the largest order in the Spanish market in 2012. We also signed a new contract with APM Terminals for the technical maintenance of their Cadiz terminal. The transition to energy services took shape with our acquisition of the contracts for the technical maintenance of a number of Endesa power plants on the Canary Islands as well as the contract to provide the technical maintenance for the power plant Lada, owned by Iberdrola. We also focused on solar energy, for example as the partner of Abener Teyma Solaben.

Buildings: more focus on niche markets

In the Spanish project buildings market, we recently started with data centres, which are seen as an attractive market for the business unit. Our current main customers are large and medium-sized Spanish construction groups, instead of real estate companies and other end-customers (who used to be the main customers). This has had an impact on margins and cash flows as construction groups offer lower margins and longer payment terms. Our objective is to change our customer mix to real estate and other end-customers, although the current economic context makes it difficult.
For the buildings maintenance market, we are increasing our focus on multi-year maintenance contracts with public entities nationwide and increasing the medical maintenance and energy efficiency services. Further, we are exploring the opportunity to our energy efficiency services to Latin-America.
In 2012 we have won orders for the Gold LEED certificated technology in data centres for Interxion, Docalia and Telvent. Orders in the care & cure sector

Key figures Spain & Turkey	2012	Δ	2011 [1]
Revenue and other income *(in millions of euro)*	234	27.2%	184
EBITDA *(in millions of euro)*	(2.3)	(146.9%)	4.9
EBITDA excluding restructuring cost *(in millions of euro)*	3.1	(46.6%)	5.8
EBITDA margin *(excluding restructuring cost)*	1.3%		3.2%
Order book *(in millions of euro)*	334	59.0%	210
Capital employed, excluding cash and cash equivalents *(in millions of euro)*	158		89
Number of employees *(as at 31 December)*	3,260	78.6%	1,825

1 *Restated in accordance with IAS 8, see note 3 page 97.*

included the maintenance of medical equipment in nearly 600 SERMAS health centres, the (energy-related) maintenance in the new Burgos Hospital and maintenance management for the La Fe de Valencia hospital - one of the largest hospitals in Europe.

New growth markets within and outside Turkey

With the acquisition of 80% of the shares in AE Arma-Elektropanç we acquired one of the leading players in the Turkish building market for mechanical and electrical engineering services measured by revenue. Besides strong position in Turkey the company is a stepping stone in emerging markets such as the Middle East, Russia, Kazakhstan, Azerbaijan and various other countries in the region. Outside of Turkey, AE Arma-Elektropanç is acting as a subcontractor of Turkish construction companies. However, in 2012 the results of Arma have not yet been as expected.

Our strategy is aimed at broadening our services portfolio to include segments such as industry, data centres, water treatment and waste-water treatment.

A healthy economic situation in Turkey

In Turkey the demand for high-quality, energy-efficient technical solutions was high. In Istanbul our activities included the expansion of the Piri Reis University, the Anthill Residence luxury apartment complex and the Kuveyt Turk Bank Operations Centre. The order for the technical infrastructure in a new LEED Gold Unilever ice-cream factory was the first proof of our further market diversification.

Growth of activities outside Turkey

In Russia work continued on the technology (energy distribution, integrated security and building automation) in the 339 metre high Mercury City Tower. New Russian orders were received for the technical solutions in two 345 metres high office towers that will be built in the centre of Moscow and the extension of Pulkovo Airport in Saint Petersburg. In Azerbaijan new orders were received for technical solutions in Socar Tower (the head office of SOCAR, State Oil Company of Azerbaijan Republic) and the new Shahdag Hotel and Villas project. Work continued on various projects in the United Arab Emirates, including in Abu Dhabi.

Outlook

Although our approach in relation to the difficult Spanish market conditions is bearing fruit, we will remain under pressure in 2013.

We are in a good position for further growth not only in Turkey but also in various emerging markets.

NORDIC

Our Nordic division is one of the strongest technical services providers in Scandinavia (Sweden, Norway and Finland). This position has been built up through the three larger acquisitions specialised in mechanical services (2008), electrical services (2010) and energy technology (2011) plus a large number of smaller add-ons to reinforce geographical or technological positions.
We generated 805 million euro revenue and other income in 2012 with our 4,937 employees through our dense regional network of 156 branches. As the level of integration of the recent acquisitions has been too low, we started in 2012 a new strategy for further integration. This new strategic direction includes (1) rebranding of the acquired businesses by adopting the brand name Imtech, (2) co-location of smaller branches in order to facilitate coordination and reduce costs through economies of scale and (3) setting up a new sales organisation for nation-wide service customers.

Market conditions in Scandinavia vary, with demand being higher in Norway and Northern Sweden than it is in Southern Sweden and Finland. Over the past few years the overall economy in the region has weakened. Although this has led to uncertainty and, as a consequence, lengthened the investment decision process, our strategy of clustering technological competencies with added-value for customers has enabled us to respond successfully and achieve further organic growth. In 2012 the Nordic division's overall EBITDA rose by 9.0%.

Growth through multidisciplinary co-operation and acquisitions

Our total portfolio includes numerous technological competencies and integrating the commercial activities of the acquired companies will, in our view, create growth opportunities. In Sweden we have virtually nationwide coverage with a wide range of activities in many market segments and in Norway we occupy a strong position in a number of regions including Oslo. Our differentiating energy technology expertise is opening the door to numerous opportunities. In 2012, in advance of the formal introduction of Imtech Nordic, 20 branch offices (mechanical services, electrical services and energy technology) were merged. This alone led to cross-selling and growth. We also started initiatives aimed at achieving an unambiguous financial back-office, the clustering of IT systems and, first and foremost, better procurement conditions through offering the market larger volumes. These initiatives will, in time, lead to cost savings.
We have also introduced multidisciplinary task forces so we can offer a technical total approach for larger and more complex projects.

During 2012 four smaller add-on acquisitions with a combined revenue of 20 million euro were completed. In Sweden the industrial position was strengthened with the acquisition of Värnamo Elservice (Småland region), VVS Montage i Dalarna (the mining region of Börlänge-Ludvina-Falun) and Fagersta Industri EL (Fagersta and surrounding area). As our goal is to occupy a strong position in every Norwegian metropolitan area we acquired Steinar Holbæk, which has a strong position in the Norwegian growth region of Kristiansand. A small business unit specialised in lift technology was sold as this is not one of our core activities. We opened offices in the 'white geographical areas' of Södertälje, Varberg and Partille.

In December 2012 we announced the acquisition of the multidisciplinary technical player EMC Talotekniikka in Finland. In January 2013 we finished the transaction after receiving approval of the local market authorities. EMC Talotekniikka is active in the buildings and

Key figures Nordic	2012	Δ	2011 [1]
Revenue and other income *(in millions of euro)*	805	15.3%	698
EBITDA *(in millions of euro)*	60.3	9.0%	55.3
EBITDA excluding restructuring cost *(in millions of euro)*	60.3	9.0%	55.3
EBITDA margin *(excluding restructuring cost)*	7.5%		7.9%
Order book *(in millions of euro)*	761	18.7%	641
Capital employed, excluding cash and cash equivalents *(in millions of euro)*	615		561
Number of employees *(as at 31 December)*	4,937	4.0%	4,746

1 *Restated in accordance with IAS 8, see note 3 page 97.*

industry markets (new construction, maintenance and management including technical services), with nationwide coverage and revenue of around 100 million euro. EMC Talotekniikka specialises in total technical solutions in project management, energy solutions, building automation and the (technical and energy-related) renovation of older apartment complexes. A stimulation programme aimed specifically at such renovations is in operation in Finland. EMC Talotekniikka acts as the permanent technology partner for a large group of customers including Varma, Ovenia and Sponda.

Expertise in energy efficiency adds value

Energy saving and the reduction of harmful emissions are core components of the Swedish government's policy. Our expertise in energy technology led to our early involvement in numerous projects. Energy efficiency is, therefore a key component of the solution in many of the initiatives in which we are involved including projects for regional authorities such as the Regional Council in Karlstad and advanced thermal-energy solutions in the 'Tältlägret 7' apartment complex in Stockholm. In Lund, Sweden two research centres in the field of elementary physics and chemistry are being built. As well as acting as the energy coordinator for the project we are responsible for the heat-recapture system that plays a key role in limiting CO_2 emissions from the complex.

Growth in the industry market

Our strategy in the Swedish industry market is aimed at long-term intensive co-operation with customers, generally in the form of multi-year managed services contracts. This approach has led to spin-off in the form of additional projects in which our added-value is clearly visible. One example of this is the technology in a biomass power plant in Gävle for paper manufacturer Korsnäs. The 150 MW of electricity the power plant generates makes this regular customer's production virtually energy neutral. At Scania in Enköping an existing service contract led to a substantial electrical services upgrade. Here too the multidisciplinary approach worked because, at the same time, we upgraded various mechanical facilities, such as the high pressure in the production line. In the industrial laundry market we completed an innovative concept for more efficient steam production, including an energy-saving of nearly 20%, for the Lima and Storsjö laundries. We offer the (high) tension industry an efficient revision and repair service for industrial motors that enables customers to outsource all their motor-related requirements.

Services portfolio expanded to include energy networks and railway infrastructure

Expanding the market segments is an integral component of our strategy. Our focus is on energy networks and railway infrastructure. We were responsible for the technology in various convertor stations along the South-West Link, a large Svenska Kraftnät energy network, and for the rail infrastructure along a light rail link operated by Storstockholm Lokaltrafik, the transport authority in Stockholm. In this light rail project the heat generated when a tram's brakes are applied is converted into electricity and fed back into the network.

Care & cure: attractive growth

The care & cure segment is growing. The Swedish government in particular is investing in modernising hospitals. The largest order we received during 2012 is for the extension of the Karolinska Hospital in Stockholm – one of the largest and most up-to-date hospitals in Sweden. Our responsibilities include specific energy-efficient air solutions for heating and cooling and an innovative distribution system for medical gasses. Thanks to this and numerous other sustainable solutions this will be the world's first environmentally certificated hospital. Linköping University Hospital is undergoing an extensive renovation and expansion and we have been selected as one of the technology partners.

Retail: involvement in several city centre projects

The retail market is reasonably stable. New retail investments are mainly in the form of combined projects (shops, hotels, offices, housing, urban facilities etc.) in city centres. Examples include a multidisciplinary technical approach for the transformation of the city centres of Luleå and Hammarby Sjöstad (Environmental Building classification 'Gold'). One outstanding high-rise project is 'Tyresö View' to the south of Stockholm. Our largest on-going project is Kristianstad Nya Galleria – a city centre development covering over 86,000 m².

The public sector: investment level maintained

Investments in the public sector have remained at level and we are involved in numerous initiatives. As the technical energy partner for the new Lund Town Hall our responsibilities include the thermal energy and part of the energy-efficient technical infrastructure. The building is classified in the 'Gold' energy class and its roof is covered with 450 m² of solar panels. The Vasa Museum in Stockholm is undergoing a substantial expansion. We are responsible for advanced technical conditioning solutions in the museum, which is Sweden's largest tourist attraction. We are also taking care of the technological revitalisation of Stockholm Harbour Authority's monumental main building and installing the low-tension stations to which ships are hooked up while in the harbour. This is saving a considerable amount of energy.

Residential buildings: a focus on energy solutions

In the residential buildings market we focus on complex energy solutions. We were responsible for numerous energy innovations, such as thermal solutions, heat convectors, optimum ventilation and heat and cold storage in an apartment complex in Stockholm.
In Sundbyberg we are acting as the multidisciplinary technical partner for all the technical solutions and energy provisions in a sustainable apartment complex that is being constructed on the basis of innovative industrial prefabrication. We have also signed a national framework contract with Securitas in Sweden and have already equipped the first buildings with high-tech security solutions.

Outlook

The multidisciplinary clustering of activities under the Imtech Nordic flag, including the position we have now in Finland, offer our customers more and more integrated technical solutions.

ICT, TRAFFIC & MARINE

This operating cluster operates through three divisions: ICT, Traffic & Marine.

ICT division

ICT (information and communication technology) generated revenues and other income of 667 million euro. We deliver our services through a network of 43 branches in various key countries Germany, the Netherlands, Austria, Sweden, Belgium, Switzerland, the Philippines and the United Kingdom. Each of the countries is managed through a country head office. As of 31 December 2012, ICT had 2,422 employees.

The division's strategy is to build a leading ICT services company in Europe based on a strong coherent portfolio, the partnership with technology leaders as Cisco, IBM and Microsoft as well as realising cross-selling opportunities for the capabilities of the acquired ICT companies. Key portfolio items in the division strategy are (i) cloud solutions, (ii) managed services, (iii) customer services, (iv) business analytics and (v) business solutions. The aim is to change the product mix, meaning relatively higher contribution of the most profitable Business Support activities and lower contribution of the less profitable hard- and software sales resulting in a stabilisation of the business. Our key customers include, amongst others, the Dutch Ministry of the Interior and the Dutch Ministry of Safety and Justice, British Telecom and Hans Grohe. While most of our key customers are mid-size companies in various industries, the number of large-size customers is increasing.

Imtech ICT: added-value within and outside Europe

In 2012, as in 2011, our organic revenue from the ICT market increased substantially. Difficult market conditions in various countries did, however put pressure on the EBITDA margin. As a result, the EBITDA level, although still good, was lower than in 2011. Our strategy, aimed at the creation of added-value, was successful both within and outside Europe.

A strategy aimed at value creation

Customers are asking for IT as a Service - shared and tailor-made configurable IT software and infrastructure with high reliability, not necessarily involving the customer's own investment. We focus on integrated solutions with measurable added-value in Business Analytics (preparing existing operational data streams for strategic and tactical use), Cloud-based Infrastructures (virtualisation – multiple management systems that are active on multiple platforms simultaneously – of available computer infrastructure and networks), Managed Services (focused on critical business applications and complex IT environments), ERP software (software for managing business processes), Collaboration (co-operation in social networks in enterprises) and mobile IT solutions. Intensifying of our co-operations with strategic partners also fits within this framework. To this end we are a partner in IBM's Smarter Planet Strategy, of Cisco in the smart grids market and for integrated data centre platforms, and of Microsoft for Collaboration and Business Solutions. Although our focus is primarily on a wide variety of customers from the medium-sized company sector, we are serving an increasing number of corporate customers.

Growth in the German market

In the German ICT market we are represented by Fritz & Macziol – one of the larger players in the German market. Despite fierce competition we once again achieved robust growth. The acquisition of the FM-Tools® software packet means the added-value we offer also includes software for facility management in the public sector, including the energy sector. In the field of Business Analytics we

Key figures ICT, Traffic & Marine	2012	Δ	2011 [1]
Revenue and other income *(in millions of euro)*	1,313	13.0%	1,162
EBITDA *(in millions of euro)*	62.8	(25.1%)	83.9
EBITDA excluding restructuring cost *(in millions of euro)*	71.9	(14.8%)	84.4
EBITDA margin *(excluding restructuring cost)*	5.5%		7.3%
Order book *(in millions of euro)*	1,087	(1.7%)	1,106
Capital employed, excluding cash and cash equivalents *(in millions of euro)*	280		320
Number of employees *(as at 31 December)*	6,028	3.6%	5,816

1 *Restated in accordance with IAS 8, see note 3 page 97.*

developed specific software for data management, including for Bette and Lebenshilfe Stuttgart. New software was developed in the form of Dynamic Power Cloud Manager (DPCM) – a management control programme for complex server and 'private cloud' environments. In the public sector in Germany over 1,000 municipalities are now using our ERP (Enterprise Resource Planning) solutions based on Microsoft Dynamics NAV. We are also active in the mobile SAP applications segment, for example for SMA Solar Technology and Viessmann.

A stable position in the Swiss market
Strategic orders were received from the Swiss State Secretary for Economic Affairs and the Canton hospital in Luzern. We also received striking orders in the field of Business Solutions for local authorities, including from the Swiss Canton Graubünden, which includes cities such as Davos and St. Moritz.

Robust growth in the Netherlands
In the Netherlands we maintained the robust growth of the preceding year. Orders included the high-tech IT infrastructure in the new Dutch Ministry of Home Affairs and Justice in The Hague and in the Rijksmuseum in Amsterdam. We are responsible for the core of the ICT technology in a unique air measuring system in Eindhoven that not only measures the quantity of (ultra) fine particles at street level, but also links this scientifically with health, climate and behaviour. In the field of BYOD (Bring Your Own Device), which enables smart phones, tablets and other private equipment to be used in the working environment as well, we have entered into a partnership with Cisco and Vodafone. In the field of data management we differentiate ourselves in several ways, including a co-operation with Cisco in the field of large and complex database management based on Cloud Computing, for example for insurance company DAS Rechtsbijstand. We were also responsible for installing a strategic information architecture that enables highly-complex data to be managed at the Academic Medical Centre (AMC) in Amsterdam.

Sweden: a temporary set-back
From an international perspective the Swedish IT market is seen as the front-runner in IaaS (IT as a Service) and SaaS (Software as a Service) and is, therefore, an interesting market for us. Expertise in this field is shared actively internally. At the beginning of 2012 the largest IT outsourcing agreement in the history of our subsidiary, Qbranch, was signed with Swedavia – owner of the major airports in Sweden. The fact that the transition period lasted more than six months did, however, have a negative impact on the total EBITDA. In 2013 this outsourcing contract together with our existing contracts will be the fundament for strong recovery.

Austria: stability safeguarded by recurring business
In Austria our focus is on added-value in outsourcing. We supplied two large data centres to Red Bull and Coats and signed a long-term agreement with insurance company Züricher Versicherung.
The infrastructure business in Austria came under extreme pressure. The software we have developed in the field of total integrated logistics solutions has resulted in our being one of the leaders in this market. A substantial portion our activities in this market is recurring business, for example for France Post and Österreichische Post, not only in France but also in Serbia, Romania and Slovakia. We received an important European Award - the SAP Quality Award 2012: 'Celebrating Excellence in SAP Implementations Quality' – for our new mobile ERP application. Overall our performance was stable.

Belgium: margins under pressure due to challenging market conditions
In Belgium we were confronted with challenging market conditions, which led to pressure on margins. Even so, we managed to hold our own reasonably well, especially in the field of software development. We received exceptional orders from pharmaceutical company Sandoz (BI [Business Intelligence] as a Service) and dredger Jan de Nul (Monitoring-as-a-Service). In the care & cure sector our innovative MyHealthBox® concept was well received. MyHealthBox® is a combination of a web portal and a kiosk application that makes an optimum treatment process possible for patients and in hospitals leads to data integration with electronic patient files.

The UK: a good performance in a competitive market
Trends such as Cloud Computing, BYOD and The New Way of Working demand not only a flexible IT environment but also erase the traditional borders between telecoms and IT. This is called convergence. In the UK we offer a differentiating portfolio in which convergence and virtualisation in networks come together with a focus on both data storage and server technology. This led to a good performance in a competitive market. As a partner of IBM's Smarter Planet Strategy we installed

an Integrated Operation Centre (IOC). Partly on the basis of this high-tech dashboard for governmental steering information related to energy, traffic, education, waste management, etc., the government selected us as its preferred supplier for G-Cloud, Cloud Computing. This generated interesting spin-offs. Internal synergy between our local companies increased, for example through our co-operation with Severn Trent Water.

Growth in South-east Asia

Our activities developed well in Asia. Fritz & Macziol's South-east Asia business unit, with offices in Manila and Singapore, served a fast-growing market. The German business model is being rolled-out step by step in Asia and, in exchange, services are being supplied in Europe. In the Philippines our focus is on partnerships with IBM and Microsoft. We received important software orders from Globe Telecom and Philippine Airlines (PAL). Value added service (VAS®) was supplied to four Holcim cement factories and a terminal in the Philippines capital, Manila (VAS®).

Traffic division

In Traffic we generated revenues and other income of 155 million euro. In terms of revenue, we believe that we are a leading traffic technology provider in Europe. We deliver our services through a network of branches in our key markets the UK, the Netherlands, Sweden, Finland and on a project basis in other European countries. As of 31 December 2012 Traffic had 1,078 employees.Our activities in the traffic market are a mix of installation and maintenance projects and product development for dynamic traffic management, intelligent transport systems, and traffic safety and enforcement. Further, we are active in the parking market via our subsidiary WPS, which operates in eight countries. The parking activities mainly consist of production, sales and installation of parking systems. Our business is largely dependent on governmental budgets and our key customers include, amongst others, the Dutch Ministry of Public Works, UK Highways Agency and Transport for London.

We occupy a strong position in the European traffic market where we have provided various traffic solutions to hundreds of, mainly public sector, customers in Europe. We are active in the UK, the Netherlands, Belgium, Sweden and Finland and, on a project basis, in other European countries. We also export mobility solutions outside Europe. We are active in the (inter)urban market, the traffic enforcement and safety market and in high-tech traffic centres. We are also active in the parking market in eight countries via our own business unit - WPS. The main competitors in the traffic market are Siemens, Swarco and Telvent and in the parking market Scheidt & Bachmann and Skidata.

Imtech Traffic: a stable performance, technological integration

Despite lower government budgets due to economies and fierce competition we achieved a stable performance. Technological integration led to higher added-value for our customers. We performed well in the UK and Scandinavia.

Technological integration leads to higher added-value

The market trend is towards greater added-value at a lower price. Technological integration leads to greater differentiation. A good example of this is our new high-tech adaptive traffic management system, ImFlow, which won the international Intertraffic Innovation Award. ImFlow enables political goals in the field of traffic policy to be translated into real-time traffic management. Traffic jams and lost vehicle hours are reduced. Heavy goods vehicles ('eco driving') and the emergency services receive special attention. With ImFlow the performance of public transport is improved, emissions are reduced and traffic throughput, and therefore the accessibility, of cities and regions is increased. Our small, strategic, acquisition of Cutlas Common Database technology from Envitia has made coordinated strategic traffic management systems possible. Based on this technology we have introduced ImCity therewith answering the growing need to manage cities proactively by integrating traffic and other data, such as guiding the traffic from outside and inside the city to available parking sites.

A breakthrough in Ireland

In 2012 Dublin City Council awarded us a multi-year contract for the maintenance and management of its traffic management system. This involves the maintenance of 800 traffic lights and 1,800 public lighting bollards as well as the installation of a traffic management system including a glass fibre network The contract led to extra growth options, such as the maintenance of the traffic-related technology at Dublin airport and an operational contract for the Samuel Beckett Bridge in Dublin.

A good performance in the UK

We performed well in the UK. Setting-up a separate unit specialised in high-quality IP communications networks for ICT and camera applications resulted in the first application in Ipswich. A framework contract with the Highways Agency will involve installing the next generation of digital enforcement camera systems along the English motorways (HADECS 3.0). We installed a new generation of variable warning signs along the A20 and signed large management contracts in Nottinghamshire and Devon. As a partner of TfL (Transport for London) we maintain more than 40% of London's traffic infrastructure and were heavily involved for the coordination of traffic related to the Olympic Games in our area.

The Netherlands and Belgium: a stable position

The maintenance of the digital network (Motor Traffic Management system) along and under Dutch motorways progressed very smoothly. We received a new order for digital route-information on roads in the Dutch province of Utrecht, supplied the Noordwest Nederland traffic centre in Velsen and, as a spin-off, are connecting the traffic centre to the technical infrastructure and camera monitoring in the second Coen tunnel. We are also responsible for a high-tech back-up for all the Dutch traffic centres that will take over should these traffic centres be unable to guarantee the continuity of the traffic control. In Belgium our 'presence' is growing slowly but surely. Important is the order for the implementation and 25 years of maintenance of all technical solutions for the new tram link in Antwerp. In this project Imtech realises inter alia the automation, train signalling, traction power supply voltage, camera and telecom solutions and the tunnel technical systems. We also completed a parking technology project in the Gasthuisberg University Hospital in Leuven.

Scandinavia: an improved position

Our position in Scandinavia improved. In Sweden we installed a new Motor Traffic Management system along the E18 and E4 motorway and delivered the first ImFlow solution and traffic measurement system in Stockholm. In Finland, where we are a strong player in the field of traffic monitoring, we strengthened our position by acquiring two companies - SSR and Polar. SSR supplies total solutions in the traffic market, for example controllers, information systems, traffic systems and motorway systems. We are currently working alongside SSR in a number of tunnels in Finland. SSR's specialisms complement our existing expertise. This will lead to future growth.

Parking: technological demands are increasing

The technological demands for parking systems, especially those related to ICT, are increasing. Our Park@Advance technology programme meets these demands. Our performance was good in Brazil, the USA, Canada and Belgium, stable in the Netherlands and slightly worse in Sweden, France and Spain.

Marine division

In the marine market we generated revenues and other income of 491 million euro. We are a service provider and system integrator of technological solutions including control systems, communications, ICT, entertainment and navigation. The revenue is evenly split between projects and services and spread across a variety of sectors including naval, cargo offshore and yachts. We deliver our services through our outfitting centres in the Netherlands, Germany, the UK, Turkey, Canada and China plus through its worldwide services centres of 79 branches along the major international shipping routes and in the major shipbuilding centres. It is the only division that operates globally. As of 31 December 2012 Marine had 2,528 employees.

We work for around 1,000 marine customers in the naval vessel (logistic support ships, frigates, corvettes, patrol vessels and submarines), special ship (dredgers, offshore support ships, crane ships, construction ships and FPSOs – Floating Production, Storage & Offloading ships), offshore platform, cargo vessel (container ships, bulk carriers and other cargo ships), cruise ship, passenger liner, luxury (mega) yacht, fishing vessel and inland waterways vessel segments. The international competitors in the new construction market include L3, ABB, Siemens, Wärtsila, Rolls Royce and GE-Converteam, and in the services and maintenance market Telemar and McKay.

Imtech Marine: EBITDA fall, the order book recovers

Although the relatively low order intake in the preceding years led to a lower EBITDA and a reorganisation in 2012, during the year the order intake began increasing as the multi-facetted growth strategy began to bear fruit.

A multi-facetted growth strategy with the emphasis on added-value

During the year the various marine business units started operating under a single name: Imtech Marine. This has accentuated our 'presence' and strengthened our position as a leading player in the global marine market with activities in around 30 countries. We are focusing on achieving growth in two ways. Firstly, by expanding our service activities along major shipping routes by opening new service centres and secondly, by offering our total marine services portfolio at those service centres that used to focus primarily on navigation and communication technology. This strategy brings us closer to our customers and has also has led to more added-value, cross-selling and further growth as demonstrated a.o. in China where orders for various automated bridge systems have been received, for example for Cosco Nantong. Second tier of our strategy is to offer state-of-the-art life-cycle solutions and build long-term relations with our customers – from consultancy in the initial design phase, through the newbuild phase to servicing the ship during the full operating phase.

Increased service activities

Our service activities developed well. The scope of services offered by a number of our existing service centres has expanded and we opened new service centres in Brazil, Spain, Russia, Scotland, the USA, China and along the west coast of Africa. Our service position in Belgium was strengthened, primarily in the inland waterways market, through the acquisition of Van Stappen & Cada. Through these newly opened stations, a wider range of technical solutions can be offered and this has led to significant spin-offs and more added-value. We also started to expand our remote offering via our new Global Technical Assistance which monitors ships around the globe digitally, 24/7, from Rotterdam (the Netherlands), Houston (USA) and Singapore. More and more ship owners and operators are using this service. The early remote diagnosis and solution of technical problems results in more efficient exploitation of their ships. We manage over 5,000 ships via managed services contracts. New advanced support agreements (including remote control) were signed with Seaway Heavy Lifting and Jack up Barge. All these initiatives are leading to a substantial growth of our service activities.

Naval vessels: further growth

In the naval market we are well on course. In 2012 new international orders were received from South America, Turkey, the Middle East and Asia. We are involved in the Royal Netherlands Navy submarine maintenance programme and the construction of its new Joint Support Ship 'Karel Doorman'. Further, we are responsible for all electrical systems, including power generation and propulsion as well as the automation system for machine monitoring & control, on board three ships for the Turkish Navy. The order for the high-tech HVAC (Heating, Ventilation and Air Conditioning) on board two aircraft carriers under construction for the Royal Navy is on schedule. In Canada, as the technology partner of the Seaspan Shipyards, we are involved in the implementation of the Canadian government's National Shipbuilding Procurement Strategy (NSPS) programme – a total new build programme for the Canadian Navy and Coastguard Service. We are working on the first engineering orders.

Offshore and special ships: from prospects to concrete orders

The 'pipeline' of opportunity-rich prospects was well filled. We received orders from Damen Shipyards for the technology on board several of Fugro's deep-sea and seismic research ships and in Turkey we were involved in the implementation of a programme for diesel-electric push boats constructed by the Uzmar ship yard for Brazilian operator Hidrovias. These are the largest push boats ever constructed in the world. In the market for 'green' shipping we are achieving steady growth, for example with an order for innovative energy management and hybrid driven ferry boats in Scotland. In Hamburg we have set-up a competence centre for 'green' ship solutions. This centre will coordinate all our innovations related to energy efficiency and emission reduction.

Yachts remain an attractive market

The market for luxury yachts remained attractive with new orders from the Dutch yacht builders Amels & Koninklijke De Vries Scheepsbouw Aalsmeer and Oceanco, the German ship yards, Lürssen and Nobiskrug and the Italian ship yard Fincantieri. At Royal van Lent we installed a substantial technology package on board the longest yacht ever built in the Netherlands. Furthermore our office in Fort Lauderdale in the USA showed healthy growth.

Cruise ships: new orders in a competitive market

We are achieving steady progress in the competitive cruise ship market. As the technology partner of various yards, including the Meyer Werft in Germany, we are involved in the construction of cruise ships for Norwegian Cruise Line (NCL), a.o. the 'Norwegian Breakaway'. A number of cruise lines announced interesting investment and upgrade programmes. We received the first orders related to the mega-upgrade of the Carnival cruise line's 'Carnival Destiny' that has been carried out at The Fincantieri in Italy.

Cargo and fishing vessels; no recovery

The new-build cargo vessels market is not showing any signs of recovery and there are clear signs of over capacity. The volume in the fishing vessel market is also low. Despite the competitive market conditions in both segments our service activities are increasing.

Outlook

Our ICT strategy, which is aimed at the creation of added-value and increasing internal knowledge sharing, is progressing according to plan. Our focus on innovation in close co-operation with strategic partners is bearing fruit and our range of services, strategic portfolio and geographic presence have been extended further. We face our future in the ICT market with confidence.

In the traffic market technological integration and a number of long-term orders are safeguarding our continuity despite competitive market conditions. Our strong European position and export activities offer opportunities for further growth. Government economies can have both a negative impact (less market volume) and a positive impact (the need for technological integration and the efficient clustering of contracts).

In the marine market we are positioned for recovery. Our multi-facetted growth strategy aimed at creating added-value is bearing fruit. The degree of technological integration and automation continues to grow, which is a positive development for us. Our broad portfolio offers numerous cross-selling options. Sustainable technology is another growth driver. Our order book is well filled and the orders are of a considerably higher quality compared to previous years. Our service activities are showing healthy growth and there are numerous orders and serious prospects in other segments.

RISK MANAGEMENT

The developments related primarily to Poland and Germany that are explained in depth in our Report to Shareholders led us to the conclusion that strengthening the quality and effectiveness of our business controls is necessary. Subsequent findings In the Benelux, Spain and Turkey confirmed this conclusion.

In recent years our Group achieved robust growth. But although our systems and procedures for risk management and internal audits of projects by our group risk managers were revised and improved, they did not keep up with this growth. As a result a discrepancy arose which raised our risk profile. The situation was exacerbated by our involvement in more and more large and/or complex projects and the increased frequency of contractual risk sharing, which meant the risks we (were forced) to take grew in both number and size.

The need for improvements to our risk management system was, indeed, recognised in 2010 and, in view of our decentralised business model, a number of 'Councils' were set-up, including Councils for Risk Management and Insurance. The Risk Management & Insurance Council, which includes both the central and decentralised Risk Managers, will remain in place and will play a major role in the implementation of the improvements to our business controls that have been announced.

On 27 February 2013 Imtech announced the following measures:

- Reinforcement of shareholders' equity through a 500 million euro rights issue;
- A revision of the formulated revenue and margin targets for 2015;
- More stringent operational implementation of the business processes with a special focus on project management, working capital and cash generation;
- No acquisitions until 2015;
- Reinforcement of the quality and effectiveness of the business controls through a more stringent authorisation matrix, tighter management and monitoring of larger projects and the strengthening of the financial function and reporting;
- Revision of the management targets and the related variable income component in order to bring these in line with the new priorities and strategy;
- Strengthening of the Board of Management's operational role by expanding the number of members.

Many of these measures have already been set in motion. External expertise will be used to further strengthen our business controls. Training will also play an important role. This will not only focus on knowledge transfer, but also on the development of an appropriate company culture in which integrity, loyalty and critical thinking remain well balanced. The aforementioned measures will, when they are implemented, lower Imtech's risk profile and strengthen its financial resilience, risk management and internal control. The new risk management will be integrated in the total framework of Governance, Risk and Compliance. Also our Internal rules will be adapted and our employees will be trained to understand these rules and to comply with them. A further detailed description of our new risk management is also included in our Report to Shareholders.

The following text describes our Risk Management system as it was during 2012 before the announcement and/or implementation of the measures described above. The 2012 Risk Management system is addressing in particular actions to mitigate risks or consequences thereof. This Risk Management system will continue to be used, but applied more stringently, during the period of transition to the new, higher, standard of risk management and business controls, which will be part of the new Governance, Risk & Compliance framework.

Imtech risk management 2012

Imtech follows a pro-active risk management policy aimed at ensuring the proper functioning of risk management and internal control systems. The responsibility for risk management rests with the Board of Management. The objective is to estimate and, as far as possible, to control the major risks to which the Group is or could be exposed, to make possible the reliable achievement of operational and financial goals and to ensure compliance with applicable legislation and regulations.

Such systems can neither provide absolute assurance that our objectives will be attained, nor entirely prevent material errors, loss, fraud and contraventions of legislation and regulations. Such systems do highlight which (potential) risks are present so that control measures can be implemented. The Risk & Insurance Council plays a major role in this. Both the central and decentralised risk managers are members of the Council which, on the basis of the priorities determined by the Executive Council, formulates the risk policy. The objective is to meet the central risk management objectives while reinforcing the decentralised risk management function in order to embed risk awareness at a low level in the organisation.

Operational project risks
The number of larger and more complex projects in the form of performance contracts and DBMF-orders (Design, Build, Maintain and Finance - via third parties - in various combinations) in the market is increasing. As a result we are increasingly taking over responsibilities from customers. This type of project, which is generally carried out as a participant in a construction consortium or other form of co-operation, has a higher risk profile and is more complex in legal terms than traditional specification-based projects. Our Risk, Legal and Insurance departments work together at a decentralised level with the ultimate aim being an integral risk management approach based on 'Enterprise Risk Management'. This way of working, which in 2012 had not yet been properly implemented and sufficiently safeguarded in every division and operating company, will mean all the project risks we could face are specified clearly and are taken into consideration when deciding whether or not to accept a project.

At a Group (holding) level our risk management includes specific Corporate Guidelines including a stepped authorisation matrix. If the contract value of a tender/contract is higher than a (division) Manager is authorised to handle, the authorisation of his or her manager and/or the Board of Management is required and, in some cases, pre-tender estimates must be explained and discussed.

Our decentralised risk management approach to operational risks is based on a web application (Riskmaster®) and a special risk analysis method (GRIP®), both of which were developed in-house. Our divisions and companies use these methods to compile their own risk inventories. This enables us to carry out bid reviews, draw-up clear risk inventories covering a range of aspects including the customer, contract, project location, design, technology, materials, price structure, timescale, safety and co-operation, and implement risk mitigation plans. The Risk Council supports this process and, in consultation with (divisional) lawyers, proposal managers and/or contract managers, evaluates the risk management measures. All large project contracts are also examined during the tender phase and specifications are subjected to further risk analysis. Once a project has been awarded the risk plan should be checked regularly using 'early warning' systems and project reviews/audits. When a project is large or complex, a Contract Manager is added to the project management team.

All projects with an order value higher than 4 million euro, or that are located geographically outside the country in which the Imtech company concerned is based, or that involve a partnership with third parties, or that have an extra high risk profile (complex projects or special contracts), must be registered centrally. Projects that meet certain criteria require prior approval by the Board of Management. As indicated above, this procedure was applicable in 2012 and has now been reinforced with additional measures.

Other operational risks
Discussions with customers regarding additional work sometimes end in legal proceedings and claims going back and forth. These risks are, to a certain degree, covered by provisions. Some contracts also included so-called change of control clauses.

We are well insured against business and execution risks. Product liability is hardly relevant because we rarely develop our own products and generally purchase products from many different suppliers who are responsible for their own product risks.

Inventory risks are minimal because, as a general rule, materials are purchased on a project which means stockpiling is limited.

We always face the risk that an acquired company will not perform as we expected. This could lead to a number of risks including the impairment of capitalised goodwill. We endeavour to minimise this risk as far as possible during the due diligence phase.

The aim of our HSE (Health, Safety and Environment) see page 68, is to ensure all our employees and any involved third parties are properly protected so that the risks of job-related accidents, and claims that might arise from such accidents, are limited.

Management succession risks
We not only pay considerable attention to improving the quality of our management, we also endeavour to reduce the risks related to management succession. The loss of key staff, along with their expertise and experience, can

obviously affect our business operations and our result. Safeguarding management positions by keeping records of potential successors is, therefore, a permanent component of our risk management policy. Annual management reviews ensure that the Board of Management is/ kept informed of succession issues related to key positions.

Real estate risks
To retain maximum flexibility and minimise balance sheet risks, more than 90% of the property we are currently using is rented. The aim is to avoid accommodation being unoccupied and reduce costs by ensuring we have the right accommodation available in the right place, at the right time and at a price that conforms with the market.

Financial risks
Financial risks include debtors, liquidity, currency exchange rate and interest rate risks.

Debtor risk
As we serve around 24,000 customers varying from large to small, our debtor risk is very widely spread. To reduce the individual debtor risk we use various banking products (bank guarantees, letters of credit, etc.) and advance payments. In certain cases credit information supplied by specialist institutions helps us to better assess debtor risks.

Liquidity risk
We strive to limit our liquidity risk by guaranteeing that adequate credit facilities and bank guarantee facilities are available to support our operational activities. We refer to paragraph "Financial consequences" on page 26.

Currency exchange rate risk
Currency exchange rate risks play a limited role because our cash flows are predominantly in euro, the British pound and the Swedish kroner. Currency exchange rate risks arising from the purchase or sale of materials abroad are hedged through forward foreign exchange contracts. The amount involved is several tens of millions of euro. Our currency translation risks related to foreign subsidiaries are not hedged because, in practice, temporary fluctuations in exchange rates balance out over time.

Interest risks
The objective of our interest rate coverage policy is to hedge at least 50% of the interest rate profile of our net debt position as at 31 December. To this end we use interest rate swaps with terms that correspond as far as possible with the terms of the (bank) credit facilities.

Other risks
Our other risks include insurance risks, pension risks, market risks, compliance risks and climate risks.

Insurance risks
We follow a policy in which only the insurance risks that could have too great a financial impact on our continuity are covered externally. Such insurances are placed within our Group insurance programmes. We cover all other insurance risks internally as this is in general cheaper and more efficient. Where standard insurance policies are concerned we share best practices and, when relevant and interesting in terms of costs, we combine insurances. All our on-going insurance policies are analysed by an external insurance company/consultant.

Pension risks
Most of our employee pension schemes are based on defined contribution schemes. The pension provisions for most of our activities, including since 2012 the supplementary pension scheme for Dutch higher and middle management, are placed with industrial pension funds and insurance companies. In Germany the pension provision is self-administered. The consequence of an average wage scheme is that back service obligations related to pension schemes are limited to the indexing.

Market risks
Doing business involves risks, which are not the same for all the markets in which we are active. Our combination of technologies, our geographical spread and our presence in diverse markets and product/market segments make us less dependent on fluctuating market conditions. Market risks include economic, political and social risks.

Compliance risks
All our employees are regulated by the 'Imtech Corporate Guidelines' and during 2012 we were not the subject of any substantial fines and/or sanctions related to non-compliance in the context of fraud, antitrust, environmental legislation, etc. In the 'Imtech Business Principles', which are also applicable to all our employees, we endorse the United Nations' Global Human Rights Principles. During 2012 two reports were submitted under the Whistle-blower's regulation, both of which have been investigated and dealt with.

Climate risks
As a technical service provider we expect little negative effect of climate change on our business or resources. On the other hand we can help our clients with mitigating climate change with our GreenTech solutions.

Internal control

Imtech operates a system of regular internal reporting and a budgetary cycle that follows standard procedures and detailed guidelines. The financial reports are evaluated centrally and compared with the approved budgets. Forecasts are checked quarterly and, where necessary, adjusted. There are standard procedures for investments and disposals and also for the evaluation and approval of acquisitions.
On the basis of risk analysis the implementation and use of certain internal control systems in the various companies is investigated. The findings are discussed with the relevant companies and, when necessary, improvements are made. The follow-up of these improvements is reported by the companies and paid particular attention to by the Board of Management during regional visits.

Operating companies and business units carry out self-assessments using web-based questionnaires and an analysis model based on the COSO Enterprise Risk Management Integrated Framework. The questionnaires cover every possible and relevant aspect of business risk management, contribute towards a good underpinning and evaluation of the effectiveness and efficiency of the systems for risk management and internal control, and form the basis of the internal control statements submitted by divisions, operating companies and business units. The self-assessments are analysed by Group Control and discussed with the Board of Management. The findings are then discussed with the divisional management and used to improve the risk management process. To check the quality of the self-assessments they are reviewed on a regular basis by an independent advisor.

The main lines of the internal control, self-assessments and reviews, as well as the proposed measures and follow-up to these measures, are discussed and evaluated regularly with the Audit Committee in the presence of the auditor. he Supervisory Board is kept informed.
In view of the events that have come to light in the last months and that are addressed in more detail elsewhere in this report, it is clear that our risk management and internal control systems have not functioned at an adequate level. Shortcomings in project control, oversight and culture have been determined. As of early February 2013, the Board of Management has initiated various corrective actions with the support of external expert advisors. For the various improvement actions we refer to the paragraph “Operational Excellence” on page 30. These actions have been discussed with the Audit Committee and the Supervisory Board. Over the past months the Board of Management has significantly increased its control over the Group and such control is expected to further increase in the months to come with the goal to arrive at a level that is aligned with the size and risk profile of our company.

Following indications about possible irregularities, the Board of Management, in close consultation with the Supervisory Board, ordered various investigations by external experts (legal, forensic, financial and tax). These experts focused mainly on Poland and Germany. Our overall priority has been to produce reliable financial information for the 2012 financial statements. We ourselves also conducted substantial investigations in the other countries in which we operate, including the Netherlands, the United Kingdom & Ireland, Spain, Turkey, Sweden and Austria, to make sure that the financial information would be reliable. These actions were done by our internal auditor, other Imtech staff and loaned staff from a reputable accounting firm. Part of the actions was a process whereby the responsible general and financial management was given a one and only opportunity to confess any irregularities they were aware of.

Taking the above into account, the Board of Management is, to the best of their knowledge, of the opinion, that the above actions and investigations provide a reasonable degree of assurance, that the Financial Statements for the year 2012 are free of material misstatements.

The irregularities in various parts of our organisation as discussed in this report also impact our empolyees. We will address the relevant integrity issues in a training programme and reinforce our HR principles (as stated below) which form the basis of our HR policy. As we are a 'people business' with a strong decentralised basis, the quality of our decentralised management is important. This is the guiding principle for our HR policy that, to a great extent, is formulated by our HR and HSE Councils. In this section we give an overview of the HR developments in 2012.

HR-principles

We follow eight HR principles, which form the basis of our HR policy:

- Mutual trust: openness, respect, co-operation and the maxim 'agreed is agreed';
- Personal development: the personal growth of our employees leads to the growth of our company;
- Leadership: the constant improvement and development of our managers and focused concentration on leadership, team performance, achieving results and the introduction of new forms of working;
- The right people in the right place: continuous growth and development fitting for the employee's stage of life and complementary to the needs of our company;
- Employment conditions: our employment conditions package is market competitive and aimed at optimum individual performance and personal development;
- Work safety: health, safety and well-being are core issues for every employee in every function and in every working situation;
- A balance between work and leisure by seeking more flexible working arrangements, such as 'The New Way of Working';
- A balanced focus on people, planet, and profit, which is clarified in our CSR policy and expressed in various ways, such as the prevention of discrimination (zero reports in 2012) and facilitating access to decentralised representatives/mediators.

A broad cross-section

Our international workforce is diverse. Around 30% of our employees have been educated to a university or higher vocational level, 45% to an intermediate level and 25% to a practical technical level. The majority of our employees (80% or more) are covered by a collective employment agreement. By definition employees work in small-scale units and through their professionalism can make an above-average contribution towards our success.

Retention is key

Employee retention is a core component of our HR strategy. Employee involvement and satisfaction are important strategic HR cornerstones: The reasons why people leave and the level of employee satisfaction and involvement are important indicators of the quality of our (decentralised) HR policy. Good employment conditions and opportunities for personal development are key components of employee satisfaction. Generic and Imtech-specific training courses also play a major role as do coaching and on-the-job training. Whenever possible, when vacancies arise we first look for qualified candidates within our own organisation. A clear understanding of our employees' qualities and motivation promotes loyalty to our company.

Management Development and leadership

We pay attention to Management Development (MD) in the form of a Group MD policy linked to Divisional MD policy. We have an Executive Top Group of around 150 senior managers, 92% of whom are male and 87% are aged 45 or older. Our systematic inventorying of management potential make long-term continuity possible. We also have tools for harmonising employment conditions and succession planning. Our HR policy recognises management style as a key component for the development of values and standards within our organisation and the quality of our management as a determining factor for employee performance.

Management trainee programme

Our management trainee programme combines personal development, (technical) skills development and a good understanding of our organisation's structure and activities. We aim to make this type of management training, available in every division.

Attracting young management potentials

A regular inflow of young management potentials with a good grasp of the business world is important to ensure our long-term continuity. We put considerable effort into co-operation with technical training institutions. We also, in co-operation with regional training establishments throughout Europe, operate a work placement programme, with active mentoring and supplementary training courses.

Professional project management
The increasing complexity of projects and, therefore, their associated risks makes project management more important than ever. Within our organisation project management is a separate function group with three levels, senior, middle and junior, based on expertise and experience. (Potential) Project Managers are offered a training programme that is in line with the levels of the International Project Management Association (IPMA). To emphasise the importance of the role seniormanagement plays within project management, this subject was the theme of a Eurotop for the Executive Top Group.

Sales management
Improving sales performance is another HR challenge. In 2012 various expertise-exchange sessions were organised on a variety of themes including energy, water and airports. To increase cross-selling, sales teams have been combined at a national level.

'The New Way of Working'
Despite many of our activities being project-related we look at opportunities for introducing 'the New Way of Working' including optimising our ICT infrastructure. Flexible forms of working, boost diversity and open the way for recruitment from outside the traditional target groups.

Smart Recruiting
We use recruitment websites and social media to inform potential recruits, of the career opportunities available within our organisation.

HSE: Health, Safety & Environment
We accept our responsibility for the health and safety of people and for caring for the environment. We also accept that, while no working environment can ever be guaranteed 100% risk free, we have a duty of care to reduce risks as far as possible. This is why tasks that influence the working situation of our employees, customers and operating partners are analysed. If HSE risks are present we investigate whether they can be removed or reduced to an 'acceptable' level. We deem a risk in the workplace 'unacceptable' if there is a possibility that, not every employee will return home safe and healthy at the end of the working day. In more risky working situations, such as project sites, it is our standard practice to carry out an LMRA – a Last Minute Risk Analysis – on a daily basis.

The HSE Council focuses on harmonising our HSE policy on the basis of an action plan with the following priorities:

- Compliance with stringent HSE standards implemented in certificated control systems, such as ISO9001, OHSAS18001, VCA and ISO14001;
- Working on a solid safety culture and formalising this in a communication and HSE leadership programme supported by self-assessments and benchmarking tools;
- Achieving comparable accident frequencies in every division, with specific actions to reduce HSE risks in the work place to a minimum.

The sharing of HSE-related knowledge throughout the organisation is an important topic. We have a digital HSE portal (www.imtech.com/hse) at a Group level, HSE information is published on our divisional websites and we are developing an HSE culture programme. The HSE Council's objective is for our eight HSE principles to be understood and applied in every part of our organisation. The eight HSE principles can be summarised as follows:
- Safety first and foremost;
- Take responsibility;
- Use protective means;
- Tidy up;
- Stay informed;
- Prevent environmental damage;
- Fulfil agreements;
- Set a good example.

Our goal is zero accidents. Although a number of divisions have achieved this goal, as a Group we have not yet achieved this level. The underlying statistics vary between one division and another, partly due to legislation and definition issues. Our short-term target is to have reduced the accident (incident) frequency (IF) index by at least 25% of the 2010 figure by 2014.

Any accident that does take place is recorded, the incident is investigated and, if necessary, structural changes are implemented. The HSE Council is ensuring that the lessons learned are incorporated in HSE communications by publishing 'Learning from Incidents'. Sadly, in 2012 there was a fatal accident in Spain. This accident was investigated thoroughly together with the involved parties. The legal process will be completed during 2013.

HR focus points 2013

Apart from a reinforcement of our HR principles, we have formulated the following HR focal points for 2013:

- Achievement of our HSE priorities;
- Introduction and implementation of our HR Executives principles;
- A plan of approach for retention management;
- A further reduction of absenteeism through sickness;
- Expansion of our management trainee programme;
- Intensifying Smart Recruiting;
- Formulating a specific talent management policy;
- Promoting 'networking' and synergy, including sales management;
- The further specification of top management's role in project management.

European Works Council and representative bodies

Every division has its own representative structure with forms of participation and consultation. To a great extent the local representative structures echo those of our European Works Council (EWC). The European Works Council's agenda is, to a degree, determined by the priorities of our various Councils, our HSE policy and our CSR policy. The Central Works Council (CWC) forms a natural bridge to the European Works Council.

HR indicators

We recognise the following HR indicators:

Category	**Indicator**	2012	2011	2010
General	Number of employees as at 31 December	29,473	27,412	25,075
	Inflow percentage *(excluding acquisitions)*	16.9	15.8	14.2
	Outflow percentage	16.3	14.7	14.1
Efficiency	Salary costs per FTE *(in thousands of euro)*	44.8	44.3	42.5
	Training costs *(as a % of salary costs)*	3.3	2.9	2.9
Flexibility	Average age	41.1	41	41
	Number of employees aged 30-45 *(%)*	41.6	39.0	41.4
	Average length of service per employee	9.4	9.4	9.7
Diversity	Percentage of female employees	11.5	11.6	11.1
Absenteeism	Average sick leave per employee *(%)*	3.1	3.3	3.7

All over the world major challenges are being faced: how to provide an increasing population with the necessities of life when the earth's natural resources are dwindling; how to do this while reducing the greenhouse gases that are bringing about climate change, and to do this while the economy in many countries and regions is in a state of crisis. While accepting that the rapid technology-driven 'progress' the world has undergone in the past 200 years has, in some cases, caused some of the problems now being faced, we firmly believe that new, innovative, technology can play a key role in finding solutions. And as a technical services provider we want to make a positive contribution towards this. This is why we take our Corporate Social Responsibility (CSR) so seriously and have made it a core component of our policies and activities. CSR at Imtech means helping to meet the world's growing economic, environmental and social needs in responsible ways.

One of the ways in which we can increase our positive impact is through 'GreenTech' – our label for sustainable solutions. In 2012 around 30% of our work was in this category. The added-value we provide our customers in this way is important, but so is making our own business operations as sustainable as possible.

This section is a summary of our CSR-Report 2012. The full text can be read in the on-line version of this Annual Report, see www.imtech.com/annualreport2012. In 2012, important steps have been taken to increase the awareness of our empolyees regarding our CSR-topics.

The irregularities in various parts of our organisation, as discussed in the previous sections of this report, reinforce the need to further develop a CSR approach that addresses our most relevant issues, supported throughout the entire Group. In 2013, we will therefore reexamine our topics, KPI's, results and targets, as to better adapt the programme to the current situation at Imtech.

About the CSR Reporting

We believe it is important that we tell our stakeholders how we are fulfilling our Corporate Social Responsibility. Which is why we have opted to incorporate CSR in this Annual report. Examples of our sustainable solutions are included in earlier sections of this Annual Report. This section reports and explains our progress in making CSR an integral component of how we do business.

The information in this report has come from various sources within the organisation. Every division supplies information based on our CSR performance indicators. We report in conformance with the GRI (Global Reporting Initiative) guidelines at Level C.

ISO26000 - progress in 2012

	Status 2011	Status 2012	Approach
Recognising Corporate Social Responsibility (CSR)	Complete	Complete	Integrated in all communications. A topic on the agendas of various committees.
Identifying and engaging with stakeholders	Complete	Complete	A different approach per type of stakeholder and per division.
CSR and organisational characteristics	Complete	Complete	A topic in the CSR Council.
The understanding of CSR within the organisation	Well underway	Well underway	The impact and influence has been formulated. We are continuing to work on raising internal awareness.
Selecting CSR initiatives	Well underway	Well underway	In accordance with formulated criteria. Corporate programmes and programmes per division.
CSR communications and reports	Well underway	Well underway	Integrated Annual Report, GRI report in on-line Annual Report, annual CSR magazine. Internal CSR campaign in respect of 9 core issues.
Increasing credibility	Well underway	Well underway	Expand GRI declaration, pilots for validation of environmental indicators at a business unit scale.
Evaluation and improvement	On-going	Well underway	An annual self-assessment for all divisions.

ISO 26000
To be in-line with global definitions, we use ISO 26000 as a guideline for business operations. ISO 26000 is complementary to international conventions and treaties, such as those of the ILO, OESO and UN. which we endorse implicitly by applying ISO 26000. These conventions provide a framework for, for example, the content of the HSE policy (Health, Safety & Environment) and the Code of Sustainable Supply.

The organisation
The responsibility for monitoring our performance in economically, environmentally and socially responsible ways, rests at the highest level and, on the instructions of the Supervisory Board, falls within the remit of the Board of Management and the Executive Council. These bodies are responsible for formulating the policy of the CSR Council. The CSR Council, which comprises managers from the Group and the divisions, is responsible for formulating the Group CSR policy and for the implementation of this policy within the divisions. The CSR Council reports to the Supervisory Board, the Board of Management and the Executive Council on a regular basis. The CSR principles are an integral component of our Business Principles (see: www.imtech.com/corporategovernance-downloads) and form the basis for various (internal) Group regulations, such as the Code of Sustainable Supply, the HR principles, the Competition Compliance Manual, the Whistle-blower's regulation and the HSE policy. Specific CSR targets form part of the remuneration policy for CSR Council members.

Staying in touch with our stakeholders
We are part of the community and are aware that staying in touch with our stakeholders and consulting them regarding specific themes contributes towards our continuity. Our stakeholders include our customers, employees, shareholders, co-makers, suppliers, government, municipalities, financiers and NGOs (non-government organisations). The quantity and type of information needed by each of these groups of stakeholders varies. So does the best way to communicate this information to them. For some groups of stakeholders - major customers, shareholders, investors, NGOs and suppliers – the best way is often means personal contact. For other groups the best way is via press releases, Works Councils, our website and social media or specific informative meetings. When projects that will have a direct impact on the physical environment of the local community are involved, we organise information sessions. Agreement regarding prioritising social issues is reached with in dialogue with NGOs and Sustainable Investor Associations. The outcomes of these dialogues in 2012 are incorporated into the evaluation of our policy. Dilemmas such as paper usage or the CO_2 compensation method, are discussed with various experts in the field of impact analysis.

In Spain, where we are working towards attaining 'Distinctive of Equality in a company' certification, we have intensified our dialogue with stakeholders, for example through co-operation with the Downs Syndrome Foundation, the San Francisco de Borja Foundation (care of the handicapped) and AENOR (foreseen audit for 'Social Responsibility Management System' certification).

To assess our progress in CSR communication we participate in the Ministry of Economics' Transparency Benchmark, the Carbon Disclosure Project, organised by investors, and the CO_2 performance ladder, initiated by ProRail and the Dutch government. How well our Annual Report meets the information needs of our stakeholders is also evaluated every year. For more information see www.imtech.com/annualreport2012-benchmarks.

Impact and influence
The nature of our business and the characteristics of the sectors in which we operate play a major role in our selection of relevant CSR topics. We have evaluated the impact our activities have on their surroundings and the extent to which this impact can be influenced positively. After that, we have taken both these characteristics and ISO 26000-related aspects into account when formulating our performance indicators. We have also involved relevant internal and external stakeholder groups in this process. An overview of our organisational indicators, our impact on our surroundings and our choice of CSR topics is shown on the next page.

CSR topics

Organisation and sector characteristics	Impact on the surrounding area	CSR Topics
We are a technical services provider	In our operations, we identify material issues like energy, waste, CO_2 emission. Sustainable solutions are a spearhead for combating climate change and preserving biodiversity.	GreenTech
The end result - service provision - spans the chain in co-operation with suppliers and customers	Our success partly depends on a chain of partners and we aim to contribute to a responsible chain. Our Code of Sustainable Supply leads to sustainable co-operations.	Supply Chain
Employees are a critical success factor	Our operations impact our employees' health and safety. HSE policies and CSR awareness contribute towards a proactive (safety) culture.	People & HSE
Employees travel a lot and there is a large vehicle fleet	CO_2 emissions impact climate change and need to be reduced through actions such as adjusting the vehicle fleet and Implementing new ways of working.	CO_2 reduction
Many work sites	CO_2 reduction through co-operation throughout the chain, the use of information technology, energy-saving measures and the purchase of green electricity.	
The largest waste stream is paper	The production of paper threatens biodiversity and consumes limited resources. We aim to protect biodiversity and reduce raw material consumption by using less paper and closing the paper cycle.	Paper usage
Considerable waste at project sites	Much of the recyclable waste we produce uses up large amounts of the world's available resources. By optimising our waste streams aimed at re-use and recycling, we are lengthening the life span of our resources.	Waste reduction
Possesses the technology and expertise to help solve social challenges	Our operations impact the community where we operate. We aim to support their interests and concerns through investment in development projects, start-ups and knowledge exchange.	Corporate Citizenship
Stock exchange listed, sustainable investors are an Important stakeholder group	We aim to be answerable to all stakeholders, including investors, for the way in which their money is managed. We increase transparency by improving our reporting, including of non-financial performance indicators.	CSR Standards

Overview of topics, KPIs, actions, results and targets

CSR Topic	Key Performance Indicator (KPI)	Achieved actions 2012
GreenTech	The percentage of total revenue derived from GreenTech.	Definition of GreenTech formulated.
Supply Chain	Percentage of multi-division framework contracts with signed Code of Sustainable Supply (CoSS).	Self assessment of suppliers via the website on core topics: labour; health & safety; environment; management system; ethics.
HSE	Absenteeism through sickness percentage. Number of works accidents with fatalities.	HSE Council monitoring of HSE results at all project sites. HSE topics a spearhead in internal communication.
People	Employee satisfaction.	Due to reorganisation focus on work-after-work.
	CSR awareness.	Internal awareness campaign for employees developed.
CO_2 reduction	Totale carbon footprint.	100% Integration with financial reporting in 2012.
Paper usage	Paper usage reduction, closure of paper cycle.	Printer settings adjusted. Purchase of recycled paper and CO_2 compensation. Separate processing of waste paper for recycling.
Waste management	Optimisation of waste streams aimed at re-use and recycling.	Waste pilot for monitoring waste streams at project sites in the UK.
Corporate Citizenship	Contribute towards development projects and facilitate start-ups, knowledge exchange and development.	SSDC project in Peru. Investment in start-ups, contribution towards dissertation prizes and talent events, organisation of energy seminars.
CSR Standards	Visibility in external reports and benchmarks.	Active participation in Carbon Disclosure Project, Transparency benchmark and Dow Jones Sustainability index.
	Validation of non-financial performance indicators.	Successful pilot carried out by Tüv Nord to verify the environmental indicators compared with ISO 14064.

Results 2012	Results 2011	Strategic targets 2012-2015
GreenTech 30% total revenue.	GreenTech 30% of total revenue.	Annual increase of share of GreenTech.
36% of the multi-division framework contracts have signed the CoSS.	18% of the multi-division framework contracts have signed the CoSS.	60% of the multi-division framework contracts have signed the CoSS.
Absenteeism through sickness 3.1%. 1 work-related fatal accident.	Absenteeism through sickness 3.3%. Zero work-related fatal accidents.	Absenteeism through sickness ≤ 4%. Zero work-related fatal accidents per annum.
83.7% retention. Training expense 3.3% of the wages bill.	84.2% retention. Training expense 2.9% of the wages bill.	Retention ≥ 85%. Training expense >2.5% of the wages bill.
Campaign developed and approved by CSR Council.		Increased CSR awareness.
103 kiloton CO_2 emissions (3.5 ton per employee).	106 kiloton CO_2 emissions (3.6 ton per employee).	15% reduction of CO_2 emissions per employee compared with 2011.
37 kg paper (or paper intensity) per employee.	53 kg paper (or paper intensity) per employee.	Paper usage per employee reduced by 30% compared to 2011.
		Monitor waste at project sites. Set benchmark.
SSDC Peru completed, local solar-energy prototype under development.	SSDC water project in South Africa completed, SSDC-project in Peru prepared.	Continue contributing towards social development.
Start-up investments (Group level).	Start-up investments (Group level).	
Talent event (Group level).	Talent event (Group level).	
TPB 139 points (70% score).	TPB 109 points (54% score).	Achieve 75% of maximum score.
DJSI 56 points (56% score).	DJSI 42 points (42% score).	Achieve 70% of maximum score.
		Expand external validation.

GreenTech

We want to make a difference with sustainable technology. Under the motto 'Technology that Improves Society' we supply technical solutions that help our customers cope with the challenges of today and tomorrow. These projects come into the category GreenTech. Until 2011 we defined GreenTech as projects that 'made a sustainable contribution towards the customer's business operations'. In 2012 we saw the need for a more clear-cut definition so that this portion of our revenue could be measured more accurately. We now use GreenTech more specifically to mean 'projects that help reduce the customer's environmental impact'. In 2012 such projects accounted for around 30% of our total revenue (2011: around 30%).

GreenTech focuses include:

- energy efficiency in buildings, data centres, industry, ships, airports, etc., including interaction with smart grids;
- sustainable energy generation;
- increasing the efficiency of fossil fuel energy generation and reducing harmful emissions;
- reducing emissions of fine particles by road traffic through intelligent mobility solutions and traffic technology;
- achieving clean water and preventing water pollution through sustainable technological infrastructure in water treatment centres.

Sustainable and conventional technology

A significant portion of our services comprises sustainable technology, yet we do also supply conventional solutions. This is a considered choice. Although the share of GreenTech will increase further we have not lost sight of the importance of a broad portfolio. Offering a broad services package, and by doing so achieving stable growth, is in the interest of all our stakeholders. It goes without saying that we endeavour to implement conventional technology in the most sustainable way possible and to discuss alternative options with the customer.

Supply chain

We operate mainly in well-developed areas where employment conditions, business ethics and environmental aspects are often regulated by legislation, yet we do purchase materials from suppliers who may have partners in countries in which this may not be the case. The criteria we consider priorities in the context of our social responsibility are stated in our Code of Sustainable Supply (CoSS). After compiling an extensive inventory of initiatives in this field within the chain and consulting a number of procurement contacts we introduced the new CoSS in December 2011. To date this Code has been signed by 36%of our centrally-organised framework contracts. We realise that the progress in CSR policies achieved by our suppliers and subcontractors varies. The CoSS can, in some cases, provide guidance for 'stragglers'. The CoSS describes very clearly the targets we, in co-operation with our suppliers, want to achieve in areas such as Health & Safety, Ethics and Labour. The full Code of Sustainable Supply has been published on www.imtech.com under www.imtech.com/csr-chain-responsibility.

HSE policy (Health Safety & Environment)

Safety is always our top priority. We aim to have zero fatalities and no incidents that harm people or put our neighbours at risk. We are working to keep our employees safe by focusing on tackling the cultural issues that can lead to unsafe behaviour. Our company-wide initiatives are helping to strengthen our safety culture. Our goal of zero fatalities captures the belief that we can operate without fatalities or significant incidents despite the often difficult conditions in which we operate.
To support this aim, we continue to roll out initiatives to strengthen our safety culture. This includes improving the safety leadership skills of staff, sharing best-practices, rewarding successful performance and enforcing our HSE principles through a HSE campaign.
More information is included in the Human Resources section on page 68.

CO_2 reduction

The calculation of our carbon footprint is based on ISO 14064 standards and the Scope 1 and Scope 2 classifications specified in 'The Greenhouse Gas Protocol'.

- Scope 1 emissions are: all direct emissions from assets
- we own, rent or lease. In practice this means all emissions resulting from our gas consumption and from the fuel consumption of all our cars and vans;
- Scope 2 emissions are: all indirect emissions resulting from the generation of electricity.
- We do not calculate indirect emissions classified as Scope 3. This is an optional reporting category and encompasses all emissions arising from the execution of a company's activities. The thousands of projects we carry out at customers' premises every year makes calculating this category of emissions extremely

complex. A major portion of our emissions that could be classified as Scope-3-emissions comes from our fuel usage. These emissions are included in our CO_2 footprint as Scope-1 emissions.

Our carbon footprint for 2012 was 103 kilotons of CO_2 (2011: 106 kilotons of CO_2). The reduction is due to the measures we have implemented, such as 'greening' our vehicle fleet and optimising our ICT infrastructure for 'The New Way of Working'.

Composition of our 2012 carbon footprint

We have been working on reducing our energy use for a number of years and, to this end, have also agreed targets with our stakeholders. One example of this is our Multi-year energy efficiency agreement (MJA3) with the Dutch government.

Examples of initiatives aimed at reducing energy use include:

- 'Greening' our vehicle fleet;
- Using fuel-saving petrol or diesel for our vehicle fleet and, whenever possible, 'green' fuel, ethanol or other
- Bio fuels;
- 'Greening' our own offices;
- Purchasing sustainable energy, office requisites and printing;
- Using alternative meeting methods, such as tele-conferencing, video-conferencing and 'The New Way of Working', to limit travelling within our organisation;
- Developing Office-WISE®: an application to reduce energy usage in our own offices;
- Conducting pilot trials using electrical service vans within a limited radius, some in partnership with Mercedes;
- Compensation through carbon credits, including from our own energy savings (Corporate Citizenship) projects in South Africa.

Corporate Citizenship: solar energy in Peru

We aim to share our know-how, resources and technical solutions with local communities in the regions where we operate. Nowhere in the world does the sun shine as brightly as in the Colca Valley in Peru. Despite this there was only limited use of this energy source and hardly any technological applications for heating had been developed. This had direct consequences for the welfare and quality of life of tens of thousands of people in the region. In 2012 we installed solar-powered heating and hot water facilities in a health centre, a children's' day care centre and nursery schools.
The investment involved amounted to 0.7 million euro. We worked on this project together with various local companies, a regional university and the Dutch SharePeople NGO. We also organised an awareness programme at local schools. Due to the potential of solar energy in this high-altitude region we are investigating the possibility of developing a low-cost (made from local components) prototype that can be used throughout the Colca Valley on the basis of the solar energy applications we have achieved.

Coping with dilemmas

Investing in Corporate Social Responsibility sometimes seems to create dilemmas. One of the examples is that as a stock exchange listed company we have a responsibility to achieve good financial results for our shareholders. Although this could create friction as far as investments in sustainable solutions are concerned, we believe new technologies play an important role because they will increase the company's value. Shareholders and NGOs, follow our progress in this field and watch closely to make sure we are making well-considered choices.
Another example is our decentralised organisation. This sometimes makes effective implementation of central policy complicated.
Most of our contribution on the economic, environmental and social fronts is made decentrally in our divisions and countries. The Board of Management inspires, facilitates and formulates the central policy, but the implementation takes place at a far lower level within the organisation. This sometimes causes friction. During the coming year we will assess our CSR policy and its implementation decentrally so it can be customised and developed further.

Another dilemma in our efforts to achieve sustainable business operations is the diversity of the workforce. The difficulties this involves for a technical concern like ours is demonstrated by, for example, the low percentage of women on our payroll (11.5%). Although we expressly invite women to apply for positions the number of female technicians available is limited. As far as non-technical positions are concerned the percentage of female employees is at benchmark level. We are working to improve our diversity performance – currently 29% of the participants in our management trainee programme are women.

Communication

Because of our decentralized business model, the various divisions gear their CSR policy to the local impact and stakeholders. Ultimately our employees are the deciding factor, for both our quality and sustainability performance. Raising awareness through targeted communication is, therefore, vital. In this context the following activities were carried out during 2012:

- The publication of a CSR Magazine, which included an appendix containing the entire CSR report and GRI table;
- The publication of CSR Council reports in our magazines;
- The organisation of various workshops during which CSR impact, opportunities and ideas were discussed;
- Communications via the CSR community and via social media that enabled employees to exchange ideas and organise co-operations.
- 'Imtech promotes green talent'; an international ideas competition for 'green technicians' within and outside our company organised via the social media.
- This campaign reached 80,000 people;
- The roll-out of the International HSE campaign with
- HSE principles in many languages;
- The development of an international CSR awareness campaign 'Imtech & CSR, what can you do?'

This campaign aimed at all employees sheds light on nine core issues using videos and digital flyers, including a YouTube HSE channel. External communication is also high on our agenda. We feel it is our duty to share sustainable initiatives. Whenever possible we participate in seminars within and outside our activity sectors and at universities. We also participate in sustainability discussions within the technology sector. In Germany, for example, we organise an annual energy seminar during which the route to a sustainable future is discussed with the business world at a high political and managerial (EU) level. Our CSR Magazine is another component of our external communication policy because in the magazine we justify our claims and reveal our best practices.

For more information

The consequences and results of our CSR policy are included in the on-line version of the Annual Report www.imtech.com/annualreport2012. This is where more information about other issues like waste management, corporate citizenship, sustainability initiatives, environmental systems, benchmarks and awards we have received in the social field can be found.

Accountability based on GRI

One of the dilemmas is whether or not to have the information assessed by a third party. Although some topics have, to an extent, been verified, this is not the case for all topics. We are striving to expand the verification, but during the coming year will first assess our processes internally and, if necessary, improve them. As optimising readability while meeting the information needs of our stakeholders is our guiding principle, the reports do not include items that have not arisen during the year under review or that are not applicable (such as sanctions that have not arisen, human rights that have not been infringed, etc.). This report has been compiled in consultation with the GRI guidelines. Imtech declares that the report complies with the GRI application level-C. The complete GRI table, including explanations where this is deemed relevant for our target groups, is published on our website: www.imtech.com/annualreport2012-gri.

CORPORATE GOVERNANCE

Royal Imtech N.V. ('Imtech') is a large company (under a mitigated regime in accordance with Article 155 of Book 2 of the Netherlands Civil Code). Imtech is managed by a Board of Management ('BoM') under the supervision of a Supervisory Board ('SB') (a so-called two-tier management structure) and also has a Central Works Council ('CWC') and a General Meeting of Shareholders ('GMS').

The objectives of Corporate Governance are good business practices (honest and transparent dealings by the management) and good supervision of (and accountability for) this management. The Dutch Corporate Governance Code (Government Gazette 3 December 2009, No. 18499, hereafter 'the Code') is applicable to Imtech and is formulated in principles and best practices, which Imtech fully endorses.The principles and best practices of the Code have been implemented in regulations, Articles of Association, charters and other rules and codes and have been made public via this Annual Report, the Report of the Remuneration Committee 2012 and the website.

Board of Management

The BoM is entrusted with managing Imtech and represents Imtech. The BoM is responsible for the achievement of the targets, strategy (with related risk profile), financing, development of the results and Corporate Social Responsibility. The BoM is also responsible for the internal risk management and control systems related to business activities and for compliance with all relevant legislation and regulations. It has specified its responsibilities, composition, and working method within the BoM in Rules governing the BoM's principles and best practices. The BoM submits all relevant information to the SB and/or its Committees in good time and is accountable to the SB and the GMS. In accordance with the Articles of Association certain decisions of the BoM are subject to the approval of the SB and the GMS.

The BoM notifies the SB and/or its Committees, in writing, of the main lines of the strategic policy, the general and financial risks and the internal risk management and control systems. The BoM submits to the SB for approval:

- the operational and financial targets;
- the strategy for achieving these targets;
- the parameters to be applied in executing the strategy, for example in respect of the financial ratios, and
- the relevant aspects of Corporate Social Responsibility.

The internal risk management and control instruments applied by Imtech are:

- risk analyses of the financial and operational targets;
- guidelines for the preparation of financial reports and for the procedures to be followed;
- a monitoring and reporting system;
- business principles and a whistle-blower's regulation.

The BoM determines, with the approval of the SB, which portion of the profit will be reserved. The remaining profit is at the disposal of the GMS. The dividend policy is to distribute 40% of the net result excluding exceptional items to shareholders and, depending on the choice of the shareholder, to make this dividend available in either ordinary shares or cash charged to the reserves. The company is not allowed to pay cash dividends as long as it has not reached a leverage ratio of < 2.0× EBITDA.

By virtue of its designation by the GMS, the BoM, with the approval of the SB, is authorised to issue ordinary and/or financing preference shares and to limit or exclude the shareholders' preferential subscription right (10% of the issued shares plus an additional 10% relating to an acquisition). By virtue of its authorisation by the GMS the BoM is also authorised to purchase Imtech shares. This designation and/or authorisation is requested from the GMS for the therein specified number of shares for a period of eighteen months. The BoM is authorised to sell the purchased Imtech shares, with the prior approval of the SB.

Pursuant to the Articles of Association the BoM may not, without the prior approval of the SB, participate in the capital of other companies, or invest in enduring manufacturing tools and real estate, if that participation or investment involves an amount of exceeding ten million euro. A proposal to oblige the BoM to obtain the prior approval of the SB before accepting projects of a nature and size to be specified by the SB is on the agenda of the AGM of 28 June 2013. Further limitations may be applicable in accordance with Imtech's authorisation matrix. Other BoM decisions subject to the approval of the SB are listed in Article 164 paragraph 1 of Book 2 of the Netherlands Civil Code. Rules have been introduced governing the functioning of the CoM (see website: www.imtech.com).

Supervisory Board

The task of the SB is to supervise the management of the BoM and the general course of business within Imtech.

The SB also advises the BoM. The SB members perform their tasks with the interests of Imtech and its stakeholders in mind, including the Corporate Social Responsibility aspects relevant for Imtech.

The SB draws up a profile that includes its composition and size (currently at least five members) taking into account the nature of Imtech, its activities and the desired expertise and background of the SB's members. The SB strives for a diverse composition including in respect of its members' age and gender. The SB discusses the profile and every amendment to the profile with the GMS and with the CWC. The profile can be viewed on the website.

The SB has formed three committees from amongst its members: an Audit Committee, a Remuneration Committee and a Nomination Committee and has specified the division of tasks and working method of the SB and its committees in charters. Each committee has a delegated authority. It advises the SB in respect of certain parts of its stipulated tasks and prepares the relevant decision making of the SB. The members of the Remuneration Committee and the Nomination Committee are the same.

The tasks of the Audit Committee are the supervision of:
- financial reporting and procedures;
- the policy in respect of tax planning;
- corporate financing;
- the application of information and communication technology;
- the functioning of internal risk management and control systems;
- the internal and external audit process, including compliance with recommendations and the following-up of remarks;
- the functioning and independence of the external Auditor; and
- supervision of compliance with legislation and regulations and the functioning of internal guidelines.

In 2013, the Audit Committeee's charter was changed to better reflect its risk monitoring function.

The tasks of the Nomination Committee are:
- the selection criteria and nomination procedures in respect of members of the SB and BoM;
- the profile, size and composition of the SB and BoM and the regular evaluation of the size and composition of the SB and BoM;
- the functioning of the SB and BoM members and the regular evaluation of this functioning;
- (re)appointments of members of the SB and BoM; and
- supervision of the policy in respect of the selection criteria and appointment procedures for higher management.

The tasks of the Remuneration Committee are the:
- BoM remuneration policy, including the:
  - share scheme for the BoM;
  - performance criteria and their application;
  - amount of the fixed and variable salary and the number of shares to be awarded;
  - amount of pension rights, redundancy schemes and other remuneration; and
  - remuneration report.

The SB appoints an external auditor to audit the financial statements proposed by the BoM, report on these financial statements and issue an independent auditor's report (unless the GMS made such appointment). The appointment may be withdrawn at any time by the GMS.

Appointment and Remuneration

The SB specifies the number of members of the BoM. The members of the BoM are (re)appointed and dismissed by the GMS. A BoM member is appointed for a period of four years and may, in principle, be reappointed. The (re)appointment takes place on the basis of a binding recommendation by the SB, following the advice of the Nomination Committee. The GMS can reject the binding recommendation by an absolute majority of the votes cast, if such majority represents at least one third of the issued share capital.

The BoM remuneration policy and amendments to this policy are proposed by the SB, adopted by the GMS and made available to the CWC for inspection. The remuneration of individual members of the BoM (including the awarding of shares) is determined by the SB within the framework of the remuneration policy and on the recommendation of the Remuneration Committee. The SB's remuneration report comprises a report of the manner in which the remuneration policy has been implemented in the preceding financial year and a summary of the remuneration policy the SB intends applying in the coming and subsequent years. The remuneration policy, the share scheme and the annual remuneration report can be viewed on the website. The main lines of the remuneration policy, as well as the different salary components that have been specified for individual BoM members, are included in the Report of the SB (see pages 19 and 20).

The SB members are nominated by the SB on the basis of the profile and appointed by the GMS. The nomination is announced to the GMS and the CWC. The GMS and (for one third of the number of members) the CWC may recommend to the SB persons to be nominated for membership of the SB. The GMS may reject a nomination with a qualified majority of the votes cast if such marjority represents at least one third of the issued share capital. An SB member resigns after a term of four years and may, in principle, be reappointed. An SB member may not be a member of the SB for longer than twelve years. The remuneration of SB members is proposed by the SB and adopted by the GMS.

General Meeting of Shareholders

The powers of the GMS are stipulated in legislation and Articles of Association and can be summarised as follows:

- approval of a major change to the identity or character of Imtech or its business;
- appointment and dismissal of BoM members;
- adoption of the BoM remuneration policy;
- approval of the BoM share scheme;
- appointment of SB members;
- motion of no confidence in the SB;
- adoption of Imtech's financial statements;
- approval of the profit appropriation (insofar as this is at the disposal of the GMS);
- approval of the dividend proposal; and
- approval of decisions to amend the Articles of Association or dissolve Imtech.

The following are also discussed with the GMS:

- Imtech's Annual Report;
- changes to the reserves and dividend policy;
- changes to the SB profile;
- changes to the Corporate Governance structure.

At least one Annual General Meeting ('AGM') is convened each year. Extraordinary General Meetings ('EGM') are convened as often as the SB or BoM deems necessary. The BoM and SB provide the GMS with all the information requested, unless this would be seriously detrimental to Imtech's interests.

A decision to amend the Articles of Association or to dissolve Imtech may only be taken by the GMS if it is proposed by the BoM with the approval of the SB.

Shares

Imtech's authorised capital comprises registered shares divided into ordinary shares, financing preference shares and preference shares. Each share entitles the holder to cast one vote, with the exception of financing preference shares for which the voting rights shall be based on the actual value of the capital contribution. Please see page 176 for result appropriation and the dividend proposal. The subscribed capital consists entirely of ordinary shares that are fully paid-up and that are traded via the giro-based securities transfer system. No preference shares or financing preference shares are outstanding. The shares Imtech holds in its own capital do not count when calculating an amount to be distributed on shares or the attendance at a Shareholders' Meeting and are non-voting shares.

Option and share schemes, purchase of shares

Imtech operates a stock option plan whereby key staff members are granted options on ordinary shares (see page 129 and following pages). These rights are granted at the discretion of the BoM, with the approval of the SB with regard to the total number of shares, the exercise periods (including the lock-up period) and the exercise price. The lock-up period lapses in the case of a change of control in Imtech. There is also a BoM share scheme (see page 132 and 133). Each year the SB determines, on the recommendation of the Remuneration Committee and in accordance with the remuneration policy, the shares to be awarded to each member of the BoM conditionally upon achievement of long term targets, such number of shares unconditionally vesting. To hedge the obligations arising from options granted (fully) and shares awarded conditionally (at target) Imtech purchases shares. Amendment of the BoM remuneration policy is on the agenda of the AGM of 28 June 2013. Imtech also envisages replacing the stock options plan for key staff with the share scheme.

Rules regarding inside information

Within Imtech rules regarding the reporting and regulation of transactions in Imtech securities (and possibly other so designated securities) are applicable for the SB, BoM, Executive Council and other designated persons (including corporate staff, the management of the large operating companies and a number of permanent consultants).

Stichting Imtech

Imtech has granted Stichting Imtech (the 'Stichting') an option on preference shares in its share capital (currently up to a maximum of 180 million), with the proviso that it may only take preference shares up to a total number equal to the total number of all ordinary shares and financing preference shares outstanding at the time the option right is exercised. Imtech has also notified the Stichting that it is willing, in principle and by agreement, to grant the Stichting the right to instigate an enquiry, as understood in Article 345 of Book 2 of the Netherlands Civil Code, when the occasion arises should this, in the opinion of both parties, be desirable or imperative in the context of the Stichting's objectives.
The Stichting is a separate foundation that functions independently of Imtech. The Stichting's objectives are to act in the interests of Imtech in such a manner that these interests are secured as far as possible and to avert as far as possible influences contrary to such interests that could impair Imtech's continuity or independence. The option can be exercised if, at the exclusive discretion of the Stichting: (i) the independence or continuity of Imtech is threatened; or (ii) an (impending) action by one or more people is (or could be) contrary to the interests of Imtech, including its (other) shareholders, employees and/or other stakeholders. In such instances the option of taking preference shares may be utilised. At the discretion of the Stichting such instances do not necessarily have to be limited to a hostile takeover. Imtech will not endeavour to use the preference shares to expand its financing sources.

If it has taken up its full option the Stichting may cast a maximum of 50% of the votes in a shareholders' meeting, assuming the total issued share capital is represented. The Stichting must deposit 25% of the nominal amount on subscription of preference shares for which it has a credit facility at its disposal. In addition, within two years of the shares being subscribed a proposal to withdraw the preference shares must be put before the GMS.

In accordance with Article 24.3 of Imtech's Articles of Association the Stichting, as the holder of preference shares, is entitled to a primary dividend to enable it to pay its interest obligations to the bank. If and to the extent that the profit is insufficient to pay out this primary dividend the shortfall can be paid out of the reserves and/or future profit (see also page 176).

Amendment of the authorized share capital while maintaining the stake of preference shares in Imtech's total share capital is on the agenda of the AGM of 28 June 2013. In the year under review no preference shares were outstanding with the Stichting. The Stichting's Board comprises Messrs. J.H. Holsboer (Chairman), M.P. Nieuwe Weme and D.D.P. Bosscher.

Accountability Code

In 2012, Imtech applied the principles and best practices of the Code with the exception of the following deviations:

(i) employment agreements with former BoM members were concluded before the introduction of the Code and are on certain aspects non-compliant with the Code. The agreements for services of the current BoM members are in compliance with the Code and, inter alia, contain clauses on claw back and public offering circumstances.

(ii) although in the notes to Imtech's financial statements over 2011 all relevant information is provided, the Report of the Remuneration Committee 2011 (published in 2012) does not provide itself all information specified by clauses II.2, II.2.12 and II.2.13 of the Code. Meanwhile, the Report of the Remuneration Committee 2012 (recently published) contains such information and thus is made in compliance with the Code.

(iii) The SB will be composed in such manner that the combination of experience, expertise and independence of its members satisfies the requirements laid down in its profile and Is supportive to the SB to properly and effectively carry out its duties vis-à-vis Imtech and its stakeholders. Although the SB strives for a diverse composition in terms of amongst others gender and age in achieving a desired balance in its composition, the profile of the SB may deviate in this respect from clause III.3.1. The required expertise and experience, as well as the availability of the right candidates, are decisive when proposing candidates for (re)appointment. Therefore although Imtech pays close attention to gender diversity in the profiles of new BoM and SB members in accordance with article 2:166 section 2 of the Netherlands Civil Code, Imtech does not strictly follow the recommendation for an explicit target on gender diversity and has not yet formulated concrete targets in this respect.

Except for (iii) above, Imtech currently applies all the principles and best practices of the Code.

Corporate Governance declaration

This declaration is included pursuant to Article 2a of the Decree regarding further stipulations for the content of annual reports dated 1 January 2010 (the 'Decree'). For the statements in this declaration as understood in Articles 3, 3a and 3b of the Decree please see the relevant sections of this annual report. The following should be understood to be inserts to and repetitions of these statements:

- The shareholders' equity structure of Imtech (pages 146 and 176);
- Compliance with the provisions and best practice principles of the Code (page 83 'Accountability Code');
- The most important characteristics of the management and control systems in connection
- with Imtech's financial reporting process (page 65 'Internal Control');
- The functioning of the General Meeting of Shareholders and its primary authorities and the rights of shareholders and how they can be exercised (page 82 'General Meeting of Shareholders');
- The composition and functioning of the Board of Management (starting on page 18 'Composition Board of Management, functioning and salary components, and remuneration policy', as well as page 23 'Function summary Supervisory Board and Board of Management');
- The composition and functioning of the Supervisory Board and its Committees (page 20 'Supervisory Board composition, profile, and functioning', as well as page 22 'Function summary Supervisory Board and Board of Management');
- The regulations regarding the appointment and replacement of members of the Board of Management and Supervisory Board (page 81 'Appointment and Remuneration');
- The regulations related to amendment of Imtech's Articles of Association (page 82 'General Meeting of Shareholders', last paragraph);
- The authorisations of the members of the Board of Management or the Supervisory Board in respect of the possibility to issue or purchase shares (page 80 'Board of Management', penultimate paragraph);
- The change of control stipulations in major contracts (page 82 'Option and share schemes, purchase of shares', page 27 and 28 'Agreement with major financiers' and page 63 'Operating risks');
- Transactions with related parties (page 162 and 163 'Related parties').

Management declarations

These financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of Royal Imtech N.V. and the companies included in the consolidation.

The annual report gives a true and fair picture of the situation on the balance sheet date and the business development during the financial year of Royal Imtech N.V. and the associated companies for which the financial information is recognised in its financial statements. The important risks with which Royal Imtech N.V. is confronted are described in the annual report.

Gouda, 18 June 2013

Board of Management

FINANCIAL GLOSSARY

Adjusted earnings per share
Net result before amortisation and impairment on intangible assets divided by the weighted average number of ordinary shares outstanding during the period.

Adjusted net result
Net result before amortisation and impairment on intangibles.

Basic earnings per share
Net result divided by the weighted average number of ordinary shares outstanding during the period.

Capital employed
Non current assets plus working capital plus assets held for sale.

Capital expenditure (Capex)
Sum of expenditure on property, plant, and equipment, and other intangible assets (e.g. software and technology). Part of cash flow from investing activities.

Cash conversion
Operational cash flow divided by operational EBITA.

Diluted earnings per share
Net result divided by the weighted average number of ordinary shares outstanding during the period, diluted. The dilutive potential ordinary shares arise from share-based payment arrangements.

EBIT
See operating result.

EBITA
EBITA is calculated as operating result plus amortisation and impairment on intangible assets.

EBITDA
EBITDA is calculated as EBITA plus depreciation on property, plant and equipment.

EBITDA margin
Calculated as EBITDA as percentage of total revenue.

EBITDA growth
Growth of EBITDA over a period with respect to the previous comparable period (including the impact of organic growth, acquisitions and divestments of operations, discontinued operations, and where applicable currency effects).

Interest coverage
Calculated as the ratio between EBIT and net interest result (including net change in fair value of cash flow hedges tranferred from equity). For 2012 and 2013 it has been agreed in the loan documentation that the interest coverage is based on operational EBIT instead of EBIT.

Leverage ratio
Net interest-bearing debt divided by EBITDA. For 2012 and 2013 it has been agreed in the loan documentation that the leverage ratio is based on operational EBITDA instead of EBITDA.

Net interest-bearing debt
Sum of loans, borrowings and bank overdrafts minus derivatives at fair value, contingent considerations (deferred acquisition payments) and cash and cash equivalents, adjusted for restricted cash.

Net interest result
Interest received or receivable from third parties (‘interest income’) less interest paid or due to third parties (‘interest expense’).

Net result
Result for the period attributable to the holders of ordinary shares of Royal Imtech N.V.

Non-operational items
Non-operational items relate to expenses arising that given their size or nature, are clearly distinct from the ordinary activities of Imtech and are excluded from the comparable figures, such as restructuring costs, acquisition expenses and results from divestments of operations.

Operating result
Result from operating activities.

Operational cash flow
Operational EBITDA plus or minus organic movements in working capital minus capex and plus or minus changes of operational provisions and accruals.

Operational EBIT
EBIT adjusted for non-operational items in EBIT.

Operational EBITA
EBITA adjusted for non-operational items in EBITA.

Operational EBITDA
EBITDA adjusted for non-operational items in EBITDA.

Operational EBITDA margin
Calculated as adjusted EBITDA as percentage of total revenue.

Operational working capital
Working capital excluding non-operational provisions and accruals.

Restricted cash
Restricted cash means the amount of ‘cash and cash equivalent’ that:
a) in terms of timing or costs cannot be easily exported due to exchange, fiscal or legal restrictions;
b) is blocked for guarantee facilities;
c) is held on accounts for fiscal retentions; and
d) is held by a joint-venture.

Solvency
Total equity as percentage of the balance sheet total (total non-current assets plus total current assets).

Working capital
Current assets excluding cash and cash equivalents and assets held for sale less current liabilities excluding bank overdrafts, loans and borrowings and liabilities held for sale.

FINANCIAL STATEMENTS

CONSOLIDATED PROFIT AND LOSS ACCOUNT

In millions of euro

Note			2012		2011 [1]
	Revenue	5,414.3		5,048.5	
	Other income	18.6		16.3	
6, 8	**Total revenue and other income**		5,432.9		5,064.8
	Raw and auxiliary materials and trade goods	1,869.9		1,690.3	
	Work by third parties and other external expenses	1,316.1		1,209.6	
9	Personnel expenses	1,705.5		1,525.4	
14	Depreciation of property, plant and equipment	39.9		35.3	
15	Amortisation of intangible assets	43.6		29.0	
14, 15	Impairment property, plant and equipment and intangible assets	23.3		-	
10	Other expenses	593.1		382.4	
	Total operating expenses		5,591.4		4,872.0
	Result from operating activities		(158.5)		192.8
	Finance income	18.2		14.8	
	Finance expenses	(84.1)		(66.8)	
11	Net finance result		(65.9)		(52.0)
16	Share in results of associates, joint ventures and other investments (net of tax)		2.9		-
	Result before income tax		(221.5)		140.8
12	Income tax expense		(4.8)		(41.3)
	Result for the year		(226.3)		99.5
	Attributable to:				
	Shareholders of Royal Imtech N.V. (net result)		(233.0)		95.8
	Non-controlling interests		6.7		3.7
	Result for the year		(226.3)		99.5
24	Basic earnings per share (euro)		(2.64)		1.09
24	Diluted earnings per share (euro)		(2.64)		1.08

1 *Restated in accordance with IAS 8, see note 3.*

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

In millions of euro

		2012		2011 [1]
Result for the year		(226.3)		99.5
Other comprehensive income				
Foreign currency translation differences – foreign operations	17.1		0.5	
Foreign currency translation differences – non-controlling interests	(0.2)		-	
Net result on hedge of net investment in foreign operations	(8.3)		0.4	
Effective portion of changes in the fair value of cash flow hedges	(7.0)		(8.4)	
Net change in fair value of cash flow hedges reclassified to profit or loss	5.2		11.0	
Income tax on other comprehensive income	(2.9)		2.6	
Other comprehensive income for the year, net of tax		3.9		6.1
Total comprehensive income for the year		(222.4)		105.6
Attributable to:				
Shareholders of Royal Imtech N.V.	(228.9)		101.9	
Non-controlling interests	6.5		3.7	
Total comprehensive income for the year		(222.4)		105.6

1 *Restated in accordance with IAS 8, see note 3.*

CONSOLIDATED BALANCE SHEET

In millions of euro

Note		31 December 2012		31 December 2011 [1]		1 January 2011 [1]	
	Assets						
14	Property, plant and equipment	170.8		192.4		154.4	
15	Goodwill	1,081.6		998.0		821.4	
15	Other intangible assets	218.1		189.5		168.0	
16	Investments in associated companies and joint ventures	3.7		2.0		2.1	
17	Non-current receivables and other investments	28.8		24.8		20.9	
18	Deferred tax assets	34.0		11.8		8.3	
	Total non-current assets		1,537.0		1,418.5		1,175.1
19	Inventories	80.0		75.5		82.6	
20	Due from customers	572.8		604.1		569.4	
21	Trade and other receivables	1,322.6		1,272.3		1,036.4	
13	Income tax receivables	13.3		5.4		11.7	
22	Cash and cash equivalents	385.1		425.8		303.0	
		2,373.8		2,383.1		2,003.1	
14	Assets held for sale	27.6		-		-	
	Total current assets		2,401.4		2,383.1		2,003.1
	Total assets		3,938.4		3,801.6		3,178.2

1 *Restated in accordance with IAS 8, see note 3.*

In millions of euro

Note		31 December 2012		31 December 2011 [1]		1 January 2011 [1]	
	Equity						
	Share capital	75.2		74.2		73.3	
	Share premium reserve	208.6		209.6		210.6	
	Other reserves	496.1		437.2		333.4	
	Unappropriated result	(233.0)		95.8		140.4	
23	**Equity attributable to shareholders of Royal Imtech N.V.**		546.9		816.8		757.7
	Non-controlling interests		9.7		6.3		3.5
	Total equity		556.6		823.1		761.2
	Liabilities						
25	Loans and borrowings	42.7		680.3		539.0	
26	Employee benefits	164.5		169.1		166.1	
27	Provisions	13.0		8.1		3.5	
18	Deferred tax liabilities	76.1		69.0		48.6	
	Total non-current liabilities		296.3		926.5		757.2
22	Bank overdrafts	314.3		214.3		195.2	
25	Loans and borrowings	825.9		110.1		9.6	
20	Due to customers	308.0		297.8		281.9	
28	Trade and other payables	1,543.7		1,388.2		1,125.5	
13	Income tax payables	30.8		33.5		37.1	
27	Provisions	37.7		8.1		10.5	
		3,060.4		2,052.0		1,659.8	
14	Liabilities held for sale	25.1		-		-	
	Total current liabilities		3,085.5		2,052.0		1,659.8
	Total liabilities		3,381.8		2,978.5		2,417.0
	Total equity and liabilities		3,938.4		3,801.6		3,178.2

1 *Restated in accordance with IAS 8, see note 3.*

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

In millions of euro

	Attributable to shareholders of Royal Imtech N.V.									
	Share capital	Share premium reserve	Trans-lation reserve	Hedging reserve	Reserve for own shares	Retained earnings	Unappro-priated result	Total	Non-con-trolling interests	Total equity
As at 31 December 2010	73.3	210.6	0.5	(13.8)	(69.0)	470.4	140.4	812.4	3.5	815.9
Adjustments in accordance with IAS 8	-	-	-	-	-	(54.7)	-	(54.7)	-	(54.7)
As at 1 January 2011 [1]	73.3	210.6	0.5	(13.8)	(69.0)	415.7	140.4	757.7	3.5	761.2
Total comprehensive income for the year										
Appropriation of profit	-	-	-	-	-	114.4	(114.4)	-	-	-
Profit for the year	-	-	-	-	-	-	95.8	95.8	3.7	99.5
Other movements	-	-	(2.9)	2.9	-	-	-	-	-	-
Total other comprehensive income	-	-	0.8	5.3	-	-	-	6.1	-	6.1
Total comprehensive income for the year	-	-	(2.1)	8.2	-	114.4	(18.6)	101.9	3.7	105.6
Transactions with owners of the Company, recognised directly in equity										
Contributions by and distributions to owners of the Company										
Dividends to shareholders	0.9	(1.0)	-	-	-	-	(26.0)	(26.1)	(1.1)	(27.2)
Repurchase of own shares	-	-	-	-	(28.3)	-	-	(28.3)	-	(28.3)
Share options exercised	-	-	-	-	7.3	-	-	7.3	-	7.3
Share-based payments	-	-	-	-	1.2	3.1	-	4.3	-	4.3
Total contributions by and distributions to owners of the Company	0.9	(1.0)	-	-	(19.8)	3.1	(26.0)	(42.8)	(1.1)	(43.9)
Changes in ownership interests in subsidiaries										
Acquisition of non-controlling interests without change in control	-	-	-	-	-	-	-	-	0.2	0.2
As at 31 December 2011 [1]	74.2	209.6	(1.6)	(5.6)	(88.8)	533.2	95.8	816.8	6.3	823.1

1 *Restated in accordance with IAS 8, see note 3.*

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

In millions of euro

	Attributable to shareholders of Royal Imtech N.V.									
	Share capital	Share premium reserve	Trans-lation reserve	Hedging reserve	Reserve for own shares	Retained earnings	Unappro-priated result	Total	Non-con-trolling interests	Total equity
As at 1 January 2012 [1]	74.2	209.6	(1.6)	(5.6)	(88.8)	533.2	95.8	816.8	6.3	823.1
Total comprehensive income for the year										
Appropriation of result	-	-	-	-	-	64.1	(64.1)	-	-	-
Result for the year	-	-	-	-	-	-	(233.0)	(233.0)	6.7	(226.3)
Total other comprehensive income	-	-	8.9	(4.8)	-	-	-	4.1	(0.2)	3.9
Total comprehensive income for the year	-	-	8.9	(4.8)	-	64.1	(297.1)	(228.9)	6.5	(222.4)
Transactions with owners of the Company, recognised directly in equity										
Contributions by and distributions to owners of the Company										
Dividends to shareholders	1.0	(1.0)	-	-	-	-	(31.7)	(31.7)	(2.5)	(34.2)
Repurchase of own shares	-	-	-	-	(24.7)	-	-	(24.7)	-	(24.7)
Share options exercised	-	-	-	-	10.5	-	-	10.5	-	10.5
Share-based payments	-	-	-	-	1.9	3.9	-	5.8	-	5.8
Total contributions by and distributions to owners of the Company	1.0	(1.0)	-	-	(12.3)	3.9	(31.7)	(40.1)	(2.5)	(42.6)
Changes in ownership interests in subsidiaries										
Acquisition of non-controlling interests without change in control	-	-	-	-	-	(0.9)	-	(0.9)	(0.6)	(1.5)
As at 31 December 2012	75.2	208.6	7.3	(10.4)	(101.1)	600.3	(233.0)	546.9	9.7	556.6

1 *Restated in accordance with IAS 8, see note 3.*

CONSOLIDATED STATEMENT OF CASH FLOWS

In millions of euro

Note		2012	2012	2011 [1]	2011 [1]
	Cash flow from operating activities				
	Result for the year	(226.3)		99.5	
	Adjustments for:				
14	Depreciation of property, plant and equipment	39.9		35.3	
14, 15	Amortisation and impairment of property, plant and equipment and intangible assets	66.9		29.0	
11	Net finance result	65.9		52.0	
16	Share in results of associates, joint ventures and other investments	(2.9)		-	
8	Result on disposal of non-current assets	(12.2)		0.6	
	Result on sale of subsidiaries	-		(7.9)	
	Remeasurement of previously held equity interests	-		(6.1)	
9	Share-based payments	5.8		4.3	
12	Income tax expense	4.8		41.3	
	Operating cash flow before changes in working capital and provisions		(58.1)		248.0
	Change in inventories	0.4		1.4	
	Change in amounts due from/to customers	36.0		(0.2)	
	Change in trade and other receivables	2.3		(169.0)	
	Change in trade and other payables	113.9		142.4	
	Change in provisions and employee benefits	22.0		(16.2)	
			174.6		(41.6)
	Cash flow from operating activities		116.5		206.4
	Interest paid		(64.8)		(45.3)
	Income tax paid		(43.4)		(20.2)
	Net cash flow from operating activities		8.3		140.9
	Cash flow from investing activities				
	Proceeds from the sale of property, plant and equipment and other non-current assets	29.5		3.7	
	Interest received	4.7		2.2	
	Dividends received	1.8		1.6	
	Proceeds from the sale of subsidiaries, net of cash disposed of	-		32.3	
7	Acquisition of subsidiaries, net of cash acquired	(104.2)		(164.5)	
	Acquisition of property, plant and equipment	(56.8)		(68.1)	
15	Acquisition of intangible assets	(23.2)		(22.5)	
	Acquisition of associated companies and joint ventures	0.5		(2.4)	
	Payments related to settlement of derivatives	(6.4)		(5.5)	
	Issue less repayment of non-current receivables	(2.3)		1.6	
	Net cash flow from investing activities		(156.4)		(221.6)

[1] *Restated in accordance with IAS 8, see note 3.*

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)

In millions of euro

		2012		2011 [1]
Cash flow from financing activities				
23 Proceeds from the exercise of share options	10.5		7.3	
Proceeds from loans and borrowings	212.7		444.7	
23 Repurchase of own shares	(24.7)		(28.3)	
Acquisition of non-controlling interests	(1.5)		-	
Repayment of loans and borrowings	(153.1)		(213.3)	
Payments of finance lease liabilities	(1.9)		(0.4)	
23 Dividend paid	(34.2)		(27.2)	
Net cash flow from financing activities		7.8		182.8
Net decrease/increase of cash, cash equivalents and bank overdrafts		(140.3)		102.1
Cash, cash equivalents and bank overdrafts on 1 January		211.5		107.8
Effect of exchange rate differences on cash, cash equivalents and bank overdrafts		(0.4)		1.6
Cash, cash equivalents and bank overdrafts on 31 December		70.8		211.5

1 *Restated in accordance with IAS 8, see note 3.*

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

In millions of euro unless indicated otherwise

1 General

Royal Imtech N.V. ('the Company") is a company listed at the Dutch stock exchange (AEX), with its headquarters in Gouda, the Netherlands. The Company has its corporate seat in Rotterdam.

The Company's consolidated financial statements for the financial year 2012 include the accounts of Royal Imtech N.V. and its subsidiary companies (together referred to as 'the Group'). A list of group companies and other investments compiled in accordance with Article 379, Book 2 of the Netherlands Civil Code has been filed at the Commercial Registry Office in Rotterdam.

The operating activities of the Group are reported in the segments Benelux, Germany & Eastern Europe, UK & Ireland, ICT and Other. The segment Other includes the Group's operations in Traffic, Marine, Spain and Turkey.

The financial statements were authorised for issue by the Board of Management on 18 June 2013.

2 Effect of certain significant events

The financial statements 2012 include the financial effects of several significant events. These financial effects relate to the financial year 2012 itself and, to a lesser extent, to prior years. Below we have highlighted a number of significant events in 2012.

Irregularities

In February 2013 irregularities have been identified in Germany and Poland. Investigations revealed that the results in 2012 and in previous years were overstated, to the extent that prior years have been affected, the comparative figures have been restated. Reference is made to note 3.

The investigations revealed misappropriation of assets including payments to vendors without apparent underlying business rationale, payments to third parties and issuing bank guarantees for debt of these third parties. In 2012 an amount of approximately 65 million euro was expensed in this respect.

The Adventure World Warsaw (AWW) projects were written-off in 2012 for a total amount of approximately 50 million euro in 2012.

Substantial impairments have been made to the trade receivables of Imtech Germany and Imtech Poland since the detection of the irregularities. These impairments amount to approximately 75 million euro.

Going concern
In light of the above and the resulting non-compliance with loan covenants, the Group has assessed its view on the going concern assumption for the purpose of the preparation of the financial statements 2012. Reference is made to note 4 for further details.

Restructuring 2012
In October 2012 the Group announced restructurings in some of it businesses. In the Benelux and Spain business performance had been structurally below target and the Marine division had been experiencing underperformance as well.

The restructuring, for which expenses of approximately 50 million euro are included in the profit and loss account, involved the release of approximately 900 staff. Restructuring expenses mainly consist of severance payments to staff and to a lesser extent also cost of idle time. The restructuring has been executed from October 2012 to April 2013, with a significant amount of the severance payments actually paid out in 2013. Reference is made to note 9.

Goodwill impairment Spain
In October 2012 the Group announced an impairment of 20 million euro relating to the goodwill of the Spanish division, resulting from a structural change of view on the Spanish medium and longer term market developments. In the Group's view, the Spanish division's activities will be at lower volumes and with lower profitability. In relation to this it was decided to restructure the division. Reference is made to note 15.

3 Adjustments IAS 8

General
Prior period errors have been identified in the divisions Germany & Eastern Europe, Benelux and Spain. These prior period errors are highlighted below. The prior period errors have been corrected in the financial statements 2012, in accordance with IAS 8:

- The comparative figures 2011 have been restated for errors regarding 2011;
- Errors from periods before 2011 have been adjusted in the opening balance sheet 2011.

The restatement of the comparative figures 2011 was included in the following statements: the consolidated and company profit and loss account, the consolidated statement of comprehensive income, the consolidated and company balance sheet, the consolidated statement of changes in equity and the consolidated statement of cash flows. Furthermore the relevant notes to the consolidated and company financial statements have been restated.

Germany & Eastern Europe
In Germany & Eastern Europe adjustments have been included in the 2012 financial reporting due to the detection of the irregularities. Some of these adjustment relate to prior years (prior period errors).

The prior period errors related to the Germany & Eastern Europe division stem from accounting irregularities. These accounting irregularities resulted in an overstatement of past results, net assets by overstating receivables, work-in-progress (due to and due from customers) and revenue, and understating certain costs and payables. The reversal of the respective incorrect amounts results in a negative effect in the profit and loss account 2011 of 53.5 million euro before tax and 41.5 million euro after tax and a correction of work-in-progress (due to and due from customers), receivables and payables in the balance sheets as at 1 January 2011 and 31 December 2011. With respect to the restatements, a tax credit is recognised only for the German losses since it is not expected that the Polish losses can be offset against taxable profits in the near future.

In addition, the cash in Poland was overstated at 31 December 2011. Following the investigations performed in 2013, documents came to surface from which it transpired that bank balances of 58 million euro were pledged and blocked, such that they did not qualify as cash. This negatively impacted the cash and cash equivalents at 31 December 2011, with a corresponding increase of work in progress.

In determining whether the adjustments referred to above were a prior period error or a change in an accounting estimate, the available information has been taken into account. Adjustments only qualified as prior period errors when an objective determination whether the adjustment was a prior period error could be made. When this was not the case, the adjustment was accounted for as a change in estimate in 2012.

Benelux

The division Benelux has invoiced the division Germany & Eastern Europe and incorrectly recognised profits in relation to these invoices. These profits have been reversed, thereby decreasing the results in the Benelux. The reversals amount to 10 million euro for 2012 (first half-year 2012: 5 million euro), 7 million euro for 2011 and 14 million euro for prior years (all amounts before tax). The latter has been adjusted in the opening balance sheet 2011.

Spain

In Spain (included in the segment other) irregularities have been identified in one of the division’s business units, where management had overstated the 2011 results by overstating receivables and understating payables. The misstatement, for a total of 5 million euro result before tax, has been adjusted in the profit and loss account 2011, without taking into account a tax credit due to insufficient possibilities of offsetting against taxable profits in the near future.

Profit and loss account 2011

Summarised, the restatements in the profit and loss account 2011 are as follows:

	Germany & Poland	Benelux	Other	Total
Total revenue	(38.1)	(7.0)	(3.9)	(49.0)
Total operating expenses	15.4	-	2.2	17.6
Result from operating activities	(53.5)	(7.0)	(6.1)	(66.6)
Income tax credit	12.0	-	-	12.0
Result for the year	(41.5)	(7.0)	(6.1)	(54.6)

The adjustment of the result from operating activities fully relates to EBITDA. The effect of the adjustment on the Groups reported EBITDA margin 2011 is 1.2% negative.

The adjustment of the (net) result of the year is fully attributable to shareholders of Royal Imtech N.V. As a result of the restatements, the basic earnings per share for the 2011 financial year declined from 1.72 euro to 1.09 euro and the diluted earnings per share for the 2011 financial year declined from 1.70 euro to 1.08 euro.

The restatements in the opening balance sheet 2011 mainly relate to the irregularities in Germany and Poland for 39 million euro (49 million euro less tax effect of 9.7 million euro) and the reversal of Benelux revenue regarding intercompany transactions with Germany and Poland (14 million euro). The total opening balance sheet restatement of 54.7 million euro has been included in retained earnings in the consolidated statement of changes in equity since no allocation between 2010 and prior years is available.

Further analysis of cash pooling agreements resulted in a different view on the netting of cash positions and bank overdrafts. As a consequence, restatements have been made in the balance sheets as per 1 January 2011 and 31 December 2011. The restatements result in an increase of cash and cash equivalents, with a corresponding increase of bank overdrafts. The adjustment amounts to 193 million euro as per 1 January 2011 and 206 million euro as per 31 December 2011. The net debt, which is relevant for the Group's covenants, is not affected by this adjustment.

The adjustments have a net effect on working capital as per 31 December 2011 of 51 million euro, resulting in a decrease of the Group's KPI working capital as percentage of revenue with 1.0%.

On the following pages the adjustments on the consolidated balance sheets, consolidated profit and loss account, consolidated statement of comprehensive income and consolidated statement of cash flows are shown for each line item.

ADJUSTMENT OF THE OPENING CONSOLIDATED BALANCE SHEET AS AT 1 JANUARY 2011

In millions of euro

	31 December 2010 (as reported)		Adjustments IAS 8		1 January 2011 (restated)	
Assets						
Property, plant and equipment	154.4		-		154.4	
Goodwill	821.4		-		821.4	
Other intangible assets	168.0		-		168.0	
Investments in associated companies and joint ventures	2.1		-		2.1	
Non-current receivables and other investments	20.9		-		20.9	
Deferred tax assets	8.3		-		8.3	
Total non-current assets		1,175.1		-		1,175.1
Inventories	82.6		-		82.6	
Due from customers	607.4		(38.0)		569.4	
Trade and other receivables	1,059.4		(23.0)		1,036.4	
Income tax receivables	11.7		-		11.7	
Cash and cash equivalents	110.0		193.0		303.0	
Total current assets		1,871.1		132.0		2,003.1
Total assets		3,046.2		132.0		3,178.2
Equity						
Share capital	73.3		-		73.3	
Share premium reserve	210.6		-		210.6	
Other reserves	388.1		(54.7)		333.4	
Unappropriated profit	140.4		-		140.4	
Equity attributable to shareholders of Royal Imtech N.V.		812.4		(54.7)		757.7
Non-controlling interests		3.5		-		3.5
Total equity		815.9		(54.7)		761.2
Liabilities						
Loans and borrowings	539.0		-		539.0	
Employee benefits	166.1		-		166.1	
Provisions	3.5		-		3.5	
Deferred tax liabilities	48.6		-		48.6	
Total non-current liabilities		757.2		-		757.2
Bank overdrafts	2.2		193.0		195.2	
Loans and borrowings	9.6		-		9.6	
Due to customers	281.9		-		281.9	
Trade and other payables	1,122.1		3.4		1,125.5	
Income tax payables	46.8		(9.7)		37.1	
Provisions	10.5		-		10.5	
Total current liabilities		1,473.1		186.7		1,659.8
Total liabilities		2,230.3		186.7		2,417.0
Total equity and liabilities		3,046.2		132.0		3,178.2

ADJUSTMENT OF THE CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2011

In millions of euro

	31 December 2011 (as reported)		Adjustments IAS 8		31 December 2011 (restated)	
Assets						
Property, plant and equipment	192.4		-		192.4	
Goodwill	998.0		-		998.0	
Other intangible assets	189.5		-		189.5	
Investments in associated companies and joint ventures	2.0		-		2.0	
Non-current receivables and other investments	24.8		-		24.8	
Deferred tax assets	11.8		-		11.8	
Total non-current assets		1,418.5		-		1,418.5
Inventories	75.5		-		75.5	
Due from customers	629.5		(25.4)		604.1	
Trade and other receivables	1,311.5		(39.2)		1,272.3	
Income tax receivables	5.4		-		5.4	
Cash and cash equivalents	278.1		147.7		425.8	
Total current assets		2,300.0		83.1		2,383.1
Total assets		3,718.5		83.1		3,801.6
Equity						
Share capital	74.2		-		74.2	
Share premium reserve	209.6		-		209.6	
Other reserves	491.9		(54.7)		437.2	
Unappropriated profit	150.4		(54.6)		95.8	
Equity attributable to shareholders of Royal Imtech N.V.		926.1		(109.3)		816.8
Non-controlling interests		6.3		-		6.3
Total equity		932.4		(109.3)		823.1
Liabilities						
Loans and borrowings	680.3		-		680.3	
Employee benefits	169.1		-		169.1	
Provisions	8.1		-		8.1	
Deferred tax liabilities	69.0		-		69.0	
Total non-current liabilities		926.5		-		926.5
Bank overdrafts	8.3		206.0		214.3	
Loans and borrowings	110.1		-		110.1	
Due to customers	296.1		1.7		297.8	
Trade and other payables	1,381.8		6.4		1,388.2	
Income tax payables	55.2		(21.7)		33.5	
Provisions	8.1		-		8.1	
Total current liabilities		1,859.6		192.4		2,052.0
Total liabilities		2,786.1		192.4		2,978.5
Total equity and liabilities		3,718.5		83.1		3,801.6

ADJUSTMENT OF THE CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR 2011

In millions of euro

		2011 (as reported)		Adjustments IAS 8		2011 (restated)
Revenue	5,099.3		(50.8)		5,048.5	
Other income	14.5		1.8		16.3	
Total revenue and other income		5,113.8		(49.0)		5,064.8
Raw and auxiliary materials and trade goods	1,690.3		-		1,690.3	
Work by third parties and other external expenses	1,200.1		9.5		1,209.6	
Personnel expenses	1,520.9		4.5		1,525.4	
Depreciation of property, plant and equipment	35.3		-		35.3	
Amortisation of intangible assets	29.0		-		29.0	
Impairment of intangible assets	-		-		-	
Other expenses	378.8		3.6		382.4	
Total operating expenses		4,854.4		17.6		4,872.0
Result from operating activities		259.4		(66.6)		192.8
Finance income	14.8		-		14.8	
Finance expenses	(66.8)		-		(66.8)	
Net finance result		(52.0)		-		(52.0)
Result before income tax		207.4		(66.6)		140.8
Income tax expense		(53.3)		12.0		(41.3)
Result for the year		154.1		(54.6)		99.5
Attributable to:						
Shareholders of Royal Imtech N.V. (net result)		150.4		(54.6)		95.8
Non-controlling interests		3.7		-		3.7
Result for the year		154.1		(54.6)		99.5
Basic earnings per share (euro)		1.72		(0.63)		1.09
Diluted earnings per share (euro)		1.70		(0.62)		1.08

ADJUSTMENT OF THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR 2011

In millions of euro

		2011 (as reported)		Adjustments IAS 8		2011 (restated)
Result for the year		154.1		(54.6)		99.5
Other comprehensive income						
Foreign currency translation differences – foreign operations	0.5		-		0.5	
Net result on hedge of net investment in foreign operations	0.4		-		0.4	
Effective portion of changes in the fair value of cash flow hedges	(8.4)		-		(8.4)	
Net change in fair value of cash flow hedges reclassified to profit or loss	11.0		-		11.0	
Income tax on other comprehensive income	2.6		-		2.6	
Other comprehensive income for the year, net of tax		6.1		-		6.1
Total comprehensive income for the year		160.2		(54.6)		105.6
Attributable to:						
Shareholders of Royal Imtech N.V.	156.5		(54.6)		101.9	
Non-controlling interests	3.7		-		3.7	
Total comprehensive income for the year		160.2		(54.6)		105.6

ADJUSTMENT TO THE CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR 2011

In millions of euro

		2011 (as reported)		Adjustments IAS 8		2011 (restated)
Cash flow from operating activities						
Result for the year	154.1		(54.6)		99.5	
Adjustments for:						
Depreciation of property, plant and equipment	35.3		-		35.3	
Amortisation and impairment of intangible assets	29.0		-		29.0	
Net finance result	52.0		-		52.0	
Result on disposal of non-current assets	0.6		-		0.6	
Result on sale of subsidiaries	(7.9)		-		(7.9)	
Remeasurement of previously held equity interests	(6.1)		-		(6.1)	
Share-based payments	4.3		-		4.3	
Income tax expense	53.3		(12.0)		41.3	
Operating cash flow before changes in working capital and provisions		314.6		(66.6)		248.0
Change in inventories	1.4		-		1.4	
Change in amounts due from/to customers	10.6		(10.8)		(0.2)	
Change in trade and other receivables	(185.2)		16.2		(169.0)	
Change in trade and other payables	139.4		3.0		142.4	
Change in provisions and employee benefits	(16.2)		-		(16.2)	
		(50.0)		8.4		(41.6)
Cash flow from operating activities		264.6		(58.2)		206.4
Interest paid		(45.3)		-		(45.3)
Income tax paid		(20.2)		-		(20.2)
Net cash flow from operating activities		199.1		(58.2)		140.9
Cash flow from investing activities						
Proceeds from the sale of property, plant and equipment and other non-current assets	3.7		-		3.7	
Interest received	2.2		-		2.2	
Dividends received	1.6		-		1.6	
Proceeds from the sale of subsidiaries, net of cash disposed of	32.3		-		32.3	
Acquisition of subsidiaries, net of cash acquired	(164.5)		-		(164.5)	
Acquisition of property, plant and equipment	(68.1)		-		(68.1)	
Acquisition of intangible assets	(22.5)		-		(22.5)	
Acquisition of associated companies and joint ventures	(2.4)		-		(2.4)	
Payments related to settlement of derivatives	(5.5)		-		(5.5)	
Issue less repayment of non-current receivables	1.6		-		1.6	
Net cash flow from investing activities		(221.6)		-		(221.6)

ADJUSTMENT TO THE CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR 2011 (CONTINUED)

In millions of euro

	2011 (as reported)		Adjustments IAS 8		2011 (restated)	
Cash flow from financing activities						
Proceeds from the exercise of share options	7.3		-		7.3	
Proceeds from loans and borrowings	444.7		-		444.7	
Repurchase of own shares	(28.3)		-		(28.3)	
Repayment of loans and borrowings	(213.3)		-		(213.3)	
Payments of finance lease liabilities	(0.4)		-		(0.4)	
Dividend paid	(27.2)		-		(27.2)	
Net cash flow from financing activities		182.8		-		182.8
Net decrease/increase of cash, cash equivalents and bank overdrafts		160.3		(58.2)		102.1
Cash, cash equivalents and bank overdrafts on 1 January 2011		107.8		-		107.8
Effect of exchange rate differences on cash, cash equivalents and bank overdrafts		1.7		(0.1)		1.6
Cash, cash equivalents and bank overdrafts on 31 December 2011		269.8		(58.3)		211.5

4 Going concern assumption

After the identification of the irregularities in Germany and Poland, it was established that the Group was not going to meet its year-end 2012 financial covenants. Although formal covenant testing had not yet taken place, the Group and its main financiers (the 700 million euro syndicated bank facility, the senior notes, most of our bilateral facilities and most of our key guarantee providers) entered into discussions to address this matter. On 19 March 2013 the Group reached an agreement with the main financiers on the provisional continuation, until 1 August 2013, of their outstanding facilities as at that date.

Negotiations were also started to reach a more structural and longer term solution. On 15 June 2013, the Group reached agreement with its main financiers regarding a waiver and amendment agreement.

The key terms of the amended agreements are:

- A deferral of the testing date of financial covenants up to and including 31 December 2013;
- From Q1 2014 onwards, quarterly testing of the leverage ratio and interest coverage ratio with tighter testing levels for both covenants as demonstrated below;
- Payment of an upfront waiver fee of 50 basis points;
- A cash margin step up of approximately 200 basis points plus a non-cash margin step up of 100 basis points until the Group reaches a leverage ratio of less than 2.0× EBITDA for two successive actual testing dates and for two successive forecast testing dates;
- Payment of the non-cash margin step up at the earlier of the Group reaching a leverage ratio of less than 2.0× EBITDA for two successive actual testing dates and for two successive forecast testing dates or at the date of refinancing;
- A permanent cash margin step up of 175 basis points after the Group has reached a leverage ratio of less than 2.0× EBITDA for two successive actual testing dates and for two successive forecast testing dates;
- No change to the term of the agreements except that uncommitted bilateral facilities for a total amount of 229 million euro have become committed up to and including 31 December 2014.

	Testing period	Ratio
Leverage ratio	31 March 2014	6.00
	30 June 2014	3.50
	30 September 2014	3.25
	31 December 2014	3.25

	Testing period	Ratio
Interest coverage ratio	31 March 2014	1.25
	30 June 2014	2.50
	30 September 2014	3.00
	31 December 2014	3.00

For the payment of cash dividends the Group should reach a leverage ratio of less than 2.0× EBITDA for one actual testing date. Until the Group reaches a leverage ratio of less than 2.0× EBITDA for two successive actual testing dates and for two successive forecast testing dates, the Group is bound by tighter restrictions regarding inter alia:

- The incurrence of additional financial indebtedness;
- Acquisitions and disposals.

Furthermore, until the Group reaches a leverage ratio of less than 2.0× EBITDA for two successive actual testing dates and for two successive forecast testing dates, the Group has agreed to certain information undertakings to its main financiers.

Security will be provided over the shares in the capital of our material subsidiaries as well as on intercompany receivables of these subsidiaries.

Under the waiver and amendment agreements, an event of default will occur if the rights issue of 500 million euro does not occur prior to 31 October 2013. The Group is currently preparing this rights issue and intends to finalise this issue in the summer of 2013. The rights issue is underwritten by ING and Rabobank by means of a volume underwriting commitment letter, subject to customary conditions, including signing of an underwriting agreement and completion of due diligence satisfactory to ING and the Rabobank. Furthermore the rights issue is subject to the approval by the AGM, which will be held on 28 June 2013. The proceeds of this rights issue are intended to reduce net debt.

Extensive effort has been put into evaluating existing budgets and forecasts and continuously updating budgets and forecasts based on the most recent available market and performance information. This process has been reviewed in detail by external professional advisers. The budgets and forecasts underlying the going concern assessment anticipate a recovery of the profitability in the segments Benelux and Germany & Eastern Europe from Q3 2013 onwards. This improvement is projected to be achieved, amongst others, by the restructuring program which was already started in the second half year of 2012 in the Benelux segment and the additional restructuring measures announced on 23 April 2013, mainly in the segments Benelux and Germany & Eastern Europe. This additional restructuring program amongst others includes the redundancy of approximately 1,300 employees. Furthermore, management has been reinforced in key positions. The forecasted cash flows are dependent on external market circumstances and the speed of recovery of the business performance in most of our segments.

The Group has taken into account safety margins between budgets, forecasts and limits set by the covenant requirements. Particularly with respect to 2013 and the first quarters of 2014 recovery of operating performance levels has to be achieved by the Group in order to comply with covenant requirements. There is a risk that this recovery does not occur due to deteriorating market conditions, delay in order intake or slower than expected business performance recovery, e.g. if restructuring measures do not pay off timely. This may furthermore result in impairments. If the forecasted results are not achieved, there is a more than remote risk that the safety margins taken into account are insufficient, which if this risk materialises, may result in a covenant breach in the course of 2014.

In light of the above, the Group has assessed the going concern assumption on the basis of which the financial statements 2012 have been prepared. Going concern is mainly dependent on the successful finalisation of the rights issue and meeting budgets and forecasts within the boundaries set by the covenant requirements from the Group's lenders. For the latter the timely recovery of the Group's operational and cash flow performance is of high importance. This situation indicates the existence of uncertainties which may cast significant doubt about the Company's ability to continue operating as a going concern. Management is of the opinion though that the application of the going concern assumption for the 2012 financial statements is appropriate, based on the following facts and circumstances:

- The Group is planning on executing a rights issue for an amount of 500 million euro;
- Current business forecasts indicate sufficient liquidity and covenant headroom under the amended agreements with our financiers. In a scenario that future performance and cash flow developments are adverse to current business forecasts, management believes the Group has various options available that if realised are sufficient to address such adverse circumstances and remedy covenant breaches in this scenario. These options include but are not limited to improvements in working capital management, renegotiating creditor terms and conditions, accessing the capital markets and disposal of assets, business units or even divisions. Some of the options available to the Group are subject to approval of the financiers.

5 Significant accounting policies for financial reporting

(a) Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) as at 31 December 2012. The statements also comply, as far as applicable, with the financial reporting requirements included in Section 9 of Book 2 of the Netherlands Civil Code. The accounting standards which became effective in 2012, had no material impact on the Company's financial statements.

(b) Basis of preparation

(i) Basis of measurement

The financial statements have been prepared on the basis of historical cost, with the exception of derivative financial instruments, financial instruments classified as available-for-sale and defined benefit obligations.

(ii) Functional currency and presentation currency

The financial statements are presented in euro, which is the Company's functional currency, rounded-off to the nearest million with one decimal.

(iii) The use of estimates and assumptions

The preparation of financial statements in accordance with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities and income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis for making the judgements regarding the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results can differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

In particular, information about significant areas of estimation uncertainty and critical judgements regarding the application of the accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

- Note 3 – adjustment of prior period errors. In determining whether the adjustments referred to above were a prior period error or a change in an accounting estimate, the available information has been taken into account. Adjustments only qualified as prior period errors when an objective determination whether the adjustment was a prior period error could be made. When this was not the case, the adjustment was accounted for as a change in estimate in 2012;
- Note 15 – determination of the recoverable amount of cash-generating units;
- Note 18 – valuation of deferred tax assets and liabilities;
- Note 20 – valuation of amounts due from/to customers and related revenue recognition (including valuation of claims);
- Note 26 – valuation of the liability related to defined benefit plans;
- Note 29 – valuation of trade receivables.

The accounting policies set out below have been applied consistently for all the periods presented in these consolidated financial statements. The accounting policies have been applied consistently by all Group companies.

(c) **Basis of consolidation**

(i) *Business combinations*

Business combinations are accounted for using the acquisition method at the acquisition date – i.e. when control is transferred to the Group. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, the Group takes into consideration potential voting rights that are currently exercisable.

The Group measures goodwill at the acquisition date as:

- The fair value of the consideration transferred; plus
- The recognised amount of any non-controlling interests in the acquiree; plus
- If the business combination is achieved in stages, the fair value of the pre-existing equity interest in the acquiree; less
- The net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

When the excess is negative, a bargain purchase is recognised immediately in profit or loss.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.

Any contingent consideration payable is measured at fair value at the acquisition date. Subsequent changes in the fair value of the contingent consideration are recognised in profit or loss. Subsequent changes relating to an acquisition prior to 2010 are adjusted to goodwill.

(ii) *Acquisitions of non-controlling interests*

Acquisitions of non-controlling interests are accounted for as transactions with owners in their capacity as owners and therefore no goodwill is recognised as a result. Adjustments to non-controlling interests arising from transactions that do not involve the loss of control are based on a proportionate amount of the net assets of the subsidiary.

(iii) *Subsidiaries*

Subsidiaries are entities controlled by the Group. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. Where necessary the accounting policies of subsidiaries have been adapted to the accounting policies applied by the Group.

(iv) *Loss of control*

Upon loss of control the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity-accounted investee or as an available-for-sale financial asset depending on the level of influence retained.

(v) *Associates*

Associates are those entities in which the Group has a significant influence, but not control, over the financial and operating policies. Associates are initially recognised at cost. The consolidated financial statements include the Group's share of the total recognised gains and losses of associates on an equity accounting basis, from the date that significant influence commences until the date that significant influence ceases. When the Group's share of the losses exceeds its interest in an associate, the Group's carrying amount is reduced to nil and further losses are not recognised except to the extent that the Group has incurred a legal or constructive obligation or has made payments on behalf of an associate.

(vi) *Joint ventures*

Joint ventures are those entities over whose activities the Group, together with other parties, has control established by contractual agreement. The consolidated financial statements include the Group's share of the total recognised gains and losses of joint ventures on an equity accounting basis, from the date that joint control commences until the date that joint control ceases.

(vii) *Transactions eliminated on consolidation*

Intra-Group balances and any unrealised gains and losses or income and expenses arising from intra Group transactions, are eliminated when preparing the consolidated financial statements. Unrealised gains from transactions with associates and jointly controlled entities are eliminated to the extent of the Group's interest in the entity. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no indication for impairment.

(d) **Foreign currencies**

(i) *Foreign currency transactions*

Transactions in foreign currencies are translated into the respective functional currency at the foreign exchange rate prevailing on the date of the transaction. Monetary assets and liabilities denominated in foreign currencies on the balance sheet date are translated into the functional currency at the exchange rate prevailing on that date. Foreign exchange differences arising on translation are recognised in profit or loss, except for differences arising on the re-translation of available-for-sale equity instruments or a financial liability designated as a hedge of the net investment in a foreign operation or qualifying cash flow hedges, which are recognised in other comprehensive income. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated at the exchange rate prevailing on the date of the transaction.

(ii) *Financial statements of foreign operations*

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated into euro at the foreign exchange rates prevailing on the balance sheet date. The revenue and expenses of foreign operations are translated into euro at rates approximate to the rates prevailing on the dates of the transactions. Foreign exchange rate differences arising on re-translation are recognised in other comprehensive income and presented in a translation reserve, a separate component of equity. However, if the foreign operation is a non-wholly owned subsidiary, then the relevant proportion of the translation difference is allocated to non-controlling interests.

When a foreign operation is disposed of such that control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

(e) **Derivative financial instruments**

The Group uses derivative financial instruments to hedge its exposure to interest rate and foreign exchange risks arising from operating, financing and investing activities. In accordance with its treasury policy the Group neither holds nor issues derivative financial instruments for trading purposes. Derivatives that do not qualify for hedge accounting are, however, accounted for as trading instruments.

On initial designation of the derivative as a hedging instrument, the Group formally documents the relationship between the hedging instrument and the hedged item, including the risk management objectives and strategy in undertaking the hedge transaction and the hedged risk, together with the methods that will be used to assess the effectiveness of the hedging relationship. The Group makes an assessment, both at the inception of the hedge relationship as on an ongoing basis, of whether the hedging instruments are expected to be highly effective in offsetting the changes in the fair value or cash flows of the respective hedged items attributable to the hedged risk, and whether the actual results of each hedge are within a range of 80%-125%. For a cash flow hedge of a forecast transaction, the transaction should be highly probable to occur and should present an exposure to variations in cash flows that ultimately could affect reported profit or loss.

Derivative financial instruments are recognised at fair value. The gain or loss on re-measurement to fair value is recognised immediately in profit or loss. Where, however, derivative financial instruments qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged (see accounting policy (f)).

(f) **Hedging**

(i) *Cash flow hedges*

When a derivative is designated as the hedging instrument in a hedge of the variability in cash flows attributable to a particular risk associated with a recognised asset, liability, or a highly probable forecasted transaction that could affect profit or loss, the effective portion of changes in the fair value of the derivative is recognised in other comprehensive income and presented in the hedging reserve in equity. Any ineffective portion of changes in the fair value of the derivative is recognised immediately in profit or loss.

When the hedged item is a non-financial asset, the amount accumulated in equity is included in the carrying amount of the asset, when the asset is recognised. In other cases the amount accumulated in equity is reclassified to profit or loss in the same period that the hedged item affects profit or loss. If the hedging instrument no longer meets the criteria for hedge accounting, expires or is sold, terminated or exercised, or the designation is revoked, then hedge accounting is discontinued prospectively. If the forecasted transaction is no longer expected to occur, then the balance in equity is reclassified in profit or loss.

(ii) *Hedging of monetary assets and liabilities*

When a derivative financial instrument is used as an economic hedge against the exposure to the foreign exchange risk of a recognised monetary asset or liability, no hedge accounting is applied and any gain or loss on the hedging instrument is recognised in profit or loss.

(iii) *Hedging of a net investment in a foreign operation*

Foreign currency differences arising on the retranslation of a financial liability designated as a hedge of a net investment in a foreign operation are recognised in other comprehensive income to the extent that the hedge is effective, and are presented within equity in the translation reserve. To the extent that the hedge is ineffective, such differences are recognised in profit or loss. When the hedged net investment is disposed of, the relevant amount in the translation reserve is transferred to profit or loss.

(g) **Property, plant and equipment**

(i) *Owned assets*

Items of property, plant and equipment are stated at cost less accumulated depreciation (see below) and impairment losses (see accounting policy (n)). The cost of self-produced assets comprises the cost of materials, direct labour, the initial estimate, where relevant, of the costs of dismantling and removing the assets and restoring the site at which the assets were located, and any other costs directly attributable to bringing the assets to a working condition for their intended use and interest. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

(ii) *Leased assets*

Leases under the terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Non-current assets acquired by way of a finance lease are stated at an amount equal to the lower of fair value and the present value of the minimum lease payments at the inception of the lease, less accumulated depreciation (see below) and impairment losses (see accounting policy (n)). Lease payments are accounted for as described in accounting policy (v).

(iii) *Subsequent expenditure*

The Group recognises in the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefits embodied in the item will flow to the Group and the cost of the item can be assessed reliably. All other costs are recognised in profit or loss as and when they are incurred.

(iv) *Depreciation*

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lifetime of each component of an item of property, plant and equipment. Land is not depreciated.

Estimated useful lifetimes for the current and comparative years are as follows:

buildings	30 years
machinery and equipment	10 – 12 years
fixtures and fittings	3 – 5 years

Unless it is insignificant useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(h) **Goodwill and other intangible assets**

(i) *Goodwill*

For the measurement of goodwill at initial recognition, see note c (i).

Goodwill is stated at cost less any accumulated impairment losses. Goodwill is not amortised but tested for impairment annually or when this is indicated (see accounting policy (n)). In case of associates, the carrying amount of goodwill is included in the carrying amount of the investment in the associate.

(ii) *Brands*

Brands acquired, separately or as part of a business combination, are capitalised if they meet the definition of an intangible asset and the recognition criteria are satisfied. Brands are amortised over the estimated useful life of the brand.

(iii) *Customer-related and contract-based intangibles*

Customer-related and contract-based intangibles are capitalised if they meet the definition of an intangible asset and the recognition criteria are satisfied. Customer-related and contract-based intangibles acquired as part of a business combination are valued at fair value, those acquired separately are measured at cost.

Customer-related and contract-based intangibles are amortised over the remaining useful life of the customer relationships or the period of the contractual arrangements.

(iv) *Research and development*

Expenditure for research activities undertaken with the prospect of gaining new scientific or technical knowledge and understanding is recognised in profit or loss when the expense is incurred.

Expenditure for development activities, whereby research findings are applied to a plan or design for the production of new or substantially improved products and processes, is capitalised if the product or process is technically and commercially feasible and the Group has sufficient resources to complete development. The capitalised expenditure (included in the categories software and technology) comprises the costs of materials, direct labour and an appropriate portion of overhead. Other development expenditure is recognised in profit or loss when the expense is incurred. Capitalised development expenditure is stated at cost less accumulated amortisation (see below) and accumulated impairment losses (see accounting policy (n)).

(v) *Other intangible assets*

Other intangible assets acquired by the Group are stated at cost less accumulated amortisation (see below) and accumulated impairment losses (see accounting policy (n)). Other intangibles assets relate to software and technology.

(vi) *Subsequent expenditure*

Subsequent expenditure on capitalised intangible assets is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as and when the expense is incurred.

(vii) *Amortisation*

Amortisation is charged to profit or loss on a straight-line basis over the estimated useful lifetime of intangible assets, unless this lifetime is indefinite. Other intangible assets are amortised from the date they are available for use.
The estimated useful lifetimes for the current and comparative years are as follows:

software	3 – 10 years
customer relationships/contracts	2 – 15 years
capitalised development costs	3 – 5 years
technology	3 – 10 years
brands	1 – 12.5 years

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(j) **Inventories**

Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the course of normal business less the estimated costs of completion and selling expenses. The cost of inventories is based on the first-in-first-out principle and comprises the expenditure incurred in acquiring the inventories and bringing them to their existing location and condition. The cost of manufactured inventories and work in progress includes an appropriate share of overhead based on normal operating capacity.

(k) **Due from/to customers**

Construction contracts in progress (Work in Progress) for third parties are stated at cost plus profit recognised to date (see accounting policy (u)), less a provision for foreseeable losses and less progress billings. Cost comprises all expenditure directly related to specific projects, plus an allocation of fixed and variable overhead incurred during the Group's contract activities based on normal operating capacity and capitalised interest.
Construction contracts in progress are presented as due from customers in the consolidated balance sheet for all contracts in which costs incurred plus recognised profits exceed progress billings. If progress billings exceed costs incurred plus recognised profits, then the balance is presented as due to customers in the consolidated balance sheet.

(l) **Trade and other receivables**

Trade and other receivables are initially stated at fair value plus any directly attributable transaction costs. Subsequently, trade and other receivables are valued at amortised cost less impairment losses (see accounting policy (m)).

(m) **Impairment**

(i) *Non-derivative financial assets*

A financial asset not classified at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset, and that loss event(s) had an impact on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired includes default or delinquency by a debtor, restructuring of an amount due to the Group on terms that the Group would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers, economic conditions that correlate with defaults or the disappearance of an active market for a security.

(ii) *Non-financial assets*

The carrying amounts of the Group's non-financial assets, excluding inventories (see accounting policy (j)), work in progress (see accounting policy (k)), an asset arising from defined benefit plans (see accounting policy (q) (ii)) and deferred tax assets (see accounting policy (w)) are reviewed on each reporting date to determine whether there is any indication of impairment. If any such indication exists the recoverable amount of the asset is estimated (see accounting policy (m) (iii)).

Goodwill, intangible assets with an indefinite useful lifetime and intangible assets that are not yet available for use are tested annually for impairment. The Group's assets, excluding inventories (see accounting policy (j)), work in progress (see accounting policy (k)), an asset arising from defined benefit plans (see accounting policy (q) (ii)) and deferred tax assets (see accounting policy (w)) are reviewed on each reporting date to determine whether there is any indication of impairment. If any such indication exists the recoverable amount of the asset is estimated (see accounting policy (m) (i)).

In addition, the recoverable amount of goodwill, intangible assets with an indefinite useful lifetime and intangible assets that are not yet available for use is estimated annually.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in profit or loss. Recoverable amount is determined for an individual asset unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. In that case, assets are grouped together into cash-generating units, the smallest group of assets that generates largely independent cash inflows. Goodwill acquired in a business combination is allocated to the (group of) cash-generating units that are expected to benefit from the synergies of the business combination, representing the lowest level at which the goodwill is monitored for internal management purposes and not larger than an operating segment.

Impairment losses recognised in respect of cash-generating units (or groups of units) are allocated first to reduce the carrying amount of any goodwill allocated to cash-generating units (or groups of units) and then to reduce the carrying amount of the other assets in the unit (or group of units).

(iii) *Calculation of recoverable amount*

The recoverable amount of the Group's investments in receivables carried at amortised cost is calculated as the present value of estimated future cash flows, discounted at the original effective interest rate (i.e. the effective interest rate computed at the initial recognition of these financial assets). Receivables with a short remaining term are not discounted.

The recoverable amount of other assets is the greater of their fair value less costs to sell and value in use. In assessing value in use the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects both the current market assessment of the time value of money and the risks specific to the asset or cash-generating unit. In determining fair value less cost to sell, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

(iv) *Reversals of impairment*

An impairment loss in respect of a receivable carried at amortised cost is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised.
An impairment loss in respect of an investment in an equity instrument classified as available-for-sale is not reversed via profit or loss.

If the fair value of a debt instrument classified as available for sale increases, and the increase can be related objectively to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed and the amount of the reversal recognised in profit or loss.

An impairment loss in respect of goodwill is not reversed.
In respect of other assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.
An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(n) **Cash and cash equivalents**

Cash and cash equivalents comprise cash and bank balances and deposits that can be withdrawn on demand. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

Cash balances held in cash pools are presented on a net basis where there is the intention and the legally enforceable right for the Group to settle these outstanding balances on a net basis. Where there is no such right, balances are presented separately under cash and cash equivalents and bank overdrafts.

(o) **Share capital**

(i) *Issue of share capital*

At the issue of new shares, the proceeds less directly attributable costs are recognised in equity within share capital at par value and, if applicable, within the share premium reserve.

(ii) *Repurchase of share capital*

When share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, is recognised as a change in equity. Repurchased shares are classified as own shares and presented as a deduction from total equity.

(iii) *Dividend*

Dividends are recognised as a liability in the period in which they are declared.

(p) **Interest-bearing loans and borrowings**

Interest-bearing loans and borrowings are recognised initially at fair value less attributable transaction costs. Subsequent to initial recognition, interest-bearing loans are stated at amortised cost with any difference between cost and redemption value being recognised as profit or loss over the period of the loans using the effective interest method.

(q) **Employee benefits**

The Group makes financial contributions towards various pension plans. These plans include both defined contribution plans and defined benefit plans. Defined benefit plans are applicable for groups of employees in the Netherlands, Germany, Belgium, Sweden, Norway, Austria and Turkey.

(i) *Defined contribution plans*

A defined contribution plan is a plan related to post-retirement payments for which the Group pays fixed contributions to a separate entity and has no legally enforceable or constructive obligation to pay additional contributions. Obligations related to contributions to defined contribution pension plans are recognised as an expense in profit or loss when services are rendered.

(ii) *Defined benefit plans*

Defined benefit plans are all plans related to post-retirement payments other than defined contribution plans.
The Group's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods; that benefit is discounted to determine its present value. Any unrecognised past service costs and actuarial gains and losses and the fair value of any plan assets are deducted. The discount rate is the yield at the balance sheet date on AA credit rated corporate bonds with maturity dates approximate to the terms of the Group's obligations. In countries where there are no deep markets in AA credit rated corporate bonds, government bonds with maturity dates approximate to the terms of the Group's obligations are used as the basis for determining discount rates. The calculation is performed by a qualified actuary using the projected unit credit method.

When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognised as an expense in profit or loss on a straight-line basis over the average period until the benefits become vested. The expense related to the portion of benefits that are vested immediately is recognised immediately in profit or loss.

Actuarial gains and losses that have arisen when calculating the Group's obligation in respect of a plan, any portion of the cumulative unrecognised actuarial gain or loss that exceeds 10% of the greater of the current value of the defined benefit obligation and the fair value of plan assets is recognised as profit or loss over the expected average remaining working life of the employees participating in the plan. For the rest, the actuarial gain or loss is not recognised in profit and loss.
When the calculation results in an asset to the Group, the recognised asset is limited to the net total of any unrecognised actuarial losses and past service costs and the present value of any future refunds from the plan or reductions in future contributions to the plan. Any effect is taken to profit and loss.

The Group recognises gains and losses on the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs. The gain or loss on curtailment or settlement comprises any resulting change in the fair value of plan assets, any change in the present value of the defined benefit obligation, any related actuarial gains and losses and past service cost that had not previously been recognised.

(iii) *Long-term service benefits*

The Group's net obligation in respect of long-term service benefits, other than pension plans, is the amount of future benefit that employees have earned in return for their service in the current and prior periods. The obligation is calculated using the projected unit credit method and is discounted to its present value and the fair value of any related assets is deducted. The discount rate is the yield on the balance sheet date on AA credit rated corporate bonds with maturity dates approximate to the terms of the Group's obligations. In countries where there are no deep markets in AA credit rated corporate bonds, government bonds with maturity dates approximate to the terms of the Group's obligations are used as the basis for determining discount rates. Any actuarial gains or losses are recognised in profit or loss in the period in which they arise.

(iv) *Share-based payments*

Imtech grants share options to a number of selected Group employees and performance shares to its members of the Board of Management on an annual basis. The share option scheme allows a number of selected Group employees to acquire shares in the Company. The performance shares are awarded conditionally upon fulfilling of the long-term (three years) performance criteria listed under 'Remuneration of the Board of Management' in the report of the Supervisory Board.

The fair value of awarded share options and performance shares is recognised as an employee expense, with a corresponding increase in equity. The fair value is determined on the grant date and is spread over the period during which the selected Group employees (share options) and the members of the Board of Management (performance shares) respectively become unconditionally entitled to the share options or shares.
The fair value of the awarded share options is determined using a binomial lattice model, taking into account the terms and conditions upon which the share options were awarded. The fair value of the awarded performance shares is determined using a Monte Carlo simulation model, taking into account the terms and conditions upon which the shares were awarded. The amount recognised as an expense is adjusted annually to reflect the actual number shares that will likely vest based on the related service and non-market performance conditions.

(r) **Provisions**

A provision is recognised in the balance sheet when the Group has a current legal or constructive obligation as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and this obligation can be estimated reliably. If the effect is material provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects the current market assessment of the time value of money and, where appropriate, of the risks specific to the liability.

(i) *Warranties*

A provision for warranties is recognised when the underlying products or services are sold. The provision is based on historical warranty data and a weighing of all possible outcomes against their associated probabilities.

(ii) *Restructuring*

A provision for restructuring is recognised when the Group has approved a detailed and formal restructuring plan and the restructuring has either commenced or has been announced publicly. No provision is made for future operating costs.

(iii) *Onerous contracts*

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

(s) **Trade and other payables**

Trade and other payables are stated at amortised cost. The initial recognition is at fair value less attributable transaction costs.

(t) **Recognition, derecognition and offsetting non-derivative financial instruments**

The Group initially recognises loans and receivables on the date they are originated. The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction which substantially all the risks and rewards of ownership of the financial asset are transferred.

Financial assets and liabilities are offset and the net amount presented in the balance sheet when, and only when, the Group has a legal right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

(u) **Total revenue**

(i) *Construction contracts*

Contract revenue and expenses are, as soon as the outcome of construction contracts can be estimated reliably, recognised in profit or loss in proportion to the stage of completion of the contract. In general it is assumed that profit cannot be estimated reliably during the early stage, such early stage usually being determined as the period in which cost incurred do not exceed 15% of the expected total cost of the project. This is typically the case with projects exceeding a contract value of 2 million euro. Costs incurred up to that moment are recognised in the period in which they are incurred and revenue is only recognised to the extent of contract costs incurred that it is probable will be recoverable. The stage of completion is determined on the basis of the costs incurred compared with the expected total costs. An expected loss on a contract is recognised immediately in profit or loss.

Contract revenue includes the initial amount agreed in the contract plus any variations in contract work, claims and incentive payments, to the extent that it is probable that they will result in revenue and can be measured reliably. For certain construction contracts, there are unrecognised contingent receivables from customers arising from claims. The financial outcome of these claims can only be estimated within a broad band width. The determination of the profit in proportion to the stage of completion and the provision for losses is based on estimates of the costs and revenues of the relating projects. These estimates are uncertain.

(ii) *Services rendered*

Revenue from services rendered is recognised in profit or loss in proportion to the stage of completion of the transaction on the reporting date. The stage of completion is determined on the basis of the costs incurred compared with the expected total costs.

(iii) *Goods sold*

Revenue from the sale of goods is recognised in profit or loss when the significant risks and rewards of ownership have been transferred to the buyer. No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods, or if there is a continuing management involvement with the goods.

(iv) *Other income*

Other income includes government grants. Grants to compensate the Group for expenses incurred are recognised systematically as other income in profit or loss in the same periods in which the expenses are incurred. Grants that compensate the Group for the cost of an asset are recognised systematically as other income in profit or loss throughout the useful lifetime of the asset.

(v) **Expenses**

(i) *Raw and auxiliary materials and trade goods*

Raw and auxiliary materials and trade goods consist of the cost price of the materials used during the reporting period, excluding external expenses, personnel expenses, amortisation and depreciation. This item also includes among others use of own equipment and assets utilisation costs, cost of operational leases, general overhead costs and other results.

(ii) *Work by third parties and other external expenses*

Work by third parties and other external expenses includes (project) related work which is performed by parties other than companies included in the Group.

(iii) *Operating lease payments*

Payments made under operating leases are recognised in profit or loss on a straight-line basis over the term of the lease. Lease incentives received are linearly recognised in profit or loss as an integral part of the total lease expense.

(iv) *Finance lease payments*

Minimum lease payments are apportioned between the financing charge and the reduction of the outstanding liability. The finance charge is allocated to each period of the total lease term so as to produce a constant periodic rate of interest over the remaining balance of the liability.

(v) *Net finance result*

The net finance result includes interest payable on borrowings calculated using the effective interest rate method, interest capitalised on qualifying assets, interest on the employee benefits obligations and other provisions, expected return on plan assets, dividends, foreign currency exchange rate differences and gains and losses on hedging instruments recognised in profit or loss (see accounting policy (f)).

Interest income is recognised in profit or loss as it accrues using the effective interest method. Dividend income is recognised in profit or loss on the date the entity's right to receive payments is established which, for quoted securities, is the date the dividend is payable.

The interest expense component of the finance lease payments is recognised in profit or loss using the effective interest method.

(w) **Income tax**

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or equity respectively, in which case the income tax is recognised in other comprehensive income or equity as well.

Current tax is the expected tax payable (recoverable) on the taxable result for the year, calculated using tax rates enacted or substantially enacted on the balance sheet date, and any adjustments to tax payable or recoverable in respect of previous years.

The provision for deferred tax liabilities is formed using the balance sheet liability method whereby a provision is formed for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- Taxable temporary differences arising on the initial recognition of goodwill;
- Temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit;
- Temporary differences relating to investments in subsidiaries, associates and jointly controlled entities to the extent that the Group is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future. The amount of the provision for deferred tax is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities using tax rates enacted or substantially enacted on the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised. Additional income tax that arises from the distribution of dividends is recognised at the same time as the liability to pay the related dividend.

(x) **Operating segments**

An operating segment is a component of the Group that carries out business activities that can result in revenue and expenses, including revenue and expenses related to transactions with other Group components. The operating results of an operating segment are regularly reviewed by the Board of Management to make decisions about resources to be allocated to the segment and to evaluate the performance based on the available financial information.

(y) **Non-current assets held for sale and discontinued operations**

Immediately before classification as held for sale, the carrying amount of the asset (and of all the assets and liabilities of a disposal group) is measured in accordance with the Group's other accounting policies. Then, on initial classification as held for sale, non-current assets and disposal groups are recognised at the lower of the then determined carrying amount and the fair value less costs to sell.

Impairment losses on initial classification as held for sale are included in profit or loss, even when there is a revaluation. The same applies to gains and losses on subsequent re-measurement.

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations, or is a subsidiary acquired exclusively with a view to resale.
Classification as a discontinued operation occurs upon disposal or, if this is earlier, when the operation meets the criteria for classification as held for sale. A disposal group that is to be abandoned may also qualify.

(z) **New standards and interpretations not yet adopted**

IAS 19 Employee benefits was amended in June 2011 (IAS 19R). The revised IAS 19 standard no longer allows the deferred recognition of actuarial gains and losses and past service costs. Instead, actuarial gains and losses should be recognised in other comprehensive income and past service costs in the profit and loss account as they occur. Secondly, the interest cost and expected return on plan assets will be replaced with a net interest amount that is calculated by applying the discount rate to the net defined benefit liability (asset). Thirdly, companies are required to disclose more detailed information on specific risks in their defined benefit plans. Finally, the revisions further clarify the classification of various costs involved in benefit plans like expenses and taxes.
IAS 19R is applicable as from 1 January 2013 and must be applied retrospectively with a restatement of comparative numbers. This means that all unrecognised actuarial gains at 1 January 2012 will be recognised at once, leading to an increase in equity of 25.4 million euro (net of tax 20.1 million euro). The curtailment and settlement gain of 5 million euro in 2012 will as a result of application of IAS 19R reverse in a settlement loss of 15.4 million euro and the total expenses recognised in the profit and loss account in respect of defined benefit plans, will increase by 19.2 million euro (net of tax 14.4 million euro). In 2012, actuarial losses of 56.4 million euro (net of tax 40.6 million euro) will be incurred under IAS 19R, leading to an immediate recognition in other comprehensive income. The presentation of pension costs within operating expenses and net finance result will not change.

A number of other new standards, amendments to standards and interpretations are effective for annual periods beginning after 1 January 2012, and have not been applied in preparing these consolidated financial statements. None of these is expected to have a significant effect on the consolidated financial statements of the Group.

6 Operating segments

Imtech is a European technical services provider in the field of electrical services, information and communication technology and mechanical services. Information is divided into segments, based on the Group's management structure and internal reporting structure. Management reports are prepared for every strategic operating segment. These reports are reviewed by the Board of Management. Imtech has identified the following segments:

- Benelux;
- Germany & Eastern Europe;
- UK & Ireland;
- Nordic;
- Spain;
- Turkey;
- ICT;
- Traffic; and
- Marine.

The activities of the segments Benelux, Germany & Eastern Europe, UK & Ireland, Nordic, Spain and Turkey mainly relate to projects comprising local-for-local business and installation and maintenance activities. The segment ICT carries out activities that are of a technological nature in the area of ICT. The segments Spain, Turkey, Traffic and Marine do not individually meet the quantitative thresholds for determining reporting segments in 2012 and are included in the reporting segment Other.

The table on the following pages summarises the financial information of each of the reportable segments and the segment Other. The performance is assessed on the basis of the EBITDA as recognised in the internal management reports reviewed by the Board of Management. The EBITDA is determined on a segment basis as management considers this the most relevant for evaluating the results of specific segments compared to other entities active in these sectors. The prices for transactions between and within segments are determined at arm's length.

	Segments							
	Benelux		Germany & Eastern Europe		UK & Ireland		Nordic	
	2012	2011	2012	2011	2012	2011	2012	2011
Information profit and loss account								
Revenue from transactions with third parties	952.7	1,022.1	1,359.7	1,489.8	750.4	503.3	804.6	695.0
Inter-segment revenue	8.4	15.1	-	0.1	-	0.2	0.3	-
Other income	5.0	4.9	12.4	0.5	0.2	0.1	0.3	3.3
Total revenue and other income	966.1	1,042.1	1,372.1	1,490.4	750.6	503.6	805.2	698.3
EBITDA*	(54.6)	26.9	(132.5)	82.2	44.2	26.4	60.3	55.3
Depreciation	(7.6)	(7.6)	(9.6)	(8.8)	(1.6)	(1.2)	(9.5)	(7.8)
Amortisation	(4.1)	(4.4)	(1.9)	(1.3)	(3.4)	(0.7)	(10.0)	(9.9)
Impairment losses on property, plant and equipment and intangible assets	(2.3)	-	-	-	-	-	-	-
Result from operating activities (EBIT)	(68.6)	14.9	(144.0)	72.1	39.2	24.5	40.8	37.6
Net finance result								
Share in result of associated companies, joint ventures and other investments	0.1	(1.9)	(0.6)	(0.1)	-	-	1.2	1.0
Result before income tax								
Income tax expense								
Result for the year								
Capital expenditure	10.9	13.6	17.6	43.0	2.5	2.2	15.3	11.3
Number of employees as at 31 December	6,122	6,433	5,479	5,326	3,598	3,218	4,937	4,746
Information balance sheet								
Working capital*	(11.9)	64.3	77.5	155.1	(29.8)	(45.0)	0.5	(38.3)
Segment assets	466.6	493.9	852.5	976.8	490.7	396.8	835.6	808.5
Investments in associated companies and joint ventures	0.7	(0.5)	0.9	0.7	-	-	-	-
Total assets	467.3	493.4	853.4	977.5	490.7	396.8	835.6	808.5
Total liabilities	546.2	497.8	896.3	821.2	346.3	280.1	688.2	690.8

* *See financial glossary for definition.*

	Segments							
	ICT		Other segments		Holdings / eliminations		Consolidated	
	2012	2011	2012	2011	2012	2011	2012	2011
Information profit and loss account								
Revenue from transactions with third parties	667.0	554.4	879.9	783.9	-	-	5,414.3	5,048.5
Inter-segment revenue	7.9	6.1	6.1	5.9	(22.7)	(27.4)	-	-
Other income	-	6.3	0.7	1.2	-	-	18.6	16.3
Total revenue and other income	674.9	566.8	886.7	791.0	(22.7)	(27.4)	5,432.9	5,064.8
EBITDA*	44.6	48.7	15.9	40.1	(29.6)	(22.5)	(51.7)	257.1
Depreciation	(5.1)	(3.9)	(6.3)	(5.8)	(0.2)	(0.2)	(39.9)	(35.3)
Amortisation	(9.2)	(5.5)	(14.7)	(6.8)	(0.3)	(0.4)	(43.6)	(29.0)
Impairment losses on property, plant and equipment and intangible assets	-	-	(21.0)	-	-	-	(23.3)	-
Result from operating activities (EBIT)	30.3	39.3	(26.1)	27.5	(30.1)	(23.1)	(158.5)	192.8
Net finance result							(65.9)	(52.0)
Share in result of associated companies, joint ventures and other investments	-	0.3	2.2	2.0	-	(1.3)	2.9	-
Result before income tax							(221.5)	140.8
Income tax expense							(4.8)	(41.3)
Result for the year							(226.3)	99.5
Capital expenditure*	18.2	8.4	17.5	13.5	0.8	0.3	82.8	92.3
Number of employees as at 31 December	2,422	2,293	6,866	5,348	49	48	29,473	27,412
Information balance sheet								
Working capital*	(66.1)	(19.4)	150.8	150.3	(52.6)	(37.3)	68.4	229.7
Segment assets	463.0	414.5	725.9	625.9	100.4	83.2	3,934.7	3,799.6
Investments in associated companies and joint ventures	-	-	2.1	1.8	-	-	3.7	2.0
Total assets	463.0	414.5	728.0	627.7	100.4	83.2	3,938.4	3,801.6
Total liabilities	334.1	298.3	537.5	435.4	33.2	(45.1)	3,381.8	2,978.5

* *See financial glossary for definition.*

The holdings/eliminations relate to Group management costs and include corporate items such as cash and cash equivalents, bank overdrafts and loans and borrowings.

7 Acquisition of subsidiaries

In accordance with the strategy, during 2012 the Group acquired 100% interest and voting rights through business combinations in the following subsidiaries, with the exception of AE Arma-Elektropanç ("Arma"). The Arma acquisition initially regards 80% of the shares and voting rights, the remaining 20% will be transferred and paid for in 2015. Acquisitions below are mentioned in chronological order.

Fagersta Industri El

Fagersta Industri is an electrotechnical specialist in the regional industrial market of Fagersta in Sweden. Activities encompass medium and low-voltage services, telecommunications, alarms, data transmission, monitoring and control. Revenue of Fagersta Industri on a yearly basis is around 2 million euro with approximately 15 employees.

Medrott

The company, acquired in February 2012, is the leading technology specialist in the growing market of medical equipment in the Benelux. Medrott specialises in sales, management and maintenance of sensitive and high quality medical equipment. Medrott has 20 employees and realises annual revenue of over 2 million euro.

Steinar Holbæk

Steinar Holbæk in Norway is a full technical services provider specialised in energy technology, heating, and cooling and sprinkler technology. The company is active in both industry and buildings, realises an annual revenue of almost 4 million euro with 40 employees and joined the Group in March 2012.

VVS Montage I Dalarna

Based in the centre of the Borlänge-Ludvika-Falun mining region in Sweden, VVS Montage i Dalarna operates as a mechanical specialist. The revenue on an annual basis approximates 3.6 million euro and relates to specialised industrial activities and the buildings market. The number of employees is around 25 and the company was acquired in April 2012.

AE Arma-Elektropanç

In April 2012 Imtech acquired Arma, a top-3 player in the technical services market in Turkey. Twenty percent of the shares will be transferred and paid for in 2015, for which a contingent consideration has been recorded. Since Imtech has control over Arma and is entitled to 100% of the results, Arma is 100% consolidated in the financial statements. Arma's activities cover a wide range of market segments, such as commercial buildings, hotels, luxury apartment complexes, government buildings, shopping centres, hospitals, tourist services, airports and industry. With around 1,200 employees Arma is expecting to realise annual revenues of approximately 90 million euro.

Capula Group

In May 2012 Imtech acquired Capula Group, a technical services provider in the UK. Capula specialises in providing total technical solutions in the field of process automation in the energy and utility markets, comprising power plants as well as power distribution and power grids. The company is also active in complex technical facilities in the environmental, waste water treatment, and industrial oil and gas markets. Capula enjoys strong market positions in all of these highly specialised market segments. The company is involved in providing 30 million people in the UK with their energy needs. With more than 180 employees Capula realises an annual revenue of around 40 million British pounds.

Värnamo Elservice

Värnamo Elservice AB is an electrical specialist in the Swedish region of Småland and joined the Group in June 2012. Värnamo Elservice works principally for industrial customers, but is also active in the buildings market. Värnamo Elservice AB has 20 employees and realises annual revenues of approximately 2 million euro.

SSR and Polar

In June 2012 Imtech strengthened its position in Finland through the acquisition of two related companies, namely the technical services providers SSR and Polar. SSR was acquired by Polar in 1988. SSR is active in the traffic and the public lighting markets and Polar specialises in process automation in sectors including infrastructure, energy, mining, steel, wood processing and the chemical industry. With some 50 employees, both companies realise annual revenue of around 15 million euro.

Van Stappen & Cada

Van Stappen & Cada, based in Antwerp's port area, specialises in marine electronics, electrical solutions and air conditioning. Van Stappen & Cada realises an annual revenue of approximately 3 million euro with 8 employees and joined the Group in July 2012.

Total acquisitions

The acquisitions of Fagersta Industri El, Steinar Holbæk, VVS Montage I Dalarma, Värnamo Elservice, SSR and Polar have been included in the Nordic segment. Medrott has been included in the Benelux segment and Van Stappen & Cada has been included in the Marine segment. The acquisition of Capula Group was included in the UK & Ireland segment and the acquisition of Arma was included in the segment Other.

All the acquisitions were paid for in cash and contingent consideration. Between the date of acquisition and 31 December 2012 these new subsidiaries contributed 116 million euro to the consolidated total revenue and a loss of 0.2 million euro to the consolidated net result. Arma contributed 78 million euro to the consolidated revenue and a loss of 5.2 million euro to the consolidated net result. Capula Group contributed 26 million euro to the consolidated revenue and 3.9 million euro to the consolidated net result. Had all the acquisitions taken place on 1 January 2012 the estimated revenue effect and net result effect for the Group would have additionally been 39 million euro and 2.8 million euro respectively. All these amounts are including synergy effects and excluding finance expenses resulting from the acquisitions.

Effect of acquisitions

The net recognised amounts (generally fair value) of the identifiable assets acquired and liabilities assumed, the goodwill on and cost of acquisition and net outflow of cash, cash equivalents and bank overdrafts are as follows:

	Arma	Capula Group	Other acquisitions	Aggregate for all acquisitions
Property, plant and equipment	0.5	1.4	0.6	2.5
Intangible assets	30.9	8.9	2.0	41.8
Non-current receivables and other investments	0.2	-	3.1	3.3
Inventories	3.9	-	1.0	4.9
Due from customers	7.3	-	0.7	8.0
Trade and other receivables	31.5	10.7	8.5	50.7
Income tax receivables	0.2	0.9	-	1.1
Cash, cash equivalents and bank overdrafts	3.9	3.5	5.7	13.1
Loans and borrowings (non-current)	(11.4)	(6.4)	(0.6)	(18.4)
Employee benefits	(0.5)	-	-	(0.5)
Deferred tax liabilities	(6.0)	-	(0.5)	(6.5)
Due to customers	(4.8)	(7.4)	(1.3)	(13.5)
Trade and other payables	(47.9)	(8.5)	(5.6)	(62.0)
Income tax payables	-	(0.5)	-	(0.5)
Provisions (current)	-	(0.1)	-	(0.1)
Net identifiable assets and liabilities	7.8	2.5	13.6	23.9
Goodwill on acquisition	44.9	37.7	13.8	96.4
Total consideration	52.7	40.2	27.4	120.3
Of which contingent consideration	(6.9)	-	(3.4)	(10.3)
Of which to be paid in instalments	-	(1.0)	(0.2)	(1.2)
Acquired cash, cash equivalents and bank overdrafts	(3.9)	(3.5)	(5.7)	(13.1)
Net cash outflow 2012	41.9	35.7	18.1	95.7
Paid contingent consideration previous years				8.5
Net cash outflow 2012 arising from acquisition of subsidiaries through business combinations				104.2

Upon finalisation of the purchase price allocation of Arma an adjustment was made of the initial purchase price allocation performed during mid-year 2012 of 11.4 million euro on goodwill and 18.2 million euro on intangible assets. This adjustment mainly related to lower valuation of working capital items.

At year end 2012, all acquisition accounting was finalised besides SSR and Polar. The initial accounting for Inviron, Qbranch, Groupe Techsol Marine and Smith Group UK, acquired in 2011, was completed in 2012. As a result of the finalisation of the purchase price calculations the goodwill has been adjusted downward by 5.6 million euro.
The fair value of the trade and other receivables does not differ significantly from the present value of the receivables. The goodwill is attributable mainly to the skills and technical talent of the work force and the synergies expected to be achieved from executing the strategic plan of the Group. None of the goodwill recognised is expected to be deductible for income tax purposes.

In general the contingent considerations are based upon targets with respect to (future) performance, mostly EBIT(A) related and in combination with multiples and thresholds. The total of the actual contingent considerations ranges between nil and 109 million euro (undiscounted). The total recorded (discounted) considerations as at 31 December 2012 amount to 44.3 million euro (31 December 2011: 54.0 million euro). The movements in the contingent consideration during the years were as follows:

Contingent consideration	note	2012	2011
As at 1 January		54.0	26.2
Acquisitions		10.3	38.9
Reversals against goodwill		(6.3)	(1.0)
Change in fair value of contingent consideration	11	(6.1)	(2.5)
Payments		(8.5)	(7.7)
Effect of movement in exchange rates		0.9	0.1
As at 31 December		44.3	54.0
Non-current		17.6	-
Current		26.7	54.0
		44.3	54.0

Of the above amount, as at 31 December 2012 an amount of 6.9 million euro (discounted at 6% per annum) relates to Arma. This contingent consideration, relating to the transfer of the remaining 20% of the shares of Arma, becomes due in 2015. The maximum amount of the contingent consideration for this acquisition amounts to 90 million USD and is based on the average EBIT for the years 2012 up to and including 2014, multiplied by 6.0.

The Group incurred acquisition-related costs of 3.8 million euro comprising external legal fees and due diligence costs, mainly related to the acquisition of Arma, Capula Group and to unsuccessful acquisitions (2011: 3.7 million euro). The legal fees and due diligence costs have been included in other expenses in the Group's consolidated profit and loss account.

8 Total revenue and other income

	2012	2011
Construction contracts	3,502.9	3,376.3
Services rendered	1,353.4	1,158.3
Sale of goods	558.0	513.9
Revenue	5,414.3	5,048.5
Result from the disposal of property, plant and equipment	12.2	(0.6)
Government grants	1.2	3.0
Other	5.2	13.9
Other income	18.6	16.3
Total	5,432.9	5,064.8

Other income 2012 includes the reversal of impairments on vendor loans for 4.9 million euro related to the sale of subsidiaries in previous years. In 2011 other income included the remeasurement of the previously held equity interests (F&M Asia) for 6.1 million euro and the profit on the disposal of subsidiaries of 6.0 million euro.

Geographical information

In presenting information on the basis of geographical areas, segment revenue is based on the location of the entity that contracted the construction contract or service. Segment assets are based on the location of the entity that owns the asset.

Total revenue and other income	2012	2011
Germany	1,735.9	1,686.0
The Netherlands	1,039.9	1,160.7
Sweden	751.0	617.1
The UK	711.1	549.8
Belgium	208.5	193.1
Spain	156.7	184.2
Other countries	829.8	673.9
Total	5,432.9	5,064.8

There are no customers that account for more than 10% of annual total revenue.

Non-current assets	2012	2011
Germany	157.2	185.6
The Netherlands	294.7	281.3
Sweden	602.7	590.8
The UK	215.7	170.9
Belgium	15.7	11.6
Spain	81.3	50.3
Other countries	169.7	128.0
Total	1,537.0	1,418.5

9 Personnel expenses

	2012	2011
Wages and salaries	1,320.5	1,215.1
Social security expenses	286.8	262.7
Contributions to defined contribution plans	40.3	26.8
Costs in respect of defined benefit plans	3.5	11.1
Restructuring	47.7	4.5
Share-based payments	5.8	4.3
Costs in respect of jubilee benefits	0.9	0.9
Total	1,705.5	1,525.4

Settlement of defined benefit plan

On 1 June 2012 the Imtech pension fund's Board and the Participants Board decided to terminate the fund. The pensions of some of the participants have been placed with Delta Lloyd Levensverzekering N.V. and the pensions of the remaining participants have been placed with the Pensioenfonds Metaal en Techniek. The transfer of the inactive members to Delta Lloyd and the transfers to Pensioenfonds Metaal en Techniek classify as a settlement under IAS 19. The transfers resulted in settlement gain of 5.0 million euro (taking into account the effect of unrecognised actuarial gains and losses), included under costs in respect of defined benefit plans, and a settlement payment to be made by the Company of around 3 million euro.

Restructuring

During 2012, the Group committed to a plan to restructure its organisation in the Benelux, Spain and Marine division due to structural underperformances. The restructuring expenses amount to approximately 50 million euro, of which 47.7 million euro relates to employee termination benefits regarding redundancies of 900 employees and cost of idle time. The remaining 2.3 million euro is included in other operating expenses. The restructuring is expected to be completed in the first half of 2013.

Share-based payments

In 2012 and the preceding years key staff were granted share options to ordinary shares in Royal Imtech N.V. The exercise price is based on the share price at the time the share option rights were granted, i.e. the first day that the Imtech shares were quoted ex-dividend. The share options have a term of seven years and are conditional for the first three years. The vesting period is three years continuing service.

On termination of employment with the Company the conditional share option rights within the vesting period will in principle lapse and the other share option rights must be exercised within three months. On change of control all conditional share option rights become unconditional.

Fair value of share options and assumptions	2012	2011
Fair value at the grant date	4.66 euro	5.11 euro
Share price	22.00 euro	25.68 euro
Exercise price	22.00 euro	25.68 euro
Anticipated volatility	30.76%	27.63%
Term of share options	4.6 years	3.9 years
Assumed dividend yield	3.08%	2.68%
Risk-free interest rate (based on the yield on government bonds)	1.53%	2.89%

The anticipated volatility is based on historical volatility.

The number of share options granted to (former) employees, as well as the changes during the period, are summarised below.

		Granted in							
	Total	2012	2011	2010	2009	2008	2007	2006	2005
Number	7,927,205	1,146,500	1,194,000	1,188,500	1,234,500	1,193,455	722,250	676,500	571,500
Exercise price *(in euro)*		22.00	25.68	23.60	11.27	16.91	18.50	13.80	8.30
Outstanding on 1 January 2012	4,673,710	-	1,169,000	1,088,000	1,147,500	759,210	360,750	130,750	18,500
Granted	1,146,500	1,146,500	-	-	-	-	-	-	-
Exercised	(813,000)	-	-	-	(521,500)	(203,500)	(24,750)	(44,750)	(18,500)
Forfeited	(180,000)	(30,000)	(60,000)	(52,000)	(20,000)	(18,000)	-	-	-
Outstanding on 31 December 2012	4,827,210	1,116,500	1,109,000	1,036,000	606,000	537,710	336,000	86,000	-
Exercisable on 31 December 2012	1,565,710	-	-	-	606,000	537,710	336,000	86,000	-

In 2012 the weighted average price of the share at the time the share options were exercised was 22.12 euro (2011: 25.54 euro). On 31 December 2012 the weighted average remaining term of the outstanding share options was 4.4 years (31 December 2011: 4.6 years).

The costs of share-based payments recognised under personnel expenses are as follows:

	2012	2011
Costs of share option scheme	5.2	3.7
Costs of share scheme	0.6	0.6
Total expense recognised under personnel expenses	5.8	4.3

Remuneration of the former Board of Management

In 2012 the remuneration of members of the former Board of Management amounted to 2,496,019 euro (2011: 2,282,240 euro) and can be specified as follows:

	Base salary		Variable salary [1]		Pension and social security expenses		Total	
	2012	2011	2012	2011	2012	2011	2012	2011
In euro								
R.J.A. van der Bruggen	736,050	701,000	555,192	500,625	202,582	190,467	1,493,824	1,392,092
B.R.I.M. Gerner	514,500	490,000	282,240	246,834	205,455	153,314	1,002,195	890,148
Total	1,250,550	1,191,000	837,432	747,459	408,037	343,781	2,496,019	2,282,240

1 *Amounts paid relate to previous year performance.*

Members of the former Board of Management also received an expense allowance which, in the context of agreements with the tax authorities, is partially grossed.

The base salaries of the former Board of Management members were based on median levels of the reference market consisting of larger Dutch companies. The Board of Management positions were compared to the market by the weight and level of the functions. As of 1 January 2012, the base salaries of the former Chairman of the Board of Management and the former CFO were increased by 5.0% (1 January 2011: 5.0% and 7.2% respectively).

The variable salary of the former Board of Management was determined on the basis of a combination of the achievement of the Group's financial targets and personal targets. The performance of both members of the former Board of Management was rated excellent on EBITA and revenue growth and very good on achievement of personal targets. The level of short-term variable salary achieved in 2011 (paid out in 2012) was 79.2% of the 2011 base salary (2011: 75.0%) for the former Chairman of the Board of Management ('at target' 55.0%) and 57.6% of the 2011 base salary (2011: 54.0%) for the former CFO ('at target' 40.0%).

Considering the restated results of previous years, the former Board of Management has been requested to pay back the variable salary they have received for the years 2010 and 2011. For 2012 no variable salary has been awarded to the former Board of Management.

With regard to pension provisions, a final salary arrangement is applicable for the former Chairman of the Board of Management and an average salary arrangement is applicable for the former CFO. The variable part of the salary of the former Chairman of the Board of Management and the former CFO is, respectively, included in the pensionable salary partly and fully.

The pension and social security expenses for 2012 exclude the crisis tax of 16% on taxable income, including expenses related to share based payments, above 150,000 euro. For the former Chairman of the Board of Management this amounts to 369,481 euro and for the former CFO 196,588 euro.

Former Board of Management share scheme

Shares in Royal Imtech N.V. are conditionally granted to the former Board of Management and may become unconditional upon the achievement of strategic targets (50%) and Total Shareholders' Return compared to the peer group after a three-year period (50%). The strategic targets contain three elements: EBITA growth, revenue growth and personnel targets. The fair value was determined, taking into account the terms and conditions upon which the shares were awarded, after deduction of the discounted value of the expected dividends in the period that the shares are conditional. The cost of the share scheme expensed during 2012 based on at target performance amounts to 322,628 euro (2011: 403,073 euro) for the former Chairman of the Board of Management and 285,052 euro (2011: 201,603 euro) for the former CFO.

The most important assumptions used in the valuations of the former Board of Management share scheme were:

Fair value of shares and assumptions	2012	2011
Fair value at the grant date	19.49 euro	16.39 euro
Share price	22.00 euro	25.68 euro
Anticipated volatility (expressed as weighted average volatility)	30.76%	27.63%
Assumed dividend yield	3.08%	2.68%
Risk-free interest rate (based on the yield on zero-coupon government bonds)	1.21%	2.59%

The number of shares granted conditionally ('at target') is:

	Total	2012	2011	2010
R.J.A. van der Bruggen	46,108	8,922	14,559	22,627
B.R.I.M. Gerner	37,101	14,032	11,448	11,621
Total	83,209	22,954	26,007	34,248

The number of shares granted conditionally to the former CFO in 2011 have been adjusted upwards by 3,816 shares due to the fact that the share scheme will remain in full force until the end date of the employment contract in April 2014.

Adjustment vesting 2008 grant (2008 – 2010) and vesting 2009 grant (2009 – 2011)

Due to an error in the calculation, the score on the 2008 grant (2008 – 2010) was erroneously set at 123.5% instead of 128.5%. This was corrected in 2012 and resulted in an additional 1,405 shares being awarded unconditionally to the former Chairman of the Board of Management and 464 shares being awarded unconditionally to the former CFO on 4 April 2012.

On 10 April 2012 55,203 of the shares (2011: 36,111) granted conditionally to the former Chairman of the Board of Management and 28,352 of the shares (2011: 11,916) granted conditionally to the former CFO were awarded unconditionally. The number of unconditionally awarded shares was determined on the basis of the achievement of targets (score 123.5%, 2011: score 128.5%). Half of all the unconditionally awarded shares were sold in order to meet the related tax liability.

On 7 March 2013 the Supervisory Board decided, given the current situation and on the basis of reasonableness and fairness, to cancel all conditionally granted shares to the former Chairman of the Board of Management and the 2010 grant for the former CFO.

For the shares awarded unconditionally a lock up-period of two years, or until the termination of employment by the Company if this is shorter, is applicable. The latter has come into effect when the former Chairman of the Board of Management resigned on 3 April 2013. The same applies to the former CFO whose employment contract will end in April 2014.

The number of unconditional shares held at 31 December 2012 and within the lock-up period is:

	Total	2012	2011
R.J.A. van der Bruggen	44,956	26,901	18,055
B.R.I.M. Gerner	20,134	14,176	5,958
Total	65,090	41,077	24,013

On 31 December the members of the former Board of Management also held the following number of additional shares in Royal Imtech N.V.:

	2012	2011
R.J.A. van der Bruggen	145,270	98,973
B.R.I.M. Gerner	114,687	96,258
Total	259,957	195,231

For the former Chairman of the Board of Management 123,695 (2011: 77,398) and for the former CFO 44,687 (2011: 26,258) of these shares were related to the share scheme. The remainder of these shares have been acquired on the stock market prior to 2012.

Remuneration of the Supervisory Board

The remuneration of the Supervisory Board for 2012 was 283,171 euro (2011: 259,305 euro) and can be specified as follows:

	2012	2011
In euro		
R.M.J. van der Meer [1+2], Chairman	61,000	61,000
E.A. van Amerongen [2+3]	46,000	45,083
A. van Tooren [1]	45,000	45,000
A. Baan († 5 April 2013) [1]	45,500	42,500
J.J. de Rooij, since 6 April 2011	37,500	27,679
R.D. van Andel [3], since 18 August 2011	42,750	15,152
G.J. de Boer-Kruyt [3], until 6 April 2011	-	10,901
W.A.F.G. Vermeend [3], until 6 April 2011	-	10,901
	277,750	258,216
Social security expenses	5,421	1,089
Total	283,171	259,305

1 *Member of the Audit Committee.*

2 *Member of the Remuneration/Nomination Committee. Mrs Van Andel since 1 July 2012.*

3 *Contact person for the Representative Bodies. Mr. Van Amerongen since 6 April 2011.*

The remuneration of the Supervisory Board is determined by the General Meeting of Shareholders. The most recent adjustment of the remuneration, effective as of 1 January 2010, was based on the median level of comparable companies (Hay Group database) and will be reviewed every two to three years. As of 1 January 2010 the annual remuneration of the Chairman, Vice-chairman and remaining members is 52,500, 41,500 and 37,500 euro respectively. The Chairman and other members of the Audit Committee receive a supplementary annual fee of 7,500 and 5,000 euro respectively. The Chairman of the Remuneration/Nomination Committee, the other member of the Remuneration/Nomination Committee and the contact persons for the Representative Bodies receive a supplementary annual fee of 5,000, 3,500 and 3,500 euro respectively. All these fees for the Supervisory Board and all social security expenses are included in the figures stated above.

Supervisory Board members also receive a contribution towards expenses which, in the context of agreements with the tax authorities, is partially grossed.

At the end of 2012 no Supervisory Board member held shares or options on shares in Royal Imtech N.V. (2011: the same).

Remuneration of the former Board of Management and Supervisory Board

The remuneration of the former Board of Management and the Supervisory Board can be summarised as follows:

	2012	2011
In euro		
Short-term employee benefits	2,365,732	2,196,675
Social security expenses	16,458	11,870
Pension expenses	397,000	333,000
Share-based payments	607,680	604,676
Total	3,386,870	3,146,221

10 Other expenses

	note	2012	2011
Other indirect expenses		470.4	341.3
Impairment loss on trade receivables	29	106.2	32.4
Change in provisions (excluding restructuring related to personnel)		10.1	2.4
Research and development costs		6.4	6.3
Total		593.1	382.4

In 2012 the impairment loss on trade receivables mainly relates to Germany and Poland write offs. Reference is made to note 3.

11 Net finance result

	note	2012	2011
Interest income		1.6	1.4
Expected return on plan assets (employee benefits)	26	6.3	10.3
Change in fair value of contingent consideration		6.1	2.5
Other finance income		4.2	0.6
Finance income		18.2	14.8
Interest expense on financial liabilities measured at amortised cost		(39.9)	(24.6)
Interest on employee benefit obligations	26	(14.7)	(19.7)
Net change in fair value of cash flow hedges transferred from equity		(5.2)	(11.0)
Net currency exchange loss		(4.3)	(1.8)
Other finance expenses		(20.0)	(9.7)
Finance expenses		(84.1)	(66.8)
Net finance result		(65.9)	(52.0)

Other finance expenses includes amongst others bank guarantee fees, factoring fees and commitment and utilization fees.

12 Income tax expense

	2012	2011
Current year	34.5	29.6
Prior year adjustments	(0.7)	0.3
Benefit from previously unrecognised tax losses	(1.1)	-
Current income tax expense	32.7	29.9
Origination and reversal of temporary differences	(21.2)	12.1
Reduction in tax rate	(4.1)	(0.2)
Benefit from previously unrecognised tax losses	(2.6)	(0.5)
Deferred income tax expense	(27.9)	11.4
Income tax expense	4.8	41.3

Reconciliation of effective tax rate

		2012		2011
Result before income tax		(221.5)		140.8
Weighted average statutory income tax rate	23.2%	(51.5)	27.5%	38.8
Change in income tax rate	1.9%	(4.1)	(0.1%)	(0.2)
Non-deductible expenses	(6.2%)	13.7	3.5%	4.9
Tax exempt income	3.2%	(7.0)	(6.5%)	(9.1)
Recognition previously unrecognised tax losses	1.7%	(3.7)	(0.3%)	(0.5)
Current year losses for which no deferred tax asset recognised	(26.3%)	58.1	5.0%	7.1
Under (over) provided in prior periods	0.3%	(0.7)	0.2%	0.3
	(2.2%)	4.8	29.3%	41.3

Current year losses for which no deferred tax asset is recognised (58.1 million euro) mainly relate to Poland (23.4 million euro), Germany (8.5 million euro) and the Netherlands (16.6 million euro).

Taxes recognised directly in equity or other comprehensive income

In 2012 no current income tax was credited directly to equity (2011: the same). Income tax effect recognised in other comprehensive income relates for an amount of 2.9 million euro (2011: 2.6 million euro) to cash flow hedges.

13 Current tax assets and liabilities

The net current tax liability of 17.5 million euro (2011: 28.1 million euro), comprising current tax receivables of 13.3 million euro (2011: 5.4 million euro) and current tax payables of 30.8 million euro (2011: 33.5 million euro), relates to the net amount of tax payable for the reporting year and previous years.

14 **Property, plant and equipment**	Land and buildings	Machinery and equipment	Other PPE	PPE under construc-tion	Total
Cost					
As at 1 January 2011	80.2	44.0	207.7	3.7	335.6
Acquired through acquisitions	1.7	0.9	5.5	-	8.1
Additions	25.2	6.9	32.4	5.3	69.8
Disposals	(2.2)	(6.3)	(14.9)	(0.2)	(23.6)
Reclassifications	0.3	0.4	2.8	(3.5)	-
Effect of movement in exchange rates	0.2	0.2	0.6	-	1.0
As at 31 December 2011	105.4	46.1	234.1	5.3	390.9
As at 1 January 2012	105.4	46.1	234.1	5.3	390.9
Acquired through acquisitions	-	0.3	2.2	-	2.5
Additions	0.5	6.8	45.6	6.7	59.6
Disposals	(24.0)	(3.5)	(19.1)	-	(46.6)
Reclassification to assets held for sale	(25.9)	-	-	-	(25.9)
Reclassifications	(0.6)	2.6	(1.4)	(0.6)	-
Effect of movement in exchange rates	0.3	0.3	1.6	-	2.2
As at 31 December 2012	55.7	52.6	263.0	11.4	382.7
Depreciation and impairment losses					
As at 1 January 2011	27.1	26.4	127.7	-	181.2
Depreciation charge for the year	2.8	5.5	27.0	-	35.3
Disposals	(1.3)	(4.9)	(12.1)	-	(18.3)
Reclassifications	-	0.5	(0.5)	-	-
Effect of movement in exchange rates	-	0.1	0.2	-	0.3
As at 31 December 2011	28.6	27.6	142.3	-	198.5
As at 1 January 2012	28.6	27.6	142.3	-	198.5
Depreciation charge for the year	2.6	6.0	31.3	-	39.9
Impairment loss	2.3	-	-	-	2.3
Disposals	(11.6)	(3.1)	(14.6)	-	(29.3)
Reclassifications	(0.1)	0.8	(0.7)	-	-
Effect of movement in exchange rates	-	0.1	0.4	-	0.5
As at 31 December 2012	21.8	31.4	158.7	-	211.9
Carrying amounts					
As at 1 January 2011	53.1	17.6	80.0	3.7	154.4
As at 31 December 2011	76.8	18.5	91.8	5.3	192.4
As at 1 January 2012	76.8	18.5	91.8	5.3	192.4
As at 31 December 2012	33.9	21.2	104.3	11.4	170.8
Of which leased:					
As at 31 December 2011	4.1	0.6	12.6	2.6	19.9
As at 31 December 2012	3.8	2.9	0.9	-	7.6

Impairments and reversals after recognition
During 2012 the Group recognised an impairment loss of 2.3 million euro on a building (2011: nil).
There were no reversals of impairments during 2012 (2011: nil).

Security
On 31 December 2012 property, plant and equipment with a carrying value of 4.2 million euro (31 December 2011: 26.7 million euro) was mortgaged as security for bank loans. The decrease relates to a property that is now classified as held for sale.

Leased property, plant and equipment
On 31 December 2012 a carrying amount of 7.6 million euro related to property, plant and equipment acquired under a finance lease (31 December 2011: 19.9 million euro).

Assets and liabilities held for sale
In 2012 it was decided to dispose the land and buildings developed for a data centre in Germany. Consequently, the assets and related financing have been reclassified to assets and liabilities held for sale respectively.

15 **Goodwill and other intangible assets**	Goodwill	Software	Customer relation-ships/ contracts	Technology	Brands	Total
Cost						
As at 1 January 2011	829.4	39.2	151.6	22.9	24.2	1,067.3
Acquired through acquisitions	186.5	0.9	27.5	0.8	0.1	215.8
Additions	-	8.9	8.2	-	-	17.1
Developed internally	-	-	-	5.4	-	5.4
Adjustment purchase price/fair value	(10.7)	-	(2.3)	-	1.7	(11.3)
Disposals	(9.4)	(0.4)	(2.3)	-	-	(12.1)
Effect of movement in exchange rates	10.2	0.1	1.7	0.1	0.2	12.3
As at 31 December 2011	1,006.0	48.7	184.4	29.2	26.2	1,294.5
As at 1 January 2012	1,006.0	48.7	184.4	29.2	26.2	1,294.5
Acquired through acquisitions	96.4	-	41.3	-	0.5	138.2
Additions	-	12.3	0.5	0.9	-	13.7
Developed internally	-	-	-	9.5	-	9.5
Adjustment purchase price/fair value	(11.9)	-	3.4	-	-	(8.5)
Disposals	-	(1.2)	-	-	-	(1.2)
Effect of movement in exchange rates	19.1	0.1	5.1	0.1	1.0	25.4
As at 31 December 2012	1,109.6	59.9	234.7	39.7	27.7	1,471.6
Amortisation and impairment losses						
As at 1 January 2011	8.0	14.7	33.1	7.3	14.8	77.9
Amortisation for the year	-	6.6	13.9	3.9	4.6	29.0
Disposals	-	(0.1)	(0.4)	-	-	(0.5)
Reclassifications	-	-	(0.1)	-	0.1	-
Effect of movement in exchange rates	-	-	0.4	-	0.2	0.6
As at 31 December 2011	8.0	21.2	46.9	11.2	19.7	107.0
As at 1 January 2012	8.0	21.2	46.9	11.2	19.7	107.0
Amortisation for the year	-	7.3	26.6	5.0	4.7	43.6
Impairment loss	20.0	-	-	1.0	-	21.0
Disposals	-	(1.2)	-	-	-	(1.2)
Reclassifications	-	0.1	-	(0.1)	-	-
Effect of movement in exchange rates	-	0.2	1.1	(0.1)	0.3	1.5
As at 31 December 2012	28.0	27.6	74.6	17.0	24.7	171.9
Carrying amounts						
As at 1 January 2011	821.4	24.5	118.5	15.6	9.4	989.4
As at 31 December 2011	998.0	27.5	137.5	18.0	6.5	1,187.5
As at 1 January 2012	998.0	27.5	137.5	18.0	6.5	1,187.5
As at 31 December 2012	1,081.6	32.3	160.1	22.7	3.0	1,299.7

Impairment test for cash-generating units containing goodwill

The impairment test for goodwill is carried out at a division level. This acknowledges the synergy between companies within a division and also reflects the lowest level within the Group at which goodwill is monitored for internal management purposes, which equals the level of the Group's operating segments.

The following cash generating units (divisions) contain significant goodwill amounts:

	2012	2011
Nordic	428.1	410.2
ICT	221.5	225.9
UK & Ireland	130.9	97.1
Marine	100.3	97.3
Traffic	66.8	59.4
Turkey	44.9	-
Benelux	38.0	37.0
Germany & Eastern Europe	28.8	28.8
Spain	22.3	42.3
Total	1,081.6	998.0

The recoverable amounts of the cash-generating units are based on value in use calculations. Management has projected cash flows based on past experience and expected future market developments. Also it is assumed that cost efficiencies can and will be realised. The starting point for the calculations are cash flow forecasts based on the revised budget 2013 and the revised business plans for 2014 and 2015, as originally prepared during the regular budget and planning cycle of the Group in November / December 2012 and as revised in March / April 2013. In light of the developments early 2013, these budgets have been adjusted downwards by the new management of the Group and have been reviewed and challenged, with assistance of external experts. The cash flows for the cash-generating units do not include cash flows relating to the restructuring plan which was communicated by the Group in the press release of 23 April 2013, since the Group was not committed to this restructuring as at 31 December 2012.

For the Benelux, due to the economic situation, recovery is expected to take longer than the forecast period until 2015. Management expects that sustainable earnings will be achieved after 2015 at an EBITDA margin level of 2.3% and has used this as basis for the cash flows in the terminal value.

The value in use is most sensitive to the EBITDA margin and the discount rate. EBITDA margins used in the cash flows for the respective cash-generating units in the period 2013-2015 range from 1.2% to 6.5%; the weighted average EBITDA margins used range between 4% and 5%. The terminal value growth rates for all cash-generating units amount to 2%.

The pre-tax discount rates are derived from the post-tax weighted average cost of capital as derived from external data. The main assumptions in our current and previous year impairment test are:

	Pre-tax discount rate		Terminal value growth rate	
	2012	2011	2012	2011
Nordic	9.2%	8.6%	2.0%	2.5%
ICT	10.1%	9.4%	2.0%	2.3%
UK & Ireland	10.1%	8.9%	2.0%	4.8%
Marine	10.5%	9.2%	2.0%	0.5%
Traffic	9.6%	8.8%	2.0%	2.4%
Turkey	12.6%	-	2.0%	-
Benelux	9.2%	9.4%	2.0%	2.1%
Germany & Eastern Europe	10.0%	9.1%	2.0%	2.4%
Spain	14.6%	12.4%	2.0%	2.1%
Total	10.7%	9.1%	2.0%	2.2%

The pre-tax discount rates used in the impairment tests show an increase in 2012 as compared to 2011. This increase mainly relates to an increase in the market risk premium used in the calculation of the discount rates, which is in line with the developments in the European Union.

Impairment Spain
An impairment test performed in the third quarter of 2012 revealed, taking into account the significant lower level of activity and profitability for the medium and long-term, that the recoverable amount of the cash-generating unit Spain was estimated to be lower than the carrying amount, resulting in an impairment charge of 20 million euro. This impairment was triggered by a downward adjustment in the third quarter 2012 of the 2012 EBITDA outlook and the medium and long-term expectations of the Spain activities. The expectations with respect to the market were adjusted, amongst others resulting from changed views on some (major) client relations and contracts. This has also led to the decision to execute a significant restructuring, amongst others involving the release of 70 employees and (partial) closing of business locations. The cash flows prepared during the third quarter of 2012 were further challenged and again confirmed by the in depth review of the revised budgets performed early 2013.

Sensitivity analysis
The goodwill impairment test did not reveal any impairments as at 31 December 2012, taking into account the impairment of Spain already included in the third quarter of 2012.

With respect to the cash-generating unit Turkey, the impairment test revealed that the headroom between the value in use and the carrying amount is limited, amongst others due to the recent date of acquisition. Therefore, a change in underlying assumptions in the impairment test for Turkey, such as an increase of the discount rate by 1% or a decrease in EBITDA levels by 10%, would lead to an impairment charge.

Regarding the cash-generating units Spain and Turkey, an (adverse) change in the underlying assumptions, ceteris paribus, would almost directly lead to an impairment charge. EBITDA margins for 2015 included in the value in use calculation for 2015 are 4.1% and 6.2% respectively.

For both the cash-generating units Marine and Benelux, the key assumption for the value in use calculation is that the cash flows anticipate a recovery of the profitability to the Group’s targets from 2013 onwards, towards an EBITDA margin of 5.3% and 2.3% respectively in 2015. This improvement is amongst others related to the restructuring which was already started in the second half year of 2012 and an expected recovery of the business performance. Would the business performance not recover, the carrying amount of the cash-generating units may materially exceed its recoverable amount and goodwill recognised amounting to 138 million euro may not be recoverable. With respect to the cash-generating unit Marine, the value in use exceeds the carrying amount by 25 million euro. With respect to the cash generating unit Benelux, the value in use exceeds the carrying amount by 85 million euro.

Regarding the cash-generating unit Marine, an increase of the WACC to a percentage 11.4% or an EBITDA margin in 2015 of 4.9% (ceteris paribus) would result in a value in use which would equal the carrying amount. For the Benelux a decrease of the EBITDA margin in 2015 to 1.6% (ceteris paribus) would result in a value in use which would equal the carrying amount.

For all other cash generating units, management believes that a reasonably possible change in the above key assumptions (such as an increase in discount rate by 1% or a decrease in EBIT levels by 10% during the forecast period) would not cause the carrying amount of the cash-generating units to exceed its recoverable amount.

Impairment of intangible assets other than goodwill

Except for the impairment (1 million euro) of internally developed technology there were no specific indicators of impairment for intangibles other than goodwill. Where relevant these intangibles were included in the carrying amount of the goodwill impairment test of the respective cash-generating units. The major part of the customer relationships/ contracts relates to the cash-generating unit Nordic, which shows sufficient headroom in the goodwill impairment test.

Reversal of impairment losses

No impairments of intangible assets were reversed in the year under review (2011: the same).

16 Investments in associated companies and joint ventures

In 2012 IHC Systems B.V., the Netherlands (50%) was the most important associate and Innolumis Public Lighting B.V., the Netherlands (50%) was the most important joint venture.

The share in assets, liabilities, revenue and profits of the associates and joint ventures can be specified as follows:

	2012							
	Non-current assets	Current assets	Non-current liabilities	Current liabilities	Equity	Revenue	Cost	Profit / (loss)
Associated companies	7.3	11.2	6.6	8.1	3.8	21.5	19.6	1.9
Joint ventures	0.4	3.4	0.1	3.8	(0.1)	15.6	16.0	(0.4)
	7.7	14.6	6.7	11.9	3.7	37.1	35.6	1.5
Results other investments								1.4
Total								2.9

	2011							
	Non-current assets	Current assets	Non-current liabilities	Current liabilities	Equity	Revenue	Cost	Profit / (loss)
Associated companies	7.7	11.7	6.8	9.8	2.8	24.0	21.8	2.2
Joint ventures	0.2	2.6	0.1	3.5	(0.8)	24.7	24.5	0.2
	7.9	14.3	6.9	13.3	2.0	48.7	46.3	2.4
Results other investments								(2.4)
Total								-

17 Non-current receivables and other investments

	note	2012	2011
Finance lease assets		4.1	4.6
Derivatives at fair value	29	-	1.2
Other investments		13.2	12.6
Other non-current receivables		11.5	6.4
		28.8	24.8
The finance lease receivables mature as follows:			
Principal < 1 year		2.2	2.1
Principal 1 – 5 years		4.3	4.8
Principal > 5 years		0.9	1.2
		7.4	8.1
Interest < 1 year		(0.1)	(0.1)
Interest 1 – 5 years		(0.8)	(1.0)
Interest > 5 years		(0.3)	(0.4)
		(1.2)	(1.5)
Present value of the minimum lease payments < 1 year		2.1	2.0
Present value of the minimum lease payments 1 – 5 years		3.5	3.8
Present value of the minimum lease payments > 5 years		0.6	0.8
Total	29	6.2	6.6

Other non-current receivables include vendor loans provided in respect of sale of subsidiaries for an amount 9.0 million euro (2011: 5.1 million euro).
On 31 December 2012 other investments with a carrying amount of 4.0 million euro were pledged.

18 Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities

The composition of deferred tax assets and liabilities in relation to temporary differences and tax losses is as follows:

	Assets		Liabilities		Difference	
	2012	2011	2012	2011	2012	2011
Property, plant and equipment	14.2	11.5	(2.3)	(2.4)	11.9	9.1
Intangible assets	0.5	0.9	(37.6)	(37.4)	(37.1)	(36.5)
Due from customers	7.9	6.3	(52.4)	(46.5)	(44.5)	(40.2)
Trade and other receivables	0.8	2.4	(22.3)	(2.4)	(21.5)	-
Employee benefits	13.5	14.4	(0.3)	(0.4)	13.2	14.0
Provisions	5.9	0.4	(0.8)	(2.4)	5.1	(2.0)
Other items	15.2	12.6	(32.8)	(26.1)	(17.6)	(13.5)
Value of recognised tax loss carry forwards	48.4	11.9	-	-	48.4	11.9
	106.4	60.4	(148.5)	(117.6)	(42.1)	(57.2)
Netting of tax assets and liabilities	(72.4)	(48.6)	72.4	48.6	-	-
Total	34.0	11.8	(76.1)	(69.0)	(42.1)	(57.2)

On 31 December 2012 no deferred tax liabilities relating to investments in subsidiaries were accounted for (31 December 2011: nil).

Unrecognised deferred tax assets
The Group has not recognised deferred tax assets that relate to unused tax losses amounting to 305.0 million euro (2011: 59.8 million euro) and deductible temporary differences amounting to 1.2 million euro (2011: 1.2 million euro). Deferred tax assets have not been recognised in respect of these items, because based upon the level of historical taxable income and projections for taxable income in the foreseeable future, management of the Group believes that it is not sufficiently probable that (future) taxable profits will be available to benefit from these items.
At the end of 2012, 135.1 million euro (2011: 12.0 million euro) of the unrecognised tax losses will expire within five years. These losses mainly relate to Poland. In the Netherlands the losses will start to expire in 2021. The losses in Germany can be carried forward for an indefinite period of time.

Movements in deferred taxes during the year	As at 1 January 2011	Acquisitions/ deconsolidations	Recognised in 2011 result	Recognised in other comprehensive income	Effect of movement in exchange rates	As at 31 December 2011
Property, plant and equipment	9.5	0.4	(0.8)	-	-	9.1
Intangible assets	(35.5)	(5.7)	5.0	-	(0.3)	(36.5)
Due from customers	(25.2)	(4.2)	(10.8)	-	-	(40.2)
Trade and other receivables	(1.5)	0.4	1.1	-	-	-
Employee benefits	14.2	0.4	(0.6)	-	-	14.0
Provisions	(2.1)	0.9	(0.8)	-	-	(2.0)
Other items	(12.6)	(0.4)	(3.1)	2.6	-	(13.5)
Value of recognised tax loss carry forwards	12.9	0.4	(1.4)	-	-	11.9
Total	(40.3)	(7.8)	(11.4)	2.6	(0.3)	(57.2)

	As at 1 January 2012	Acquisitions/ deconsolidations	Recognised in 2012 result	Recognised in other comprehensive income	Effect of movement in exchange rates	As at 31 December 2012
Property, plant and equipment	9.1	0.1	2.8	-	(0.1)	11.9
Intangible assets	(36.5)	(10.3)	10.8	-	(1.1)	(37.1)
Due from customers	(40.2)	(0.4)	(3.7)	-	(0.2)	(44.5)
Trade and other receivables	-	-	(21.3)	-	(0.2)	(21.5)
Employee benefits	14.0	(0.1)	(0.9)	-	0.2	13.2
Provisions	(2.0)	(0.3)	7.3	-	0.1	5.1
Other items	(13.5)	2.5	(3.5)	(2.9)	(0.2)	(17.6)
Value of recognised tax loss carry forwards	11.9	-	36.4	-	0.1	48.4
Total	(57.2)	(8.5)	27.9	(2.9)	(1.4)	(42.1)

Included in the value of recognised tax loss carry forwards is an amount relating to the tax loss carry forward in the Netherlands of 14.2 million euro. On the basis of tax planning strategies and revised budgets which show a recovery to a profitable business, it is probable that this deferred tax asset will be realised.

19 Inventories

	2012	2011
Raw and auxiliary materials	18.6	18.6
Semi-finished goods	1.5	5.4
Finished goods	59.9	51.5
Total	80.0	75.5

In 2012, the write down of inventories to net realisable value amounted to 0.8 million euro (2011: 1.9 million euro).

20 Due from/to customers

	2012			2011		
	Due from customers	Due to customers	Balance	Due from customers	Due to customers	Balance
Cumulative incurred costs plus profit in proportion to progress	1,796.3	849.4	2,645.7	1,925.6	729.9	2,655.5
Progress billings	(1,081.7)	(1,084.1)	(2,165.8)	(1,235.9)	(989.4)	(2,225.3)
Provisions for losses	(141.8)	(73.3)	(215.1)	(85.6)	(38.3)	(123.9)
Balance	572.8	(308.0)	264.8	604.1	(297.8)	306.3

The increase in the net amount of provisions for losses mainly relates to project losses in Germany and Poland. We refer to note 2 and 3.

The above amounts do not include contingent receivables from customers arising from claims which are not probable to be realised. The financial outcome of these claims can only be estimated within a broad band width. The best estimate of the realisable value of these claims is 21 million euro (31 December 2011: 20 million euro).

The determination of the profit in proportion to the stage of completion and the provision for losses is based on estimates of the costs and revenues of the relating projects.

As at 31 December 2012 the capitalised interest amounted to 1.2 million euro with a capitalisation rate of 0.8% (31 December 2011: 1.2 million euro and 0.8% respectively).

Included in due from customers on 31 December 2012 is an amount of 20.3 million euro (31 December 2011: 16.1 million euro) which will not be paid until specified conditions are fulfilled (retentions) in respect of contracts for third parties.

21 Trade and other receivables

	note	2012	2011
Trade receivables	29	1,128.6	1,133.6
Other receivables	29	187.3	127.8
Trade receivables due from associated companies and joint ventures	29	3.5	8.3
Current portion of non-current receivables		3.1	2.0
Derivatives at fair value	29	0.1	0.6
Total		1,322.6	1,272.3

22 Cash, cash equivalents and bank overdrafts

	note	2012	2011
Bank balances		375.4	385.4
Deposits available on demand		8.1	39.7
Other cash and cash equivalents		1.6	0.7
Cash and cash equivalents	29	385.1	425.8
Bank overdrafts	25	(314.3)	(214.3)
Cash, cash equivalents and bank overdrafts in the consolidated statement of cash flows		70.8	211.5

23 Equity

Share capital

	Number of ordinary shares	
	2012	2011
Outstanding as at 1 January	87,943,977	87,373,851
Stock dividend	1,313,134	1,172,942
Repurchased own shares	(1,048,846)	(1,082,974)
Issued against payment in cash	813,000	434,000
Issued under the share scheme	85,424	46,158
Outstanding as at 31 December – fully paid up	89,106,689	87,943,977

On 31 December 2012 the authorised share capital comprised 360 million (31 December 2011: 360 million) ordinary shares divided into 120 million (31 December 2011: 120 million) ordinary shares, 180 million (31 December 2011: 180 million) preference shares and 60 million (31 December 2011: 60 million) financing preference shares. The par value of the shares amounts to 0.80 euro. The holders of shares are entitled to dividend, as is announced, and are entitled to cast one vote per share when decisions are taken by the General Meeting of Shareholders. These rights do not apply to shares in the Company held by the Group until these shares are transferred. On 31 December 2012 the issued share capital amounted to 94,059,916 (31 December 2011: 92,746,782) ordinary shares. All issued shares are fully paid up. Stichting Imtech has option rights to the preference shares (see section Corporate Governance). Royal Imtech N.V. has also granted share options and shares conditionally (see below under Reserve for own shares).

Translation reserve

The translation reserve includes all currency differences arising from the translation of the financial statements of foreign operations, as well as from the translation of liabilities by which the net investments of the Company in a foreign subsidiary are hedged and also the effects of currency hedges of net investments.

Hedging reserve

The hedging reserve comprises the effective portion of the cumulative net movement in the fair value of cash flow hedging instruments in respect of hedged transactions that have not yet occurred.

Reserve for own shares

The reserve for own shares comprises the purchase price of the own shares held by the Company. On 31 December 2012, 4,953,227 (31 December 2011: 4,802,805) own shares were held by the Company to cover the obligations arising from the share scheme for the former Board of Management and the share option scheme (see pages 132 and 129 respectively).

Dividend

After the balance sheet date the Board of Management, with the approval of the Supervisory Board, proposed not to pay a dividend for 2012. In 2012 a dividend of 0.70 euro per outstanding ordinary share was paid out in cash or shares (2011: 0.65 euro).

24 Earnings per share

	2012	2011
Result for the year	(226.3)	99.5
Result attributable to non-controlling interests	(6.7)	(3.7)
Result attributable to shareholders of Royal Imtech N.V. (net result)	(233.0)	95.8

Basic earnings per share

The calculation of the basic earnings per share on 31 December 2012 was based on a loss attributable to holders of ordinary shares of 232,988,000 euro (2011: profit of 95,800,000 euro) and an average number of ordinary shares outstanding during 2012 of 88,375,606 (2011: 87,493,069) calculated as follows:

Weighted average number of ordinary shares	2012	2011
Issued ordinary shares	94,059,916	92,746,782
Effect of own shares held	(5,235,835)	(4,855,234)
Effect of stock dividend	(448,475)	(398,479)
Average number of ordinary shares during the year	88,375,606	87,493,069

Diluted earnings per share

The calculation of the diluted earnings per share at 31 December 2012 was based on the attribution of loss amounting to 232,988,000 euro (2011: profit of 95,800,000 euro) to holders of ordinary shares and an average number of ordinary shares outstanding during 2012 of 89,048,383 (2011: 88,556,756) corrected for potential dilution, calculated as follows:

Weighted average number of ordinary shares (diluted)	2012	2011
Average number of ordinary shares during the year	88,375,606	87,493,069
Effect of share option scheme	569,226	899,302
Effect of share scheme	103,551	164,385
Average number of ordinary shares (diluted) during the year	89,048,383	88,556,756

At 31 December 2012 2,967,833 share options (31 December 2011: 1,901,333) were excluded from the diluted weighted average number of ordinary share calculations as their effect would have been antidilutive.

25 Loans and borrowings

The Group's liabilities are specified as follows:

Non-current liabilities	note	2012	2011
Syndicated bank loans		-	405.1
Senior notes		-	227.5
Other bank loans		1.1	29.2
Finance lease liabilities		16.8	15.3
Contingent consideration		17.6	-
Derivatives at fair value	29	7.2	3.2
Total		42.7	680.3

Current liabilities	note	2012	2011
Current portion of syndicated bank loans		488.3	93.9
Current portion of senior notes		326.3	-
Bank overdrafts	22	314.3	214.3
		1,128.9	308.2
Current portion of other bank loans		5.8	10.8
Current portion of finance lease liabilities		5.5	5.4
		11.3	16.2
Total		1,140.2	324.4

Loan covenants and loan classification

The syndicated loan facility contains (market-standard) covenants. The covenants included in the senior notes facilities are in alignment with the covenants as agreed upon in the syndicated bank facilities. The relevant covenant ratios as per 31 December 2012 are:

	Requirement	Actual
Interest coverage ratio (EBIT / interest income and expense of interest-bearing debt)	> 4.0	(3.6)
Leverage ratio (average of net interest-bearing debt at half year end and year end / EBITDA)	< 3.0	(16.8)

As at 31 December 2012, the loan covenants as included in the syndicated bank loans and senior notes facilities were not met. On 15 June 2013, the Group reached agreement with its main financiers regarding a waiver and amendment agreement. For further details on the terms and conditions of this waiver and amendment, we refer to note 4 and 33.

Due to not meeting the covenant requirements as at 31 December 2012, the Company does not have the unconditional right to defer settlement of the liability for at least twelve months after the reporting period with respect to the syndicated bank loans and senior notes. Accordingly, the carrying value of the syndicated bank loans of 488.3 million euro and the senior notes of 327.2 million euro have been reported as current liabilities.

Syndicated bank loans

The Group has a syndicated bank facility of 700 million euro, concluded in November 2010. The term of this syndicated bank facility is 5 years, expiring 1 November 2015. This multi-currency revolving facility is on a committed and unsecured basis (before adjustment in the waiver and amendment agreement, reference is made to note 4 and 33). The facility has been provided by a syndicate of eleven banks: ABN AMRO Bank, BNP Paribas, Commerzbank, ING Bank, KBC Bank, Nordea Bank, Rabobank, the Royal Bank of Scotland, Barclays Bank, Banque LB Lux and NIBC Bank.
The credit facility includes a 'change of control' clause.
As at 31 December 2012, an amount of 488.3 million euro was drawn under this facility (31 December 2011: 405.1 million euro).
The interest rate on these drawdowns has been partly fixed via interest rate swaps and as at 31 December 2012 the weighted average interest rate was 1.9% (31 December 2011: 3.0%).

Senior notes

The Group issued senior unsecured notes by means of a private placement in the United States of America, the United Kingdom and the Netherlands in December 2011. The transaction size was the equivalent of 300 million USD. The currency breakdown of the notes was: 186 million USD, 25 million euro and 50 million GBP. The placement consisted of five different tranches:

- 20 million USD, maturing in December 2016;
- 140 million USD, maturing in December 2021;
- 26 million USD, maturing in December 2023;
- 25 million euro, maturing in December 2016;
- 50 million GBP, maturing in December 2021.

The Group has converted all fixed-interest 186 million USD notes into euro by means of cross currency swaps. The weighted average euro fixed interest rate on these 186 million USD notes was 5.6% as at 31 December 2012 (31 December 2011: 5.6%). The interest rates on the euro and GBP tranches were fixed for the full tenor of the notes, 4.6% and 5.4% respectively. The senior notes facility includes a 'change of control' clause.

In June 2012 the Group issued a second private placement for a total of 100 million euro. The issue consists of 2 tranches of 50 million euro each with 7 and 9 years maturities respectively. The interest rates on the tranches were fixed for the full tenor of the notes, 3.8125% and 4.24% respectively. The proceeds of the placement were used to refinance existing debt. The senior notes facility includes a 'change of control' clause.

Additional credit facilities (bilateral facilities)

In addition to the above-mentioned facilities, the Group has a number of uncommitted credit facilities in place, amounting to 350 million euro. Furthermore, several current account facilities and cash pool facilities have been provided to subsidiaries. These uncommitted facilities are also with certain of its core relationship banks.

Apart from the above-mentioned credit facilities, the Company also has a number of bank guarantee facilities in place, amounting to 780 million euro. These facilities relate to, amongst others, advance payment guarantees, performance guarantees as well as warranty guarantees. As at 31 December 2012, 497.3 million euro was outstanding under these facilities (31 December 2011: 434.2 million euro). In addition also a number of guarantee facilities have been made available to subsidiaries via other financial institutions for an amount of aproximately 700 million euro, of which aproximately 450 million euro was outstanding as at 31 December 2012.

Other bank loans and finance lease liabilities

Other bank loans and finance lease liabilities have been agreed against generally accepted conditions. The average maximum remaining term is 3.4 years (2011: 4.7 years) and the average interest rate of the liabilities outstanding is 3.7% (2011: 5.1%).

Property, plant and equipment with a carrying amount of 4.2 million euro (2011: 26.6 million euro) have been provided as security for bank loans.

Finance lease liabilities	2012	2011
Principal < 1 year	5.8	5.9
Principal 1 – 5 years	15.8	11.8
Principal > 5 years	1.6	4.3
	23.2	22.0
Interest < 1 year	(0.3)	(0.5)
Interest 1 – 5 years	(0.5)	(0.7)
Interest > 5 years	(0.1)	(0.1)
	(0.9)	(1.3)
Present value of the minimum lease payments < 1 year	5.5	5.4
Present value of the minimum lease payments 1 – 5 years	15.3	11.1
Present value of the minimum lease payments > 5 years	1.5	4.2
Total	22.3	20.7

26 Employee benefits

The Group contributes towards a number of defined benefit pension plans on the basis of which employees receive pension payments after their retirement. In general the amount received by an employee on retirement depends on factors such as age, (average) salary and the number of years of service. A (conditional) indexing of pension payments is applicable for some plans. Such plans are applicable in the Netherlands, Germany, Belgium, Sweden, Norway, Austria and Turkey.

On 1 June 2012 the Imtech pension fund's Board and the Participants Board decided to terminate the fund. The pensions of some of the participants have been placed with Delta Lloyd Levensverzekering N.V. and the pensions of the remaining participants have been placed with the Pensioenfonds Metaal en Techniek. The transfer of the inactive members to Delta Lloyd and the transfers to Pensioenfonds Metaal en Techniek classify as a settlement under IAS 19. The pensions plan for the active participants who have been transferred to the insurance company, remain a defined benefit plan as Imtech has a liability for this population due to an unconditional indexation during active service. The plan assets at the insurance company are reported under Plan assets managed by insurance company as there is no split to asset categories available from the insurance company due to the nature of the insurance contract. The effects of the resulting settlement (we refer to note 9) are incorporated in the overviews shown below.

Most of the Dutch employees participate in an industry-wide pension scheme organised by the Pensioenfonds Metaal en Techniek. This scheme's benefits include a life-long pension (from age 65) and a next of kin (or survivor's) pension in accordance with a conditional indexed average salary system. It is not possible to calculate the present value of Imtech's pension liabilities and the value of its plan assets because the industry-wide pension scheme exposes the participating company to a number of risks that cannot be allocated to the participating company in a consistent and reliable manner. This industry-wide pension scheme is, therefore, classified as a defined contribution plan. Based on the guidelines and principles of the industry-wide pension fund, the degree of cover (investments divided by liabilities) amounts to 92% at the end of 2012 (end of 2011: 88.5%). The industry-wide pension fund has written a recovery plan which has been approved by De Nederlandsche Bank. Included in the recovery plan is a reduction of the pension allowance of 6.3%. The aim of these measures is to achieve the required degree of cover of 105%.

	2012	2011
Present value of unfunded obligations	199.6	166.7
Present value of funded obligations	68.1	230.2
Total present value of obligations	267.7	396.9
Fair value of plan assets	(60.6)	(259.7)
Present value of net obligations	207.1	137.2
Unrecognised actuarial gains and (losses)	(49.6)	26.3
Unrecognised past service costs	(0.1)	(0.9)
Recognised liability for defined benefit plans	157.4	162.6
Liability related to jubilee events	7.1	6.5
Total	164.5	169.1

The plan assets comprise:	2012	2011
Plan assets managed by insurance company	78%	0%
Equity securities	0%	16%
Debt securities	0%	65%
Property and other	22%	19%
Total	100%	100%

Movements in the present value of defined benefit obligations	2012	2011
Present value of defined benefit obligations as at 1 January	396.9	368.9
Assumed in a business combination	0.5	0.2
Benefits paid	(13.0)	(17.8)
Current service costs	9.0	11.1
Interest on obligation	14.7	19.7
Contributions participants	2.1	3.0
Actuarial gains and losses	57.4	13.3
Curtailment and settlement	(201.2)	(1.0)
Adjustment purchase price/fair value	(0.2)	-
Reclassifications	0.2	-
Liabilities disposed of through sale of subsidiaries	-	(0.7)
Effect of movement in exchange rates	1.3	0.2
Present value of defined benefit obligations as 31 December	267.7	396.9

Movements in the fair value of plan assets	2012	2011
Fair value of plan assets as at 1 January	259.7	240.8
Contributions paid	10.3	13.2
Benefits paid	(5.7)	(10.5)
Expected return on plan assets	6.3	10.3
Actuarial gains and (losses)	3.1	7.4
Curtailment and settlement	(213.2)	(1.5)
Effect of movement in exchange rates	0.1	-
Fair value of plan assets as at 31 December	60.6	259.7

The estimated employer contributions to be paid to funded defined benefit plans in 2013 amount to about 5 million euro.

Expenses recognised in profit or loss	2012	2011
Current service costs	9.0	11.1
Interest on obligation	14.7	19.7
Expected return on plan assets	(6.3)	(10.3)
Amortisation of actuarial gains or losses	(0.4)	(0.7)
Amortisation of past service costs	(0.1)	0.5
Curtailment, settlement and other	(5.0)	0.2
Total	11.9	20.5

The total expense is recognised under the following items in the profit and loss account:

	2012	2011
Personnel expenses	3.5	11.1
Finance expenses	14.7	19.7
Finance income	(6.3)	(10.3)
Total	11.9	20.5
Actual return on plan assets	9.4	17.7

Actuarial assumptions (in weighted averages)	2012	2011
Discount rate as at 31 December	3.7%	4.9%
Expected return on plan assets as at 1 January	3.9%	4.3%
Future salary increases	2.9%	2.5%
Future pension increases	1.6%	1.1%

As of 2012 the applicable mortality tables in the Netherlands have been changed from AG Prognosetafel 2010-2060 with correction factors to AG Prognosetafel 2012-2062.
The overall expected return from fund investments amounting to 3.9% (2011: 4.3%) is determined taking into account the expected long-term return on the plan investments and taking into account the current and expected future spread of the investments over the different investment categories.

Historical information	2012	2011	2010	2009	2008
Present value of defined benefit obligations	267.7	396.9	368.9	361.1	329.7
Fair value of the plan assets	(60.6)	(259.7)	(240.8)	(210.6)	(184.2)
Deficit of the pension plans	207.1	137.2	128.1	150.5	145.5

Experience adjustments	2012	2011	2010	2009	2008
Arising on the liabilities for defined benefit plans	(1.5)	(12.2)	(2.3)	(0.1)	(5.8)
Arising on plan assets	(3.1)	(7.4)	(15.8)	(5.9)	62.8

27 Provisions

	Warranties and claims	Restructuring	Other	Total
As at 1 January 2011	10.6	0.9	2.5	14.0
Assumed in a business combination	2.5	1.6	0.6	4.7
Provisions made during the year	3.2	5.4	0.4	9.0
Provisions used during the year	(3.1)	(5.9)	(0.5)	(9.5)
Provisions released during the year	(1.4)	(0.7)	-	(2.1)
Effect of movement in exchange rates	0.1	-	-	0.1
As at 31 December 2011	11.9	1.3	3.0	16.2
Non-current	6.0	-	2.1	8.1
Current	5.9	1.3	0.9	8.1
	11.9	1.3	3.0	16.2
As at 1 January 2012	11.9	1.3	3.0	16.2
Assumed in a business combination	0.1	-	-	0.1
Provisions made during the year	8.5	47.7	2.9	59.1
Provisions used during the year	(0.1)	(24.4)	(0.3)	(24.8)
Provisions released during the year	(0.3)	(0.9)	(0.1)	(1.3)
Adjustment purchase price/fair value	(0.8)	(0.1)	-	(0.9)
Reclassifications to and from other balance sheet items	(3.0)	-	5.0	2.0
Reclassifications	(0.4)	0.4	-	-
Effect of movement in exchange rates	0.2	-	0.1	0.3
As at 31 December 2012	16.1	24.0	10.6	50.7
Non-current	4.8	-	8.2	13.0
Current	11.3	24.0	2.4	37.7
	16.1	24.0	10.6	50.7

Warranties and claims

The provision for warranty liabilities relates primarily to projects completed during the financial years 2011 and 2012. The provision is based on estimates based on historical warranty data related to similar projects. The Group expects the liabilities will be settled in the following two years. Various significant claims have been made against the Group, most of which relate to work performed by the Group. These claims are being contested vigorously. A provision has been formed for the expected costs related to claims or, where appropriate, receivables on the claiming customers have not been recognised. Settlement of these claims could take several years.

Restructuring

The provision for restructuring primarily relates to the restructuring in the Benelux, Spain and Marine. Reference is made to note 9.

Other provisions

Other provisions mainly relate to provisions for site restoration and onerous rental contracts. The provisions are based on the obligation that the Group has with counterparties involved and represent the best estimate of the obligation. The majority of these provisions have an estimated maturity between 2 and 4 years.

28 Trade and other payables

	note	2012	2011
Trade payables		890.8	846.6
Other liabilities and accrued expenses		624.3	482.8
Contingent consideration	7	26.7	54.0
Derivatives at fair value	29	1.9	4.8
Total		1,543.7	1,388.2

Other liabilities and accrued expenses include VAT payable, personnel accruals and other accruals.

29 Financial instruments

In the context of its normal business operations the Group faces credit, liquidity, foreign currency and interest rate risks. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain foreign currency and interest rate risk exposures.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers, investment securities and cash and cash equivalents.

Management of the Group has drawn up a credit policy and the credit risk is monitored constantly. The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The Group has a diversified customer base, predominantly spread over Europe. Where necessary, customers are subjected to a credit check and use is made of various banking products (bank guarantees, letters of credit, etc.) and advance payments. Credit risk insurance is rarely used.

As a result of the developments in Germany and Poland and the resulting write offs (we refer to note 3) substantial impairment charges have been made on trade and other receivables. Consequently, the Group has re-assessed and reinforced the credit risk policy and is in the process of reinforcing/strengthening credit control procedures.

Management of the Group has drawn up a policy with respect to cash and cash equivalents. Cash is mainly held in cash pools, which are spread throughout various countries in various currencies. Operationally, these cash pools are netted, reducing net outstanding cash balances. Cash balances are held with reputable banks, primarily in the European Union. On the balance sheet date there were hardly any substantial concentrations of credit risk.

The carrying amount of the financial assets represents the maximum credit risk and was on the balance sheet date:

	note	2012	2011
Non-current receivables and other investments	17	28.8	24.8
Trade receivables	21	1,132.1	1,141.9
Other receivables	21	190.5	130.4
Cash and cash equivalents	22	385.1	425.8
Total		1,736.5	1,722.9

On the balance sheet date the aging of the trade receivables was as follows:

	2012		2011	
	Gross	Impairment	Gross	Impairment
Not past due	771.0	3.2	807.1	0.2
Past due 1 to 60 days	189.0	5.6	148.7	0.6
Past due 61 to 180 days	50.2	4.8	59.7	1.2
Past due 181 days to one year	126.3	57.2	46.8	11.9
Past due more than one year	153.9	87.5	143.0	49.5
Total	1,290.4	158.3	1,205.3	63.4

The gross amounts reflect the amount of revenue recognised plus value added tax, if any. Amounts billed to the customer, but which are not probable to result in revenue and consequently have not been recognised, are not included in the gross amount. This is particularly relevant for the amounts past due more than 181 days, for which the amounts billed are significantly higher than the gross amounts shown. Amounts past due more than one year predominantly relate to customers who dispute the receivables and in various cases have filed counterclaims. The impairment is based on management's best estimate of amounts recoverable, but these estimates are uncertain. The Group believes that the unimpaired amounts are still collectible, based on historic payment behaviour and analysis of customer credit risk, including underlying customers' credit ratings, when available.

In those instances where a receivable is disputed in court, the realisation of the receivable depends on the outcome of the proceedings. The trade receivables include an amount of 5.0 million euro (net of impairment) relating to receivables disputed in legal proceedings for which in first instance an adverse ruling was obtained and where the Group subsequently appealed or intends to appeal this decision (31 December 2011: 6.0 million euro). In these instances the Group is of the opinion that it has a strong case to prevail.

Movements in the allowance for impairment in respect of trade receivables during the year are as follows:

	note	2012	2011
As at 1 January		63.4	32.1
Assumed in a business combination		-	0.1
Impairment loss recognised during the year	10	108.1	33.2
Allowance used during the year		(16.1)	(1.2)
Reversal of impairments during the year	10	(1.9)	(0.8)
Reclassification from provisions		3.0	-
Effect of movement in exchange rates		1.8	-
As at 31 December		158.3	63.4

The (increase in the) allowance for impairment in respect of trade receivables 2012 mainly relates to the irregularities identified in Germany and Poland. We refer to note 2 and 3.

Liquidity risk
The primary objective of liquidity management is to safeguard, as far as possible, sufficient liquidity enabling the Group to meet its current and future payment obligations. The Group aims for sufficient credit facilities as well as a well-spread maturity schedule. For this purpose, the Group has at its disposal a number of (un)committed credit facilities (reference is made to note 21).

The table on page 158 indicates the contractual maturities of the financial liabilities, including interest payments, the periods in which the cash flows associated with cash flow hedges are expected to occur and the fair value of the related hedging instruments. This table is also indicative of the periods in which the cash flows associated with derivatives that are cash flow hedges are expected to impact profit or loss. The interest rate swaps are derivatives used as hedging instruments for cash flow hedges.

Due to not meeting the covenant requirements as at 31 December 2012, the Group does not have the unconditional right to defer settlement of the liability for at least twelve months after the reporting period with respect to the syndicated bank loans and senior notes. Accordingly, the carrying values of the syndicated bank loans of 488.3 million euro and the senior notes of 327.2 million euro have been reported as due within six months. However, since on 15 June 2013 the Group has obtained a waiver from its lenders in respect of the non-compliance with the loan covenants as at 31 December 2012, the repayment of the syndicated bank loans and senior notes will not be performed within six months, but in accordance with the original loan schedules, for which reference is made to note 4 and note 25.

	Carrying amount	Con- tractual cash flows	< 6 months	6 – 12 months	1 – 2 years	2 – 5 years	> 5 years
31 December 2012							
Non-derivative financial liabilities							
Syndicated bank loans	488.3	488.3	488.3	-	-	-	-
Senior notes	326.3	327.2	327.2	-	-	-	-
Other bank loans	6.9	7.3	4.8	1.4	1.1	-	-
Finance lease liabilities	22.3	24.1	4.0	2.4	13.6	4.1	-
Contingent consideration (non-current)	17.6	19.0	-	-	10.7	8.3	-
Bank overdrafts	314.3	314.3	314.3	-	-	-	-
Trade and other payables	1,541.8	1,541.8	1,434.7	95.1	5.4	3.1	3.5
Derivative financial liabilities							
Cross currency swaps used for hedging	7.2	7.2	7.2	-	-	-	-
Interest rate swaps	1.2	1.2	-	1.2	-	-	-
Forward currency contracts	0.6	0.8	0.8	-	-	-	-
Total	2,726.5	2,731.2	2,581.3	100.1	30.8	15.5	3.5
31 December 2011							
Non-derivative financial liabilities							
Syndicated bank loans	499.0	543.6	5.3	99.9	13.0	425.4	-
Senior notes	227.5	332.1	5.8	5.8	23.4	73.0	224.1
Other bank loans	40.0	43.3	3.7	9.1	5.4	9.6	15.5
Finance lease liabilities	20.7	22.2	5.8	4.5	4.6	6.6	0.7
Bank overdrafts	214.3	214.3	214.3	-	-	-	-
Trade and other payables	1,383.4	1,383.4	1,284.3	56.4	15.9	23.2	3.6
Derivative financial liabilities							
Interest rate swaps	5.1	5.2	2.7	1.5	1.0	-	-
Forward currency contracts	2.9	2.9	2.9	-	-	-	-
Total	2,392.9	2,547.0	1,524.8	177.2	63.3	537.8	243.9

Foreign currency transaction risk

Foreign currency transaction risks faced by the Group arise from both purchases and sales, including contracts with customers related to projects to be executed, and financing liabilities expressed in currencies other than the functional currency of the Group entities, predominantly the euro, the Swedish krona the British pound and the US dollar. Virtually all purchases and sales take place in the functional currency of the respective Group entities. Almost all purchases and sales in a currency other than the functional currency are hedged via forward currency contracts, swaps as well as bank overdrafts in foreign currencies. The Group classifies forward currency contracts and swaps as cash flow hedges and states them at fair value.

Foreign currency translation risk

The Group is exposed to foreign currency translation risks by means of investments in and long-term loans to foreign subsidiaries. This foreign currency translation risk is in principle not hedged, under the assumption that foreign currency fluctuations and interest and inflation developments balance out in the long run. The translation risk relates primarily to the Swedish, British and Turkish subsidiaries.
At the end of 2012 the Group has SEK denominated loans amounting to 500 million SEK in place (2011: 500 million SEK and 40 million GBP respectively). This loan is intended as an economic hedge of the translation effect of the results of

the Swedish subsidiaries. Further, the Group had undertaken cross currency swaps in respect of the senior notes converting fixed 186 million USD into fixed euro borrowings with different tenors, with a reference amount of 137.0 million euro.
The Group classifies cross currency swaps as cash flow hedges and states them at fair value.
During 2012 no material ineffectiveness has been recognised in profit or loss in relation to cash flow hedges and net investment hedges (2011: nil).

The most important exchange rates during the financial year were:

	Average rate		Rate on balance sheet date	
	2012	2011	2012	2011
GBP/euro	1.23	1.15	1.23	1.20
SEK/euro	0.11	0.11	0.12	0.11
USD/euro	0.78	0.72	0.76	0.77

Interest rate risk

The objective of the Group's policy is to fix at least 50% of the interest rate profile of the net debt position as per year-end. In line with this, the Group has arranged interest rate swaps, for which hedge accounting has been applied. As at 31 December 2012 the Group had undertaken interest rate swaps with a reference amount of 65 million euro (31 December 2011: 162 million euro consisting of 150 million in euro and 10 million in British pounds). The Group classifies interest rate swaps as cash flow hedges and states them at fair value.
Interest rates may be impacted by the credit rating of the company. Furthermore, non-compliance with loan covenants may impact the interest rates or other loan terms and conditions. The irregularities in Germany and Poland and the non-compliance with loan covenants as at 31 December 2012 have impacted the credit rating of the Group. As part of the waiver obtained on 15 June 2013, it was amongst others agreed with the lenders that the margin on the loans to be paid was increased. We refer to note 4 and note 25.

On the balance sheet date the interest rate profile of the Group's interest-bearing financial instruments was as follows:

	note	2012	2011
Instruments with a fixed interest rate			
Finance lease receivables (non-current and current)	17	6.2	6.6
Other non-current receivables (including current portion)	17	14.6	8.4
Secured bank loans	25	(5.2)	(31.8)
Unsecured bank loans	25	(0.1)	(3.1)
Unsecured senior notes	25	(326.3)	(227.5)
Finance lease liabilities	25	(22.3)	(20.7)
Total		(333.1)	(268.1)
Instruments with a variable interest rate			
Cash and cash equivalents	22	385.1	425.8
Secured bank loans	25	(1.6)	(4.8)
Unsecured bank loans	25	(488.3)	(499.3)
Bank overdrafts	25	(314.3)	(214.3)
Total		(419.1)	(292.6)

A 1% change in the interest rate as per balance date would mean the result and equity would increase or decrease by the amounts shown in the following table. These figures assume that all other variables, and currency exchange rates in particular, remain constant. Tax effects have also not been taken into account.

Sensitivity analysis

	Result			Equity	
	Amount	1% increase	1% decrease	1% increase	1% decrease
31 December 2012					
Instruments with a variable interest rate:					
Current	(418.1)	(4.2)	4.2	-	-
Non-current	(1.0)	-	-	-	-
Total	(419.1)	(4.2)	4.2	-	-
Interest rate swaps					
Current	65.0	0.7	(0.7)	0.3	(0.3)
Cash flow sensitivity (net)	(354.1)	(3.5)	3.5	0.3	(0.3)
31 December 2011					
Instruments with a variable interest rate:					
Current	115.6	1.2	(1.2)	-	-
Non-current	(408.2)	(4.1)	4.1	-	-
Total	(292.6)	(2.9)	2.9	-	-
Interest rate swaps					
Current	97.0	1.0	(1.0)	0.6	(0.6)
Non-current	65.0	0.7	(0.7)	1.0	(1.0)
Cash flow sensitivity (net)	(130.6)	(1.2)	1.2	1.6	(1.6)

The interest rate swaps and cross currency swaps taken out in 2012 amount to 65.0 million euro and 137.0 million euro respectively and comply with the Group's interest rate policy, that at least 50% of the interest rate exposure of the net debt position as at 31 December 2012 has been hedged (31 December 2011: 162.0 million euro and 137.0 million euro respectively).
The position in respect of the cash, cash equivalents and bank overdrafts, which have variable interest rates and are not hedged, fluctuated throughout the year as the need to finance working capital changed.

Fair value

The summary below shows the carrying amounts of the financial instruments:

	2012	2011
Fair value hedging instruments		
Cross currency swaps used for hedging:		
Assets (non-current)	-	1.2
Liabilities (non-current)	(7.2)	-
Forward currency contracts used for hedging:		
Assets (current)	0.1	0.6
Liabilities (current)	(0.7)	(2.9)
Interest rate swaps used for hedging:		
Liabilities (current)	(1.2)	(1.9)
Liabilities (non-current)	-	(3.2)
	(9.0)	(6.2)
Loans and receivables		
Finance lease receivables [1]	6.2	6.6
Other non-current receivables [1]	12.5	6.4
Trade and other receivables [2]	1,319.4	1,269.7
Cash and cash equivalents	385.1	425.8
	1,723.2	1,708.5
Other financial liabilities		
Bank loans [1]	(495.2)	(539.0)
Senior notes	(326.3)	(227.5)
Finance lease liabilities [1]	(22.3)	(20.7)
Contingent consideration [1]	(44.3)	(54.0)
Trade and other payables [3]	(1,515.1)	(1,329.4)
Bank overdrafts	(314.3)	(214.3)
	(2,717.5)	(2,384.9)

[1] *Non-current and current.*

[2] *Excluding current portion of the non-current receivables and derivatives (shown separately).*

[3] *Excluding derivatives (shown separately).*

As at 31 December 2012 the fair value of the senior notes amounts to 336.7 million euro (31 December 2011: 233.1 million euro). The carrying amounts of financial instruments measured other than at fair value, approximated their fair values on the balance sheet date.

Determination of fair values

The most important methods and principles applied when estimating the fair value of financial instruments included in the summary are described on the next page.

Derivatives

The fair value of forward exchange contracts is based on their quoted market price if available. If no quoted market price is available the fair value is estimated by discounting the difference between the contracted and actual forward price for the remaining term based on a risk-free interest rate (based on government bonds).
The fair value of interest rate swaps is based on broker quotes. These quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for similar instruments at the measurement date. Fair values reflect the credit risk of the instrument and include adjustments to take account of the credit risk of the Group entity and counterparty where appropriate.

Non-derivative financial liabilities

Fair value is calculated on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. For finance leases the market rate of interest is determined by reference to similar lease agreements.

Trade and other receivables / trade and other payables

The nominal value of receivables and liabilities that fall due within one year is assumed to reflect the fair value.
All other receivables and liabilities are made current to determine the fair value.

Fair value hierarchy

The various fair value valuation methods can be defined as follows:

- Level 1: quoted market prices (not corrected) in active markets for identical assets or liabilities.
- Level 2: input that is not a quoted market price as specified under level 1 and that is verifiable for the asset or liability either directly (in the form of a price) or indirectly (i.e. derived from a price).
- Level 3: input related to the asset or liability that is not based on verifiable market data (non-verifiable input).

As at 31 December 2012 all cross currency swaps, forward currency contracts and interest rate swaps used for hedging are classified under Level 2 (31 December 2011: the same).

30 Operating lease contracts

The amounts owing in respect of non-cancellable operating lease contracts mature as follows:

	2012	2011
< 1 year	103.8	101.2
1 – 5 years	235.6	229.7
> 5 years	115.4	107.5
Total	454.8	438.4

The Group leases buildings and other property, plant and equipment on the basis of operating leases. The lease contracts generally have a term of a limited number of years with an option for extension. None of the lease contracts involve conditional lease instalments. In the financial year 2012 an expense of 118.4 million euro was recognised in profit or loss for operating leases (2011: 98.5 million euro).

31 Related parties

Identity of related parties

There is a related party relationship with key management, Stichting Pensioenfonds Imtech in liquidatie, associates and joint ventures and non-controlling interests.

Transactions with related parties

Key management

We refer to note 9.

Stichting Pensioenfonds Imtech in liquidatie

The employer contributions paid to Stichting Pensioenfonds Imtech in liquidatie amounts to 6.4 million euro (2011: 8.3 million euro).

Group companies

The following are the most relevant active group companies.

Company	Country of incorporation	2012	2011
Imtech ICT Austria GmbH	Austria	100%	100%
Imtech Belgium N.V.	Belgium	100%	100%
Fritz & Macziol Software and Computervertrieb GmbH	Germany	100%	100%
Imtech Contracting GmbH	Germany	100%	100%
Imtech Deutschland GmbH & Co. KG	Germany	100%	100%
Imtech Suir Engineering Ltd.	Ireland	100%	100%
Imtech Bolashak LLC	Kazakhstan	50%	50%
NVS AS	Norway	100%	100%
Imtech Polska Sp. z.o.o.	Poland	100%	100%
Imtech Spain S.L.	Spain	100%	100%
NEA Installation AB	Sweden	100%	100%
NVS Installation AB	Sweden	100%	100%
QBranch AB	Sweden	100%	100%
Sydtotal AB	Sweden	100%	100%
Imtech Building Services B.V.	The Netherlands	100%	100%
Imtech ICT Communication Solutions B.V.	The Netherlands	100%	100%
Imtech Industrial Services B.V.	The Netherlands	100%	100%
Imtech Industry International B.V.	The Netherlands	100%	100%
Imtech Marine Netherlands B.V.	The Netherlands	100%	100%
Imtech Traffic & Infra B.V.	The Netherlands	100%	100%
Capula Group Ltd.	The UK	100%	-
Imtech Meica Ltd.	The UK	100%	100%
Imtech Process Ltd.	The UK	100%	100%
Inviron Ltd.	The UK	100%	100%
Peek Traffic Ltd.	The UK	100%	100%
Smith Group UK Ltd.	The UK	100%	100%
AE Arma-Elektropanç AS	Turkey	80%	-

Associates

During 2012 associated companies purchased goods and services from the Group for an amount of 5.6 million euro (2011: 8.6 million euro). Transactions with associated companies are conducted at arm's length. On 31 December 2012 associates owed the Group 0.5 million euro (31 December 2011: 7.3 million euro).

Joint ventures

During 2012 joint ventures purchased goods and services from the Group for an amount of 12.3 million euro (2011: 7.1 million euro). On 31 December 2012 joint ventures owed the Group 3.0 million euro (31 December 2011: 1.0 million euro). Transactions with joint ventures are conducted at arm's length.

Non-controlling interests
In 2012 the Group acquired 80% of the shares of Arma and the remaining 20% is held by the previous owners. On 31 December 2012 these owners owed the Group 5.9 million euro of which 5.1 million euro originates as from the date of the acquisition. Transactions with the shareholders of the remaining 20% are conducted at arm's length.

32 Contingent assets and liabilities

As explained in note 2 and 3 irregularities have been identified in respect of financial reporting on project results, valuation of receivables and payments to subcontractors in Germany and Poland. Over the past months, these irregularities have been further investigated and underlying documentation has been analysed and where necessary reconstructed. The Group is currently investigating whether the outcome of the investigations will lead to recovery claims including recovery under insurance policies taken out by the Group. These claims are inherently uncertain and, therefore, do not lead to recognition of a receivable in the balance sheet or to a disclosure of a contingent asset at this time.

In reaction to the irregularities, the Group has taken several remedial actions. Various managers and employees have been suspended, dismissed or stepped down. Relationships with various third parties have been terminated. The Group may also seek to recover damages from individuals and entities concerned. It is possible that the irregularities and the measures taken by the Group to mitigate and prevent these irregularities in the future will lead to claims against the Group. As of today, no credible claims have been filed against the Group and no reliable estimate can be made of potential claims against the Group.

The irregularities included transactions with an external company. Various transactions have occurred with this company with limited or no business rationale, such as payments. In addition to these payments, Imtech Germany accepted liability and / or issued guarantees for obligations incurred by entities related to this company and provided comfort letters to third parties promising to secure liabilities of this company. Also assets have been pledged as a security for these liabilities. In relation to the foregoing the Group is exposed to claims from this company and other third parties. Guarantees that have been drawn after the balance sheet date have been provided for. For the other guarantees and comfort letters, no estimate can be made of the possible financial impact.

Internal and external (forensic) investigations performed as a result of the irregularities identified in Germany and Poland have revealed that certain exposures exist with respect to mainly corporate income tax and value added tax. As of today, insufficient information is available for a detailed assessment of the tax exposure. To date no assessments relating to the items under investigation have been raised by the respective tax authorities, and it is difficult to assess if and when, and if so, for what amount, any particular assessment might be raised. The interpretation of past facts and circumstances and relevant tax laws and regulations may further be open to challenge.
The Group has engaged external advisors to assist in determining the potential financial impact of these exposures. As far as these exposures can be sufficiently estimated, provisions have been included in the 2012 financial statements.

With respect to another foreign subsidiary, risks were identified mainly relating to the period prior to the acquisition. The potential exposure relating to this risk may amount to 25 million euro. The part of the risk dating from the period up to the acquisition is the risk of the sellers and should be indemnified by them if and when it materialises. This is partly guaranteed by an escrow account.

33 Subsequent events

After the balance sheet date, a number of subsequent events have occurred. Below we have highlighted some significant items.

Irregularities

Early 2013 year reasonable suspicion of irregularities was obtained in respect of financial reporting in Germany and Poland. Reference is made to note 2, 3 and 32 for further details. Payments resulting from the irregularities have been made in 2013 for an amount of 8 million euro.

Refinancing

Loan covenants

After the identification of the irregularities in Germany and Poland, it was identified that Imtech was not going to meet its year-end 2012 bank covenants. Although formal covenant testing had not yet taken place, Imtech and its main financiers (including the holders of unsecured senior notes and the largest guarantee holders) entered into discussions.
On 20 March 2013 Imtech reached an agreement with the main financiers on the provisional continuation, until 1 august 2013, of their outstanding facilities as at that date.
On 15 June 2013 Imtech has obtained a waiver with respect to the non-compliance with loan covenants as per 31 December 2012.
Reference is made to note 4 and 25 for further details.

Rights issue

One of the measures in respect of the going concern assumption is an intended rights issue of 500 million euro, which is expected to be finalised in the summer of 2013. Reference is made to note 4 for further details.

In 2013 the Group is incurring significant costs relating to the investigation of the irregularities, refinancing and rights issue. The total thereof is expected to amount to approximately 110 million euro and will partly be allocated to the rights issue and partly to amortised costs of the loans. The remainder will be directly charged to the profit and loss account.

Business combination subsequent to 31 December 2012

On 18 January 2013 the Group obtained control over multidisciplinary technical services player EMC Talotekniikka (580 employees, around 100 million euro annual revenue) by acquiring 100% of the shares.
This new Imtech company is active in the buildings and industry markets (new construction, maintenance and management) in Finland, with nationwide coverage. The total purchase consideration amounts to 11.6 million euro (including contingent consideration based on results 2012). As of the date of this report the purchase price allocation of this acquisition was not yet finalised; the preliminary assessment of the goodwill and intangible assets relating to this acquisition amounts to 14.8 million euro.

Restructuring 2013

On 23 April 2013, the Group has announced a reorganisation in order to strengthen the competitiveness and profitability of our companies in the Netherlands and Germany. This mainly concerns capacity reductions in the office buildings market and the Infra business in response to the changed market conditions. The total anticipated reorganisation charges in 2013 will amount to approximately 80 million euro and will lead to a loss of 1,300 jobs, particularly in the Netherlands and Germany.

Other

On 26 April 2013 the Vereniging van Effectenbezitters (VEB) has announced that they, on behalf of the holders of Imtech shares, will hold responsible the former Board of Management, Imtech and the Supervisory Board of Imtech for the damages that shareholders have incurred as a result of the (alleged) misrepresentation and misleading communication on prior period results. To date no estimate can be made of the financial consequences, if any, of this claim.

COMPANY BALANCE SHEET

In millions of euro, before appropriation of profit

		31 December 2012		31 December 2011 [1]	
	Assets				
1	Property, plant and equipment	0.9		0.8	
2	Intangible assets	195.9		199.6	
3	Financial fixed assets	1,043.2		1,226.3	
	Total fixed assets		1,240.0		1,426.7
4	Receivables	21.0		32.7	
	Cash and cash equivalents	106.6		116.2	
	Total current assets		127.6		148.9
	Total assets		1,367.6		1,575.6
	Equity				
5	Share capital	75.2		74.2	
6	Share premium reserve	208.6		209.6	
7	Translation reserve	7.3		(1.6)	
8	Revaluation reserve	6.1		6.1	
9	Other reserves	482.7		432.7	
10	Unappropriated result	(233.0)		95.8	
	Total equity		546.9		816.8
	Liabilities				
11	Provisions	16.2		28.4	
12	Due to Group companies	261.9		161.9	
13	Non-current liabilities	-		328.2	
	Total non-current liabilities		278.1		518.5
	Due to banks	43.3		190.5	
	Due to Group companies	27.7		9.7	
13	Syndicated bank loans	430.0		-	
14	Other liabilities	41.6		40.1	
	Total current liabilities		542.6		240.3
	Total shareholders' equity and liabilities		1,367.6		1,575.6

1 *Restated in accordance with IAS 8.*

COMPANY PROFIT AND LOSS ACCOUNT

In millions of euro

	2012	2011 [1]
Result from participations after taxation	(194.1)	124.4
Other income and expenses after taxation	(38.9)	(28.6)
Net result	(233.0)	95.8

1 *Restated in accordance with IAS 8.*

NOTES TO THE COMPANY FINANCIAL STATEMENTS

In millions of euro

Principles of valuation for the financial statements

In determining the principles for the valuation of assets and liabilities and the determination of result for its company financial statements, the Company has made use of the option offered in Article 2:362 Clause 8 of the Netherlands Civil Code. This means that the accounting policies for the valuation of assets and liabilities and the determination of result (hereafter 'accounting policies') applied to the company financial statements are the same as those applied for the consolidated financial statements. Article 402, Book 2 of the Netherlands Civil Code is applied, which allows a simplified company profit and loss account in the company financial statements in the event that a comprehensive profit and loss account is included in the consolidated Group financial statements. Participations over which a significant influence is exercised are recognised at net asset value, whereby the net asset value is determined on the basis of the accounting policies applied in the consolidated financial statements (see pages 108 to 120).

Restatements

Prior period errors have been identified in the divisions Germany & Eastern Europe, Benelux and Spain. The prior period errors have been corrected in the financial statements 2012, in accordance with IAS 8. We refer to section 3 of the consolidated financial statements.

The impact of the restatements in the company financial statements relate to financial fixed assets, shareholders' equity and result from participations after taxation.

1 Property, plant and equipment

	2012	2011
Carrying amount on 1 January	0.8	0.9
Acquired	0.3	0.1
Depreciation	(0.2)	(0.2)
Carrying amount on 31 December	0.9	0.8
Specified as follows:		
Cost	1.3	1.0
Cumulative depreciation	(0.4)	(0.2)

2 Intangible assets

	Goodwill	Other intangible assets	Total
Carrying amount as at 1 January 2012	198.2	1.4	199.6
Investments	-	0.5	0.5
Amortisation	-	(0.6)	(0.6)
Adjustment purchase price/fair value	(3.6)	-	(3.6)
Carrying amount as at 31 December 2012	194.6	1.3	195.9
Specified as follows:			
Cost	194.6	3.6	198.2
Cumulative amortisation and impairment	-	(2.3)	(2.3)

3 Financial fixed assets

	2012	2011
Participating interests in group companies	1,027.4	1,214.8
Receivables from group companies	6.8	6.2
Other participating interests	9.0	5.3
Total	1,043.2	1,226.3

Participating interests in group companies

Participating interests in group companies are stated at the net asset value and the movement was as follows:

	2012	2011
Balance as at 31 December 2010		1,224.0
Adjustments according to IAS 8		(54.7)
Balance as at 1 January	1,214.8	1,169.3
New investments	-	12.1
Increase in investments	39.0	4.8
Deconsolidation	(2.8)	1.7
Results	(194.1)	124.4
Dividends received	(37.2)	(94.0)
Effect of changes in exchange rates	18.1	(3.5)
Movement in hedging reserve of investments	(9.4)	(0.3)
Other movements	(1.0)	0.3
Balance as at 31 December	1,027.4	1,214.8

A list of group companies and other investments compiled in accordance with Article 379, Book 2 of the Netherlands Civil Code has been filed at the Commercial Registry Office in Rotterdam.

4 Receivables

	2012	2011
Receivables from Group companies	10.2	23.0
Taxes and social security premiums	0.6	0.4
Other receivables and accruals	10.2	9.3
Total	21.0	32.7

5 Share capital

On 31 December 2012 the number of outstanding ordinary shares with a par value of 0.80 euro was 89,106,689 (31 December 2011: 87,943,977). On 31 December 2012 the issued capital amounted to 94,059,916 ordinary shares (31 December 2011: 92,746,782) of which 4,953,227 (31 December 2011: 4,802,805) were held by the Company to cover the obligations arising from the share scheme for the former Board of Management and the share option scheme (see pages 132 and 129 respectively).

6 Share premium reserve

	2012	2011
Balance as at 31 December	208.6	209.6
Comprises:		
Distribution subject to taxation	8.6	8.6
Distribution exempt from taxation	200.0	201.0
Total	208.6	209.6

In 2012 1.0 million euro was charged to the tax-free distributable share premium reserve (2011: 1.0 million euro) as a result of the stock dividend.

7 Translation reserve

	2012	2011
Balance as at 1 January	(1.6)	0.5
Effect of movement in exchange rates on the valuation of investments	8.9	0.8
Other movements	-	(2.9)
Balance as at 31 December	7.3	(1.6)

8 Revaluation reserve

	2012	2011
Balance as at 1 January	6.1	-
Addition	-	6.1
Balance as at 31 December	6.1	6.1

The revaluation reserve relates to a remeasurement of a previously held equity interest in 2011. This legal reserve will be reversed upon disposal of the underlying subsidiary.

9 Other reserves

	2012	2011
Balance as at 1 January	432.7	387.6
Profit appropriation	64.1	59.7
Purchased own shares	(24.7)	(28.3)
Share options exercised in ordinary shares	10.5	7.3
Share-based payments	5.8	4.3
Movements in hedge reserve	(4.8)	5.3
Transfer to revaluation reserve	-	(6.1)
Acquisition of non-controlling interests	(0.9)	-
Other movements	-	2.9
Balance as at 31 December	482.7	432.7

Other reserves include legal reserves relating to capitalised R&D expenses for an amount of 11.1 million euro (2011: 3.6 million euro) and non-distributed profits of group and/or associated companies for an amount of 3.4 million euro (2011: 2.8 million euro). The purchase price of the repurchased shares has been deducted from the other reserves.

10 Unappropriated result

Proposed appropriation of result:	2012	2011
Dividend payable on ordinary shares	-	61.6
To transfer to other reserves	(233.0)	34.2
Total	(233.0)	95.8

11 Provisions

	Deferred tax liabilities	Pensions	Warranties and claims	Total
Balance as at 1 January 2011	8.8	1.7	6.9	17.4
Additions	11.5	0.5	-	12.0
Withdrawals	-	-	(1.0)	(1.0)
Balance as at 31 December 2011	20.3	2.2	5.9	28.4
Balance as at 1 January 2012	20.3	2.2	5.9	28.4
Withdrawals	(8.3)	(1.9)	(2.0)	(12.2)
Balance as at 31 December 2012	12.0	0.3	3.9	16.2

12 Due to Group companies

As at 31 December 2012, the average remaining term is 7.8 years and the weighted average interest rate is 4.8% (31 December 2011: 9.0 years and 5.3% respectively).

13 Non-current liabilities

	2012	2011
Syndicated bank loans	-	325.0
Derivatives at fair value	-	3.2
Total	-	328.2

As at 31 December 2012, the syndicated bank loans in the amount of 430 million euro have been reclassified to current liabilities. Reference is made to note 25 of the consolidated financial statements.

14 Other liabilities

	2012	2011
Taxes and social security premiums	4.8	0.9
Derivatives at fair value	1.2	1.6
Various liabilities	35.6	37.6
Total	41.6	40.1

Contingent assets and liabilities

Royal Imtech N.V. has issued a declaration of joint and several liability for the majority of its Dutch subsidiaries on the grounds of Article 403 Book 2 of the Netherlands Civil Code. In addition, Royal Imtech N.V. has provided separate guarantees as additional security on behalf of subsidiaries relating to the fulfilment of specifically defined contractual commitments to third parties. These parent company warranties relate to so-called advance payment warranties in the technical contracting sector and purely performance warranties. A large part of these warranties have been given for companies for which the aforementioned declaration of joint and several liability was issued and filed at the Commercial Registry Office. On the balance sheet date the liabilities of these subsidiaries amounted to 1,070 million euro (2011: 865 million euro). Royal Imtech N.V. is also jointly and severally liable for the debts of its subsidiaries by virtue of the credit, senior notes and guarantee facilities. Finally, as the parent company of the fiscal unities with regard to corporate income tax and value added tax Royal Imtech N.V. is severally liable for the tax liabilities of these fiscal unities.

Furthermore, reference is made to note 32 to the consolidated financial statements.

15 Auditor's fees

With reference to Section 2:382a of the Netherlands Civil Code, KPMG has charged the following fees to the Company, its subsidiaries and other consolidated entities:

	2012			2011		
	KPMG Accountants N.V.	Other KPMG network	Total KPMG	KPMG Accountants N.V.	Other KPMG network	Total KPMG
Audit of financial statements	5.7	6.5	12.2	1.2	2.4	3.6
Other audit services	-	-	-	0.2	-	0.2
Tax advisory services	-	1.1	1.1	-	0.9	0.9
Other non-audit services	-	1.0	1.0	-	0.8	0.8
Total	5.7	8.6	14.3	1.4	4.1	5.5

The members of the Board of Management have signed the annual report and financial statements in fulfilment of their legal obligations on the grounds of Article 2:101 Clause 2 of the Netherlands Civil Code and Article 5:25 c Clause 2 sub C of the Financial Supervision Act. The members of the Supervisory Board have signed the financial statements in fulfilment of their legal obligations on the grounds of Article 2:101 Clause 2 of the Netherlands Civil Code.

Gouda, 18 June 2013

Supervisory Board

R.M.J. van der Meer
E.A. van Amerongen
A. van Tooren
J.J. de Rooij
R.D. van Andel

Board of Management

G.J.A van de Aast, CEO

To the Shareholders of Royal Imtech N.V.

INDEPENDENT AUDITOR'S REPORT

Report on the financial statements
We have audited the accompanying financial statements 2012 of Royal Imtech N.V., Gouda (statutory seat in Rotterdam). The financial statements include the consolidated financial statements and the company financial statements. The consolidated financial statements comprise the consolidated balance sheet as at 31 December 2012, the consolidated profit and loss account, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows for 2012, 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 2012, the company profit and loss account for 2012 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 Netherlands Civil Code, and for the preparation of the report of the Board of Management in accordance with Part 9 of Book 2 of the Netherlands 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 Royal Imtech N.V. as at 31 December 2012 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 Netherlands 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 Royal Imtech N.V. as at 31 December 2012 and of its result for the year then ended in accordance with Part 9 of Book 2 of the Netherlands Civil Code.

Emphasis of uncertainties with respect to the going concern assumption

We draw attention to note 4 to the consolidated financial statements which indicates the existence of material uncertainties which may cast significant doubt about the entity’s ability to continue as a going concern. Our opinion is not qualified in respect of this matter.

Report on other legal and regulatory requirements

Pursuant to the legal requirements under Section 2:393 sub 5 at e and f of the Netherlands Civil Code, we have no deficiencies to report as a result of our examination whether the report of Board of Management, 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 report of Board of Management, to the extent we can assess, is consistent with the financial statements as required by Section 2:391 sub 4 of the Netherlands Civil Code.

Rotterdam, 18 June 2013
KPMG Accountants N.V.

W. Riegman RA

Statutory provisions regarding the appropriation of net result
The regulations regarding the appropriation of net result are contained in Articles 24.3 to 24.12 of the Articles of Association of the Company and in essence are as follows:

Preference shares
A dividend is paid on preference shares that is equal to the average euro base interest rate as applied by ABN Amro N.V. or its legal successor, raised or lowered by two percent. If and for so far as the profit is insufficient to pay this dividend in full, the Board of Management may resolve to pay the shortfall out of the reserves (with the exception of the reserve established specifically for financing preference shares). If and for so far as this dividend also cannot be paid out of the reserves, profit booked in subsequent years must first be used to pay, in full, the deficit to holders of preference shares before any dividend may be paid on the financing preference shares or ordinary shares.

Financing preference shares
On every financing preference share of a series a dividend is paid (or added to the reserve established for this purpose) that is equal to the interest on government loans with a (remaining) term of eight to nine years, as published in the official Price List of Euronext Amsterdam by NYSE Euronext, effective for the last trading day prior to the day the relevant series of preference shares was issued, raised or lowered as necessary depending on prevailing market conditions by a surcharge equal to a maximum of two and a half percent points or a reduction of a maximum of two and a half percent points, which surcharge or reduction can vary per series. Once every ten years the dividend percentage of financing preference shares of the relevant series will be adjusted to the then valid yield of the government loans applicable for this purpose, if necessary raised or lowered by the surcharge, respectively reduction, mentioned above. If and in so far as the profit is insufficient to allow this dividend to be paid in full, the shortfall will be paid out of the reserve established specifically for this purpose. If and for so far as the dividend also cannot be paid out of this reserve, profit booked in subsequent years must first be used to pay, in full, the deficit owed to holders of financing preference shares (or be added to the reserve specifically established for this purpose) before any dividend may be paid on ordinary shares.

Ordinary shares
The Board of Management, with the approval of the Supervisory Board, decides how much of the profit remaining after the application of the above provisions will be reserved. The profit remaining after the application of these provisions is at the disposal of the General Meeting of Shareholders.

Proposal regarding the appropriation of the result
It shall be proposed to the General Meeting of Shareholders to include the net result of (233.0) million euro in the other reserves.

Special statutory rights regarding control
No individuals have a special statutory right regarding control of the Company. No profit-sharing certificates have been issued.

Royal Imtech N.V.
Quinterium Offices I
Kampenringweg 45a
2803 PE Gouda
P.O. Box 399
2800 AJ Gouda
The Netherlands
Telephone +31 182 54 35 43
info@imtech.com
www.imtech.com

Investor Relations
Telephone +31 182 54 35 04
investors@imtech.com
www.imtech.com/investors

www.imtech.com @imtechcorporate