Annual Report 2012

Back on track

My day at Bialystok

My day at Oosterweel

My day at Ulm

My day at Rigshospitalet

My day at Balance Island

Grontmij

Annual Report 2012

Grontmij

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Please visit the interactive web version of the 2012 Grontmij Annual Report at 2012.annualreportgrontmij.com.

Who we are

Our envisioned future – what we aspire to become, to achieve and to create

- Recognised by our clients for market leadership and quality of delivery.
- 'Sustainability by design' is our leading principle.
- Preferred company for talented professionals and offering ample opportunity for development.
- Among the best on financial performance in the Consulting & Engineering industry.

Core purpose – our fundamental reasons for being

We enable our clients to make informed decisions and well-considered investments as they develop our natural and built environment.

Core values – our enduring beliefs

• Engaged

Our engagement is driven by our clients' desire to improve life and society. We have the courage to develop new ideas and pursue new ways of achieving a sustainable future. We stay committed, overcoming problems and obstacles without compromising our integrity. Our working environments ensure that everyone's untapped source of creativity adds value to our clients' solutions.

• Collaborative

For us, collaborative means being part of a collective effort to meet our clients needs. We pool our knowledge, skill and expertise – acting as one company and sharing the same goals. We work together to find win-win solutions with empathy and respect for all. Together we celebrate our success.

• Reliable

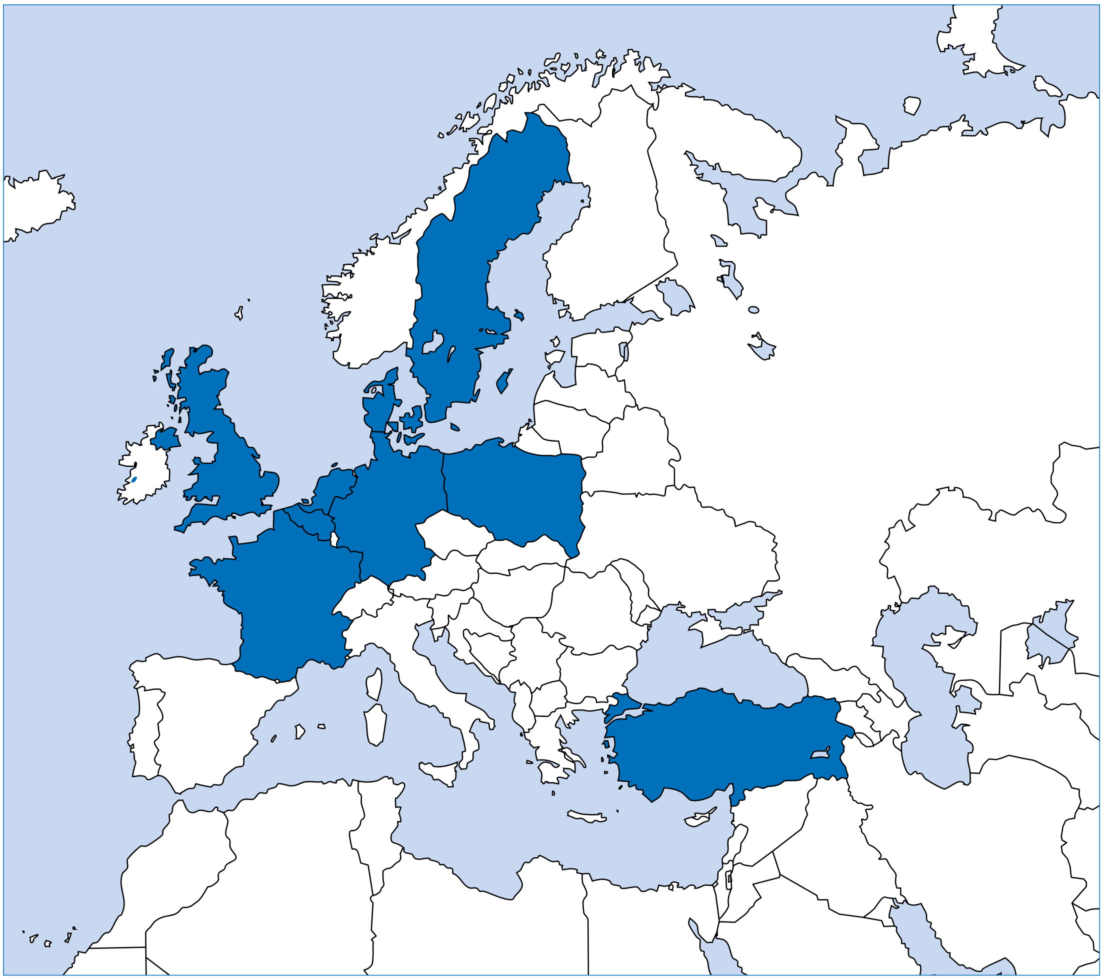
We aspire always to perform and deliver – on time and on budget. We do more than just the job; we do it well and we are always there for our clients – now and into the future. Clients, partners and colleagues can all rely on us to deliver quality performance. We aim to be down to earth and practical in all our dealings.

Our history

What would become Grontmij was first registered at the Chamber of Commerce in 1915. We began as a company focused on cultivating wasteland, helping farmers protect against flooding and reclaiming land. From there we have developed a value chain of services stretching from major renewable water and infrastructure projects through designing efficient and environmentally-sensitive mobility and transportation networks to shaping and monitoring our built and green living spaces.

www.grontmij.com > About Grontmij

Where we are



	Revenue in 2012 (in million €)	% of total Group revenue in 2012	FTEs*
The Netherlands	225.2	25.3%	1,988
France	189.6	21.3%	1,893
Denmark	145.4	16.3%	1,161
Sweden	100.5	11.3%	731
Belgium	81.5	9.2%	821
United Kingdom	63.4	7.1%	775
Germany	54.1	6.1%	572
Other countries (Poland, Turkey and China)	18.2	2.0%	280
Non-core activities, unallocated and eliminations	12.1	1.4%	143
Total	**890.0**	**100.0%**	**8,364**

* average FTE: Full-time equivalents

For our offices and contact details, visit www.grontmij.com > Addresses and www.grontmij.com

What we do

Grontmij provides consultancy, design & engineering and management services in a broad range of market sectors related to the built and natural environment. We work in all sectors, ranging from infrastructure all the way to urban development, energy and water. Within our range of expertise, we aim for European leadership in five Group growth activities: Energy, Highways & Roads, Light Rail, Sustainable Buildings and Water.

New biomass-fired power plant (DONG)

Energy

Our expertise in both conventional and bio power ranges from innovative, cutting edge Waste-to-Energy plants that generate power from refuse to shore-to-ship power supplies that reduce portside emissions and the processing of liquid biogas into fuel for heavy-goods vehicles.

Photography © Dong Energy

East Harbour Bridge Frankfurt am Main

Highways & Roads

Growing urbanisation is putting greater pressure on infrastructure. Mobility is key to economic growth and a sustainable infrastructure is indispensable. Grontmij has proven track record in the Highways & Roads sector.

Photography © Gerd Kittel /Grontmij GmbH

Carlsberg S-Station

Light Rail

Light Rail and tramways are increasingly the solution to moving increasing numbers of people through urban areas. This is an acknowledged area of expertise for Grontmij.

Photography © Vilhelm Lauritzen Arkitekter, Christensen & Co Arkitekter, COBE, EFFEKT, Nord Architects

Eiffel Tower

Sustainable Buildings

Grontmij has a growing reputation for continually pushing boundaries by embedding sustainable thinking and design in our projects. We apply the newest technology to reducing energy consumption in both new and existing buildings.

Photography © Moatti & rivière agency

DEMON, United Kingdom

Water

We offer management and design services for water, wastewater treatment, industry and sustainable industrial processes. Grontmij is also recognised for its innovation in all areas of water management, such as coastal protection.

Photography © Grontmij

See also www.grontmij.com > Services

Key figures

		2012	2011	2010	2009	2008
Revenue	€ 1,000					
Total revenue		890,001	933,508	841,298	799,800	844,478
Third-party project expenses		-155,956	-183,884	-152,742	-169,925	-182,254
Net revenue		**734,045**	**749,624**	**688,556**	**629,875**	**662,224**
Workforce (average)	FTE					
# own staff		7,968	8,250	8,537	6,882	6,816
# agency staff		396	422	401	367	511
Total		**8,364**	**8,672**	**8,938**	**7,249**	**7,327**
Workforce (at year-end)	FTE	8,193	8,587	8,552	7,105	7,478
Profitability						
Earnings before interest and income tax (EBIT)	€ 1,000	-6,137	-41,757 [1)]	28,154	33,305	58,186
EBIT before result of equity accounted investees	€ 1,000	-7,224	-42,417 [1)]	27,176	25,987	45,502
Amortisation	€ 1,000	7,483	8,835	7,146	7,660	6,948
Impairments of non-current assets	€ 1,000	1,002	28,374	-	-	-
Earnings before interest, income tax, amortisation and impairments (EBITA)	€ 1,000	2,348	-4,548 [2)]	35,300	40,965	65,134
EBITA before result of equity accounted investees	€ 1,000	1,261	-5,208 [2)]	34,322	32,977	52,450
Net cash from operating activities		-5,616	8,846	31,242	52,279	34,544
EBIT as percentage of total revenue	%	-0.7	-4.5	3.3	4.2	6.9
EBIT as percentage of net revenue	%	-0.8	-5.6	4.1	5.3	8.8
EBITA as percentage of total revenue	%	0.3	-0.5	4.2	5.0	7.7
EBITA as percentage of net revenue	%	0.3	-0.6	5.1	6.4	9.8
Result after income tax	€ 1,000	-28,534	-62,852 [1)]	13,844	20,409	38,770
Result after income tax as percentage of total revenue	%	-3.2	-6.7	1.6	2.6	4.6
Result after income tax as percentage of net revenue	%	-3.9	-8.4	2.0	3.2	5.9
Result per employee	€	-3,412	-7,248	1,549	2,816	5,291
Shares						
Shares in issue at year-end		63,967,500	21,322,500	20,825,724	17,764,920	17,764,920
Shares in issue, average		46,606,557	21,105,795	19,427,047	17,764,920	17,764,920
Earnings per share	€	-0.61	-2.98	0.70	1.14	2.16
Dividend per share	€	-	-	0.50	1.00	1.15
Payout ratio	%	-	-	61	88	53
Highest price per share	€	3.50	17.20	17.60	19.56	29.66
Lowest price per share	€	2.20	4.42	13.10	13.25	13.85
Closing price per share	€	2.86	5.23	17.30	16.90	17.51
Year-end balance sheet						
Total equity	€ 1,000	128,961	90,853	157,801	167,830	174,943
Total assets	€ 1,000	730,241	746,190	891,283	596,179	631,697
Intangible assets and goodwill	€ 1,000	223,178	228,809	259,027	199,523	202,071
Loans and borrowings plus bank overdraft	€ 1,000	164,554	222,265	260,228	104,592	116,330

1) In 2011 including € 61.0 million of non-recurring costs, of which € 28.4 million impairments (2010: € 1.2 million restructuring costs), and nil acquisition costs (2010: € 0.6 million).

2) In 2011 including € 32.6 million of non-recurring costs (2010: € 1.2 million), and nil acquisition costs (2010: € 0.6 million).

Note: Comparable key figures for the years 2008-2011 have not been restated for discontinued operations (sale of Trett Consulting in 2012).

Michiel Jaski

Chief Executive Officer

Message from the CEO

2012 has proved to be a year of profound change. On 9 March 2012, we announced our 'Back on Track' strategy with two important pillars; restructuring and realising profitable growth. With the support of our shareholders we were able to implement a comprehensive financial solution consisting of a rights offering and a refinancing of debt. The much needed strengthening of our financial structure enabled Grontmij to execute the extensive restructuring programme, the first pillar of the 'Back on Track' strategy. Since then, we have successfully completed a substantial part of the restructuring agenda, working according to schedule.

Given the challenges of 2012 and everything we have achieved, I think we can look back with a sense of pride. I am impressed with our employees who managed to execute a major restructuring programme, on time and within budget, while continuing to service our clients. We have put extra effort into enhancing our risk management, of which you can read more in this Annual Report. We have delivered on the outlook for 2012 and have ended the year in a much better condition than we started the year, with a considerably lower net debt level.

Looking at our current position, Grontmij has a couple of unique strengths to build on. In redefining our strategy, we will focus our resources even more on five Group Growth Segments. In Energy, Highways & Roads, Light Rail, Sustainable Buildings and Water we have strong in-house capabilities and a market presence which allow us to build leadership positions. The expertise of our people, always closely looking at our clients' needs, is a vital ingredient to make this happen. I am encouraged by the display of energy, engagement and collaborative spirit of our people.

Outlook 2013

After a transitional year 2012, Grontmij is now focusing its efforts to grow and further strengthen the company and its operations in the years to come. With the 'Back on Track' strategy Grontmij has embarked on a large number of actions to sharpen the strategic focus, to serve clients even better and to improve the financial performance and predictability. As stated before, this route will take time, since there is no short cut or easy fix to reach the long-term targets set out for 2015.

In 2013, the performance and results of Grontmij will be influenced by some remaining restructuring measures. The intended divestment of Monitoring & Testing France, as announced on 21 January 2013, may have a major impact in the course of 2013 on both the Group and on the business in France. If a transaction can be accomplished, the financial position of Grontmij is expected to improve with targets set in the financial policy (as announced on 9 March 2012) within closer reach, sooner than anticipated. At the same time, the French operations will become smaller but also more focused and strategically aligned with the Group going forward.

On 21 January 2013, Grontmij published an update on the 'Back on Track' strategy. Grontmij is going to shift its focus towards creating and realising profitable growth, hereby putting the second pillar of the 'Back on Track' strategy high on the agenda. With regards to the first pillar of the strategy, restructuring, the necessary remaining measures will be finalised. Grontmij will continue to closely monitor the challenging market circumstances across Europe and will not hesitate to take action if necessary.

Grontmij has a clear strategy which involves a step-by-step approach that fits the company and the nature of the consulting and engineering business. The financial results in 2013 are open to a number of uncertainties and issues as mentioned, making them difficult to predict. Grontmij is confident about the long-term targets and the route to get there.

De Bilt, 27 February 2013

Michiel Jaski

My day at Bialystok

Jarosław Sieradzki – inspecting the future site of the Waste-to-Energy plant
View the full movie on 2012.annualreportgrontmij.com

Bialystok

Waste-to-Energy (WtE) – fuelling sustainable power

The on-going shift from fossil to more sustainable bio fuels is making rapid progress, also in Poland. A joint Grontmij team (Polish/German) is bringing our proven expertise to Bialystok, one of the largest WtE plants to be built in Poland to date. We are providing full design services along side environmental impact studies for the new plant. Sustainable energy generation is a key resource in reducing pollutions and emissions, so the Bialystok facility will help the region's overall footprint. Waste is collected locally and the outputs are likely to be used in the area. A further benefit will be the potential creation of new jobs in the area that is increasingly known for its promotion of 'green' waste collection, recycling and energy generation.

Information for our shareholders

Transparent communication is key to Grontmij's relations with shareholders and other stakeholders. Our aim is transparent communications based on detailed, clear and timely information to existing and potential shareholders, financial analysts and the media. We pursue an active dialogue with the market and operate an open-door policy for questions from all stakeholders.

This section provides more insight into the development and performance of the Grontmij share, our IR policy and activities in 2012, and information on our dividend policy and shareholders.

The Grontmij share

Grontmij's authorised capital consists of 70 million ordinary shares with a nominal value of € 0.25 each and 70 million preference shares with a nominal value of € 0.25 each.

In 2012, following approval of Grontmij N.V., the board of 'Stichting Administratiekantoor van Aandelen Grontmij N.V.' decided to terminate the administration of ordinary shares Grontmij. As a consequence of this termination, depositary receipts were withdrawn with simultaneous delivery of the registered ordinary shares, on 28 June 2012.

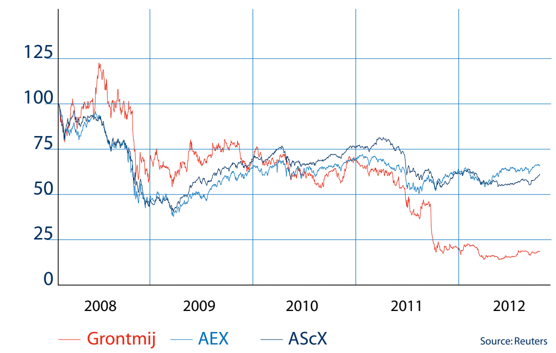
As at 28 June 2012, 63,967,500 ordinary shares were issued. No preference shares are issued. The ordinary shares in Grontmij are listed on NYSE Euronext in Amsterdam and are included in the Amsterdam Small Cap Index (AScX).

On 31 December 2012, the market capitalisation of Grontmij amounted to over € 183 million (€ 112 million per year-end 2011). There are no restrictions on the transfer of shares. No special controlling rights are attached to ordinary or preference shares.

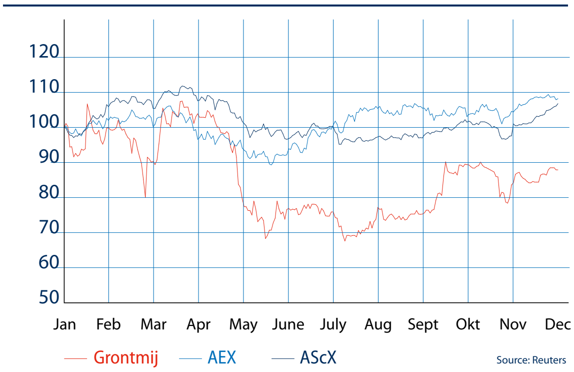
Share price movements in 2012

Grontmij benchmarks movements in its share price against performance of the Euronext AEX and AScX indices.

Indexed share price movement (100 on 1 January 2008)



Indexed share price movement (100 on 2 January 2012)



Rights offering in 2012

As part of the comprehensive financial solution as announced by Grontmij on 9 March 2012, the company placed a € 80 million rights offering after approval by the General Meeting of Shareholders in May 2012. Following the fully underwritten 2-for-1 rights offering in mid-2012, Grontmij's share capital was expanded to 63,967,500 shares.

Adjusted for the rights offering, Grontmij share performance for existing shareholders over 2012 was as follows:

- for shareholders who participated in the offering and exercised their rights:
  - 4.3% (Calculated as (2.86/(5.23+1.87+1.87)/3)) -1)
- for shareholders who chose not to exercise their rights:
  - 27.7% (Calculated as (2.86+0.92)/(5.23) -1)

Per share, the holder received one right (for which two shares could be received) which gave € 0.92 compensation.

Through the reporting year, movements in share prices (adjusted for the rights offering) were as follows:

Share price 02/01/2012	€ 3.21744	
Highest closing	€ 3.49575	27/03/2012
Average closing	€ 2.79277	
Lowest closing	€ 2.2	26/07/2012
Share price 31/12/2012	€ 2.859	
Average number traded	122,548	
Market capitalisation year-end	182,883,083	
Outstanding nr. shares	**63,967,500**	

Investor Relations (IR) policy

Grontmij has a clear policy in place for providing accurate and timely information to our (potential) shareholders. Our goal is to provide equal access to all relevant financial and non-financial information, aimed especially at keeping our shareholders informed. We regularly publish information on financial results, strategy and developments within the Group, also through our annual report. We webcast important events, such as the Annual General Meeting of Shareholders and analyst/press meetings, via our corporate website, www.grontmij.com. Press releases and our website are key sources of communication with the financial community. In our bilateral contacts with (potential) shareholders we take into account a number of guidelines:

- price-sensitive information is disseminated in line with applicable laws and regulations via press releases. Anyone may subscribe to such press releases by registering via the Grontmij corporate website, www.grontmij.com;
- Grontmij's contact with investors and sell-side analysts will at all times be conducted in compliance with applicable rules and regulations, in particular those concerning disclosure, price-sensitive information and equal treatment;
- response to (draft) analyst reports and/or (third-party) publications is only provided by reference to public information and published guidance. Comments on these reports are given only in relation to incorrect factual information.

Closed periods

Closed periods are the periods prior to the publication of our financial results during which in principle no meetings or direct consultations will be held with and no presentations will be given to financial analysts and investors (institutional or otherwise), unless such communication relates to factual clarifications of previously disclosed information. Closed periods will run from the 11th Dutch working day after the end of the relevant reporting period until the day of publication of the relevant results.

Activities

Members of the Executive Board and Investor Relations organise regular meetings with current and potential investors around Europe through roadshows and investor conferences. Grontmij holds one-on-one meetings with the press after each quarterly publication. Following the publication of the annual and interim results, Grontmij also conducts a meeting with financial analysts. The first and third quarter results are presented during an analysts' telephone conference followed by an analyst Q&A. All sessions can be followed live via the company's website through an audio webcast. The information presented at these meetings is published upfront on the company's website available the morning of publication. As 2012 was a challenging year for Grontmij, in which the new management communicated a new strategy, our IR activities were important in our communications with the market. In light of the rights offering, an extensive deal roadshow was organised. In line with the IR policy and in addition to the regular meetings with shareholders, we aimed for a proactive approach to responding to questions. Our intensified efforts were recognised with an award for Best 2012 IR Professional AScX by the Dutch professional Investor Relations Association (NEVIR).

Listing and indices

Grontmij N.V. is publicly listed on NYSE Euronext in Amsterdam (ticker symbol GRONT), where shares are traded on the smallcap index (AScX).

Substantial holding interests

Based on information included at 31 December 2012 in the 'notifications substantial holdings' public database that is maintained by the Dutch Financial Markets Authority, the following shareholders have a substantial holding, i.e. an interest of 5% or more, in the share capital of Grontmij:

- Delta Lloyd Deelnemingen Fonds N.V.
- Delta Lloyd Levensverzekering N.V.
- ING Investment Management N.V.
- RWC European Focus Fund
- Kempen Oranje Participaties N.V.
- Darlin N.V.
- Optiverder B.V.

Dividend policy

Our dividend policy was discussed and approved at the Annual General Meeting of Shareholders on 9 May 2012. Grontmij proposed a dividend policy with a target cash dividend pay-out ratio of 35%-50% as long as the net debt/EBITDA ratio is below 2.0x for two consecutive quarters before the quarter in which the dividend proposal is decided upon and expected to remain below this level as a consequence of the dividend payment. In addition the company intends to make distributions to its shareholders to a level of € 30 million in total, provided this allows the company to stay below a net debt/EBITDA ratio of 1.5x, including the cash impact of this distribution.

Moreover, in accordance with Grontmij's Articles of Association, profit distributions may not exceed the distributable part of the shareholders' equity; if in any year losses are incurred no dividend shall be paid out for that year. In subsequent years, too, payment of dividend can only take place when the loss has been cleared by profits, unless it is resolved to offset the loss against the distributable part of the equity or to pay dividend from the distributable part of the equity.

Dividend 2012

The company will not pay dividend over the year 2012 due to the net loss incurred.

Financial calendar 2013

Date	Event
28 February	Publication annual results 2012 Analyst meeting (audio webcasted)
11 April	Publication of 2012 Annual Report
7 May	Publication of Q1 2013 results Analyst conference call (audio webcasted)
23 May	Annual General Meeting of Shareholders (audio webcasted)
5 August	Publication interim results 2013 Analyst meeting (audio webcasted)
4 November	Publication of Q3 2013 results Analyst conference call (audio webcasted)

Dates for 2014 will be published on our website:
www.grontmij.com > Investor Relations > Financial calendar

Executive Board

From left to right: Michiel Jaski, Suzan van Nieuwkuyk, Frits Vervoort and Gert Dral.

Michiel Jaski (1959)
Chief Executive Officer

Nationality
Dutch
Appointed
2012
Most important previous positions
Member of the Executive Board of Arcadis N.V.
Global Vice President Polyesters of Shell Chemicals Ltd.
Project leader Philips UK & Philips Belgium
Other positions
Member of the Board of Toekomstbeeld der Techniek Foundation
Member of the Advisory Board of Het Nationale Park de Hoge Veluwe Foundation
Member of the Supervisory Board of Synbra Holding B.V.

Frits Vervoort (1962)
Chief Financial Officer

Nationality
Dutch
Appointed
2012
Most important previous positions
Chief Financial Officer and Member of the Executive Board of Vedior N.V.
Partner CFO Services at Deloitte Consulting
Controller at Vendex International N.V.

Gert Dral (1955)
Member of the Executive Board

Nationality
Dutch
Appointed
2011
Most important previous positions
Managing Director Grontmij the Netherlands
Chief Operating Officer covering the Netherlands and Belgium
Various management positions at Grontmij
Other positions
Member of the Board of the Vernieuwing Bouw Foundation
Member of the Board (treasurer) of the Nieuw Holland Foundation
Member of the Advisory Board of the TU Delft and Wuhan University (China) Joint Venture

Suzan van Nieuwkuyk (1964)
Company Secretary

Nationality
Dutch
Appointed
2008
Most important previous positions
Corporate secretary and Head of Legal at Rodamco Europe N.V.
Tax lawyer Loyens Loeff
Other positions
Member of the Board of Casa Academica Foundation

The remuneration of the Executive Board is described on page 137.

Germany - Energising Erfurt

Erfurt East power plant

© Grontmij

Consumer power supplies in Germany's Erfurt East will become more sustainable and efficient following the completion of a new gas turbine and heat recovery boiler at the local power plant. Grontmij has designed the new facility and is now overseeing the construction. The new gas turbine will have an electrical power capacity of around 32 MW and the adjacent heat storage tank's volume is approximately 7,000 m^3. The plant goes into operation in the winter of 2013.

Our strategy

Since the beginning of 2012, Grontmij has put in place a new strategy for the period 2012 to 2015: the 'Back on Track' strategy. It is based on two pillars: restructuring and realising profitable growth. In 2012, the emphasis was on restructuring. Grontmij has successfully completed a substantial part of the restructuring plan, working according to schedule and on time and including preparations for the intended divestment of the French Monitoring & Testing business that was announced in early 2013. From 2013 onwards, the main focus will be on realising profitable growth, the second pillar of the 'Back on Track' strategy.

Market developments

Grontmij is active in a broad range of sectors related to the built and natural environment with special focus on activities where we have proven expertise and potential for market leadership: Energy, Highways & Roads, Light Rail, Sustainable Buildings and Water. We work throughout Europe and cross-border, with the Netherlands, France, Denmark, Sweden, Belgium, the UK and Germany as main operating countries. We are also active in Poland and are growing rapidly in Turkey on the back of significant project wins involving cross-border teams from around the Group. Following a review of strategic options regarding Hungary, it has been decided to gradually withdraw from this market. Outside Europe, we operate in China and on a project basis with a focus on Asia and Africa.

Both the public sector – national and regional – and private sector are major clients for Grontmij in all our operating countries. Despite the ongoing economic crisis in Europe, the expectation for the 2012-2015 period is that the engineering consultancy market will follow its long-term, above-GDP growth trend. Our competitive position in most Grontmij markets is good. In the Netherlands, we have a solid position in almost all of our activities. We are a leading player in Denmark in almost all our sectors. Infrastructure and the process industry are our largest activities in Belgium where we also have a leading position. In Germany we have a strong position in energy and infrastructure. Urban planning and mobility, such as Highways & Roads and Light Rail, are major sectors for us in Sweden. In the UK we have a sound position in water and increasingly in the comparatively bouyant Building Services business; our competitive strength in other activities needs improvement. We are also building significant presence in both Poland and Turkey.

Strengths, weaknesses, opportunities and threats (SWOT)

Our strategy is based on a thorough assessment of Grontmij's overall position as reflected in the table below.

Strengths	Weaknesses
• Geographic focus with strong positions in most countries • Capabilities and market presence in Group Growth Segments • Engaged and qualified people • Collaborative spirit • Brand value in Benelux • Loyal and value oriented shareholder base	• Relatively high debt level • Low margins • Exposure to Europe • Operational processes and commercial awareness not optimal across the group • Too much internal focus
Opportunities	**Threats**
• Benefits from 'Back on Track': • Improvement Operational Excellence • Group Growth Segments • Further build on 'Back on Track': • Strengthening client focus • Emphasis on people development • More focus on consultancy and management services • More focus on Grontmij as a Group (brand, clients, people)	• EU recession/declining market volumes and price pressure • War for talents • Commoditisation of (part of) our services, leading to margin erosion • Increasing cost of debt

The 'Back on Track' strategy

The 'Back on Track' strategy to 2015 has two pillars:

- restructuring; and
- realising profitable growth.

Within these two pillars we have defined various strategic actions, as shown in the overview on the next page.

Strategy 2012 - 2015: 'Back on Track'

1 Restructuring

- a Cost reduction
- b Working capital improvements
- c Selected divestments
- d Strengthening governance & control

2 Realising profitable growth

- e Growing higher added value services
- f Claiming market leadership in Group Growth Segments
- g Focus on Europe
- h Roadmap to Win

- Target EBITA margin 6 - 8% on on Total Revenue in 2015
- Target revenue 3 - 5% organic growth per year 2012 - 2015
- Target Trade Working Capital of 15% of Total Revenue by 2013

Although action on both pillars will be taken continually throughout the 2012-2015 period, during 2012 the emphasis was on restructuring.

Restructuring

In the reporting year, a large number of actions were identified, announced and successfully implemented and executed. These actions included cost reductions, trade working capital improvements, selected divestments and the strengthening of governance & control processes. In order to enable Grontmij to focus on the execution of the strategy, a comprehensive financial solution involving a new debt facility and a rights offering was successfully implemented in the second quarter of 2012.

Cost reduction

Reducing costs is an important part of the restructuring pillar. Cost reductions are realised through the reduction of support functions, by reducing real-estate costs through rationalising the number of offices and the square metres per employee, and through a reduction of IT costs and IT-related staff.

The aim of the programme is total annual cost reductions of € 24 million from 2015 onwards. During 2012, annual cost savings of around € 8.9 million were realised.

These cost reductions are expected to have a negative one-off cash impact of € 20 million, spread over the period 2012-2015. In 2012, the negative one-off cash impact was € 5.1 million.

Working capital improvements

Grontmij is on track to realise the earlier announced target for trade working capital of 15% of total revenue by the end of 2013. The additional working capital facility of € 10 million that was announced at the refinancing in May 2012 proved unnecessary and was cancelled on 15 October 2012.

Selected divestments

An in-depth portfolio review identified certain non-strategic assets and activities eligible for divestment or discontinuation:

- blue-collar maintenance work and services with total revenue in 2012 of € 21 million, including fieldwork activities until November (2011: € 29 million);
- other services (Trett Consulting) with total revenue in 2012 of € 4 million until April (2011: € 16 million);
- non-core assets with total revenue in 2012 of € 18 million (2011: € 20 million).

In May 2012, Grontmij divested the dispute resolution and contractual advice consultancy company, Trett Consulting (full-year 2011: € 16 million total revenue) classified as 'other services'. In November, Grontmij announced the sale of its fieldwork activities in the Netherlands. These activities were classified as part of the blue-collar maintenance work and services activity, and accounted for € 2.4 million in total revenue in 2011.

The remaining activities, including remaining 'Blue-collar maintenance work and services', will be discontinued or sold. Non-core assets are part of a portfolio of assets identified earlier and their divestment is an ongoing process. Timing largely depends on market conditions, as these assets concern mainly real-estate development projects.

In early 2013, we announced the planned divestment of the French Monitoring & Testing activities (total revenue in 2012 around € 110 million). Grontmij France (Ginger) currently consists of two independent businesses: Engineering and Monitoring & Testing (M&T). We see the Engineering part as core business and see potential for financial recovery and growth in the coming years. The intended divestment of the French M&T business, known in France as CEBTP, will allow the Group to further focus on its core business.

With the divestment, the company will also strengthen its financial position, with targets set in the financial policy (as announced on 9 March 2012) within closer reach sooner than anticipated. Following the divestment, Grontmij will be able to renegotiate its current financing facilities, targeting a lower cost of debt. The increased operational focus and improved financial profile will help Grontmij to accelerate the strategic path towards profitable growth.

Strengthening governance & control

At Group level, the first phase of the new financial consolidation system was implemented on schedule in the third quarter. All countries are connected to the new system and users in the countries as well as at Group Finance have been trained in using the new system. The new system also establishes full alignment of KPIs across the Group.

Following the alignment of the incentive structure with the strategy for country managing directors and the Executive Board, the proposal to extend this alignment for country CFOs, country business line directors and selected staff at corporate headquarters was approved in the third quarter and will be rolled out at the beginning of 2013.

In France, significant financial reporting improvements have been achieved. Currently, the large number of legal entities is being merged into two entities, namely 'Buildings' and 'Environmental'. When this merger is finalised, expected around the end of Q1 2013, additional improvements in the reporting and financial control process are planned in 2013. The restructuring of the French head office and its move to a more cost-efficient location was finalised in 2012.

Organisation

At the end of 2011, Grontmij simplified its organisation by eliminating the intermediate layer of business line responsibility between the Executive Board and the basic building blocks of the company: the country organisations.

Every country reports directly to one of the Executive Board members. Performance is measured based on country operating results, as included in the internal management reports that are reviewed by the Executive Board. Within each country organisation up to three business lines are distinguished: Planning & Design, Transportation & Mobility and Water & Energy (the remaining activities in each country designated as Monitoring & Testing will be allocated to the three business lines following the intended divestment of the French M&T business). In this respect, the business lines also serve as a platform for leveraging our skills, knowledge and expertise and to drive Group Growth Segments identified in Realising profitable growth.

Knowledge exchange

We are convinced that cooperation between Grontmij countries can offer our clients real benefits, especially in our Group Growth Segments. Networking groups for all our business activities were already in place during the reporting year supported by meetings and seminars at Group, national and regional level. One example of this interaction in 2012 is the successful Group-wide water workshop organised by our Dutch specialists to exchange knowledge. A similar workshop on tunnelling was initiated by German colleagues. In 2012, we further pursued cross-border teamwork by upgrading communication tools to facilitate knowledge sharing. Our cross-border, knowledge-based approach has generated a number of significant contracts such as the Polish-German cooperation on Poland's one of the largest Waste-to-Energy plants and, most recently, the award of a major water contract to a joint Turkish-Danish Grontmij team. This cross-border and local interaction will be further reinforced by the on-going implementation and roll-out of a Group-wide Lync communication system that will make contact between countries and colleagues much easier and more efficient.

Realising profitable growth

During the second half of 2012, Grontmij assessed the next steps for its 'Back on Track' strategy, concentrating on the second pillar: Realising profitable growth.
In doing so, we have developed a long-term vision framework to make our envisioned future explicit:

- recognised by our clients for market leadership and quality of delivery;
- 'sustainability by design' is our leading principle;
- preferred company for talented professionals and offering ample opportunity for development;
- among the best on financial performance in the Consulting & Engineering industry.

As an agenda for achieving this envisioned future and realising profitable growth, four important actions have been defined:

1. *Growing higher added value services*
2. *Claiming market leadership in Group Growth Segments*
3. *Focus on Europe*
4. *Roadmap to Win*

1. Growing higher added value services
Grontmij provides three types of services to its clients:

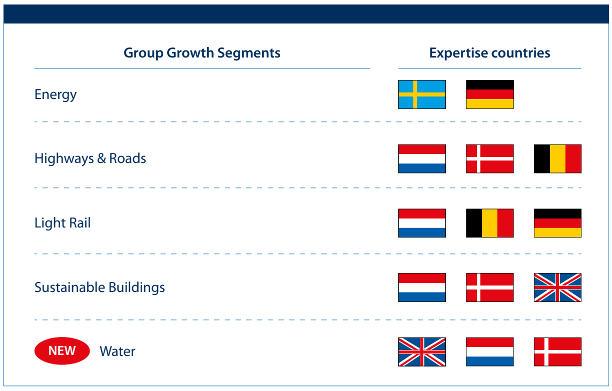
Consultancy › Design/Engineering › Management

In the period 2013-2015, we aim to grow the Consultancy and Management services with higher added value while continuing to concentrate on our clients' needs. In Design/Engineering, Grontmij will focus on areas that deliver our target margins, where we see a scarcity of (human) resources and on areas that connect our services to a broader offering. Grontmij will expand the off-shoring of basic design/engineering activities to the off-shoring facility in Turkey.

Grontmij does not enter into project development activities and/or capital investments in public-private-partnerships. The divestment of the non-core businesses related to these kinds of services will be continued as part of the restructuring pillar of the 'Back on Track' strategy.

2. Claiming market leadership in Group Growth Segments
Based on thorough market analysis, Grontmij selected five Group Growth Segments to achieve profitable organic growth in Europe. These activities will help Grontmij to tap the national and cross-border possibilities of the Group by leveraging client relationships, expertise and capabilities of one or more countries. The Group Growth Segments are based on the specific expertise and leading positions Grontmij has in its European home markets. Benefitting from the execution of the 'Back on Track' strategy in 2012, and reviewing customer response and additional market research in recent months, we have made one major adjustment to the Group Growth Segments, adding Water.

Market leadership in Group Growth Segments



The 'Asset management & Monitoring' growth segment involves a specific service model rather than addressing a specific market sector and will, therefore, be fully integrated into the current five growth activities.

The addition of Water as Group Growth Segment is based on the assessment we have done over the past months looking at the specific drivers for water, Grontmij's capabilities and the leverage potential of water as a global theme. Grontmij has leading capabilities in water with good prospects to realise profitable growth in Europe and beyond, by leveraging our leadership positions in the UK, the Netherlands and Denmark. Specific drivers for water are the consequences of climate change; in Europe the European directives on water; new financial models; asset management; energy efficiency; nutrient recovery; and upgrading of water networks. Grontmij has strong relationships with utility clients, which represent 80% of investments in water.

3. Focus on Europe
Grontmij will focus on improving the position in its main European markets: the Netherlands, France, Denmark, Sweden, Belgium, UK, Germany, Poland and Turkey. Grontmij will further strengthen its position by pursuing organic growth opportunities and later by smaller strategic acquisitions (subject to Grontmij's financial policy). Following the announcement in the third quarter of 2012 that Grontmij is contemplating its strategic options regarding Hungary, we have decided to gradually withdraw from this market.

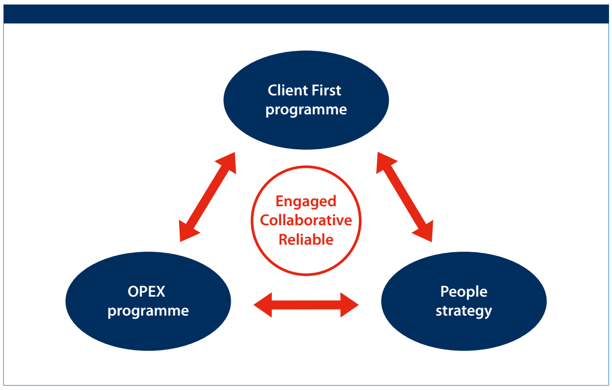
Grontmij France (currently known as 'Ginger') will fully concentrate on Engineering activities and will be rebranded to Grontmij in 2013. Grontmij sees good potential for financial recovery of the French core business and growth in revenue and profitability in the coming years. The current Engineering business can reach a sustainable 6-8% EBITA margin by 2017. These prospects are based on and take into account a competitor analysis and the French market outlook, the earlier announced restructuring plan (started in 2012, fully finalised in 2013), and the good competitive position in Buildings. Furthermore, a diversification strategy for France is both possible and attractive, focusing on selected activities within Energy. This can be executed by leveraging on Grontmij's Energy capabilities and/or through selected acquisitions of small-sized French players within the Energy segment.

Other activities outside the European home markets will be pursued in China or on a project basis within one of our five Group Growth Segments in Asia or Africa. New projects will be evaluated against stringent criteria.

4. Roadmap to Win

To execute the growth pillar of the 'Back on Track' strategy successfully, we have developed a Roadmap to Win. The roadmap includes the Client First programme, the Operational Excellence programme, and the People Strategy, and aims to affect behaviour throughout the company and improve systems and processes. Grontmij will build on its current strengths and use the best practices available within the Group.

Roadmap to Win



Client First programme

Grontmij strives to work for the top clients within the public and private sector. The aim is to have a client-centric culture. Within the Client First programme, the focus will be on behavioural change, leading clients to recognise Grontmij as the preferred company to do business with.

In implementing the Client First programme in all nine European home countries and changing behaviour, the following steps have been identified:

- defining the desired behaviour;
- provide dedicated training;
- 'Living it';
- celebrating success.

Operational Excellence programme

On operational excellence, Grontmij earlier identified five business processes in which we intend to be the best in the industry with the aim of improving performance and predictability.

These processes are:

- pipeline management: to proactively track and respond to our future workload and collect strong market intelligence;
- bid decision management: to win profitable projects in a predictable, efficient and effective manner;
- project budgeting & follow-up: to deliver profitable projects proactively;
- project changes & additional work: to get paid for all the work we do through professional and proactive management;
- client satisfaction surveys: to continuously improve client understanding, satisfaction and loyalty and to take follow-up action.

Best practices for these processes were defined in the second half of 2012. Based on a country-by-country gap analysis to be completed early 2013, a specific implementation plan per country is being created. The roll-out of the five business processes in all nine European home countries will take place in 2013.

People Strategy

Grontmij intends to attract, develop and retain the best people to meet strategic targets and to strive for excellence through growing and developing people's knowledge and expertise. As part of the roadmap, the People Strategy is also about changing behaviour within the company. Grontmij aims to create great working environments to motivate and inspire people and create a leadership culture that lives the core values, pursues the strategic goals and strives for the envisioned future.

Financial goals

The financial goals of the 'Back on Track' strategy for 2012-2015 are:

- target EBITA margin 6-8% on total revenue in 2015;
- target revenue 3-5% organic growth per year (with 2012 as base year);
- target trade working capital ratio of maximum 15% of total revenue by the end of 2013.

Financial and dividend policies

Financial policy

Funding requirements will be fully covered by committed credit lines, primarily for working capital requirements. Potential future acquisitions when apparent are to be funded from free cash flow. Grontmij is targeting a net debt/EBITDA ratio of 1.0 – 1.5x and an EBITDA that covers at least 8x interest expenses.

Dividend policy

Grontmij targets a cash dividend pay-out ratio of 35%-50% as long as the net debt/EBITDA ratio is below 2.0x for two consecutive quarters before the quarter in which the dividend proposal is decided upon and expected to remain below this level as a consequence of the dividend payment. In addition, the company intends to make distributions to its shareholders to a level of € 30 million in total, provided this allows the company to stay below a net debt/EBITDA ratio of 1.5x, including the cash impact of this distribution.

My day at Oosterweel

Hans Baeten – carrying out a socially relevant project that can really make a difference
View the full movie on 2012.annualreportgrontmij.com

Oosterweel

Mobility connection for Antwerp

The Oosterweel Right Bank Connection is one of the biggest infrastructure projects ever envisaged in Belgium. It is part of a huge 2020 Master Plan to improve mobility in the region, providing new roads, additional tram lines, bike paths and other mobility initiatives. With partner Witteveen+Bos, we created the design for the 'Connection' on the right bank of the River Schelde. Our design involves three components that will 'close' the Antwerp ring: the Oosterweel junction, Albert Canal tunnels and the reconstruction of the Ring Road, involving the replacement of an existing viaduct by a partially underground stretch of Ring Road to a new bridge over the Albert Canal. It's a complex project but well within our scope as Belgium's leading provider of Highways & Roads solutions.

Financial performance

As announced in 2012 and as part of the 'Back on Track' strategy, the reporting period was a transitional year for Grontmij. Markets and economic conditions in Europe were difficult. Total revenues declined by 3%, ending the year at € 890 million, while the operating result increased by 85% to - € 6.1 million (2011: - € 40.3 million). The key figures for the year 2012 related to the Group's consolidated income statement are further outlined here.

Reconciliation to non-IFRS measures

€ million, unless otherwise indicated	FY 2012	FY 2011
Operating result	-6.1	-40.3
Add back amortisation	7.5	8.8
Add back impairments of non-current assets	1.0	28.4
EBITA	**2.3**	**-3.1**
Add back: exceptional items	25.1	31.5
EBITA before exceptional items	**27.5**	**28.5**

Consolidated income statement

Revenue

In 2012, total revenue decreased organically by 4% to € 890 million (2011: € 917.4 million), mainly caused by lower total revenues in the Netherlands (- 6.3%) and France (- 10.1%). Planning & Design decreased organically by 4%, mainly caused by lower revenues in the Netherlands and France. Revenues for the Transportation & Mobility and Monitoring & Testing business lines declined organically by 2.6% and 1.9%, respectively. Water & Energy showed an organic growth of 2.6% driven by the Netherlands, Belgium and Germany.

EBITA and EBITA margin excluding exceptional items

As announced on 9 March 2012, during the reporting year Grontmij focussed on restructuring and restructuring costs are reported as exceptional items if and when they meet certain criteria: costs for restructuring which are part of a formally approved restructuring plan, special items following a material change of accounting principles, or results which are of an exceptional nature in relation to the normal business activities and in general are more than 10% of the reported EBITA on a segment level.

EBITA excluding exceptional items was € 27.5 million in 2012 versus € 28.5 million in 2011, with an EBITA margin of 3.1% (2011: 3.1%). Higher results in the Netherlands, France and the UK were offset by lower results in the other countries, mainly Denmark, Sweden and Belgium. Market conditions remained challenging in most markets.

Exceptional items

Exceptional items in 2012 were in line with previously communicated levels and amounted to - € 25.1 million (2011: - € 61.0 million) and included restructuring costs of € 17.0 million (onerous contracts for real estate mainly in the Netherlands, redundancies in several countries and at corporate headquarters, costs related to the refinancing (€ 4.4 million), a write-off of non-core assets (€ 1.7 million, see 'Results of equity accounted investees' in the financial statements) and costs related to the intended sale of Monitoring & Testing in France amounting to € 0.8 million, offset by a release of a provision for IT costs (€ 0.5 million).

€ million, unless otherwise indicated	2012	2011
Impairment losses	**-**	**-28.4**
Non-core asset write-offs	-1.7	-5.7
Restructuring costs	-17.0	-19.2
Refinancing costs	-4.4	-
Other exceptional items	-2.0	-7.7
	-25.1	**-32.6**
Total exceptional costs	**-25.1**	**-61.0**

Amortisation

Amortisation charges were € 7.5 million (2011: € 8.8 million), of which € 0.8 million was related to write downs of capitalised IT system software (2011: € 0.9 million).

Impairment losses

In 2012, an impairment loss of € 1 million has been recognised. An impairment in Sweden was recognised on the goodwill of Teldako (€ 0.4 million) and in the Netherlands an impairment on tangible assets was recognised due to the closure of offices (€ 0.3 million). The remaining € 0.3 million stems from small impairments in Germany and France.

In 2011, impairment losses of € 28.4 million were recognised in the UK (€ 19.9 million on goodwill and € 4.2 million on brand names no longer in use) and € 4.3 million on the book value of non-core assets in the Netherlands.

Net finance expenses
In 2012, the net finance expenses (€ 16.8 million) are higher than last year (€ 13.5 million), mainly due to the refinancing as the interest margins on the new financing arrangements are higher. Grontmij also incurred waiver fees of € 0.6 million, and a write off of capitalised finance costs (€ 1.5 million) related to the previous financing arrangements.

Income tax expenses
Income tax expenses for 2012 decreased to - € 5.6 million compared to - € 7.5 million for last year, despite a loss before tax from continuing operations of - € 22.9 million compared to a loss before tax of € 53.8 million from continuing operations in 2011. This is mainly related to lower profits in Denmark and Sweden in 2012 and a write off of deferred tax assets in the Netherlands and France in 2011. In 2012 and 2011, no deferred tax assets were recognised on losses in the Netherlands and France.

Net result
Net result from continuing operations in 2012 was - € 31.5 million (2011: - € 55.9 million), mainly as a result of the expenses of the restructuring plan Grontmij is executing, a higher operating result, increased interest costs and lower tax expenses. Net result from discontinued operations (net of income tax) was - € 3 million in 2012 compared to € 5.4 million last year; discontinued operations related to the sale of Trett Consulting in the UK in 2012 and the sale of the Telecom business in France in 2011.

Earnings per share
The shares in issue at the end of 2012 increased to 63,967,500 from 21,322,500 at the end of 2011 wholly due to the issuance of shares in May 2012. Earnings per share from continuing and discontinued operations for 2012 was - € 0.67 (2011: - € 2.65).

Trade working capital

Trade working capital decreased by € 9.1 million to € 142.4 million compared to 2011 (€ 151.5 million). Trade working capital of € 151.5 million at the end of 2011 was favourably impacted by delayed payments to creditors at year-end 2011 to an amount of € 7.3 million. If adjusted for this amount, the trade working capital at the end of 2012 decreased € 16.4 million or 10.3% compared to 2011 and trade working capital as a percentage of total revenue was 16.0% compared to 17.0% in 2011.

Capital structure and refinancing

As part of the comprehensive financial solution, Grontmij announced a new capital structure on 9 March 2012 comprising of a new debt financing and a rights offering of approximately € 80 million. In the second quarter, the rights issue was successfully placed and the new financing agreement became effective. Following approval by the General Meeting of Shareholders of 9 May 2012, the process of the rights offering started shortly thereafter, being pre-committed by 48.5% of the shareholders, with the remainder fully underwritten by ING and Nordea.
On 24 May 2012, Grontmij announced an initial take-up of approximately 92%. The remainder was placed that same day by way of a private placement to institutional investors in the Netherlands and certain other jurisdictions, in the so-called 'Rump Offering'.

The new debt facility of € 180 million plus an additional short-term working capital facility (until the end of 2012) of € 10 million provides Grontmij with financial flexibility. With a tenor of 4 years, the new facilities are fully aligned with the 'Back on Track' strategy. The agreement included a 'covenant holiday' until the end of 2012, when the covenants were tested for the first time. The net debt/ EBITDA covenant schedule can be found on page 125.

At 31 December 2012, the Leverage ratio was 3.0 (maximum level 4.00 at 31 December 2012) and the Interest coverage ratio was 2.4 (minimal level 1.75 at 31 December 2012). Both covenants are well within the agreed ranges under the credit facility.

It was agreed with the banks in January 2013 that the definition of financial result as used in the interest coverage ratio excludes the effect of the interest rate swaps up to an amount of € 2.5 million. Based on this new definition the Leverage ratio was 3.0 and the Interest coverage ratio was 2.9.

Net debt and cash flow

Net debt, defined as cash and cash equivalents minus loans, borrowings and bank overdrafts, at the end of 2012 decreased € 57.9 million, from € 177.9 million at year-end 2011 to € 120.0 million. The main movements in net debt are the cash outs for capital expenditures of € 11.3 million, net proceeds from the equity issue of € 73.1 million and the restructuring costs in the Netherlands, France and corporate headquarters.

Net debt movement

€ million, unless otherwise indicated	FY 2012
Net debt (beginning of period)	**-177.9**
EBITDA	14.9
Change in net working capital	-13.7
Movement in provisions	4.0
Capital expenditures	-11.3
Interest paid	-12.3
Taxes Paid	1.4
Rights issue	73.1
Other	1.8
Net cash flow	**57.9**
Net debt (end of period)	**-120.0**

Operating countries

With Grontmij increasingly taking leadership in a number of our areas of expertise, we have further strengthened our market position in Europe during 2012. We currently rank in the top three of European consultancy and engineering firms. In a geographically diverse spread of operations, our main markets are:

- the Netherlands
- France
- Denmark
- Sweden
- Belgium
- the United Kingdom (UK)
- Germany
- Poland and Turkey

(Following a review of strategic options regarding Hungary, it has been decided to gradually withdraw from this market.) Outside Europe, we operate in China and on a project basis in Asia and Africa. Grontmij is active in consultancy, design & engineering and management services in a broad range of market sectors related to the built and natural environment.

We work in all sectors, ranging from infrastructure all the way to urban development, energy and water and aim for European leadership in five Group Growth Segments: Energy, Highways & Roads, Light Rail, Sustainable Buildings and Water, where we are already a major player in Europe.

Poland - Ready for kick-off

Rail line Warsaw-Okecie

© Grontmij

The new rail link between Warsaw's city centre and the Chopin International Airport is part of a larger project to improve the Polish capital's public transport system. It cuts travelling time to 20 minutes, allowing the trains to move more passengers more quickly than ever before and helps cut congestion in the busy city. As supervisors of the project, Grontmij not only delivered the new service for generations to come but just in time for the kick-off of Euro 2012.

The Netherlands

In the Netherlands, Grontmij is a leading engineering consultancy and has around 10% of the market. We have a solid reputation in the markets for our key areas of excellence, such as major infrastructure projects and Sustainable Buildings. We are very strong in the full range of (sustainable) water activities, an especially important expertise in this country, and in energy, both conventional and bio. In 2012, we became sustainability consultants to the Water Campus, a leading international technology centre and won multidisciplinary service contracts for the Gasunie. Although market conditions remain challenging, revenues met expectations in 2012.

Market developments

The Dutch economy remains challenging. It is in the grip of a triple dip, in spite of tough austerity measures by government. GDP growth in 2012 was negative throughout the year. Early signs in 2013 indicate ongoing disappointing growth expectations, especially in the construction sector where decline continues. Unemployment, although rising, is still comparatively low in EU terms. According to the Dutch Central Planning Bureau (CPB), purchasing power will continue to decline for the fifth successive year. In line with its tough stance on reducing deficits (from 4.5% in 2011 to 2.7% in 2013), government is again reducing public spending on many segments where Grontmij is active.

We are responding to this operating environment by a more focused and proactive approach to clients, both private and public, and through thought leadership in specific sectors. For example, within all our activities, and specifically in our Group Growth Segments, we have identified a number of clients where we can add even more value. In Planning & Design (P&D), we are concentrating on sustainable design such as our involvement in the Leeuwarden Water Campus where we are responsible for durable components in the laboratory and office complex. In our Highways & Roads Group Growth Segment (part of Transportation & Mobility), we are involved in the huge multi-year A2 highway development in and around Maastricht which involves a tunnel under the city. As 'trusted-advisor', we are an integral part of the project that aims to improve traffic flows through the busy city with full attention for a quality living and working environment. Our position in energy was reinforced through the award of a major contract to design a second-generation biofuel facility in Hardenberg. The plant will process biodegradable organic waste material to generate 23 million m^3 of biogas annually that is suitable for the Dutch market. A Grontmij team took the prestigious Delta Alliance Young Professionals Awards for its innovative and economically stimulating Balance Island concept that features in the annual report in more detail. This is a classic example of how Grontmij is innovating. Another sustainable example is the sea-based windmill designed to generate energy to pump sand onto the beach, thus saving transportation costs.

Although we can report significant wins, the operating environment remains tough, as evidenced by our need to restructure during the reporting year. In line with our 'Back on Track' strategy, Grontmij Netherlands again further reduced its Full-Time Equivalents (FTEs) in 2012 by 8.1% (2011: 8.8%) and has reduced the number of offices from 22 to 12 at year-end 2012. The expectation is that these actions will ensure we are more firmly positioned to successfully manage the slow operating environment and be well-positioned into the future.

Financial performance

Despite continued tough market conditions, our activities in the Netherlands met our expectations. The P&D business is mostly affected by the market conditions, while Transportation & Mobility (T&M) showed good results. The earlier announced restructuring plans in the Netherlands have been nearly completed in the fourth quarter with few remaining departures in Q1 2013. A new country managing director (CMD) was appointed at the beginning of December. Order book is stable, but market uncertainties in P&D remain high.

€ million, unless otherwise indicated	FY 2012	FY 2011	% change	% organic growth
Total revenue	225.2	240.4	-6.3%	-6.3%
Net revenue	178.1	192.4	-7.4%	-7.4%
EBITA *	3.9	-3.9	198.9%	198.9%
EBITA margin	1.7%	-1.6%		
Exceptional items	-5.7	-14.1		
EBITA excluding exceptional items *	9.6	10.2	-5.7%	-5.7%
EBITA margin excluding exceptional items	4.3%	4.2%		
# employees (average FTE)	1,988	2,163	-8.1%	

* EBITA (excluding exceptional items) includes additional IC management fee in 2012 of € 0.5 million.

As per 1 January 2012 the subsidiary Grontmij Vastgoedmanagement (VGM) was transferred from the Netherlands to non-core and other unallocated.

The Netherlands - Tunneling solution

Spoorzone Delft

© Grontmij

The Dutch city of Delft's rail station is so busy that client ProRail is creating a new state-of-the-art logistics hub there. Grontmij's contribution to the upgrade is the design of a 2.3-kilometre tunnel that will run under the historic city centre. For rail users passing through Delft, four tracks will replace the current two, creating greater rail capacity for both passengers and freight on this main line between Rotterdam and Amsterdam.

France

With the announcement of our intention to divest the French Monitoring & Testing business, Grontmij France will now focus fully on our Engineering, Design and Consultancy business. Following a period of restructuring, we are now poised to take advantage of strong positions in sustainable building and asset management and to grow our renewable Energy and Water business. In 2012, we were able to win the prestigious design project for Paris' new Central Police Station and the contract to map France's public power distributor ERDF's networks as part of this client's maintenance programme. Financial performance in France stabilised in the second half of the year as we gained benefits from restructuring and other actions.

Market developments

Although GDP growth was around 0.3% in the reporting year and according to recently published EU economic data is estimated at 0.1% for 2013, the French economy is still troubled. Unemployment continues to rise, in spite of job and purchasing-power protection introduced following the socialist win at the 2012 general elections. Business confidence is low and investment by the public sector is still uncertain, especially on large (infrastructural) projects. Yet, the expectation is that (election) promises of more public investment will materialise. The question is: when.

Sense of urgency

There is a growing sense of urgency in France for Sustainable Buildings, one of our Group Growth Sectors and part of the Planning & Design business line. This will translate into the public housing and hospital projects we expect to be driven by the new government. We are already engaged in sustainable design on three medical facilities in Paris, Lyon and Rennes. In Transportation & Mobility, public transport investment is also expected, linked to housing development but also as a means of decongesting inner cities. We are working on a major infrastructure project in Marseilles to reduce traffic in the city centre. Due to our expertise, Grontmij France is increasingly a preferred partner in joint bids by architects and major developers.

Financial performance

Overall performance in France was difficult with a negative first quarter. During the second quarter Grontmij gained further access, initiated improvements in governance and control and started the restructuring plans. Following the restructuring and relocation of the French head office, performance in the third and fourth quarter was stable with a solid performance for the Monitoring & Testing business during the year and the benefit of the measures taken in the P&D business gradually becoming visible. Exceptional items in France amounted to - € 7.7 million mainly due to the restructuring and a € 1.7 million write down on long-overdue receivables.

€ million, unless otherwise indicated	FY 2012	FY 2011	% change	% organic growth
Total revenue	189.6	210.8	-10.1%	-10.1%
Net revenue	160.2	161.5	-0.8%	-0.8%
EBITA *	-2.0	4.3	-147.0%	-147.0%
EBITA margin	-1.1%	2.0%		
Exceptional items	-7.7	-		
EBITA excluding exceptional items *	5.7	4.3	32.6%	32.6%
EBITA margin excluding exceptional items	3.0%	2.0%		
# employees (average FTE)	1,893	2,025	-6.5%	

* EBITA (excluding exceptional items) includes additional IC management fee in 2012 of € 0.9 million.

France - Towering redevelopment

Eiffel Tower

© Moatti & rivière agency

Paris' iconic landmark, the Eiffel Tower, is being transformed. The Tower's first floor used to be an intermediate stop for the millions of visitors every year. Now, it has become an attractive feature in its own right with Grontmij responsible for the technical and environmental components, including structure, energy and air conditioning. The sustainable refurbishment of an historic landmark requires both knowledge and sensitivity – both embedded in our 'sustainability by design' principle.

Denmark

Overall, Grontmij Denmark is a significant player in all our business activities and we have leading positions in a number of specialist sectors, such as the design of sustainable hospitals – we are currently involved in the development of three medical facilities. In 2012, we were able to win a number of major projects, including the award-winning Rigshospitalet in Copenhagen, the M4 motorway extension and two prestigious energy projects for ENVO Biogas (new plant) and DONG (new wood-chip burner plant) – all in our Group Growth Segments. In spite of significant wins, financial performance in Denmark remained flat through 2012.

Market developments

The Danish economy slipped into recession in 2012 (-0.5% GDP growth) but forecasts for 2013 are more positive, with GDP expected to recover to 1.3% (Central Bank of Denmark). While this forecast is encouraging, market conditions remain challenged although there are growth opportunities in a number of sectors. The public sector continued to invest moderately and with the exception of some sectors, such as public health, this pattern is expected to continue in 2013. The construction sector is expected to stabilise and improve moderately in 2013 after a period of significant decline since 2007. The infrastructure market is seeing a shift in investment from road to rail and public transport and, overall, we are expecting moderate growth in this sector in 2013.

Strong markets

Energy remains a strong market for us due to the conversion from fossil fuels and general energy efficiency requirements. We foresee increasing demand within our areas of expertise such as district heating, biogas and biomass conversion and we expect a significant increase on 2012. Water is stable although pricing is under pressure. At the end of 2012 and working with colleagues at Grontmij Turkey, our expertise in the localisation of air-borne PCB contaminants was recognised by a European Union assignment relating to volatile organic compound emissions. This is a second EU-harmonisation project we have won through joint tendering with Grontmij Turkey.

Financial performance

Performance in Denmark was below expectations in 2012 with net revenue flat compared to last year, at a lower gross margin. Total revenue in the fourth quarter was lower due to an adjustment for a joint venture reclassifying revenues as third party. In all business lines there was price pressure, combined with lower productivity and incidental project losses.

€ million, unless otherwise indicated	FY 2012	FY 2011	% change	% organic growth
Total revenue	145.4	147.0	-1.0%	-1.1%
Net revenue	118.6	118.7	-0.1%	-0.2%
EBITA *	5.5	8.5	-35.0%	-35.0%
EBITA margin	3.8%	5.8%		
Exceptional items	-0.7	-		
EBITA excluding exceptional items *	6.2	8.5	-27.0%	-27.1%
EBITA margin excluding exceptional items	4.3%	5.8%		
# employees (average FTE)	1,161	1,169	-0.7%	

* EBITA (excluding exceptional items) includes additional IC management fee in 2012 of € 0.3 million.

Denmark - Cheers for Copenhagen's new Carlsberg station

Carlsberg S-station

© Vilhelm Lauritzen Arkitekter, Christensen & Co Arkitekter, COBE, EFFEKT, Nord Architects

Forecasts indicate the new rail station to serve the revitalised former Carlsberg brewery area in Copenhagen will be one of the busiest in the city. The idea is to offer state-of-the-art public transport facilities as a viable alternative to car traffic. This is the first-ever railway station to be built by the city itself rather than Danish Rail. Grontmij is the managing contractor of this exciting landmark project, putting into practice our extensive experience in creating solutions for all users – passengers, cyclists and pedestrians.

Sweden

Grontmij Sweden has a leading position in a number of our Group Growth Segments where we have key expertise, such as Highways & Roads and Energy. In 2012, Grontmij Sweden's clear track record led to a number of major sustainable energy-related activities and we are contributing to an exciting project to design a substantial zero-energy building in the southern part of the country. Sweden's financial performance was disappointing in 2012 but measures have already been taken to improve this situation.

Market developments

The economy in Sweden is relatively healthy. According to the Swedish Central Bank, GDP growth for 2013 is estimated at 1.2% but unemployment increased from 7.6 to 8.0%. Although compared to other European economies, these forecasts appear quite favourable, Sweden is feeling the effects of the on-going economic situation with austerity high on the public-sector agenda. In our markets, there is a clear shift from public to privately-funded projects. While we are expecting stability or growth (2%) in a number of Planning & Design sectors such as sustainable health-care buildings, many clients are cutting costs, extending decision-making processes, postponing or cancelling projects. Competition is increasing as projects become scarcer and the market becomes increasingly more international. However, we certainly see future sustainable-building opportunities in the residential segment as the stock of housing built in the 1960s and 1970s is in clear need of renovation and sustainable energy solutions.

Innovation

Forecasts for key areas of expertise in Transportation & Mobility, Highways & Roads and Light Rail, are more positive, as our cross-border cooperation with colleagues from the UK on the Stockholm bypass shows. Our expectation is that investment in infrastructural upgrades will continue for the next 5 to 10 years. In Water & Energy, we have a significant position and are known for our innovation, especially in the south of the country where we were behind the shift to shore-to-ship power supplies in Ystad Port, one of Sweden's busiest harbours. Sustainable energy is an area where Grontmij has a strong reputation, also for delivering complex projects. We have won a number of significant assignments in all our Group Growth Segments. These include a major project with Danish colleagues on sustainability criteria that contribute to environmental protection relating to the production and transportation of biomass for DONG Energy.

Financial performance

Despite good market circumstances and a positive development in total revenue (FY 2012: € 100.5 million versus € 92.6 million in 2011), EBITA excluding exceptional items decreased in Sweden to € 2.5 million (FY 2011: € 5.8 million). The year resulted in a decline in EBITA margin to 2.8% (FY 2011: 6.2%), explained by a combination of increased third-party expenses and project losses throughout the year. With a strengthened new management team and necessary improvements initiated in operational excellence, measures are being taken to improve performance in Sweden.

€ million, unless otherwise indicated	FY 2012	FY 2011	% change	% organic growth
Total revenue	100.5	92.6	8.5%	4.6%
Net revenue	83.1	80.6	3.1%	-0.6%
EBITA *	2.2	5.8	-61.0%	-62.5%
EBITA margin	2.2%	6.2%		
Exceptional items	-0.3	-		
EBITA excluding exceptional items *	2.5	5.8	-55.8%	-57.4%
EBITA margin excluding exceptional items	2.5%	6.2%		
# employees (average FTE)	731	713	2.6%	

* EBITA (excluding exceptional items) includes additional IC management fee in 2012 of € 0.3 million.

Sweden and Denmark - Fuelling sustainable energy solutions

New biomass-fired power plant (DONG) © Dong Energy

The on-going shift from fossil to more sustainable fuels will be further enhanced in Denmark through the design of a new biomass-fired power plant for customer DONG. A joint Danish and Swedish team is helping DONG to achieve its sustainability goals using residual products to generate energy, such as wood, straw and non-food energy crops. This approach is expected to contribute to the quality of soil, water and air and so is a perfect match with our 'sustainability by design' principle.

Belgium

In Belgium, Grontmij is a major player in the engineering and consultancy business. We are the market leader in Highways & Roads and have a top position in Sustainable Buildings, both Group Growth Segments. In 2012, we were able to win the Oosterweel-Antwerp ring road project, one of the most ambitious initiatives in the country, and a clear recognition of our expertise and leadership in this sector. In 2012, Grontmij Belgium delivered financial performance in line with expectations.

Market developments

The overall economic outlook for Belgium is improving slightly into 2013, according to the Belgian Central Bank. GDP growth was - 0.2% in the reporting year and is estimated at 0.0% for 2013. At 2.6%, inflation, which is a key economic indicator in a country with a long tradition of salary, pension and benefit indexing, is a tangible issue. Government is pursuing austerity measures on public spending at all levels. The private sector is more upbeat but remains cautious on selecting investments. One result is an increase in public-private partnerships (PPP), an approach we expect will grow into the future.

Sector conference

In the highly competitive design market, we have a strong and growing position, as demonstrated by a number of project awards, including three PPP-funded bus depots where sustainability was a key requirement, and the design of a new local government centre in the city of Tervuren (close to Brussels). Sustainable Buildings is another sector where our expertise is recognised, not least through our position as BREEAM experts. In 2012, we carried out a BREEAM In-Use audit on Belgium's second tallest building, the Rogier Tower. As a leader in this sector, we organised a round-table conference during the reporting year, attracting architects, builders, investors, developers and public-sector officials. ParkConsult is a new activity, launched in 2012, that offers expertise in designing parking facilities, often underground, on the back of successful and innovative project, such as the Antwerp Opera facility.

Quality bid

The largest Belgian infrastructure project awarded during 2012 was undoubtedly the Oosterweel connection that finishes the Antwerp ring road. Although Grontmij was not the lowest bidder, we were able to win the project through the quality of our bid which we prepared in cooperation with colleagues from the Netherlands. At Grontmij Belgium, Water & Energy includes what we call 'Industry', an activity that focuses on designing production and processing systems. In 2012, we were able to win the design of a new production line for MARS, one of the world's leading food manufacturers. We also entered into a strategic partnership with Elia – the Belgian electricity transmission system operator – for the accelerated adaptation of the high-voltage network and substations in Belgium.

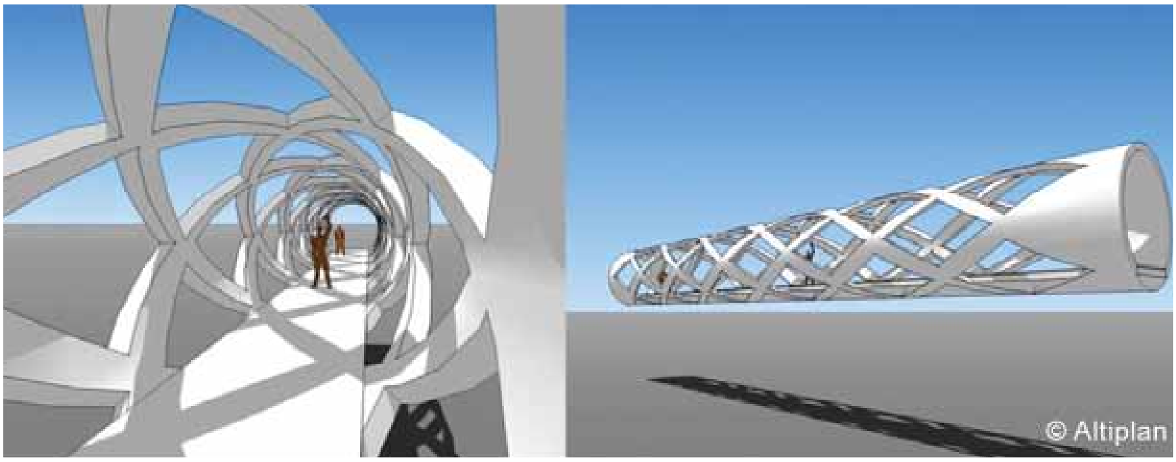
Financial performance

In 2012, total and net revenue increased compared to 2011, in line with our expectations. Grontmij has a good position in T&M, and is fast growing in its process engineering work for industrial clients in Belgium.

€ million, unless otherwise indicated	FY 2012	FY 2011	% change	% organic growth
Total revenue	81.5	78.5	3.8%	3.8%
Net revenue	73.0	71.1	2.7%	2.7%
EBITA *	3.2	4.9	-33.9%	-33.9%
EBITA margin	4.0%	6.2%		
Exceptional items	-0.3	-1.4		
EBITA excluding exceptional items *	3.5	6.3	-44.2%	-44.2%
EBITA margin excluding exceptional items	4.3%	8.0%		
# employees (average FTE)	821	757	8.6%	

* EBITA (excluding exceptional items) includes additional IC management fee in 2012 of € 0.2 million.

Belgium - Unmanned trains for Brussels



Metro depots Brussel

© Altiplan

PULSAR is the Belgian capital's ambitious public transport programme for the future. Grontmij is contributing through the design of two metro depots, the new underground Erasmus and the adaptation of the Delta depot to handle unmanned metro trains. Solutions have to be created to accommodate the automatic trains, including maintenance. Client MIVB intends to run the first unmanned tests in 2016.

United Kingdom (UK)

Grontmij UK has a top position in the water sector. Although the overall construction market remained challenging in 2012, we have been able to achieve significant growth in our building services business, winning blue-chip projects especially in London and the prestigious British Council for Offices (BCO) Award for Sustainable Buildings. The UK systematically improved its financial performance through the year, ending with a strong fourth quarter.

Market developments

With no GDP growth in 2012 and <1.5% forecast for 2013, the UK market continues to be a challenging operating environment, especially in construction, down 2.5% in 2012. This is a key sector for Grontmij. However, in spite of the on-going squeeze on public spending, as government attempts to reduce its deficit by cutting budgets across the board, there are still some growth areas, mainly privately funded. The Central London commercial and residential construction sector remains buoyant with a number of projects starting or being released from hold on the back of more optimistic sentiment on developments in the Eurozone. The water industry, one of Grontmij UK's key areas of expertise, is just past the middle of its current 5-year cycle (AMP5), with the regulator promising a smoother transition to AMP6. Significant investment is needed in the UK energy infrastructure but is slow to materialise.

Innovative technologies

The strength of the London commercial property market is supporting our building services activities, generating significant growth in revenues for us. Our conceptual design for the 2014 Commonwealth Games Athletes' Village in Glasgow has taken the Brownfield Briefing Award and the 7 More London Riverside project earned us the BCO Award for Innovation. Our strong position in water was recognised by client Welsh Water with an award for innovation. The water market is highly receptive to innovative technologies, as our assignment from Yorkshire Water demonstrates. We are currently engaged in delivering elements of the Grontmij 'regenerator' concept at Yorkshire Water's Esholt Thermal Hydrolysis Plant that will save the client significant energy costs. Wessex Water has opted for our DEMON process that removes ammonia from wastewater. Again, DEMON is an innovative technology to which Grontmij has exclusive rights in our home markets, and which can significantly reduce a client's operating costs.

Financial performance

The UK business followed up its improving performance during the year with a strong fourth quarter. Significant improvements in productivity, EBITA margin and an increase in net revenue per FTE clearly show the results from the restructuring and strong execution.

€ million, unless otherwise indicated	FY 2012	FY 2011	% change	% organic growth
Total revenue	63.4	55.2	14.9%	7.4%
Net revenue	52.8	46.5	13.6%	6.2%
EBITA *	1.3	-3.8	134.0%	131.8%
EBITA margin	2.1%	-7.0%		
Exceptional items	-0.4	-3.2		
EBITA excluding exceptional items *	1.7	-0.6	364.9%	347.6%
EBITA margin excluding exceptional items	2.7%	-1.2%		
# employees (average FTE)	775	787	-1.5%	

* EBITA (excluding exceptional items) includes additional IC management fee in 2012 of € 0.3 million.

United Kingdom - New energy for Yorkshire Water

Esholt Thermal Hydrolysis Plant

The Morgan Sindall Grontmij Joint Venture's client, Yorkshire Water manages the collection, treatment and distribution of water in the Yorkshire region in the UK, supplying around 1.24 billion litres of drinking water each day.

The Joint Venture is designing a new Thermal Hydrolysis Plant at Yorkshire Water's largest waste water treatment site at Esholt, which will deliver significant savings, reducing energy consumption by turning waste-conditioned sludge into bio-gas. A second benefit is for the environment, as our client will be using more bio than fossil fuel to power the plant. It's a clear sustainable win-win.

Germany

With our prominent position in a market where there are between 70,000 and 90,000 usually small and local engineering consultancies, Grontmij has managed to build a strong local and regional presence in Germany. We rank in the leading consultancies in a variety of markets, such as land consolidation, regional development, high-rise buildings, Waste-to-Energy, hydraulic engineering and structural design, a position that is clearly demonstrated by our design for the new bridge over the Main at Frankfurt (Main-Brücke Ost). Grontmij Germany generated a solid financial performance in 2012.

Market developments

Germany's economy is under some pressure from the Euro crisis and on-going recession in some parts of the world. As a result, the Deutsches Institut für Wirtschaftsforschung is forecasting quite weak economic growth (0.8% growth in GDP in 2012 and 1.0% estimated for 2013). Federal elections are scheduled for September 2013 and no decisions will be taken on major policies, such as energy, until afterwards. Moreover, the new EU funding period from 2014 will cause major changes in our markets and we are already seeing delays in decisions on public spending. However, with the prospect of slightly better GDP growth as uncertainties around the financial crisis decrease, we are expecting more investment, also from the private sector. All our markets remain relatively stable but pressure on pricing and contract conditions continues.

Clear trends

In both the Water & Energy sectors, there are a number of clear trends that are positive for us although the water sector continues to be highly competitive and very local. While slow to take off, we can benefit from moves to enhance the filtering and reuse of wastewater. Energy remains stable but decision-making on major projects is temporarily adversely affected by political uncertainties due to upcoming elections. Decisions should ensure on such issues as the end of nuclear power and essential grid extensions. Both will open up opportunities for us. However, in 2012, we still had considerable wins in the energy sector, especially in our key area of expertise – Waste-to-Energy (WtE). We won the design of a new gas turbine and heat recovery boiler power plant at Erfurt East. This project reinforces our knowhow in local energy supply. We are also involved in Poland's one of the largest WtE plants in close cooperation with our Polish colleagues. Our expertise was recognised in early 2013 when our client, the Berlin Sanitary Department, took the prestigious German sustainability award for the Grontmij-designed biogas plant that now fuels its refuse trucks.

Renovation and upgrade

Light Rail, one of the Group Growth Segments in Transportation & Mobility (T&M), is growing. We have recognised expertise in this sector, as evidenced by our Augsburg and Ulm project wins for new public-transport infrastructure there. Grontmij is also involved in the new subterranean motorway tunnel in Saarbrücken to reduce noise and pollution in the city centre. This demonstrates a growing trend in Highways & Roads from new build to renovation and upgrade. Sustainable Buildings, part of Planning & Design (P&D), is another area of expertise. In 2012, this sector remained stable, both for new builds and renovation projects. We were able to achieve two key new-build wins on 'Leed Gold' projects, one on the Kempinski Hotel and the other on a residential building in Frankfurt.

Financial performance

Germany was a solid performer throughout the year, with P&D and W&E performing according to expectations. In T&M, productivity is low in certain areas. Germany has a strong position in energy and a healthy order book.

€ million, unless otherwise indicated	FY 2012	FY 2011	% change	% organic growth
Total revenue	54.1	53.8	0.5%	-2.2%
Net revenue	46.4	45.6	1.7%	-1.3%
EBITA *	3.8	4.6	-17.6%	-20.8%
EBITA margin	7.0%	8.5%		
Exceptional items	-0.2	-0.2		
EBITA excluding exceptional items *	4.0	4.8	-16.3%	-19.3%
EBITA margin excluding exceptional items	7.5%	9.0%		
# employees (average FTE)	572	574	-0.5%	

* EBITA (excluding exceptional items) includes additional IC management fee in 2012 of € 0.2 million.

Germany - Bridging the River Main

East Harbour Bridge Frankfurt am Main

© Gerd Kittel / Grontmij GmbH

Grontmij is responsible for the impressive 175-metre East Harbour Bridge over the River Main at Frankfurt. It was constructed on location and moved into position with limited impact on both the environment and the economically important river traffic in August 2012. It connects two parts of the city that are currently being revitalised. The new bridge is a clear example of Grontmij's ability to present state-of-the-art solutions to the challenges of growing urbanisation and ensuring transportation issues.

Other countries

Grontmij has a growing presence in Poland and Turkey. Following a review of strategic options in Hungary, it has been decided to gradually withdraw from the Hungarian market. Outside Europe, we operate in China and on a project basis in Asia and Africa. Overall, financial performance by these operating countries met expectations.

Market developments in Poland

With GDP growth estimated at >2% in 2012 (Polish Central Statistical Office), the Polish economy would appear in an enviable position compared to many other EU countries. However, much of Poland's growth is driven in part by EU subsidies and in the most recent budget rounds to 2020, this country was awarded € 105.8 billion in subsidies. At present, EU subsidies account for around 50% of public spending with (local) government providing the rest. One of Poland's biggest investment sectors is energy, with inflow of capital of over € 15 billion expected in the next three years. Grontmij Poland is perfectly positioned to take advantage of this investment as we have a strong reputation in the sector, especially in waste-to-energy, where we have consistently won major projects. Most recently, and working in tandem with colleagues from Germany, Grontmij Poland won the prestigious Bialystok Thermal Waste Treatment Plant contract, one of the largest of its kind in the country. Sustainable Buildings is also a key activity for Grontmij Poland with BREEAM certification in high demand.

Market developments in Turkey

GDP growth is relatively stable in Turkey although actuals in 2012 were somewhat disappointing at 4%. Growth was affected by a decline in private real-estate sector which put some pressure on Grontmij's sustainable building activity. This was, however, compensated by growth in both the water and transportation sectors through an increase in public-private partnerships in infrastructural investment. Turkey is also the recipient of some EU subsidies, especially for harmonisation programmes. Grontmij Turkey was able to win a number of these contracts by pooling expertise with Grontmij Denmark. The joint team is already at work on the design of a comprehensive water management project to supply drinking water, storm-water networks and sewage facilities along with wastewater treatment plants.

Market developments in China

According to The Economist, China's GDP decreased slightly in 2012 from just over 8% to just below 8%. The building sector in China remains buoyant. It is expected that until 2030 some 350 million people will migrate from rural to urban areas (World Bank, 2012). The Chinese leadership is determined to develop low-carbon cities for its urban citizens. This poses a huge challenge to architects, urban planners, designers and engineers. In China so far Grontmij is mainly active in the market for Sustainable Buildings, urbanism and the design of business parks.

From our base in Wuhan, in the first full year of operations, Grontmij has grown rapidly in both contract wins and personnel. Clients are mainly local governments and developers. The building of the Wuhan New Energy Institute (also called the Energy Flower) is under construction and will soon become a prominent landmark for Grontmij in China.

Financial performance

In 2012, Grontmij saw good performance in Turkey and China with strong growth compared to 2011. Poland showed improvement in the fourth quarter, benefiting from the restructuring measures taken in the preceding months and a recovery in the order book, due to amongst others the Waste-to-Energy project won in Bialystok.

€ million, unless otherwise indicated	FY 2012	FY 2011	% change	% organic growth
Total revenue	18.2	17.1	6.5%	7.9%
Net revenue	10.0	9.1	9.6%	10.7%
EBITA *	-1.2	-0.4	-231.1%	-241.9%
EBITA margin	-6.4%	-2.1%		
Exceptional items	-0.1	-0.2		
EBITA excluding exceptional items *	-1.1	-0.2	-611.0%	-635.6%
EBITA margin excluding exceptional items	-6.1%	-0.9%		
# employees (average FTE)	280	257	9.0%	

* EBITA (excluding exceptional items) includes additional IC management fee in 2012 of € 0.2 million.

Turkey - Preparation of integrated water projects

Feasibility and tenders future water/waste management © Grontmij

An international Grontmij team (Turkish/Danish) is preparing integrated water and wastewater investment projects for the Turkish Ministry of Environment and Urbanisation. This is part of an extensive programme to meet the crucial water needs of around 3.5 million people including the supply of drinking water, storm water networks and sewerage facilities along with wastewater treatment plants. This is an area where we have extensive experience – complex, large-scale sustainable water management.

Our business lines

Based on our 'sustainability by design' concept, Grontmij provides consultancy, design & engineering and management services in a broad range of sectors related to the built and natural environment. The world is becoming increasingly urban. This puts new pressures on our living environment. Grontmij works on the sustainable design of those places where people live, work, shop and spend their leisure time. Our work helps keep people and goods moving. Often, we will support a client with a highly complex requirement. We solve problems, design and engineer solutions and supervise or monitor their implementation – all from a sustainable perspective. We organise our consultancy and engineering business according to three business lines: Planning & Design, Transportation & Mobility and Water & Energy. Within these business lines, we aim for European leadership in five Group Growth Segments: Energy, Highways & Roads, Light Rail, Sustainable Buildings and Water, where we already have a leading position in Europe.

Planning & Design

Representing 38% (2011: 38%) of our total revenue, Planning & Design is our biggest business activity. Many of our Planning & Design projects have a strong local focus. But increasingly we are sharing relevant expertise cross-border so that we can enhance our service offering to clients, especially in the Sustainable Buildings Group Growth area. Planning & Design markets around Europe are still under some pressure, with fierce competition and slow trading conditions. However, Grontmij has been able to win a number of major projects, specifically in our Group Growth area of Sustainable Buildings, such as the award-winning and highly complex Rigshospitalet medical facility in Denmark and the sustainable refurbishment of a docking station for waste incineration in Frankfurt.

What is Planning & Design?

We define Planning & Design as finding sustainable solutions for the built and the natural environment. Whether it is the sustainable renovation of an existing building or the design of a new hospital, all are Planning & Design. The natural environment is also our drawing board. Here we often work closely with colleagues from other disciplines within Grontmij. Within the Planning & Design business line, Sustainable Buildings is our Group Growth Segment.

Sustainable Buildings

Grontmij has a growing reputation for continually pushing boundaries by embedding sustainable thinking and design in our projects. We apply the newest technology to reducing energy consumption in both new and existing buildings. A growing part of our business is the work we do on BREEAM certification for buildings. This environmental assessment methodology is recognised worldwide as a benchmark for sustainable building. Certification is carried out on existing and new buildings. Grontmij was the first to employ licensed 'BREEAM in use' assessors around Europe. Increasingly, owners also see certification as part of lifecycle management. We have now developed an additional tool that will enable owners to calculate a building's lifecycle costs. It will help them to take strategic decisions on when investment or maintenance is most useful in terms of value.

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Planning & Design

Biomedical park/Business Park - China

Bio-medical and pharmaceutical business park for Wuhan

Wuhan Optics Valley aims to be one of the most sustainable business areas in China. Grontmij won the contract for the total design, from conceptual design upto the construction design of the business park that covers 26 hectares of the Valley. The idea is to transform the park into a leading bio-medical and pharmaceutical centre for both international and domestic companies, incorporating cutting-edge sustainable technologies in the research & development, testing & manufacturing, exhibition and residential areas.

Transportation & Mobility

This business line currently represents 23% (2011: 22%) of total revenue. Grontmij was able to win a number of major projects, especially in our related Group Growth Segments of Highways & Roads and Light Rail. Top projects in 2012 include the final phase of Antwerp's ring road at Oosterweel in Belgium.

What is Transportation & Mobility?

Transportation is all about moving people, goods and other materials from A to B in the most efficient, environmentally sustainable way. And that is not just by road. People and goods move over-, above- and underground via highways, rail, water, tunnels, bridges and air. These transport flows have to be designed, planned and executed. In turn, Mobility works to manage these flows in more efficient ways. Within Transportation & Mobility, we have two Group Growth Segments: Highways & Roads and Light Rail.

Highways & Roads

Growing urbanisation is putting greater pressure on infrastructure. Mobility is key to economic growth and a sustainable infrastructure is indispensable. Even at a time when public spending is under pressure, essential investment in infrastructure is continuing, specifically in Highways & Roads and Light Rail. Our expertise on the creation and maintenance of highways and roads is in great demand throughout Europe. In Denmark, we are widening Copenhagen's M4 ring road with minimal disruption and recycling of materials while in Belgium, Grontmij is responsible for the design of one of the biggest infrastructure projects in the country – Oosterweel in cooperation with experts from the Netherlands. The new E4 stretch of motorway in Sweden is another major project using Grontmij expertise.

Light Rail

As urbanisation continues, the need for efficient transport systems grows apace. Light Rail and tramways are increasingly the solution to moving increasing numbers of people through urban areas. This is an acknowledged area of expertise for Grontmij. We were behind the new road-tramway created for Poznan's role in EURO2012 – a lasting infrastructure for the city. A Grontmij team is working on Copenhagen's new Carlsberg station, scheduled for completion in 2015. In Delft, the Netherlands, Grontmij is designing a tunnel for ProRail that will enable the expansion of the busy line from two to four tracks. And we also have real expertise in maintaining existing track, such as re-bedding for Dutch Rail using the longest riding repair system in the world – 1.2 kilometres.

Transportation & Mobility

A2 Maastricht

Improving traffic flows in Maastricht

Grontmij has been appointed 'trusted advisor' to the huge multi-year A2 highway development in and around Maastricht. Always a bottleneck for traffic as the highway ran through the city and always a source of air and noise pollution, the new section of the A2 will improve both traffic flows and quality of life and work. It is a challenging project as traffic has to keep moving. One solution is a tunnel that will limit overground flows, thus reducing congestion and pollution.

Water & Energy

Both Group Growth Segments, Grontmij is ranked as a top player in the European Water business. Water & Energy accounts for 20% (2011: 21%) of our total revenue. The market for Water & Energy showed overall growth. We were able to win a number of significant assignments, including one of the largest Waste-to-Energy projects ever in Poland, a joint effort by our Polish and German teams, the introduction of shore-supplied power at Ystad Port in Sweden, and the delivery of our 'Regenerator' concept to Yorkshire Water's Esholt thermal hydrolysis plant in the UK which will save the client considerable energy costs.

What is Water & Energy?

Water & Energy consultants cover a wide range of projects, anything from the design of innovative plants to treat wastewater or the creation of waste plants to generate energy. And every conceivable way of working with water and power in between. Water & Energy in Belgium also includes what we call 'Industry'. In this activity, we design production and processing systems for chemical plants, refineries, the pharmaceutical and biotechnology sectors, the steel and food industries, power stations, water and other industrial companies – all according to our 'sustainability by design' principle.

Water

Grontmij provides a full range of water-related services. We have leading positions in a number of our operating companies. Grontmij Poland was awarded six drinking water projects by the Warsaw city water utility during 2012. Colleagues in Turkey are handling flood modeling for Istanbul's water utility and a water network for the city of Bodrum. We are often brought in to clean up wastewater, such as through the implementation of our DEMON technology by an Anglo-Dutch Grontmij team for the UK's Wessex Water. We develop solutions to complex issues such as sweet-salt water coastal erosion through our award-winning Balance Island concept for delta areas. And we are engaged in a number of projects around the world, such as drinking water for Dhaka in Bangladesh and flood protection in both Europe and Vietnam.

Energy

The development of new conventional and bio-energy power plants is a growth area in Europe as the need for sustainable power supplies increases. This is also an area where we can draw on knowledge present throughout the Group and apply it Europe-wide. Our expertise in this segment ranges from innovative, cutting edge Waste-to-Energy plants that generate power from refuse to shore-to-ship power supplies that reduce portside emissions and the processing of liquid biogas into fuel for heavy-goods vehicles. Grontmij in the Netherlands is designing a second-generation biofuel plant in Hardenberg and providing multi-disciplinary services for major energy supplier, Gasunie. In southern Sweden, we are participating in the design of a pioneering zero-energy building.

© Wessex Water

Water & Energy

DEMON, United Kingdom

DEMON – next generation wastewater treatment

Grontmij was among the first to recognise the potential to more efficiently remove Total Nitrogen/Ammonia from sludge treatment liquors. We introduced the award winning SHARON (currently in use all over Europe) then DEMON® with even lower OPEX costs, and now Energy self sufficient DEMON® (EssDE) for further savings of approx 30% in aeration energy requirements for activated sludge plants.

We are currently providing DEMON® and EssDE across Europe and now have our first installation in the UK at Poole STW for Wessex Water.

Enterprise Risk Management

For Grontmij, managing enterprise risk is about anticipating, monitoring and where possible mitigating and controlling events that can impact our business. During 2012, we have aligned our enterprise risk management to our new strategy applying a top down approach. The new approach that focuses on building and implementing an Enterprise Risk Management framework complements the risk management activities that are in place in the operating countries.

How we manage risks

Grontmij is in the process of implementing its Enterprise Risk Management (ERM) framework. Building on the – primarily operational and local – risk assessment activities in the period 2009 to 2011, during 2012 Grontmij focused on the design and implementation of the ERM framework in which key risk areas are identified and mitigation is secured through policies, procedures and standards. Through a thorough evaluation of our business based on our strategy and growth ambitions, the Executive Board, in consultation with the country managing directors, identified and detailed 11 key and inter-related risk areas for our business. An ERM team has been put in place, headed by the CEO, to identify and review the Group's policies, procedures and standards that are designed and in some cases still have to be designed and implemented to mitigate and manage the risks in the 11 key risk areas. During 2013, ensuing key controls will be defined to monitor adherence to these policies, procedures and standards in an effective way. The ERM framework, which comprises all of the above steps, should enable the company to ultimately audit all 11 key risk areas based on the defined key controls. By the end of 2013, this should be possible for the majority of the key risk areas, with the remaining areas being auditable in 2014.

Risk reporting

At the end of 2011, we shifted the business from four business lines into eight country organisations with each country managing director reporting directly to one of the Executive Board members. Part of this reporting line is the bilateral, monthly management discussion between local management and members of the Executive Board where key risks are reported and discussed.
At country level, quality & risk managers are responsible for risk reporting and monitoring of regulatory compliance.

Risk Governance

Risk Ownership	Risk Monitoring & Control	Risk Assurance
EB and Country Management & Support functions	Quality Managers & Support functions	Quality Managers & Audit procedures
ERM implementation • identifying prime risk areas • reviewing & defining policies, procedures & standards • ensure adherence • ERM progress reporting • Assurance in LOR **Management and reporting** • adequate register • reporting risks in monthly report	**Risk monitoring** • independent monitoring of risks and actions • advising and challenging Line management & Support	**Risk assurance** • testing of key controls • self assessments • business reviews • discussions on risks and control processes with external auditor as part of the audit of the financial statements

Part of the Supervisory Board's responsibility is to review the adequacy of the Group's risk-management framework and to oversee how management monitors compliance with risk management procedures. The Supervisory Board carries out this task through regular updates by the Executive Board, discussions with the external auditor and by reviewing the key risks as reported by local management to the Executive Board. The Supervisory Board has approved the ERM framework principle and monitors its design and implementation as it develops.

The Executive Board has overall responsibility for the Group's risk management. Together with country management, members are responsible for the design and implementation of the ERM framework and efficient and accurate reporting of key risks. Country management, with local support functions, are responsible for implementation of the ERM framework in the country organisation in addition to maintaining the risk register and reporting key risks to the Executive Board.

Quality & risk managers in each country, working with Finance and Legal departments, are responsible for monitoring risks and actions. They also advise and challenge country management on their tasks to report risks and follow up on reported risks. Until the ERM framework is fully implemented and all policies, procedures and standards are well embedded, risk assurance is carried out through testing of key controls by quality managers, self assessments and business reviews. In addition, risks and control processes are discussed with the external auditor as part of the audit of the financial statements. Once the ERM framework is fully implemented, the internal audit function will be re-installed to regularly and ad hoc review adherence to the policies, procedures and standards of the ERM framework.

Main risks in 2012

The reporting year, 2012, was a period of transition for Grontmij. A number of significant challenges had arisen in the preceding year, 2011, which had to be managed and resolved. This was a key goal in 2012. During 2012, the following risks existed or became apparent:

Capital market risk

At the beginning of the year, Grontmij had a significant level of indebtedness, due in part to its past acquisition policy. As we failed to meet our contractual obligations under our credit facility in 2011, we were operating under a waiver agreed with our banks with an expiry date of 8 March 2012. Upon expiry of the waiver, the company would be in breach of the covenants set out in the waiver letter which could lead to a notice by the banks that all or part of the amounts outstanding were due and payable immediately. In that situation Grontmij would not be able to repay these amounts and would not be expected to be able to raise the alternative necessary funding. As a consequence of the unstable financial situation, the changes in the Executive and Supervisory Board and the profit warning in October 2011, the share price had fallen significantly. As a result, our reputation and the Grontmij brand were impacted and we had to restore Grontmij's return to shareholders.

Mitigation: Operating under a waiver required a redesign of the capital structure of the company to sustain its operations in the long-term. Management reached a solution that ensured continuity of the company. This resulted in May 2012 in a comprehensive financial solution consisting of a committed senior debt credit facility of € 180 million plus a € 10 million short term working capital facility and € 80 million of additional equity through a fully underwritten rights offering.

The Executive Board is committed to transparency and improving disclosures and communication to the financial markets. Financial disclosures in the 2011 annual report and financial press releases in 2012 include more detailed financial information by country as well as information on our financial covenants. In order to react more swiftly to changing market circumstances in the future, we have started to improve our management information systems. In 2012, we aligned Key Performance Indicators across the Group, implemented a new consolidation system and more rigorous financial controls. In France we enhanced the governance and improved the reporting and financial controls. We intensified our investor relations to restore confidence among investors and organised an extensive deal road show in light of the rights offering in addition to regular one-on-one meetings with shareholders following publication of our quarterly and interim results.

Market risk

At operational level, market developments in some countries led to difficult trading conditions. In other countries trading conditions remained challenging. As a result projects were delayed, postponed and even cancelled, thus impacting productivity.

Mitigation: The new strategy focuses on five growth segments within our business lines where we have proven expertise and potential for market leadership. We have developed a long-term vision framework and defined four important actions to reach our long-term goals: Growing higher added value services, claiming market leadership in our growths segments, focus on Europe – where despite the economic situation, the engineering consultancy market is expected to follow the long-term, above GDP growth trend – and the road map to win. These actions should enable us to realise profitable growth and achieve our long-term financial goals. In addition, we are reshaping our organisation in line with market demand through cost reduction programmes and through restructuring of and adaptation of our operations to market conditions in the Netherlands, France and Poland.

Project management risk

During the reporting year, we faced unexpected project losses, especially in Denmark and Sweden. Consequently certain countries did not meet our expectations and performance turned out to be less predictable than we expected.

Mitigation: To improve performance and predictability on operational excellence, Grontmij identified five business processes in which we intend to be best in the industry. These processes are: pipeline management, bid decision management, project budgeting & follow-up, project changes & additional work and client satisfaction surveys. Best practices for these processes were defined in the second half of 2012. Based on a country-by-country gap analysis to be completed early 2013, a specific implementation plan per country is being created. The roll-out of the five business processes in all nine European home countries will take place in 2013. On the risk side, the primary responsibility for the development and implementation of controls to manage operational risk is assigned to country management. This responsibility is supported by the review and sometimes development of overall Grontmij policies, procedures and standards for management of operational risk. Compliance with these standards is assigned to our quality & risk manager in each country under the responsibility of country management. The Executive Board and the management of the related country will discuss the results of these reviews and key risks will be reported to the Executive Board. In addition, we firmed up on our delegation framework with clear approval processes for projects above a certain threshold, high-risk profile and outside our home countries.

Divestment risk

As part of the new strategy, Grontmij identified certain non-strategic activities and assets eligible for divestment or discontinuation. Timing of the divestment of some of those activities largely depends on market conditions, as these assets mainly concern real estate development projects, landfill sites and waste-management activities. During the reporting year, we incurred a loss in the amount of € 1.7 million due to revaluations of these non-core assets and activities.

Mitigation: During the year we divested Trett Consulting and sold the fieldwork activities in the Netherlands. The Naarderbos Golf Course in the Netherlands was designated as 'asset held for sale'. In early 2013, we announced the planned divestment of the French Monitoring & Testing business. These steps enable us to focus on our main business in line with our 'Back on Track' strategy. The market to divest our remaining non-strategic assets and activities is closely monitored and opportunities to divest are identified and actively pursued, if for the right price.

Reporting risk on French business

At the end of 2011, our operations in France only reported on a fully consolidated basis in June and December, with limited information on Key Performance Indicators of the business. In other periods, there was also very limited information available to corporate on France's financial performance and communication thereon with our French operations proved to be difficult.

Mitigation: In early 2012, we appointed new management in France. We improved the financial reporting systems in France and implemented monthly reporting to corporate. As a result and due to better communication, reporting and transparency improved considerably during the year.

ERM risk areas and mitigation

As part of the development of our ERM framework we have identified 11 key risk areas.
These are:

1. Attract and retain the right clients
2. Realising growth through our five Group Growth Segments
3. Attract and retain the right people
4. Operational Excellence; execute key process best in class
5. Management information & financial reporting
6. Capacity planning: maintain appropriate level
7. Divestments of identified entities at the optimal value
8. Adequate funding at attractive cost
9. IT: adequate IT infrastructure and applications
10. Healthy, safe and sustainable working environment
11. Compliance and business principles

1. Attract and retain the right clients

Grontmij operates in a number of different countries. Many of our clients are (regional and local) governments. Demand for our services is cyclical and vulnerable to economic downturns, public-sector austerity and reductions in public-sector spending. This international orientation, focused on specific groups of clients, means our business is dependent on the economic situation in those countries and the availability of spending. In the current economic downturn in Europe (and elsewhere), we must be even more alert to risk related to the countries where we are active. Our revenue, profit and financial condition can be adversely impacted by such downturns. Our customers may also find it more difficult to raise capital in the future due to limitations on the availability of credit and other uncertainties in the national, municipal and corporate credit markets. As a result, customers may cancel, delay or postpone proposed or existing projects. This may further adversely affect demand for our services. We may also have difficulties maintaining favourable pricing and payment terms and the customers may take longer to pay the company's invoices. Any inability to collect invoices in a timely manner may lead to an increase in the company's accounts receivables and to increased write-offs of uncollectible invoices

Mitigation: Geographic and business-line spread helps us to manage market cycles. One of Grontmij's strengths is our proximity to (local) markets. This gives us a competitive edge, as we know the markets and local operating environments. Increasingly, in some markets we also tender in partnership with other companies for large projects. We have also identified areas of expertise in individual Grontmij operating countries that are 'exportable' to other markets. A customer-first programme aimed at attracting and retaining selected clients is being put in place and a key account management framework will enable us to focus more closely on these clients by anticipating their needs and creating solutions to their challenges. From 2013, we will be measuring client satisfaction through surveys. The results will help us to further improve our services. Through our bid decision process (part of the Operational Excellence programme), we have defined key milestones in the tender process to review creditworthiness of new clients as well as payment conditions.

2. Realising profitable growth through our five Group Growth Segments

Grontmij has identified five selected growth segments across its markets where we believe we can leverage the customer relationships and knowledge of one or more countries. We assessed the extent to which expertise can be leveraged in other countries against market outlooks and potential profitability of these sectors. Although dedicated teams within the Group have been brought together to accelerate these actions, we may not be able to (fully) leverage the knowledge between countries and thus may not, or not fully, benefit from these growth activities. This may have an adverse effect on the company's revenue, profit and financial condition. Our growth and profitability may further be adversely affected if we are unable to secure wins in these or other segments through an inability to manage planning and budgets related to projects or if our processes are inadequate.

Mitigation: The five growth segments were selected based on our proven expertise and leading market position. Leveraging on the Group's client relationships, expertise and capabilities of one or more countries will help us tap national and cross-border possibilities. Our Operational Excellence programme will strengthen our ability to deliver growth in the five segments. Improved pipeline management, such as order intake, opportunity management across the Group and improved bid decision management will enable us to prioritise the right project opportunities, especially in our Group Growth Segments.

3. Attract and retain the right people

The ability to execute projects and to obtain new contracts depends largely on our ability to attract, retain and motivate key personnel including highly skilled technical employees, project leaders and other technical personnel. There is significant competition for technical employees who possess the skills needed to perform the services that we offer. This competition may continue, or even increase, due to an ageing workforce, in the long run. If we fail to attract new technical employees or to retain and motivate its technical employees, Grontmij may be unable to win projects and deliver services and products up to the quality standards that are expected from us. In addition, any failure to successfully attract, retain and motivate qualified personnel may force us to use more subcontractors that may affect our margins. These factors may adversely affect our revenue and profit.

Mitigation: Competition for experienced people and new graduates is fierce. Given that our business is a people business, during 2012 we initiated a 'People Strategy' that will form the basis of our recruitment and retention efforts. Strengthening the Grontmij brand as employer involves innovative programmes, such as the summer schools for undergraduates created by Grontmij Denmark and Grontmij Belgium and the hiring of a campus recruiter in the Netherlands. Undergraduates have the opportunity to work on real projects with both Grontmij experts and clients. We also offer work placements and research assignments. Retention efforts focus on leadership profiles & training, succession planning and performance appraisal. All of these aspects are addressed in our People Strategy which will be finalised and rolled out during 2013.

4. Operational excellence in our key processes

At any given time, Grontmij is executing numerous (complex) projects in Europe and around the world. Project risk can occur if calculations or estimates of the overall risks, revenues or costs prove inaccurate or circumstances change. Sub-contractors and our business partners may not meet or breach their obligations. Projects can take more time than originally estimated. We can be exposed to direct or indirect losses arising from a wide variety of causes associated with our processes, personnel, technology and infrastructure, and from external factors, such as legal and regulatory requirements and generally accepted standards of corporate behaviour. Changes in the project scope of services requested by customers may occur. All of this may lead to significant additional costs, losses or penalties and payment of our invoices may be delayed. This may adversely affect the company's revenue, profit and financial condition.

Mitigation: As part of its strategy, Grontmij focuses on the improvement of its operational (project management and commercial) excellence. Five key processes have been selected at Group level in which we intend to be best in the industry. These processes are: client first programme, pipeline management, bid decision management, project budgeting and managing project changes. In 2012, best practice processes were defined. Based on a country-by-country gap analysis to be completed early 2013, a specific implementation plan per country will be created. The roll-out of all five key processes in the countries will be finalised in the second half of 2013. The five key processes are all about delivering top quality services to our clients within the scope of time and money – every time. Improved margins and financial results are part of the goals of the programme.

5. Management information and financial reporting

Transparency and predictability in all areas of our business is considered crucial to Grontmij's position as a listed company. At the end of 2011, we had identified certain weaknesses in our financial reporting. An Independent Business Review in early 2012 indicated three weaknesses in the financial reporting procedures relating to (i) the consolidated reporting of our French business, (ii) the lack of a key financial control framework defining financial (reporting) risks and mitigating controls for the entire Group and (iii) key business performance indicators differing across the Group in terms of definition and application.

Mitigation: Grontmij has the following internal financial control systems to monitor and reduce financial reporting risks:

- a monthly reporting framework incorporating key financial data;
- a standard annual planning, budgeting and reporting cycle;
- annual phased budgeting and quarterly forecasting;
- monthly business reviews with the Executive Board and country management.

Goals were set for 2012 to address the identified weaknesses and strengthen the governance and control processes. At Group level, the first phase of the new financial consolidation system with budget monitoring and forecasting components for the whole Group was implemented on schedule in the third quarter. The new system also establishes full alignment of KPIs across the Group. During 2012 we started with the design of a financial control framework that will be finalised in the first quarter of 2013. In France, significant financial reporting improvements have been achieved. In 2012, Ginger reported in each of the first two quarters on a fully consolidated basis and in the second quarter of the year started reporting monthly on a fully consolidated basis. Currently, the large number of legal entities is being merged into two entities, namely 'Buildings' and 'Environmental'. When this merger is finalised, expected at the end of Q1 2013, additional improvements in the reporting and financial control process are planned for the first half of 2013.

6. Capacity planning

The cost of providing services, including the extent to which Grontmij utilises its workforce, affects our profitability. If we over-utilise our workforce, our employees may become disengaged which will lead to an increase in the rate of employee attrition. If we under-utilise the workforce, our profit margin, profit and financial condition may adversely be affected.

Mitigation: The risk of under-utilisation is addressed in our pipeline management process that is being reviewed, improved and reinforced as part of the Operational Excellence programme. In addition, accurate and timely management information, including KPIs, will lead to better forecasting which allow us to anticipate market circumstances and reshape our organisation in line with market demand. Our efforts to improve management information and financial reporting are described under Management information and financial reporting.

7. Divestments of identified entities at the optimal value

Grontmij's financial and operational performance could be negatively impacted by the inclusion in the Group of non-core operations with no synergetic benefits and/or requiring capital investments. As part of the new strategy, Grontmij identified certain non-core activities and assets eligible for divestment or discontinuation. We may not realise all anticipated benefits, may incur losses due to revaluations of these non-core assets and activities or may not be able to sell all the identified non-core assets and activities, as we are dependent on market circumstances and potential buyers' willingness to buy these assets and activities for the right price. In addition, the sale agreements may contain warranties and indemnities that may give rise to unexpected liabilities. These liabilities may adversely affect the company's profit and financial condition.

Mitigation: In March 2012, it was decided to divest a number of non-core businesses when market conditions were right. During the reporting year, we have divested two of these businesses. The remaining activities will be either discontinued or sold depending on market conditions. In early 2013, we also announced the planned divestment of the French Monitoring & Testing activities. These steps enable us to focus on our core business in line with our 'Back on Track' strategy. The market to divest our remaining non-core assets and activities is closely monitored and opportunities to divest are identified and actively pursued, if for the right price. All (intended) divestments are carried out based on prudent planned processes with contracts either containing no or limited guarantees and warranties or with a thorough vendor due diligence performed ahead of the start of the divestment process. During 2013 we will lay down these processes in a divestment & acquisition manual.

8. Adequate funding at attractive cost

Despite the comprehensive financial solution realised during 2012, Grontmij still has a significant level of indebtedness which may limit the ability to obtain future financing. As at 31 December 2012, the total consolidated net debt (loans, borrowings and overdrafts less cash and cash equivalents) amounted to € 120 million. If we need to raise additional capital or amend our credit facility to pursue our business strategy in the future, additional or alternative funds may not be available when the company needs them on terms that are acceptable, or at all. If adequate funds are not available on a timely basis, the company may curtail development programmes and may be required to delay, scale back, sell or eliminate certain of its assets and/or activities, which may have an adverse affect on the company's revenue, profit and financial condition or cause the company to discontinue its operations.

Mitigation: During 2012, we have defined a sound financial policy (see page 22) to support our new strategy. With the realisation of the comprehensive financial solution in May 2012 we have secured that working capital requirements are completely covered by committed credit lines. It further provides for financial flexibility and sufficient headroom when market conditions deteriorate. We have continued our Group-wide working capital reduction programme and are on track to realise the earlier announced target for Trade Working Capital of 15% of total revenue by the end of 2013. The additional working capital facility of € 10 million proved unnecessary and was cancelled in October 2012. Our dividend policy targets a cash pay-out only when the net debt/ EBITDA ratio is below certain levels. Our planned divestment of the French M&T business will, if pursued, strengthen our financial position with targets (set in financial policy) in reach sooner than anticipated. Also our ability to renegotiate current financing facilities against lower cost of debt will improve. For specific credit, liquidity, currency and interest rate risk, please see note 5 to the annual accounts.

9. Adequate IT infrastructure and applications

Efficient and uninterrupted operation of our IT systems is crucial to the provision and delivery of services to our customers. Grontmij has a highly dispersed IT infrastructure and application landscape. A wide variety in operating systems and other software is being used within the Group. Some of these operating systems and software packages are no longer supported by the suppliers. Almost all applications used throughout the Group are local applications (i.e. provided by local providers and locally supported); some standard applications are centralised (i.e. provided by head office and supported centrally). This results in a complex process of monitoring the compliance with the Group's IT standard, such as information security and business systems continuity. Any failure of, or damage to, the Group's IT systems, non-performance by its IT service providers, non-compliance with its IT standard or failure or delay in implementing new IT systems in the future or higher than expected IT capital expenditures could adversely affect the company's revenue, profit and financial condition.

Mitigation: Based on the IT risk analysis performed at the end of 2011, we continued working on our IT risk and control framework which is now in its final phase and will be finalised in Q1 2013. In 2012, we finalised an IT policy for the Group through a broad-based IT policy working group. Based on this policy we defined strategic projects around shared communication, shared processes and collaboration such as a group wide communication tool and a common platform to collaborate, share knowledge and deliver packages of work to our clients through interactive media. Both will enable us to improve our services to clients and reduce costs. The IT policy further addresses the delivery of secure and flexible access to work-space saving costs and enabling flexible working hours for our people. To mitigate the risk of failure and information loss we have an information security policy in place. The policy will be updated in line with the ISO-27001 Code of Practice in Q1 2013.

10. Healthy, safe and sustainable working environment

As an organisation working in the built and natural environment, Grontmij employees or third-parties could be exposed to accidents or other dangers while operating in the field. Such events could lead to personal injury. And to negative publicity, thereby harming our business and reputation.

Mitigation: Grontmij adheres rigorously to Health & Safety legislation in all our operating countries. Furthermore, we have policies in place to ensure personnel can carry out their duties under safe and healthy conditions and that third-parties and the environment are protected. Our internal Health & Safety policy is based on the OHS-18001 standard. Compliance with its application is the responsibility of line management and standards are discussed with the Executive Board. All Grontmij personnel are represented by consultative bodies on health and safety.

11. Compliance and Business Principles

Grontmij is an international organisation and is listed on NYSE Euronext in Amsterdam, the Netherlands. As such, we must comply with laws and regulations in the countries where we operate. Such laws and regulations are subject to change and interpretation. Failure to comply with these laws and regulations or our business policy and principles can be detrimental to the company. Any misconduct, fraud or other improper activities by any of our associated companies or employees may also expose the company to disciplinary, civil or criminal enforcement actions, fines, penalties and liability. Such actions could generate negative publicity and harm our business and reputation.

Mitigation: We have policies in place that enforce compliance with these laws, regulations and our own Business Policy and Principles. We recently adopted a Group-wide integrity management system (GIMS) to embed, integrate and further strengthen integrity awareness, including compliance with laws and regulations, across the Group. GIMS is based on six principles: Responsibility, Competence, Diligence, Impartiality, Fairness and Anti-Corruption. It builds on the standards set in Grontmij's Business Policy and Principles. Important elements of the system are the whistle blowing procedure and the code of conduct. During 2012, implementation and roll-out began throughout the Group. We expect this process to be fully completed in 2013. We reviewed and renewed our delegation framework that provides for clear approval processes in key decisions such as tenders above a certain threshold, acquisitions and divestments, general and capital expenditure and HR processes. We approved a tax strategy and designed a tax control framework that will be implemented in 2013. A legal risk and control framework will be drafted In 2013 and, once finalised, rolled out throughout the Group.

Management Internal Control Statement

The Executive Board has reviewed the effectiveness of internal risk management and control systems. In addition to the improvements already realised in 2012, the following improvements are planned for 2013:

- drive implementation of the ERM framework as described earlier in this section which should enable the company to ultimately audit all 11 key risk areas based on the defined key controls. By the end of 2013, this should be possible for the majority of the key risk areas with the remaining areas being auditable in 2014;
- achieve further improvements in the reporting of our French business.

Except for the weaknesses in our risk management and control systems as described above, and following consultation with the Supervisory Board, the Executive Board is of the opinion that the risk management and control systems worked properly in 2012 and that systems, along with mitigating actions were adequate enough to provide a reasonable degree of certainty that its financial report for the year 2012 does not contain any errors of material significance. The Executive Board has taken into account the Independent Business Review and the additional recommendations from our external independent auditor in their Management Letter. The recommendations relate to a large extent to the risks that occurred in 2012 as described in this section. The weaknesses and recommendations will be addressed with the implementation of the ERM framework which the Group will pursue in 2013 to improve its risk management and financial internal control systems as described above.

My day at Ulm

Christian Wunderer – explaining the use of Y-sleepers on the Ulm tramline
View the full movie on 2012.annualreportgrontmij.com

Ulm Tramline

Moving innovation

Growing urbanisation is putting ever greater pressure on cities to not only improve public transportation but also to seek innovative solutions to moving people and goods from A to B. For Grontmij, the creation of mobility solutions through our expertise in Light Rail is a daily challenge. Just one example is the City of Ulm in south-west Germany where the hilly countryside and confluence of three rivers, including the Danube, make metro and tram solutions difficult. How do you tackle a 7.6% gradient using Light Rail? The Grontmij answer was both innovative and effective – you lay Y-shaped steel sleepers that provide additional resistance to slippage. Like all great solutions, its simplicity speaks for itself and after some years in operation, is still working effectively to transport people up and down Ulm's steep hills.

Human Resources

The knowledge, expertise and quality of our people is what makes Grontmij one of Europe's top engineering consultancies, a position we intend to further reinforce and improve. During 2012 we began developing an approach to Human Resources (HR) that will be fully aligned with our 'Back on Track' strategy. This move is designed to attract, develop and retain the best people to meet our strategic targets.

In our envisioned future, we have a number of stated aims: recognised market leadership and quality of delivery based on our 'sustainability by design' principle and to rank among the best in financial performance. All of these aims can only be achieved through a position as preferred employer for talented professionals and by offering all our people ample opportunity for development.

What we are doing

Every aspect of our HR policies and processes has been reviewed as part of our preferred employer aim. Although the economic situation continues to be challenging in many of our markets, there is real competition for the top talent in engineering. During 2012 and in cooperation with all our operating companies, we began developing our People Strategy. The first step was to define our core values, core purpose and envisioned future. The People Strategy has three elements:

- people development: strive for excellence through growing and developing knowledge and expertise for clients;
- working environment: create great working environments to motivate and inspire people to deliver quality performance; and
- leadership development: create a high performance leadership culture that lives the values, pursues strategic goals and delivers the envisioned future.

The People Strategy will be further developed during 2013. Each element will be embedded through an active communication programme. This programme will be rolled out throughout 2013.

Training and development

In 2012, Grontmij spent approximately 1% of total salary costs on training. Employees at management level and support personnel receive an average 20 hours of formal training per year with, on average, technical/engineering staff receiving double that number. However, participation on real projects is a key training and development component. Young, talented professionals 'shadow' more experienced colleagues so that they gain essential project experience. Feedback and lessons learned play a structured role in this approach. As part of alignment of the HR policy with our strategic goals, we will also be focusing on career development planning.

Identifying talent

Grontmij has long maintained relationships with a wide range of technical universities and other higher-education institutions in all our operating countries. We act as guest lecturers, examiners or student advisors and offer internships to students. One tangible result of this collaboration is the award-winning Balance Island project that was initiated during an internship by a student who later became a Grontmij Netherlands employee and finalised the concept. In both Belgium and Denmark, we organise an annual 'summer school' where students can work on projects with clients, architects and Grontmij specialists.

Environmental care and safety

As an organisation working on the built and natural environment, Grontmij is committed to safety in the work place and to quality employment conditions. We have policies in place that ensure our people can perform their work under safe and healthy conditions and that third-parties and the environment are also protected. Our health and safety policy is based on the OHS-18001 standard and is primarily a line management responsibility. This policy is monitored continually and discussed with the Executive Board regularly. All employees are represented by consultative bodies on health and safety.

Employee representation

A works' council is in place in most countries where Grontmij is active. Representatives of these councils together form the European Works' Council. The European Works' Council and the Executive Board met twice in 2012. In addition to explaining Grontmij's current business, operations and results, topics discussed included progress on the 'Back on Track' strategy and next steps.

Employee benefits

Pensions

Grontmij has established pension plans for its employees in accordance with the relevant regulations and practice in each of its regions. In the Netherlands, the company has a separate pension fund. In spite of continued economic downturn, Stichting Pensioenfonds Grontmij complies with the guidelines of the Dutch Central Bank (DNB) in terms of its cover ratio.

From 2012, a new Collective Defined Contribution system based on average gross salary was introduced in the Netherlands. The company runs no risk in relation to the Defined Contribution scheme. In addition, a limited number of Dutch employees has a conditional pre-pension plan based on defined benefit contributions. Both plans are administered by the Stichting Pensioenfonds Grontmij. A combination of a (limited, 20%) final-pay and a (80%) Defined Contribution plan applies in Germany, while Belgium, Denmark and the United Kingdom have Defined Contribution schemes (the United Kingdom also has a small defined benefit scheme). Sweden has a final-pay scheme involving multiple employers – the ITP plan. However, there is no consistent, reliable basis to allocate assets or liabilities to the entities participating in the ITP pension insurance scheme, with the result that it is treated as a defined-contribution plan.

Employee share-ownership scheme

Grontmij introduced an employee share-ownership scheme in 1999 that continued until 2008. This scheme offered Dutch employees the opportunity to invest in the Group through Stichting Medewerkersparticipatie Grontmij without incurring transaction or custody fees. Participations are represented by ordinary shares purchased by the Foundation on the NYSE Euronext in Amsterdam. At the end of 2012 and after the rights issue, 1,421 members of staff (2011: 1,570) jointly held 80,924 participations (2011: 66,059).

In 2008, a Group employee share-ownership scheme, the Employee Share Purchase Plan (ESPP), was introduced. The new scheme was designed for all Grontmij employees with the exception of the members of the Executive Board. So far, the scheme has been rolled out in the Netherlands, Germany, Poland and the United Kingdom. Under this scheme and based on a resolution of the Executive Board, employees may, up to 5% of their annual fixed income, invest in the company through the Stichting ESPP Grontmij. The employee acquires participations for ordinary shares Grontmij. Stichting ESPP Grontmij issues one participation for each ordinary share. Stichting ESPP Grontmij acquires the ordinary shares on the NYSE Euronext in Amsterdam. The participations are issued at a discount of 15% of the underlying market value of the ordinary shares. Participations must be retained for a period of three years. After this period, each employee receives free of charge one additional participation for every four participations he or she holds. Those matching participations and their corresponding initial participations must be held for a further two years before they can be sold. As in the other plan, the employee incurs no transaction or custody fees. At the end of 2012, 213 members of staff (2011: 222) were registered for 70,919 participations (2011: 36,105). There are no option schemes available at Grontmij.

People in numbers

During 2012, the strategic focus was on restructuring, also in terms of personnel. The restructuring was aimed at matching our workforce to slower economic conditions. Loss of jobs resulted in some countries, specifically in the Netherlands and in France. Human Resources management aimed to support the balance between retention and cost control. Absenteeism was relatively low during 2012. The calculation of staff is based on the number of permanent and temporary contracts, as well as external agency staff. Total FTEs at year-end 2012 was 8,193 (2011: 8,509). The tables provide an overview of average FTEs by country for the year ending December 2012.

2012 Average FTEs	NL	FR	DK	SE	BE	UK	GE	Other markets	Non-core and Other	Total
Permanently employed	1,794	1,690	1,066	709	661	706	532	252	97	7,507
Temporarily employed	101	135	95	21	10	-	39	20	39	461
Total employed by Grontmij	**1,895**	**1,825**	**1,161**	**730**	**671**	**706**	**571**	**272**	**136**	**7,968**
Agency staff	93	67	-	1	151	69	-	8	7	396
Total	**1,988**	**1,892**	**1,161**	**731**	**822**	**775**	**571**	**280**	**143**	**8,364**
31 December 2012										
Women (% Grontmij payroll)	19%	30%	30%	29%	29%	24%	42%	48%	38%	37%
Fulltime (% Grontmij payroll)	71%	94%	83%	94%	86%	97%	71%	96%	68%	84%
Bachelor degree or higher %	59%	-	66%	64%	56%	78%	89%	96%	61%	59%
Average age	44	38	45	43	39	38	44	36	44	42

2011 Average FTEs	NL	FR	DK	SE	BE	UK*	GE	Other markets	Non-core and Other	Total
Permanently employed	1,893	1,744	1,069	692	638	730	525	245	122	7,658
Temporarily employed	139	172	100	21	11	-	49	6	6	503
Total employed by Grontmij	**2,032**	**1,916**	**1,169**	**713**	**648**	**730**	**574**	**251**	**128**	**8,161**
Agency staff	131	109	-	-	108	57	-	5	7	418
Total	**2,163**	**2,025**	**1,169**	**713**	**757**	**787**	**574**	**256**	**135**	**8,579**
31 December 2011										
Women (% Grontmij payroll)	21%	30%	29%	33%	30%	24%	44%	47%	29%	29%
Fulltime (% Grontmij payroll)	70%	94%	93%	81%	86%	93%	72%	96%	79%	84%
Higher level degree %	56%		80%	89%	67%	51%	91%	97%	68%	70%
Average age	44	38	45	44	37	39	43	36	46	42

* UK has been adjusted to reflect the average FTEs excluding Trett Consulting in 2011.

UK - Sustainable office winner

7 More London Riverside

Grontmij is behind one of London's most 'environmentally conscious' buildings and winner of the British Council for Offices Innovation Award 2012, 7 More London Riverside.

We successfully delivered a range of energy efficient measures to the ten storey building, which is able to generate around 25% of its energy through onsite renewables. The end result is a building with a BREEAM 'outstanding' rating and an Energy Performance Certificate 'A' rating, which demonstrates our ability to deliver added value to the developer and end user by delivering on high sustainability aspirations.

Corporate Responsibility

For Grontmij, corporate responsibility is an inherent component of everything we do. We see it as a key component in creating value both for society and for Grontmij as a business. Based on our leading 'sustainability by design' principle, we work continually with our clients on sustainable solutions for the built and natural environment. We see our role as advising on how to develop the places where we live and work in ways that are responsible, both now and into the future, using natural resources wisely. Our core areas of expertise relate to some of the world's biggest environmental issues – energy, water, increasing urbanisation leading to pressure on infrastructure, and the need for more sustainable buildings. Using that expertise consistently and effectively to achieve sustainable solutions is our corporate responsibility commitment.

What we do – sustainability by design

Our corporate responsibility is based on the premise that all our activities have an impact on the natural and built environment. We are fully aware of the responsibility intrinsic in our work. That is why we have committed to the 'sustainability by design' principle. As populations increase and our (natural) resources dwindle, this principle has taken on a real sense of urgency. The world is becoming increasingly urban, putting new pressures on our living environment. Our teams work in every kind of environment, from the places people live, work, shop and spend their leisure time to the landscapes they move through. We were awarded the coveted British Council for Offices prize in the UK for our sustainable building work on 7 More Riverside in London, one of the world's most Sustainable Buildings. Moreover, we are fast becoming a leader in sustainable medical facilities. Colleagues in Denmark are currently involved in the sustainable design of seven hospitals where our expertise has been brought in for these complex environments.

We also work on keeping people and goods moving. And it is about more than planning a new road or bridge or allocating a new section of rail track. What we do is think of the best sustainable solution for a particular need. Our consultants and engineers are always focused on designing solutions that minimise environmental impact and that will last for at least a few generations. Grontmij teams frequently supervise specific components of a project. Often, we will support a client with a highly complex requirement. We solve problems, design and engineer solutions and supervise or monitor their implementation – all from a sustainable perspective.

A good example of a multi-discipline project is the spectacular new bridge at Frankfurt-am-Main. There were a number of environmental and economic considerations that had to be addressed. Moving a pre-fabricated bridge by water or road would negatively impact the environment through increased emissions. Such an option would also close the river to transport for a long period, thus disrupting this economically vital trade route. Our solution was to build the bridge on the river bank at the intended location and manoeuvre it into place, which we did last autumn with minimum disruption to inland shipping. This is just one example of what we call 'sustainability by design', our way of embedding sound practices into how we create and execute projects. This is a key part of our perception of corporate responsibility. It is also a driver behind our innovations, especially in Energy & Water.

Grontmij is a leader in the European water sector. We frequently export our knowhow to other regions of the world. A Grontmij team is leading the STAR-FLOOD programme aimed at strengthening and redesigning European flood risk practices but we are also at work in Dhaka, Bangladesh on the supply of clean, affordable drinking water for around eight million people. We are continually involved in innovation. Grontmij collaborated on the development of both the SHARON and DEMON processes that clean up wastewater by removing ammonia, one of the highest contributors to total nitrogen load. Clients in the US and around Europe, most recently Wessex Water in the UK, are opting for this technology, not least because it facilitates up to a 60% saving on energy required to treat wastewater. During the reporting year, a Grontmij team took both prestigious Delta Water Award and the Rio+20 Prize for the Balance Island concept. This is a 'natural' idea that can be applied to decrease salt intrusion into any living delta. The award is given for the best and most sustainable concept that strengthens economic viability in a delta. It is in projects and innovative thinking like these that demonstrate the mutually beneficial value creation for both society and the Grontmij Group.

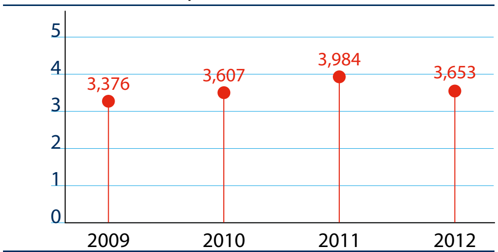
A pioneering Energy project at Ystad Port in southern Sweden was welcomed by the Environment Minister for its positive impact on the region's climate. Grontmij was responsible for the planning and procurement of the largest and most versatile High Voltage Shore Connection now installed at the busy port. In the past, vessels berthing kept their diesel engines running, generating noise pollutions and high emissions of both short and long-lived greenhouse gases. The use of shore-to-ship power supplies will drastically reduce both. By combining cross-border knowhow, we were able to win a contract to design Poland's one of the largest Waste-to-Energy facility in Bialystok. Better described as 'energy recovery', we brought in experts from our German operation to support Polish colleagues in this project. As part of our 'sustainability by design' commitment, we are increasingly sharing expertise throughout the Group so that clients – and the environment – can benefit from our accumulated knowledge.

Our own footprint

Although our activities can have major environmental impact, our day-to-day work has limited effect, even though we have thousands of professionals on staff. The majority of our work is done in our own offices. However, we recognise that we do travel a lot to client offices and work sites but as much of our business is local, the number of kilometres flown and driven is comparatively small for an organisation of our size and geographic spread. And we are committed to monitoring and where possible continually reducing our footprint.

GRI standard disclosures – key environmental performance indicators in 2012

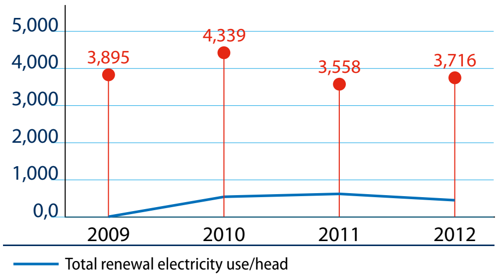
Total CO_2 emission per head *(t CO_2/head)*



Total CO_2 emissions – 3.6 t per head in 2012

Total CO_2 emissions covers per-head use of all direct energy, indirect energy and all business travel.

Total energy use per head *(kWh/head)*



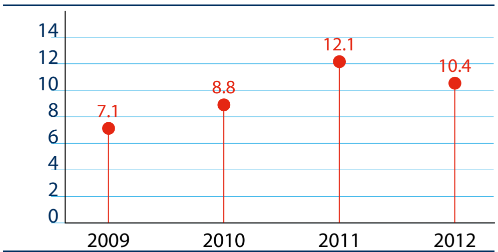
Average energy consumption – 3,716 kHw per head in 2012

This indicator covers our use of direct and indirect energy sources and our use of renewable energy per full-time equivalent. In 2012, our total energy consumption remained the same as in 2011 (23 million kWh) even though the per-head use increased due to reduced staff numbers in some countries. We are currently rationalising our work places in line with actual staff numbers. However, many of our office spaces are on longer rental contracts. These still need to be maintained and heated.

Renewable energy – 498 kHw per head

The use of renewable energy is generated primarily by the Netherlands where currently 70% of power is renewable. We are currently establishing Group-wide targets for renewable energy use that will be adopted by other operating countries from 2013.

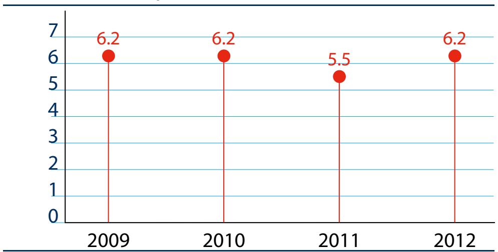
Total distance travelled by car per head *(km x1,000/head)*



Average kilometres travelled – 10,420 per head in 2012

The environmental impact of transportation at Grontmij relates primarily to the use of vehicles for moving people and some equipment between our offices and other operational sites. We report on the average kilometres driven per head by our full time equivalent staff. As the graphic shows, in 2012, we have been able to reduce the numbers of kilometres significantly compared to 2011.

Total water use per head *(m^3/head)*



Average water use – 6.2 m^3 per head in 2012

Following a sharp decline in 2011, our average use of water for consumption and sanitation per full-time equivalent rose in 2012. This is due to more office-related activities by our personnel. Grontmij sources all its water from public utilities.

How we measure our footprint

From 2008, Grontmij has measured and published its environmental impact and footprint according to the Global Reporting Initiative (GRI, see www.globalreporting.org). GRI has created and continually improves this voluntary reporting framework. It has various levels and indicators. Over time, we have increased the number of indicators on which we report and are now reporting on our most important economic, environmental, social and ethical performance. Our French operations did partly participate in the 2012 report but will be fully integrated in the reporting process during 2013. This year's CR performance is again reported to the standards of the GRI framework. The table shows our key environmental indicators for 2012. The full GRI report showing all of the GRI indicators we have selected can be found on our website www.grontmij.com. We also report on certain human rights issues according to GRI guidelines. Grontmij is a signatory to the UN Global Compact that comprises human rights issues. The Global Compact principles have been incorporated into the Grontmij Integrity Management System (GIMS) that is based on the International Federation of Consulting Engineers' Code of Ethics. GIMS has been communicated throughout the company and is based on six principles: Responsibility, Competence, Diligence, Impartiality, Fairness and Anti-Corruption. It builds on the standards set in Grontmij's Business Policy and Principles. Moreover, the social component of our CR, which includes aspects such as flexible working hours, also to accommodate informal care, was singled out in the Netherlands in 2012. The Informal Care & Work Foundation recognised our efforts to create working conditions that are 'informal-care friendly'.

In 2009, we extended our environmental reporting by becoming signatories to the carbon disclosure project (CDP), the international benchmark for reporting greenhouse gas emission inventories (www.cdproject.net). From 2010, we reported to the CDP Investor profile: this reflects the size and importance of our contribution to European industry. This year we have again supported the CDP by reporting our carbon footprint.

Our future goals

It was our stated ambition to become carbon neutral during 2013. Given Grontmij's current financial situation, this will take more time.
However, it remains a fundamental aspiration and we are in the process of setting clear Group-wide targets to further monitor and reduce our impact based on:

- measuring and recording our carbon footprint (in progress since 2008, 2010 set as base year);
- voiding the use of carbon-intensive technologies (e.g. road or air transport, electricity from brown coal consumption);
- reducing the use of all carbon-emitting processes to as low as practicable;
- replacing high with low-carbon emitting technology as far as practicable (e.g. increase use of renewable energy supply).

Pursuing this strategy is both a means to achieve carbon neutrality and a learning curve for Grontmij as an organisation. As we work through these steps, we acquire knowledge that can be passed on our clients.

Biodiversity and ecosystems

Biodiversity and ecosystem factors are part of our day-to-day business. For example, at present, Grontmij is engaged in an ecosystem study of mangroves, believed to be one of the most productive areas of forest biomass and fishing potential in the world. The project is in Martinique and is funded by the European Union. In Denmark, we were able to win a major highway project on Copenhagen's M4 whose primary requirements were the reuse of materials and minimising the work area to protect the environment. Although we were not the lowest bidder on the project, our environmental approach and high use of materials were the decisive factors. Both are standard practice at Grontmij.

View also the full Corporate Responsibility Report 2012 via 2012.annualreportgrontmij.com

My day at Rigshospitalet

Jonas Vendel Jensen – talking us through the second 'super' hospital in Denmark
View the full movie on 2012.annualreportgrontmij.com

Rigshospitalet – New North Wing

Healthy development

The award of the Rigshospitalet project in Copenhagen builds on our growing leadership position in Sustainable Buildings, especially medical facilities, around Europe. Sustainability is increasingly playing a greater role in both new builds and renovations. Hospitals represent a very specific challenge. These are complex, high-energy consumption buildings with a wide range of technical requirements. Moreover, they must provide a comfortable and pleasant environment for the people who use them. All these requirements must be integrated and fully compatible. This is the second 'super' hospital in Denmark that will be using Grontmij's expertise - it is a clear recognition of our skills in designing smart buildings, not least through the 2012 'World's Best Future Projects Health Building' prize awarded at the World Architecture Festival in Singapore.

Corporate Governance

Grontmij adheres, with very few exceptions, to the Dutch Corporate Governance Code. We are in the process of rolling-out an internal Grontmij Integrity Management System and have in place a Code of Conduct and Business Principles and Policy. Full details of our corporate governance can be found at www.grontmij.com.

How Grontmij's governance is structured

The General Meeting of Shareholders, the Supervisory Board and the Executive Board each have specific powers and responsibilities; these are described comprehensively in the Articles of Association and separate charters that are available on our website. Both the Supervisory Board and the Executive Board report to the General Meeting of Shareholders. A reporting framework is in place so that information flows through the organisation to the Executive Board and the Supervisory Board.

The role of the General Meeting of Shareholders

An Annual General Meeting of Shareholders (AGM) is organised within six months of the end of the financial year. Further shareholders' meetings, Extraordinary Meetings of Shareholders (EGM), may be held at the request of the Executive or Supervisory Boards, without prejudice to the provisions of Sections 110 -112 of Book 2 of the Dutch Civil Code. Shareholders who, on their own or together, represent no less than 1% of the Group's issued share capital or whose shares have a market value of at least € 2 million, are entitled to request the Executive or Supervisory Boards to put items on the agenda.

The AGM or EGM appoints members of both the Supervisory and Executive Boards, usually following a non-binding nomination from the Supervisory Board. If no such nomination has been submitted or if the AGM or EGM wishes to deviate from such nomination, the decision must be taken by an absolute majority of the votes cast, representing at least one-third of Grontmij's issued share capital. When appointing a member of the Executive Board or Supervisory Board, votes may only be cast for candidates whose names are stated in the agenda or notes to it. The AGM/EGM may further at all times suspend and dismiss both members of the Supervisory Board and the Executive Board. A resolution of the AGM/EGM to suspend or remove a member of the Supervisory Board or Executive Board, other than in accordance with a proposal of the Supervisory Board, shall require an absolute majority of the votes cast representing at least one-third of the company's issued share capital. Any member of the Executive Board may also be suspended at any time by the Supervisory Board. A suspension by the Supervisory Board may at all times be lifted by the AGM/EGM. The AGM/EGM may only decide to amend the Group's Articles of Association based on a proposal presented by the Executive Board that has been approved by the Supervisory Board. Any amendment requires an absolute majority.
The procedures for appointing and suspending and dismissing members of the Executive and Supervisory Boards, and the rules governing amendments to the Articles of Association, are set out in Grontmij's Articles of Association, which can be found on our website: www.grontmij.com > Corporate Governance.

The role of the Supervisory Board

Grontmij's Supervisory Board has the duty to supervise the policy pursued by the Executive Board and the general situation prevailing in the company and its associated companies, to oversee our activities and provide guidance and advice to the Executive Board. Supervision focuses on the realisation of strategy, proper execution of internal risk management and control structures, adequate financial reporting and legal and regulatory compliance. In pursuing these tasks, the Supervisory Board takes the interests of the company, of its associated companies and of all stakeholders into account. A detailed description of the tasks and responsibilities of the Supervisory Board can be found on our website.

The role of the Executive Board

The Executive Board is responsible for determining and realising the Group's objectives, strategy, financing and policy, and its results. The Executive Board bears collective responsibility for managing the Group. The specific roles and responsibilities of the Executive Board members are laid down in the Executive Board charter that can be found on our website.

During the Annual General Meeting of Shareholders held on 9 May 2012, the Executive Board was designated as the body authorised to issue shares, grant rights to acquire shares, and to limit or exclude pre-emptive rights pertaining to the issue of shares. During the same AGM, the Executive Board was authorised to acquire shares in Grontmij N.V. These authorisations and the relevant conditions and limitations were recorded in the minutes of this meeting and have been published on our website.

Grontmij Integrity Management System (GIMS)

In October 2011 and in line with the International Federation of Consulting Engineers' Code of Ethics and the UN Global Compact, the Grontmij Integrity Management System was developed and communicated throughout the company – see www.grontmij.com > Corporate Responsibility > Business Integrity. GIMS is based on six principles: Responsibility, Competence, Diligence, Impartiality, Fairness and Anti-Corruption. It builds on the standards set in Grontmij's Business Policy and Principles. Important elements of the system are the whistleblowing procedure and the Code of Conduct. During 2012, we began implementation of the system throughout the Group and expect to complete roll-out in 2013.

Diversity

Grontmij values diversity and will continue to strive for Board compositions whose combined experience, expertise and independence as well as age and gender best meets Grontmij's profile and strategy. Two new members of the Supervisory Board have been nominated for approval by the 2013 AGM. If appointed, the Supervisory Board will then comprise five members – four male and one female. At present, all three members of in the Executive Board are male. However, Grontmij further aims to increase gender diversity in both the Supervisory and Executive Boards, in accordance with article 2:276 section 2 of the Dutch Civil Code, and is emphasising gender diversity in profiles of new candidates.

Adherence to the Dutch Corporate Governance Code

Grontmij adheres with few deviations to the Dutch Corporate Governance Code (the Code). There is only a small number of best practices and guidelines where we (still) deviate.

II.2.8
As per 8 March 2012, Mr J.L. Schnoebelen resigned from the Executive Board. To avoid lengthy and costly legal proceedings, a settlement was agreed on the termination of the consulting agreement as well as differences regarding, amongst others, the operational management and strategy of the company. Based on this agreement Grontmij and Ginger S.A. paid an amount of € 2.7 million to Mr Schnoebelen and an entity controlled by Mr Schnoebelen.

II.2.13 f, g & h
Individual performance criteria are described in general terms but not fully disclosed as they contain sensitive information and could contain information of an otherwise confidential nature that Grontmij may not want to disclose.

III.4.1
Due to its limited size during 2012 and the fact that two new members are proposed for appointment in 2013, the Supervisory Board has not elected a vice chairman.

Every year and in consultation with the Supervisory Board, the Executive Board reviews the above deviations and determines, also in view of general market practice, whether any changes need to be made.

Replacement of depositary receipts

In 2012, following approval of Grontmij N.V., the board of 'Stichting Administratiekantoor van Aandelen Grontmij N.V.' decided to terminate the administration of ordinary shares Grontmij. As a consequence of this termination, depositary receipts were withdrawn with simultaneous delivery of the registered ordinary shares, on 28 June 2012. In doing so, the abolition of the administration of Grontmij shares became a fact.

Anti-takeover measure

Grontmij's Articles of Association provide for the possibility of issuing preference shares. Those shares can be issued to the Stichting Preferente aandelen Grontmij (the Foundation), in accordance with the provisions of the option agreement entered into between Grontmij and the Foundation. The Foundation was established to safeguard the interests of Grontmij, its business and those involved. This purpose can be pursued through acquiring preference shares and exercising the rights attached to these. Pursuant to an option agreement with Grontmij that was most recently amended on 6 April 2010, the Foundation has a call option to subscribe for a number of preference shares equivalent to no more than 100% of the Grontmij's nominal issued share capital in the form of ordinary shares, less one. The Foundation has a credit facility to enable it to pay the amount to be paid up on the shares. This amount equals 25% of the nominal value of the preference shares issued.

The possibility of issuing preference shares is an anti-takeover measure. Preference shares can be issued in case of (the threat of) an undesired acquisition of the majority of the Grontmij ordinary shares by one party or several parties acting in concert, in case of (the threat of) an undesired concentration of Grontmij ordinary shares with one party or several parties acting in concert and/or to prevent any undesired disruption of independent management of the Group. This protective measure, when taken, is temporary in nature and would enable Grontmij to judge any (hostile) situation on its merits and/or to explore alternatives. Grontmij's Articles of Association stipulate that, if preference shares are issued, a general meeting of shareholders is to be held within 12 months after the first issue of preference shares. The agenda for such a meeting will contain a proposal on the cancelation of the preference shares. As at 31 December 2012, no preference shares were issued.

Prevention of insider trading

Grontmij has regulations for the prevention of insider trading. These regulations were revised and approved by the Supervisory Board in August 2012 and were distributed to Supervisory Board, Executive Board, country managing directors, managers of the various business units and other staff who have access to inside information. Our insider trading rules comply with the relevant provisions of the Financial Markets Supervision Act ('FMSA', Wet op het financieel toezicht).

Declarations

No transactions of material significance were conducted during the year under review that involved a conflict of interest for any member of the Executive or Supervisory Boards. No transactions of material significance were conducted between the Group and any natural person or legal entity holding more than 10% of Grontmij N.V.'s shares or depository receipts thereof except for the underwriting agreements (and other related documentation) in relation to the rights offering entered into between the company and ING AM Insurance Companies B.V. and Delta Lloyd Asset Management on behalf of Delta Lloyd Deelnemingen Fonds N.V. and Delta Lloyd Levensverzekeringen N.V. and three credit-facility agreements with a consortium of banks including ING Bank N.V. To the best of the Executive Board's knowledge, no agreement has been entered into by or with shareholders for the purposes of restricting the transfer of shares (or depositary receipts thereof) except for standstill agreements with Delta Lloyd Deelnemingen Fonds N.V., Delta Lloyd Levensverzekering N.V., ING Investment Management N.V., Kempen Oranje Participaties N.V., Darlin N.V. and Optiverder B.V. for the period 22 February 2012 until 9 March 2013 and a lock-up as part of the underwriting agreements for the period 9 March 2012 until closing of the rights offering on 29 May 2013. These transactions were approved by the Supervisory Board.

Apart from the credit-facility agreements entered into with the consortium of banks mentioned in the note to the consolidated financial statements for 2012, no major contracts contain 'change of control' clauses in relation to Grontmij.
The statement concerning corporate governance as referred to in article 2a of the decree on additional requirements for annual reports (Vaststellingsbesluit nadere voorschriften inhoud jaarverslag) can be found on our website www.grontmij.com.
The information concerning the inclusion of the information required by the Decree 'Article 10 EU Takeover Directive', as required by article 3b of the Decree is included in this report in the sections Information for our Shareholders, Corporate Governance, Declarations and Remuneration Report.

Pursuant to article 5:25c of the Financial Markets Supervision Act ('FMSA'; Wet op het financieel toezicht, 'Wft') and to the best of our knowledge, the annual financial statements of Grontmij N.V. of 2012 give a true and fair view of the assets, liabilities, financial position and profit of Grontmij N.V. and the entities included in the consolidation. The report of the Executive Board (jaarverslag) provides a true and fair view of the state of affairs on the reporting date, the course of business during the year under review of Grontmij N.V. and its subsidiaries included in the financial statements and includes a description of the principal risks Grontmij faces.

De Bilt, 27 February 2013

Michiel Jaski
Frits Vervoort
Gert Dral

The Netherlands - Customer confidence

Gasunie project

© Grontmij

Through a new two-year framework agreement, Grontmij will be providing integrated multidisciplinary engineering services, consultancy and support to the Gasunie, a leading European natural gas infrastructure company. We have been successfully delivering projects for the Gasunie for over 40 years and we were selected once again for our broad knowledge and experience, especially in supporting expansion and new-build development. In awarding the framework agreement, Gasunie emphasised our strong focus on continuous improvement. That's what we mean by customer service.

Supervisory Board

From left to right: René van der Bruggen, Jan van der Zouw, André Jonkman*, Karin Dorrepaal* and Jan Zegering Hadders.

*Nominated for appointment at the Annual General Meeting of Shareholders of 23 May 2013

Jan van der Zouw (1954)

Chairman

Nationality
Dutch
Appointed
9 March 2012
Current term expires
2016 (eligible for reappointment)
Most important previous positions
Chairman Executive Board Eriks Group N.V.
Chairman Executive Board Transmark International bv
Current positions
Chairman of the Supervisory Board of Van Wijnen Holding NV
Chairman of the Supervisory Board of Den Helder Airport bv
Chairman of the Board (Beirat) of Europart GmbH (Germany)
Chairman of the Supervisory Board of HGG group bv
Member of the Triton Industry Board (Advisory Board) (Germany)
Member of the Advisory Board of Ammeraal Beltech bv

René van der Bruggen (1947)

Nationality
Dutch
Appointed
2010
Current term expires
2015 (eligible for reappointment)
Supervisory Board memberships / Other positions
Member of the Supervisory Board of Aalberts Industries N.V.
Member of the Exchange Council of NYSE Euronext
Member of the Advisory Board of Gelderse Vallei Ziekenhuis
Member of the Board of Niederländisch-Deutsche Handelskammer
Member of the Board of Stichting Beschermingspreferente aandelen Fugro
Current position
CEO of Royal Imtech N.V.

Jan Zegering Hadders (1946)

Nationality
Dutch
Appointed
2005
Reappointed
2009
Current term expires
2013 (eligible for reappointment)
Most important previous positions
CEO of ING Nederland
Director of Exploitatiemaatschappij Tunnel onder de Noord
Director of Exploitatiemaatschappij Wijkertunnel
Current positions
Member of the Supervisory Board of AGEAS S.A./N.V. (chairman Audit committee/member Governance committee)
Member of the Supervisory Board of AGEAS UK (member Audit committee)
Member of the Supervisory Board of GE Artesia Bank (chairman Audit committee)
Member Board of Supervision of Ai2 (Agri Inter Incasso)
Member and vice-chairman of Bussum Municipal Council
Chairman of Stichting Nieuw Holland

André Jonkman * (1954)

Nationality
Dutch
Most important previous positions
KPMG Accountants
Group controller Fugro N.V.
Current positions
CFO Fugro N.V.
Member of the Board of Management of Fugro N.V.
Member of the Supervisory Board and Audit committee of Dietsmann N.V.

Karin Dorrepaal * (1961)

Nationality
Dutch
Most important previous positions
Partner at Booz & Co (formerly Booz Allen & Hamilton)
Member of the Executive Board Schering AG (Germany)
Current positions
Member of the Supervisory Board of Gerresheimer AG (Germany)
Member and vice-chairman of the Supervisory Board, member of the Audit and Remuneration committees of Paion AG (Germany)
Member of the Board of Directors of Cryo-Save Group N.V. and of the Remuneration committee
Member of the Board of Directors and of the Audit committee of MDx Health S.A. (Belgium)
Member of the Supervisory Board of Almirall S.A. (Spain)
Member of the Triton Industry Board (Advisory Board) (Germany)

The remuneration of the Supervisory Board is described on page 139.

My day at Balance Island

Sander van Rooij – playing with the waves, the wind and the always changing tide
View the full movie on 2012.annualreportgrontmij.com

Balance Island

Balanced solution

How do you prevent the intrusion of salt water into economically important fresh water deltas? That was the challenge that ultimately created the Balance Island concept - a natural solution to a global problem. Balance island was developed bij a Grontmij team of coastal and river experts, based on information gathered by an intern. Grontmij gathered a group of external young professionals to join the project and further develop the concept into Balance Island. The concept is winner of both the prestigious Delta Water Award and Delta Alliance Young Professionals Award, presented to the team on a side event at the UN Rio+20 climate top in Rio de Janeiro. Balance Island is not only a globally applicable example of our innovative skills in water management but also a clear demonstration of our commitment to attracting and retaining talented professionals.

Foreword

From the Supervisory Board chairman

We are pleased to present Grontmij N.V.'s annual report and financial statements for 2012, as prepared by the Executive Board. This Supervisory Board report aims to present our activities in line with the best practices and recommendations of the Dutch corporate governance code and the fourth report of the Monitoring Commission (December 2012).

The financial statements have been audited by Deloitte Accountants BV. The independent auditor's report with unqualified opinion can be found on page 150. The annual report has been discussed with the Executive Board in the presence of the auditor. The discussion and input from all parties present at the meeting allow us to state with confidence that the annual report satisfies transparency requirements and provides a good basis for the Supervisory Board's accountability for its supervision.

2012 was a transitional year in which the first steps were taken to transition the company from its traditional profile into a focused and professional European consulting and engineering Group. This change is driven by the 'Back on Track' strategy that was presented in detail to an Extraordinary General Meeting of Shareholders on 9 March 2012. The strategy and related activities as presented in this report are a first step in our objective to restore Grontmij's return to shareholders.

During 2012, the Supervisory Board's key attention points were: full and practical support for the new CEO and CFO; in-depth discussions with management and other stakeholders about the 'Back on Track' strategy; and the improvement of efficiency and productivity per country and of project and risk management systems. The reporting year was marked strongly by the refinancing of the Group, covering both the rights offering process, which was completed at the end of May 2012, and the new funding. The Supervisory Board would like to take this opportunity to thank the shareholders for their support of and the employees for their commitment to the new 'Back on Track' strategy.

In June 2012, the administration of the ordinary shares Grontmij N.V. by Stichting Administratiekantoor van Aandelen Grontmij N.V. was terminated and the depositary receipts for ordinary shares have been withdrawn with simultaneous delivery of the registered ordinary shares. We thank the Board of the Trust for their activities as administration office.

At the AGM of 9 May 2012, Jan Zegering Hadders handed over his duties as chairman of the Supervisory Board, which he performed on a temporary basis, to the undersigned following my appointment as a Supervisory Board member at the same meeting. We thank him for the active role he played during this period.

Jan van der Zouw
Chairman of the Supervisory Board of Grontmij N.V.

Supervision

Group goals

In 2012, the main objectives were to successfully refinance the Group and develop a new strategy. Up to the summer period, the Supervisory and Executive Boards worked very closely together through formal, informal and individual meetings, in person and by phone.

Strategy

The 'Back on Track' strategy was presented to the Extraordinay General Meeting of Shareholders (EGM) on 9 March 2012. The Supervisory Board was fully involved in monitoring and supervising its development by the Executive Board. Throughout the reporting year, major steps were taken to roll out the new strategy, including (plans for) divesting non-core activities and programmes to enhance commitment to the strategy among country management and employees. The Supervisory Board was pleased to see the positive development of the Executive Board. At the end of 2012, the next phase of the strategy was presented to and discussed with the Supervisory Board. After in-depth discussions, the Supervisory Board approved this next phase that focuses on growth and the remaining parts of the restructuring. In the same period, the strategic position of the French Monitoring & Testing business was on the agenda. Intentions for this business and the next phase of the strategy were announced in early 2013. The Supervisory Board is confident that the strategy will result in a more focused, vital and dynamic Grontmij.

Risk management

In addition to monitoring main risks and design and effectiveness in the risk control system in 2012, the Supervisory Board discussed improvements proposed by the Executive Board, leading to a new ERM framework and its roll-out. The Executive Board has taken a new top-down approach to risk, aligning Enterprise Risk Management (ERM) fully to the Group's 'Back on Track' strategy and establishing clear reporting and accountability lines with a clear role for the country managing directors.

Financial performance

Throughout the year, permanent key topics and agenda points for the Supervisory Board were financial performance, cash flow and working capital. The chairman met with the auditors at regular intervals and the auditors were present at the pre-scheduled regular quarterly review meetings with the Supervisory Board.

At regular meetings, scheduled ahead of the key reporting dates, the Supervisory Board closely monitored performance against budget and the financial position of the company. Although results as reported by quarter varied strongly, we met the outlook for the full year.

Other strategic topics are not reported here due to their market-sensitive and competitive nature.

Compliance with regulations

Grontmij adheres with few exceptions to the Dutch Corporate Governance Code and adopts, where appropriate, recommendations issued by its Monitoring Committee. There is a section in this report that fully explains these exceptions.

Relationship with shareholders

A policy is in place to regulate the relationship with shareholders, potential investors, analysts and the media. The Supervisory Board is informed about investor relations developments on a regular basis. When appropriate, the Supervisory Board plays a role in bilateral contacts with stakeholders. During the reporting year, significant attention was devoted to restoring confidence among investors, typically large shareholders, who played an important role in the Group's refinancing, especially in the equity issue. Furthermore, in the first half of 2012, the Supervisory Board monitored the termination of administration of Grontmij ordinary shares by the Stichting Administratiekantoor van Aandelen Grontmij N.V. As a consequence, on 28 June 2012, Grontmij withdrew its depositary receipts and replaced them by ordinary shares. We thank the Board of Stichting Administratiekantoor van Aandelen Grontmij N.V. for their long-standing commitment.

Corporate responsibility

The Supervisory Board oversees Grontmij's approach to Corporate Responsibility (CR). Due to the nature of the Group's activities, CR is broader than adherence to, for example, Global Reporting Initiative standards. The vast majority of Grontmij projects have an environmental impact, a fact that drives the 'sustainability by design' concept which is our leading principle.

Composition, profile, competences and diversity

At the start of 2012, Grontmij's Supervisory Board consisted of three members: the chairman, Jan Zegering Hadders, Philippe Montagner and René van der Bruggen. At the Annual Meeting of Shareholders (AGM) on 9 May 2012, Jan van der Zouw who had already joined the meetings of the Supervisory Board as candidate member from November 2011, was appointed as member of the Supervisory Board. Jan Zegering Hadders stepped down as chairman and Jan van der Zouw, became chairman. He followed an induction programme to familiarise himself with the Group. This programme included one-to-one meetings with Executive Board members, key managers and staff, the external auditor and visits to operating countries.

Until May 2012, the Supervisory Board was advised by Mr T. Tiemstra. We thank him for his advice and his support. In November, Philippe Montagner stepped down for health reasons. The Supervisory Board is grateful to him for his contribution to Grontmij during a complex and challenging period.
A full profile of the Supervisory Board is available on the website (www.grontmij.com). In summary, the membership of the Supervisory Board should be such that a combination of the experience, expertise, gender, age and the independence of its members will enable it to perform its various duties to the best of its ability.

All current members are capable of assessing the overall strategy and policy to realise the defined targets. CEO experience, technical background, project management, politics and government and international experience are well represented in the board. All members are independent in the sense of Article III.2.1/2 of the Dutch Corporate Governance Code and there were no conflicts of interest in the reporting year. Following a review of member profiles, it was considered essential to add members with financial and restructuring expertise, preferably as (former) CFO of a listed company, and someone with experience and expertise in the professional services industry and human resources. In line with the profile, the Supervisory Board expressed its preference to add a female member.

In November, Karin Dorrepaal and André Jonkman were proposed for appointment as member of the Supervisory Board at the Annual General Meeting of Shareholders on 23 May 2013; from November, both have participated in Supervisory Board meetings as candidate members and will follow the induction programme.

During 2012, the Supervisory Board met 12 times: in addition to the five pre-scheduled meetings ahead of reporting dates, there were seven additional meetings, mostly relating to the refinancing and rights offering, the strategy, governance and a country visit to the UK. Moreover, the chairman held monthly working meetings with the CEO. Members of the Supervisory Board had one-on-one meetings with the CFO and with the company secretary on reporting, business development or governance matters. The Supervisory Board also met twice during the year in closed session without the presence of Executive Board members.

All members had sufficient time to perform their duties. For health reasons, one member was not present at one meeting. Some meetings were held via conference call.

Diversity overview Supervisory Board Grontmij N.V.

					Key areas of expertise								
	Year of birth	Gender	Nationality	Date of Initial appointment	CEO experience in listed environment	International experience	Commerce and marketing	Finance and economics	Governance and law	Politics and Government	Technical background	Labour matters and social relations	Active management
R.J.A. van der Bruggen	1947	M	NL	2010	√	√					√		√
J.H.J. Zegering Hadders	1946	M	NL	2005		√		√		√			
J. van der Zouw	1954	M	NL	2012	√	√	√				√		

Supervisory Board Committees

Due to the limited number of board members in 2012, the role and tasks of the former Audit and Appointment & Remuneration committees were carried out by the full Supervisory Board.

Audit activities

The primary objective for Grontmij during 2012 was to ensure refinancing and governance and control. The full Supervisory Board closely monitored the refinancing process and regularly discussed governance and financial control. Moreover, financial performance, cash flow and working capital were recurring topics at each meeting. Throughout the year, the chairman of the Supervisory Board met frequently with the auditor. The auditor attended quarterly Supervisory Board meetings. A new dividend policy was developed as part of Grontmij's financial restructuring and presented to the EGM on 9 March 2012. Furthermore, in line with strategic goals, the Supervisory Board closely monitored a new Group consolidation system that was implemented in the second half of 2012 to improve financial reporting. The development of a top-down Group-wide Enterprise Risk Management system was also supervised; it is scheduled for roll-out in 2013. During 2012, the Supervisory Board reviewed the role and advisory work of external auditor Deloitte Accountants BV. The review was positive.

Other key audit/financials-related topics included:

- annual figures (2011) and quarterly/interim results;
- 2012 budget and quarterly comparison of actual versus budget;
- valuation and monitoring of non-core activities scheduled for divestment;
- taxation;
- the external auditor's management letter and report to the Supervisory Board;
- treasury and working-capital management;
- financing position and covenants;
- impairments;
- (potential) legal claims;
- the role and performance of the external auditor.

During 2012, the Supervisory Board approved a proposal to the General Meeting of Shareholders to change the current value dependent bonus scheme into a new scheme payable in ordinary shares (share plan). The new share plan was approved by the AGM in 2012.

After the AGM in 2013, we will re-install both the Audit and Remuneration and Appointment committees. The Audit Committee (AC) will be chaired by André Jonkman (as of his appointment) and further consist of all Supervisory Board members. The AC will meet twice per year with the auditor without the Executive Board being present. The chairman of the AC will have regular meetings with the auditor.

The Remuneration & Appointment Committee will consist of Jan van der Zouw (chairman) and Karin Dorrepaal (as of her appointment). The outcome of committee meetings will be shared in the regular Supervisory Board meetings.

Quality of supervision

Evaluation

During the January 2013 meeting, the Supervisory Board carried out an internal evaluation review on the basis of written questionnaires and internal discussions. Items assessed included composition and profile, mix of skills and experience, quality of the meetings, the relationship with the Executive Board, and the performance of the chairman. Overall, performance both individually and as a group was considered positive. This year's assessment did not involve an external facilitator, however the Supervisory Board decided that in principle from 2013, the intention is to carry out evaluations using an external facilitator every three to four years.

Education

As part of the permanent education programme, the Supervisory Board held one of its meetings at the Grontmij Leeds office in the UK where members met with local management and gained greater insight into the development of UK operations. Furthermore, as part of his induction programme, the chairman had the opportunity to meet with other country management teams in the Netherlands, Germany and Denmark. During these meetings, the chairman was able to familiarise himself with local market conditions, the progress of the 'Back on Track' strategy, policy plans and local management, also as a means of monitoring the Group's talent pool for succession planning.

Individual members participated in externally-facilitated network meetings and workshops with topics such as: the efficiency of supervision, the role of the Supervisory Board in acquisition processes, interaction between the Supervisory Board and the auditor, and challenges for the Supervisory Board.

At the end of 2012, the chairman held individual review meetings with the members of the Executive Board and with the Company Secretary. The outcome was shared with and evaluated in a closed session of the Supervisory Board.

Remuneration report

The remuneration report was approved by the full Supervisory Board on 27 February 2013. The report describes current policy, as most-recently amended and adopted by the Annual General Meetings of Shareholders in May 2012. Actual remuneration is included in the financial statements to this annual report on page 137 and 138.

Remuneration policy

The aim of the remuneration policy is to attract, motivate and retain qualified board members who will contribute to the long-term success of Grontmij as a leading international consulting and engineering company. The policy is designed to reward members of the Executive Board for their contribution to the Group's performance and align their interests with those of the shareholders. The policy for both the Supervisory and Executive Boards is normally reviewed every two years. During 2012, the Supervisory Board reviewed the policy and made a proposal to amend the policy to the AGM that adopted the amended policy.

Supervisory Board remuneration

The remuneration for the members of the Supervisory Board is assessed periodically (most recently in 2009). The AGM decides on the actual remuneration. The members of the Supervisory Board receive a fixed compensation not related to the results of the Group. In 2007, the AGM approved a proposal to fix the remuneration of the members of the Supervisory Board at € 28,000 per annum and at € 40,000 per annum for its chairman. In addition, a proposal was approved to pay an amount of € 1,000 per meeting to those members of the Supervisory Board who are required to attend such meetings outside the country in which they are domiciled. The approved remuneration of the members of the Supervisory Board constitutes a realistic payment for the duties performed and responsibilities held by the members of a supervisory board of an international, listed company. Supervisory Board remuneration has remained unchanged since 2007.

Executive Board remuneration

Contract terms

Members are appointed for a four-year period. If members of the Executive Board are asked to leave the Group, they will receive an amount equal to one year's salary. No specific agreement has been entered into between any member of the Executive Board and Grontmij N.V. providing for compensation in the event of termination of employment or dismissal as member of the Executive Board following a public bid for the Group.

Benchmarking and peer group

The remuneration of the members of the Executive Board is based on a comparison with the remuneration of members of executive boards of other European listed and non-listed companies active in the same sector, taking into account the relevant complexity, scope and risk profile (peer group). In addition, the remuneration for each member is determined by taking into account the specific responsibilities of the members of the Executive Board. The companies in the peer group are: ARCADIS, Fugro, DHV, Ballast Nedam, WS Atkins plc, Sweco, the Pöyry Group (and until 2012 WSP). The following elements of the total remuneration are included in the comparison: total cash per year (fixed and variable salary) plus long-term incentives, such as share and/or option schemes. The benchmarking exercise is performed by the Supervisory Board with the advice of an external compensation and benefits consultant, and was carried out most recently in 2006 and updated in 2009 and 2011.

Fixed remuneration

The fixed annual salary bandwidths were set in 2006 and confirmed in 2009. The Supervisory Board sets the fixed annual salaries for the members of the Executive Board within these bandwidths. In principle, these bandwidths are indexed annually. In 2012, no indexation was applied to the existing bandwidths. The bandwidths are as follows:

Chairman of the Executive Board: € 364,000 - € 437,000
Other members of the Executive Board: € 260,000 - € 333,000

Variable remuneration

In designing this remuneration policy, the Supervisory Board analysed the possible outcome of the variable remuneration components and the effect thereof on remuneration. The variable remuneration consists of two elements: a performance-dependent cash bonus and a long-term share plan. As described below, the variable remuneration is linked to predetermined, assessable targets that can be influenced by performance. These targets underpin the Group's strategy because they relate to the strategic and financial targets set for 2015. The maximum variable remuneration for the chairman of the Executive Board amounts to 90% of the fixed annual salary. The maximum variable remuneration for the other members of the Executive Board amounts to 65% of the fixed annual salary.

Performance-dependent cash bonus

For the CEO, the performance dependent cash bonus represents a maximum of 60% of the fixed annual salary, two-thirds of which (40%) is based on operational objectives and one-third (20%) on discretionary objectives. For other members of the Executive Board, this part represents a maximum of 45% of the fixed annual salary, two-thirds of which (30%) is based on operational objectives and one-third (15%) on discretionary objectives. On target performance leads to a pay-out of 75% of the maximum bonus.

Reaching the maximum threshold leads to the maximum pay-out of 100% and below the minimum threshold to zero pay-out.

For commercial and strategic reasons, the operational targets are only disclosed ex post whilst of the individual targets only the subject is given ex post.

In 2012, the criteria for operational targets were as follows:

- EBITA excluding exceptional items (with a weighting of 40 points)): The target was to achieve EBITA excluding exceptional items of € 33.7 million (with a minimum threshold of € 30.3 million and a maximum threshold of € 37.1 million). In 2012, the company reported EBITA excluding exceptional items of € 27.5 million resulting in a score of 0 points out of 40 points;
- Trade Working Capital (TWC) as percentage of Total Revenue (with a weighting of 30 points): The target was to achieve Trade Working Capital of 16% of total revenue (with a minimum threshold of 17% and a maximum threshold of 15%). As per the end of 2012, TWC as a percentage of Total revenue amounted to 16% resulting in a score of 20 points out of 30 points;
- capital expenditure (with a weighting of 10 points): The target was to achieve capital expenditure costs of maximum € 15 million (the target is also the minimum threshold and the maximum threshold amounts to € 10 million). As per the end of 2012, capital expenditure cost stood at € 11.1 million resulting in a score of 9 points out of 10 points.

The total score on operational targets for all members of the Executive Board amounted to 29 points out of 80 points.

Individual performance criteria are linked to the individual responsibilities of the members of the Executive Board and are mostly qualitative.

- Targets for the CEO related to the development of a new strategy, the financial restructuring, the relationship with stakeholders and the reorganisation of corporate headquarters, including related cost savings.
- Targets for the CFO related to the financial restructuring, the new consolidation system, key financial control framework and strengthening of the CFO function.
- Targets for Gert Dral were linked to the Group Growth Segments, activities outside Europe (especially China), customer relations and some HR-related activities.

Performance measured against these individual targets (with a maximum score of 40 points) resulted in a score of 40 points for the CEO, 35 points for the CFO and 30 points for Gert Dral.

Based on the above scores, the performance dependent cash bonus for 2012 (as included in the financial statements to this annual report on page 138) is calculated based on a total score of 69 points out of 120 for the CEO, 64 points out of 120 for the CFO and 59 points out of 120 for Gert Dral.

Long-Term Share Plan (LTSP)

As part of Grontmij's new strategy, the Supervisory Board has replaced the former value dependent cash bonus system with a long-term share plan to better align the interest of members of the Executive Board and other key management with the interest of shareholders and to stimulate long-term commitment to Grontmij. The headlines of the long-term share plan were adopted by the General Meeting of Shareholders of 9 May 2012. The detailed plan was adopted by the Supervisory Board on 6 August 2012 and will apply retroactively as of 1 January 2012.

Under the long-term share plan members of the Executive Board and other key management are entitled to receive conditional ordinary shares (voorwaardelijke aandelen) subject to achieving a long-term target relating to the stock performance (total shareholder return including reinvested dividend) relative to a selected peer group (i.e. the target). For 2012, the peer group consists of ARCADIS, Atkins, the Pöyry Group, Sweco, WYG (to be replaced by Hyder in 2013), WSP, Imtech, Ballast Nedam and Heijmans. The target will be measured annually on an average basis over a rolling period of three calendar years. The conditional ordinary shares will be granted for no financial consideration subject to achieving the set target (conditional granting) and will vest after three years if and when the target is met. The Executive Board and other key management are not entitled to the shareholders' rights including the right to dividends during this three-year period.

Granting will take place each year on the first business day after the announcement of the annual results. In 2012, granting took place on the first business day after the announcement of the interim results. The number of ordinary shares conditionally granted is based on a percentage of the fixed annual salary divided by the average share price of the ordinary shares, during the last quarter of the calendar year preceding the start of the three-year reference period. For the CEO, the percentage amounts to 30% of the fixed annual salary, whilst for the other members of the Executive Board the percentage amounts to 20% (both percentages similar to the former value dependent bonus scheme). 100% of the conditional ordinary shares granted will vest if Grontmij ranks at position 4 of the peer group list. No shares will vest if Grontmij ranks below position 7 of the peer group list. If the target is outperformed and Grontmij ranks as number 1, the maximum of 150% of the conditional ordinary shares granted will vest. In between these positions, the conditional ordinary shares will vest proportionally. As a result the maximum percentage of variable remuneration in shares amounts to 45% of the fixed annual salary for the CEO and 30% for the other members of the Executive Board. After vesting, the ordinary shares are subject to a lock-up of two years, after which the members of the Executive Board and other key management obtain unrestricted control.

For the granting in 2012, the number of conditional ordinary shares is calculated using the average share price during the period from 1 June up to and including 31 August 2012. Shares under the long-term share plan will either be issued or repurchased by Grontmij depending on Grontmij's financial position, in particular the cash available within Grontmij. The maximum number of ordinary shares that may be issued annually under the long-term share plan will not exceed 1% of the number of outstanding ordinary shares.

Pensions

The pension scheme for members of the Executive Board is a combination of Collective Defined-Benefit scheme and an individual defined-contribution scheme. No pension premiums are paid over fixed income above a maximum of € 300,000. In addition, the Group's maximum annual pension contributions will not exceed € 75,000 per member of the Executive Board. In 2012, the following scheme applied to the members of the Executive Board:

- up to € 66,433 of a member's fixed salary – a collective defined contribution (via Stichting Pensioenfonds Grontmij);
- from € 66,433 to € 112,168 – a defined-contribution plan (via Stichting Pensioenfonds Grontmij);
- from €112,169 to € 300,000 – an additional individual defined-contribution plan based on 25% of the fixed income from € 112,168 to € 300,000 of the relevant member.

Supervisory Board fairness review

The Supervisory Board retains the option of a so-called fairness review on the pay out of all variable remuneration. In addition, there is a claw back option for the whole of the variable remuneration in case variable remuneration is paid on the basis of incorrect financial or other data. Other parts of the remuneration are fixed and based on the applicable labor contracts not subject to a fairness review by the Supervisory Board.

Remuneration in 2012

Full details of remuneration in 2012, can be found on page 137 and 138 of this annual report.

Remuneration policy 2013 and beyond

At the AGM in 2012, the Supervisory Board withdrew its proposal for a new one-off cash bonus related to the dividend policy and promised to put an amended proposal on the agenda of the next General Meeting of Shareholders.
At the AGM in May 2013, the Supervisory Board will propose the approval of a one-off bonus for members of the Executive Board of 30% of their fixed annual salary which will become payable upon return of € 30 million to the shareholders within three years of the date of issue of shares in connection with the rights offering (29 May 2012). The one-off bonus will amount to 20% of the fixed annual salary if the amount of € 30 million is returned within four years and to 10% if returned within five years.

Apart from this proposal no further changes or additions to the policy are deemed necessary in 2013.

Financial statements and dividend

The financial statements for 2012 were prepared and endorsed by the Executive Board pursuant to their statutory obligation under article 2:101 (2) of the Dutch Civil Code and article 2:25c (2c) of the Financial Markets Supervision Act. The statements were discussed by the Supervisory Board in the presence of the external auditor. After the review of the Independent Auditor's Report provided by Deloitte Accountants B.V., as well as its findings as summarised in a report to the Supervisory Board and the Executive Board, the financial statements were endorsed by all members of the Supervisory Board pursuant to their statutory obligation under article 2:101 (2) Dutch Civil Code. The Supervisory Board recommends the Annual General Meeting of Shareholders to adopt the financial statements. In addition, it recommends that the members of the Executive and Supervisory Boards be discharged from liability in respect of the managerial and supervisory duties that they have performed respectively.

The Supervisory Board approved the Executive Board's proposal to propose to the General Meeting of Shareholders to resolve to deduct the loss from the Other reserves. As a loss is incurred in the financial year under review, there will be no distribution of profit and subsequently no payment of dividend.

De Bilt, 27 February 2013

Jan van de Zouw (chairman)
Rene van der Bruggen
Jan Zegering Hadders

Financial statements 2012 Grontmij N.V.

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Consolidated statement of financial position

In thousands of € (before appropriation of result)	Note	31 December 2012	31 December 2011
Goodwill	9	166,982	165,984
Intangible assets	10	56,196	62,825
Property, plant and equipment	11	36,729	49,506
Investments in equity accounted investees	12	8,119	7,244
Other financial assets	13	16,043	18,797
Deferred tax assets	14	2,574	2,953
Non-current assets		**286,643**	**307,309**
Receivables	15, 16	366,129	371,099
Inventories		18,530	16,358
Income taxes		4,574	7,053
Cash and cash equivalents	17	44,555	44,371
Assets classified as held for sale	6	9,810	-
Current assets		**443,598**	**438,881**
Total assets		**730,241**	**746,190**
Share capital		15,992	5,331
Share premium		165,476	96,391
Reserves		-20,972	44,950
Result for the year		-31,428	-55,860
Total equity attributable to equity holders of Grontmij		**129,068**	**90,812**
Non-controlling interest		-107	41
Total Group equity	18	**128,961**	**90,853**
Loans and borrowings	22	134,305	147,253
Employee benefits	20	9,345	10,531
Derivatives used for hedging	25	10,086	4,873
Provisions	23	39,559	41,402
Deferred tax liabilities	14	29,990	30,958
Non-current liabilities		**223,285**	**235,017**
Bank overdrafts	17	14,758	22,595
Loans and borrowings	22	15,491	52,417
Income taxes		9,146	3,718
Trade and other payables	16, 24	310,491	325,100
Employee benefits	20	2,714	2,487
Provisions	23	21,682	14,003
Liabilities classified as held for sale	6	3,713	-
Current liabilities		**377,995**	**420,320**
Total equity and liabilities		**730,241**	**746,190**

The notes on pages 88 to 141 are an integral part of these consolidated financial statements.

Consolidated income statement

In thousands of €	Note	2012	2011
Revenue from services		867,250	883,526
Revenue from contract work		21,177	32,332
Revenue from sale of goods		1,574	1,532
Total revenue	28	**890,001**	**917,390**
Third-party project expenses		-155,956	-183,294
Net revenue		**734,045**	**734,096**
Direct employee expenses	30	-501,996	-503,142
Direct other expenses	31	-4,711	-3,742
Total direct expenses		**-506,707**	**-506,884**
Gross margin		**227,338**	**227,212**
Other income	29	1,704	-69
Indirect employee expenses	30	-75,235	-79,938
Amortisation	10	-7,483	-8,835
Depreciation	11	-12,647	-15,497
Impairments of non-current assets	9, 10, 11	-1,002	-28,374
Indirect other operating expenses	31	-139,899	-135,444
Total indirect expenses		**-236,266**	**-268,088**
Result on sale of subsidairies	7	-346	-
Share of results of investments in equity accounted investees	12	1,562	3,072
Result on sale of equity accounted investees (net of income tax)	12	-129	-2,412
		1,087	**660**
Operating result	28	**-6,137**	**-40,285**
Finance income		6,861	7,528
Finance expenses		-23,655	-21,051
Net finance expenses	32	**-16,794**	**-13,523**
Result before income tax		**-22,931**	**-53,808**
Income tax expense	33	-5,603	-7,506
Result after income tax from continuing operations		**-28,534**	**-61,314**
Result from discontinued operations (net of income tax)	6	-2,973	5,373
Total result for the year		**-31,507**	**-55,941**
Attributable to:			
Equity holders of Grontmij		-31,428	-55,860
Non-controlling interest		-79	-81
Total result for the year		**-31,507**	**-55,941**
Earnings per share	19		
From continuing and discontinued operations			
Basic and diluted earnings per share (in €)		-0.67	-2.65
From continuing operations			
Basic and diluted earnings per share (in €)		-0.61	-2.90
Average number of shares (basic)		46,606,557	21,105,795
Average number of shares (diluted)		46,606,557	21,114,668

The notes on pages 88 to 141 are an integral part of these consolidated financial statements.

Consolidated statement of comprehensive income

In thousands of €	2012	2011
Result after income tax	**-31,507**	**-55,941**
Other comprehensive income:		
Foreign currency exchange translation differences for foreign operations	1,808	-353
Cost stock dividend payment	-	-42
Cost of issuing ordinary shares	-6,652	-
Realised foreign currency exchange translation differences transferred to income statement	-	-208
Change in fair value of cash flow hedges	-5,210	-6,198
Other comprehensive income (net of income tax)	**-10,054**	**-6,801**
Total comprehensive income	**-41,561**	**-62,742**
Attributable to:		
Equity holders of Grontmij	-41,482	-62,661
Non-controlling interest	-79	-81
Total comprehensive income	**-41,561**	**-62,742**

The notes on pages 88 to 141 are an integral part of these consolidated financial statements.

Consolidated statement of changes in equity

In thousands of €	Total Group equity	Non-controlling interest	Total attributable to equity holders of Grontmij	Share capital	Share premium	Translation reserve	Hedging reserve	Other reserves	Result for the year
Balance as at 1 January 2011	**157,801**	**21**	**157,780**	**5,206**	**96,558**	**-5,053**	**1,322**	**42,774**	**16,973**
Movements during 2011									
Result for the year 2011	-55,941	-81	-55,860	-	-	-	-	-	-55,860
Contribution by and distributions to owners:									
Share premium issue of non-controlling interest	1,390	1,390	-	-	-	-	-	-	-
Dividends to equity holders of Grontmij	-3,209	-	-3,209	125	-125	-	-	-3,209	-
2010 Result appropriation	-	-	-	-	-	-	-	16,973	-16,973
Change in ownership interest in subsidiaries:									
Acquisition of non-controlling interest without a change in control	-2,387	-1,289	-1,098	-	-	-	-	-1,098	-
Other comprehensive income:									
Foreign currency exchange translation differences for foreign operations	-353	-	-353	-	-	-353	-	-	-
Cost stock dividend payment	-42	-	-42	-	-42	-	-	-	-
Realised foreign currency exchange translation differences transferred to income statement	-208	-	-208	-	-	-208	-	-	-
Change in fair value of cash flow hedges	-6,198	-	-6,198	-	-	-	-6,198	-	-
Total other comprehensive income	**-6,801**	**-**	**-6,801**	**-**	**-42**	**-561**	**-6,198**	**-**	**-**
Balance as at 31 December 2011	**90,853**	**41**	**90,812**	**5,331**	**96,391**	**-5,614**	**-4,876**	**55,440**	**-55,860**
Movements during 2012									
Result for the year 2012	-31,507	-79	-31,428	-	-	-	-	-	-31,428
Contribution by and distributions to owners:									
Issue of ordinary shares	79,746	-	79,746	10,661	69,085	-	-	-	-
2011 Result appropriation	-	-	-	-	-	-	-	-55,860	55,860
Other equity movements:									
Recognition of equity-settled share-based payments	34	-	34	-	-	-	-	34	-
Change in ownership interest in subsidiaries:									
Acquisition of non-controlling interest without a change in control	-111	-69	-42	-	-	-	-	-42	-
Other comprehensive income:									
Foreign currency exchange translation differences for foreign operations	1,808	-	1,808	-	-	1,808	-	-	-
Cost of issuing ordinary shares	-6,652	-	-6,652	-	-	-	-	-6,652	-
Change in fair value of cash flow hedges	-5,210	-	-5,210	-	-	-	-5,210	-	-
Total other comprehensive income	**-10,054**	**-**	**-10,054**	**-**	**-**	**1,808**	**-5,210**	**-6,652**	**-**
Balance as at 31 December 2012	**128,961**	**-107**	**129,068**	**15,992**	**165,476**	**-3,806**	**-10,086**	**-7,080**	**-31,428**

The notes on pages 88 to 141 are an integral part of these consolidated financial statements.

Consolidated statement of cash flows

In thousands of €	Note	2012	2011
Result after income tax		-31,507	-55,941
Result from discontinued operations		2,973	-5,373
Result after income tax continuing operations		**-28,534**	**-61,314**
Adjustments for:			
Depreciation of property, plant and equipment	11	12,647	15,497
Amortisation of intangible assets	10	7,483	8,835
Impairment losses	9, 10, 11	1,002	28,374
Share of results of investments in equity accounted investees	12	-1,562	-3,072
Results on sale of property, plant and equipment	29	-609	-21
Result on sale of equity accounted investees (net of income tax)	12	129	2,412
Result on sale of a subsidiary (net of income tax)	7	346	-
Net finance expenses	32	16,794	13,524
Income tax expense	33	5,603	7,506
		41,833	**73,055**
Change in amounts due to and due from customers and inventories	16	-6,397	-7,127
Change in trade and other receivables	15	-1,880	13,645
Change in provisions and employee benefits	20, 23	3,956	16,466
Change in trade and other payables	24	-5,374	-7,272
		-9,695	**15,712**
Dividends received from equity accounted investees	34	1,718	722
Interest paid		-18,865	-18,476
Interest received		6,517	6,287
Income taxes paid		1,410	-7,254
		-10,938	**-19,443**
Net cash (used for) / from operating activities		**-5,616**	**8,732**
Proceeds from sale of property, plant and equipment		4,521	243
Proceeds from sale of a subsidiary (net of cash disposed of)	6	1,448	25,112
Acquisition of intangible assets	10	-1,883	-2,187
Acquisition of property, plant and equipment	11	-9,374	-12,451
Acquisition of subsidiaries (net of cash acquired)	7	-821	-580
Proceeds from disposal of investments in equity accounted investees	12	-	3,022
Repayments from and acquisition of other investments, net		-135	-1,492
Net cash (used for) / from investing activities		**-6,244**	**11,667**

In thousands of €	Note	2012	2011
Dividends paid	18	-	-3,209
Proceeds from the issue of share capital		79,746	-
Payment of costs of issuing ordinary shares		-6,652	-
Payment of costs of paying stock dividend		-	-42
Proceeds from the issue of loans and borrowings	22	144,000	13,543
Payment of transaction costs related to loans and borrowings		-1,993	-
Acquisition of non-controlling interests	7	-111	-2,244
Repayments of loans and borrowings	22	-195,352	-52,542
Net cash from / (used for) financing activities		**19,638**	**-44,494**
Movements in net cash position for the year of the continuing operations		**7,778**	**-24,095**
Net cash used for operating activities discontinued operations	6	-291	-7,945
Net cash used for investing activities discontinued operations	6	-	-3,710
Net cash from financing activities discontinued operations	6	-	1,106
Movements in net cash position for the year of discontinued operations		**-291**	**-10,549**
Movements in net cash position for the year of the continuing and discontinued operations		**7,487**	**-34,644**
Cash and cash equivalents	17	44,371	77,727
Bank overdrafts	17	-22,595	-21,111
Net cash position as at 1 January		**21,776**	**56,616**
Effect of exchange rate fluctuations on cash held		534	-196
Cash and cash equivalents	17	44,555	44,371
Bank overdrafts	17	-14,758	-22,595
Net cash position as at 31 December		**29,797**	**21,776**

The notes on pages 88 to 141 are an integral part of these consolidated financial statements.

Notes to the consolidated financial statements

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1 Reporting entity

The reporting entity is Grontmij N.V. ('Grontmij'/'the Group'), a public limited company (in Dutch: 'Naamloze Vennootschap') domiciled at De Holle Bilt 22 in De Bilt, the Netherlands.

The Group has structured the business in nine separate geographic regions or operating countries. The Executive Board is directly accountable for the various operating countries. Every country reports directly to one of the Executive Board members.

The regions/countries are: the Netherlands, France, Denmark, Sweden, United Kingdom, Belgium, Germany, other markets and non-core activities. The latter includes the Group's non-core asset management business. In the segment 'other markets' in Europe, we are building a presence in Poland and Turkey. After reviewing strategic options regarding Hungary, it has been decided to gradually withdraw from this market. Outside Europe, we operate in China and on a project basis in Asia and Africa. Both the public sector – national and regional – and private sector are major clients for Grontmij in all our operating countries. Performance is measured based on segment operating result, as included in the internal management reports that are reviewed by the Executive Board.

Within our operating countries, up to four business lines are distinguished: Planning & Design, Transportation & Mobility, Water & Energy and Monitoring & Testing. Following the intended divestment of France's Monitoring & Testing business the activities designated as Monitoring & Testing will be reallocated to the other three business lines.

Planning & Design aims to find sustainable solutions for the built and the natural environment.

Transportation is all about moving people, goods and other materials from A to B in the most efficient, environmentally sustainable way. These transport flows have to be designed, planned and executed. In turn, Mobility works to manage these flows in more efficient ways.

Water & Energy consultants cover a wide range of projects, anything from the design of innovative plants to treat wastewater or the creation of waste plants to generate energy, and every conceivable way of working with water and power in between.

Monitoring & Testing monitor and test every aspect of the ground on which buildings and constructions are built, and materials used. Monitoring & Testing covers all scientific and technical knowledge used in construction, including geotechnical studies, structural and material diagnostics and pathologies, product audits and certifications and maintenance and monitoring for complex projects.

The financial statements include the consolidated financial statements and the company financial statements of Grontmij. The consolidated financial statements comprise Grontmij and its subsidiaries, all entities that Grontmij controls directly or indirectly (together referred to as the 'Group' or the 'Company'), and the Group's interest in associates and jointly controlled entities.

2 Basis of preparation

Going concern

The financial statements have been prepared on a going concern basis.

Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (hereinafter referred to as: 'EU-IFRS'). As the results of Grontmij N.V. are included in the consolidated income statement, the Company income statement is, in accordance with article 402, Part 9, Book 2 of the Dutch Civil Code, provided in abbreviated format.

The financial statements were authorised for issue by the Executive Board on 27 February 2013.

Basis of measurement

The financial statements have been prepared on the historical cost basis. In case assets or liabilities are measured at fair value, this fact is disclosed in the respective note or below in significant accounting policies.

Functional currency and presentation currency

Grontmij's functional currency is the euro. All amounts in these financial statements are presented in euros, rounded to the nearest thousand, unless stated otherwise.

Application of new and revised International Financial Reporting Standards (IFRS) and changes in accounting policies and presentation

No new standards and interpretations became effective as of 1 January 2012 which impacts the amounts reported in these consolidated financial statements.

Presentation

As announced in the 1st quarter press release Trett Consulting has been presented as held for sale following the Executive Board's committed plan to sell the Trett division. The sale was successfully completed on 11 May 2012. IFRS 5.34 requires restatement of the income statement and cash flow statement for discontinued operations. Therefore some reclassifications have been made in the previous year's consolidated income statement and consolidated statement of cash flows and applicable notes for comparison purposes.

Some other minor reclassifications have been made in the previous year's consolidated statement of financial position and notes to the consolidated financial statements.

All changes do not affect results, shareholders' equity or cash flow in the current and previous reporting periods.

Use of estimates and judgements

The preparation of financial statements in conformity with EU-IFRS requires the Executive Board to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amount of assets and liabilities, income and expenses. The estimates and underlying assumptions are based on past experiences and on various other factors that may be assumed to be reasonable based on the given circumstances. The results of this process form the basis for the assessment of the carrying amount of assets and liabilities that may be difficult to identify from other sources. The actual results may differ from these estimates.

Information regarding the most important estimates in the financial statements is included in the following notes:

Note	
6	Assets held for sale
7	Acquisition of subsidiaries and non-controlling interests
9	Calculation of the realisable value of cash flow generating units that contain goodwill
10, 11	Economic life of intangible assets and property, plant and equipment
14	Utilisation of tax losses
15, 16	Revenue recognition and contract work
20	Measurement of defined benefit obligations and other employee benefits
21	Measurement of equity-settled share-based payments
23	Provisions
25	Measurement of financial instruments

Important estimates and underlying assumptions are reviewed periodically. Revised estimates are recognised in the year during which the estimate was revised, if the revision impacts only on that year, or else in the year under review and future periods, if the revision impacts both the year under review and future periods.

3 Significant accounting policies

The accounting policies set out below have been applied consistently to all periods accounted for in these consolidated financial statements and by all entities included in the consolidation, except those explained in note 2, which addresses changes in accounting policies.

Consolidation principles

Business combinations

Business combinations are accounted for using the acquisition method as at the acquisition date, which is the date on which 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 consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in the profit or loss.
Any non-controlling (minority) interest will be measured at either fair value, or at its proportionate interest in the identifiable assets and liabilities of the acquiree, on a transaction-by-transaction basis. All acquisition related costs, other than those associated with the issue of debt or equity instruments, that the Group incurs in connection with a business combination are expensed as incurred.

When a business combination is achieved in stages, the Group's previously held interest in the acquiree is remeasured to fair value at acquisition date (i.e. the date when the Group obtains control) and the resulting gain or loss, if any, is recognised in profit or loss.

Acquisitions of non-controlling interests without a change in control are accounted for as transactions with equity holders in their capacity as equity holder and therefore no goodwill is recognised as a result of such transactions. The carrying amount of non-controlling interests is adjusted to reflect the relative change in interest in the subsidiary's assets. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the parent.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with IAS 39, or IAS 37 Provisions, Contingent liabilities and contingent assets, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

The policy described above is applied to all business combinations that take place on or after 1 January 2010.

Capital interests

Grontmij directly or indirectly holds interests in other companies: subsidiaries and investments in equity accounted investees (joint ventures and associates).

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. The accounting policies of subsidiaries have been changed where necessary to align them with the policies adopted by the Group.

Investment in equity accounted investees (joint ventures and associates)

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20 and 50 percent of the voting power in another entity. Joint ventures are those entities over whose activities the Group has joint control, established by contractual agreement and requiring unanimous consent for strategic, financial and operating decisions. Investments in associates and jointly controlled entities are accounted for using the equity method (equity accounted investees) and are recognised initially at cost. The Group's investment includes goodwill identified on acquisition, net of any accumulated impairment losses. The consolidated financial statements include the Group's share of the income and expenses and equity movements of equity accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence or joint control commences until the date that significant influence or joint control ceases. When the Group's share of losses exceeds its interest in an equity accounted investee, the carrying amount of that interest, including any long-term loans, is reduced to nil, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

The result on a sale of equity accounted investees is accounted for as part of operating result in the consolidated statement of income as the Group takes the view that the nature of such sale of investments is similar to those projects accounted for as revenue from services or contract work.

Method of consolidation

Intra-Group balances, intra-Group transactions and any unrealised profits from intra-Group transactions are eliminated in the consolidation. Unrealised profits from transactions with equity accounted investees are eliminated, to the extent of the Group's interest in the entity concerned. Unrealised losses are eliminated in the same way as unrealised profits, but only to the extent that there is no evidence of impairment.

Foreign currencies

Foreign currency transactions

Transactions in foreign currencies are translated to the functional currencies at exchange rates at the dates of the transactions. The Group uses periodically fixed average exchange rates that adequately approximate the exchange rates prevailing at the transaction dates.

Monetary assets and liabilities

Monetary assets and liabilities denominated in foreign currency are translated at the exchange rate prevailing at the reporting date. The exchange differences arising are recognised in profit or loss.

Non-monetary assets and liabilities

Non-monetary assets and liabilities denominated in foreign currency that are stated at historical cost are translated at the exchange rate prevailing at the date of transaction. Non-monetary assets and liabilities in foreign currency recognised at their fair value are translated at the exchange rates that were applicable at the date on which the value was determined.

Operations of entities with a functional currency other than the euro

The assets and liabilities of such entities including fair value adjustments on consolidation, are translated at the exchange rate prevailing at the reporting date. Income and expenses of such entities are translated at the exchange rate, prevailing at the date of transaction. The Group uses periodically fixed average exchange rates that effectively approximate the exchange rates on transaction dates.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities are recognised directly in the translation reserve, part of shareholders' equity. The Group treats specific intercompany loan balances, which are not intended to be repaid in the foreseeable future, as part of its net investment. In the reporting period when such an entity is disposed of, in part or in full, the related accumulated exchange differences are transferred from the translation reserve to profit or loss.

Financial instruments

Non-derivative financial instruments

The Group initially recognises loans and receivables and deposits, debt securities issued and subordinated liabilities on the date that they are originated. All other financial assets and liabilities (including assets and liabilities designated at fair value through profit or loss) are recognised initially on the trade date at which the Group becomes a party to the contractual provisions of the instrument.

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 on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability. The Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

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

Non-derivative financial assets

The Group has the following non-derivative financial assets: held-to-maturity investments, loans and receivables, available-for-sale financial assets and cash and cash equivalents.

Held-to-maturity investments

If the Group has the positive intent and ability to hold investments to maturity, then they are classified as held-to-maturity. Held-to-maturity financial assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, held-to-maturity financial assets are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable costs. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses. Loans and receivables comprise trade and other receivables.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits with original maturities of three months or less. 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.

Available-for-sale financial assets

Subsequent to initial recognition, these are measured at fair value and changes therein, other than impairment losses and foreign currency differences on available-for-sale monetary items are recognised directly in equity. When an investment is derecognised, the cumulative gain or loss in equity is transferred to profit or loss.

Non-derivative financial liabilities

The Group has the following non-derivative financial liabilities: loans and borrowings, bank overdrafts, and trade and other payables. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition these financial liabilities are measured at amortised cost using the effective interest method.

Share capital

Grontmij´s share capital as at 31 December 2012 comprises common shares only, at a nominal value of € 0.25 per share. The share capital is classified as equity.

Derivative financial instruments, including hedge accounting

Where considered appropriate, the Group uses derivative financial instruments to hedge its foreign currency and interest rate risk exposures.

Embedded derivates are separated from the host contract and accounted for separately if the economic characteristics and rules of the host contract and the embedded derivative are not closely related, a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative, and the combined instrument is not measured at fair value through profit or loss.

Derivatives are recognised initially at fair value and attributable transaction costs are recognised in profit or loss when incurred. Subsequent to initial recognition, derivatives are measured at fair value and changes therein are accounted for as described below.

Cash flow hedges

When a derivative financial instrument is designated as a cash flow hedge, the effective portion of changes in the fair value of the derivative financial instrument is recognised in other comprehensive income and presented in the hedging reserve in equity. The ineffective part of any gain or loss is recognised immediately in the income statement. The associated cumulative gain or loss is removed from equity and recognised in the income statement in the same period or periods during which the hedged transaction affects the income statement.

When a derivative financial instrument or hedge relationship no longer meets the criteria for hedge accounting, expires or is sold, but the hedged transaction is still expected to occur, the cumulative unrealised gain or loss remains in equity. The cumulative gain or loss will be recognised in the income statement in accordance with the above policy when the transaction occurs. If the hedged transaction is no longer expected to take place, the cumulative unrealised gain or loss will be immediately recognised in the income statement.

Intangible assets

Research and development

Expenditure in respect of research activities for the purpose of obtaining new knowledge of a scientific or technological nature is recognised in the income statement as an expense as incurred.

Development expenditure

Expenditure in respect of development activities is capitalised and subsequently, at reporting date, measured at cost less accumulated amortisation and impairment losses.

Development expenditure is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Group intends to and has sufficient resources to complete development and to use or sell the asset. Expenditure capitalised in such cases comprises direct labour and indirect costs which are directly allocable as well as direct cost of material and third-party expenses and borrowing costs.

Trade names

Trade names concern the expected value of established brand names acquired in business combinations and are measured at cost, being the fair value at acquisition date, less accumulated amortisation and impairment losses.

Customer relations

Customer relations concern the expected value of the sales attributable to customer relationships of acquired businesses at the date of acquisition, and are measured at cost, being the fair value at the acquisition date, less accumulated amortisation and impairment losses.

Order backlogs

Order backlogs concern the remaining expected value of orders of acquired businesses at the date of the acquisition, and are measured at cost, being the fair value at acquisition date, less accumulated amortisation and impairment losses.

Other intangible assets

The other intangible assets are stated at cost, less accumulated amortisation and impairment losses.

Subsequent expenditure

Expenditure for intangible assets after initial recognition is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including internally generated goodwill and trade names, is recognised in the income statement as incurred.

Amortisation

Amortisation of intangible assets is recognised in the income statement on a straight-line basis over the cost of the asset less its residual value during the estimated useful lives of the intangible assets.

The estimated useful life of trade names, customer relations and order backlogs is determined individually upon each acquisition and is dependent on expectations at first time recognition.

The estimated useful lives of the intangible assets for the current and comparative periods are as follows:

In years	
Development costs	5
Software	2 - 10
Trade names	5 - 10
Customer relations	3 - 39
Order backlogs	2 - 5
Other	3 - 5

Amortisation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

Goodwill

1) Acquisition on or after 1 January 2010

For acquisitions on or after 1 January 2010, 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 existing equity interest in the acquiree; less
- the net recognised amount (generally fair value) of the identifiable assets acquired and liabilities assumed.

Negative goodwill arising on an acquisition is recognised directly in the income statement.
Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that are incurred by the Group in connection with a business combination are expensed as incurred.
Any contingent consideration payable is recognised at fair value at the acquisition date. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in profit or loss.

2) Acquisition between 1 January 2004 and 1 January 2010

For acquisitions between 1 January 2004 and 1 January 2010, goodwill represents the excess of the cost of the acquisition over the Group's interest in the recognised amount (generally fair value) of the identifiable assets, liabilities and contingent liabilities of the acquiree. When the excess was negative, a bargain purchase gain was recognised immediately in profit or loss.
Transaction costs, other than those associated with the issue of debt or equity securities, that the Group incurred in connection with business combinations were capitalised as part of the cost of the acquisition.

Goodwill is stated at cost less accumulated impairment losses, if any. An impairment loss is recognised when the realisable value of the cash generating unit to which the goodwill pertains, is lower than its carrying value.

Property, plant and equipment

General

Property, plant and equipment are measured at cost, less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. Property, plant and equipment that were measured at fair value on or before 1 January 2004 are measured at deemed cost, the revaluated value as per the date of the valuation concerned. Property, plant and equipment under construction are stated at cost until construction is complete, at which time it is reclassified under the relevant category.

At the moment an obligation arises in regard to aftercare liabilities, a provision is recognised for the present value of the total amount of the future liabilities. At the same time, an amount equal to the amount of the liability is capitalised as part of the cost of the asset.

Gains and losses on disposal of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount and are recognised as part of other income in profit or loss.

Subsequent expenditure

The cost of replacing part of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the part concerned will flow to the Group and its cost can be measured reliably. The carrying amount of the replaced part is derecognised.

The costs of day-to-day maintenance of property, plant and equipment are recognised in the income statement as incurred.

Leased assets

Leases in terms on which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments at inception of the lease, less accumulated depreciation and impairment losses.

Other leases are operating leases and, except for investment property, the leased assets are not recognised in the Group's statement of financial position.

Depreciation

The depreciation of landfill sites is systematically recorded in line with waste units disposed.
Depreciation of other property, plant and equipment is recognised in the income statement on a straight-line basis over the cost of the asset less its residual value during the estimated useful lives. Items of property, plant and equipment consist of parts with an unequal useful life, these are depreciated separately.

The estimated useful lives of other property, plant and equipment for the current and comparative periods are as follows:

In years	
Buildings	10 - 50
Plant and equipment	3 - 35
Landfill sites	10 - 20

Land is not depreciated. Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

Impairment

General

The carrying amount of the Group's assets, with the exception of deferred tax assets, assets from employee benefits and financial assets within IAS 39, is reviewed at each reporting date to determine whether there is an indication of impairment. If such an indication exists, the recoverable amount of the asset is estimated.

For goodwill and intangible assets that have indefinite lives or that are not yet available for use, the recoverable amount is estimated each year at the same time, irrespective of indications that they are impaired.

The recoverable amount of an asset represents the greater of the fair value less cost to sell and the value in use. In determining the value in use, the present value of the estimated future cash flows is calculated on the basis of a discount factor before tax which reflects the current market estimates of the time value of money and the specific risk to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the 'cash-generating unit, or CGU'). Subject to an operating segment ceiling test, for the purposes of goodwill impairment testing, CGUs to which goodwill has been allocated are aggregated so that the level at which impairment is tested reflects the lowest level at which goodwill is monitored for internal reporting purposes. Goodwill acquired in a business combination is allocated to groups of CGUs that are expected to benefit from the synergies of the combination.

An impairment loss is recognised once the carrying amount of an asset or its cash-generating unit exceeds the recoverable amount. Impairment losses are recognised in the income statement. Impairment losses recognised with regard to cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash-generating units and then to reduce the carrying amount of the other assets in the unit on a pro-rata basis. Any cumulative loss in respect of an available-for-sale financial asset recognised previously in equity is transferred to profit or loss.

Reversal of impairment losses

Impairment losses in respect of goodwill cannot be reversed. An impairment loss related to other assets is reversed if and to the extent there has been a change in the estimates used to determine the recoverable amount. An impairment loss is in that case reversed only as far as the carrying amount of the asset on the reporting date does not exceed the carrying amount that would have been determined in the case no impairment loss was ever recognised.

Inventories

Inventories are measured at the lower of cost or net realisable value. The net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

Projects, mainly the construction of houses, where the buyers only have limited influence on the main elements in the design of the assets, and land development sites are accounted for under inventories. The transfer of risks and benefits varies depending on the contractual provisions. If management and key risks associated with ownership are being gradually transferred to the buyer during the course of the project, then revenue and results are accounted for in proportion to project progress. Valuation then takes place in the same way as for contract work.

Amounts due from and due to customers

Amounts due from and due to customers represent the gross unbilled amount expected to be collected from customers for contract work and rendering services performed to date. It is measured at cost plus profit recognised to date, in proportion to the progress of the project, less progress billings and recognised losses. Costs include all expenditure related directly to specific projects and an allocation of fixed and directly attributable overheads incurred in the Group's contract activities based on normal operating capacity. In estimating the profit to date and to assess the existence of any losses in amounts due from and to customers, the Group has to use estimates. The main estimates relate to forecast results and the stage of completeness. In determining results, the Group has adequate procedures in place that limit the possible variations in outcome.

This is presented as part of receivables for all contracts in which costs incurred plus recognised profits exceed progress billings. If progress billings exceed costs incurred plus recognised profits, then the difference is presented as part of trade and other payables.

Non-current assets or disposal groups held for sale or distribution

Non-current assets, or disposal groups comprising assets and liabilities that are expected to be recovered primarily through sale or distribution rather than through continuing use, are classified as held for sale or distribution. Immediately before classification as held for sale or distribution, the assets, or components of a disposal group, are remeasured in accordance with the Group's accounting policies. Thereafter, the assets, or disposal group, are generally measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group is first allocated to goodwill, and then to remaining assets and liabilities on pro rata basis, except that no loss is allocated to inventories, financial assets, deferred tax assets, employee benefit assets or investment property, which continue to be measured in accordance with the Group's accounting policies. Impairment losses on initial classification as held for sale or distribution and subsequent gains and losses on remeasurement are recognised in profit or loss. Gains are not recognised in excess of any cumulative impairment loss.
Intangible assets and property, plant and equipment once classified as held for sale or distribution are not amortised or depreciated. In addition, equity accounting of equity-accounted investees ceases once classified as held for sale or distribution.

Employee benefits

Pension schemes

The Group has contributed to defined contribution plans and defined benefit plans.

Defined contribution plans

A defined contribution plan is a plan relating to employee benefits after retirement for which the Group pays contributions to the entity that administers the related plan, and for which no legal or constructive obligation exists to pay any further contributions. Obligations for contributions to defined contribution pension plans are recognised as employee expenses in profit or loss in the periods during which services are rendered by employees. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in future payments is available.

Defined benefit plans

Defined benefit plans concern all post-employment plans, other than defined contribution plans. The Group's net obligation in respect of defined benefit pension plans is calculated separately for each plan and such calculations are carried out by qualified actuaries in accordance with the 'projected unit credit' method.

For this calculation the amount of future benefits that employees have earned in return for their services in the current and prior periods are estimated. These benefits are discounted to determine their present value, and any unrecognised actuarial gains and losses and past service costs and the fair value of the plan assets are deducted.

The discount rate used is the yield on the consolidated statement of financial position date for high quality corporate bonds whose maturity is approaching the terms of the Group's liabilities. The fair value of the plan's assets is subsequently deducted.

When the calculation results in a benefit for the Group, the recognised asset is limited to the total of any unrecognised actuarial losses, past service costs and the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan. An economic benefit is available to the Group if it is realisable during the life of the plan, or on settlement of the plan liabilities.

Actuarial gains and losses that arise are recognised in the income statement over the expected average remaining working lives of the employees participating in the plan, to the extent that any cumulative unrecognised actuarial gains or losses exceed 10% of the greater of the present value of the defined benefit obligation and the fair value of plan assets. Otherwise, the actuarial gain or loss is not recognised.

Pension expenses are accounted for under employee expenses.

Improvement, reduction or settlement of pension plans

When the pension rights arising from a plan are improved, the portion of the increased pension rights pertaining to the employees' period of service that has expired is recognised linearly as expenditure in the income statement over the average period until such time as the pension rights become vested.

Where the entitlements vest directly, the expenditure is recognised directly in the income statement.

When the pension rights arising from a scheme have been reduced or settled, the profit or loss arising from the curtailment or settlement is recognised in the income statement at the moment the curtailment or settlement occurs. In the case of a partial curtailment, a pro rata portion of the previously unrecorded pension costs for expired periods of service and unrecognised actuarial profits and losses is accounted for in the income statement.

Other long-term employee benefits

Other long-term employee benefits, such as jubilee and supplementary payments for early retirement, are measured at the actuarial present value of the liability. The discount rate used is the yield on the consolidated statement of financial position date for high-quality corporate bonds whose maturity is approaching the terms of the Group's liabilities. Any actuarial gains and losses are recognised in the income statement in the period in which they arise.

Share-based payment arrangements

Equity-settled share-based payment arrangements

As from 1 January 2012 Grontmij established a long-term share plan (LTSP) for the Executive Board and other management. Equity-settled share-based payments under the LTSP are measured at fair value at grant date. The LTSP contains a vesting condition based on total shareholder return and the ranking within a peer group. The fair value at grant date reflects these conditions. Additionally, employees must remain in service from the date of the grant until vesting (LTSP 2012).

The fair value of the equity-settled share-based payments under the LTSP is measured using a Monte-Carlo model. This model simulates share prices and TSR ranking for Grontmij and its peer companies. Other measurement inputs include risk-free interest rates, expected volatility and dividend yield.

The fair value at grant date of the equity-settled share-based payments is recognised as employee expenses on a straight-line basis over the vesting period based on Grontmij's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At vesting date, Grontmij revises its estimate of the number of equity instruments. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the other reserves.

Provisions

General
A provision is recognised in the consolidated statement of financial position when the Group has a legal or constructive obligation, that can be measured reliably, as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market estimates of the time value of money and, where necessary, of the specific risk pertaining to the liability. The unwinding of the discount is recognised as finance expense.

Aftercare liabilities
At the moment an obligation arises in regard to aftercare liabilities, a provision is recognised for the present value of the total amount of the estimated future cash out flow.

Restructuring
A provision for restructuring is recognised when the Group has approved a detailed and formal restructuring plan, and the restructuring either has commenced or has been announced publicly. Future operating costs are not provided for.

Legal liabilities
At the moment an obligation arises in regard to legal liabilities, a provision is recognised for the present value of the total amount of the estimated future cash outflow.

Revenue
The major part of the Group's revenue relates to contracts for services in the areas of design, consultancy, project management, engineering and contracting.

Revenue from services
Revenue from services based on fixed-price contracts is recognised in profit or loss pro rata of the services rendered on the reporting date in proportion to the total of the contracted services; the stage of completion is assessed at the reporting date by reference to surveys of actual work performed. Revenue from services based on cost-plus contracts is recognised in profit or loss pro rata of the time spent and based on the contractual net hourly rates.

An expected loss on any contract is recognised immediately in profit or loss. Costs incurred in the period prior to securing a signed contract are recognised directly in profit or loss. When the outcome of a project cannot be estimated reliably, revenue from services is only recognised to the extent of contract costs incurred that are likely to be recoverable.

Revenue from contract work
Revenue from contract work relates mainly to assignments for construction work. This relates mainly to construction projects such as sport fields, parks and sewage systems. Revenue from contract work and the relating expenses are recognised in profit or loss in proportion to the stage of completion of the contract on the reporting date; the stage of completion is determined based on the technical completeness proportionate to the project as a whole.

Revenue from contract work includes the initial amount agreed upon plus any variations in contract work, claims and incentive payments to the extent that it is probable they will result in revenue and can be measured reliably.

An expected loss on any contract is recognised immediately in profit or loss. Costs incurred in the period prior to securing a signed contract are recognised directly in profit or loss. When the outcome of a construction work cannot be estimated reliably, revenue from contract work is only recognised to the extent of contract costs incurred that are likely to be recoverable.

Revenue from goods sold

Revenue from the sale of goods in the course of ordinary activities is measured at the fair value of the consideration received or receivable. Revenue is recognised when persuasive evidence exists, in the form of an executed sales agreement or the transfer of an equitable and/or legal title in the goods, that the significant risks and rewards of ownership have been transferred to the buyer, that the recovery of the consideration is probable, there is no continuing management involvement with the goods and the amount of revenue can be measured reliably. In case of real estate sales where a transfer of the equitable and/or legal title in the goods occurred, revenue is recognised in profit or loss in proportion to the stage of completion of the contract as outlined above.

Third-party project expenses

Third-party project expenses represent the total costs of services and materials that relate directly to contracts carried out for the Group's customers.

Direct and indirect expenses

Expenses are considered to be 100% direct when these expenses attribute for a significant part (more than 50%) to billable projects. Indirect expenses generally relate to finance, HR, legal, IT staff, quality management and communications. In addition indirect expenses could also relate to account management not directly assigned to billable projects.

Other income

Other income concerns income not related to the Group's core activities, such as rental income, government grants and gains on disposal of property, plant and equipment.

Lease payments

Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expenses.

Minimum lease payments made under finance leases are apportioned between the finance expenses and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Finance income and expense

Finance income comprises interest income on cash at banks and from loans and receivables, positive changes in the fair value of financial assets at fair value through profit or loss and foreign currency gains. Interest income is recognised in the income statement as it accrues, using the effective interest method.

Finance expense comprises the interest due on loans and borrowings, interest added to provisions, negative changes in the fair value of financial assets at fair value through profit or loss, impairment losses on financial assets and foreign currency losses. All finance expenses are calculated using the effective interest method. Currency exchange gains and losses are recognised in profit or loss.

Income taxes

Income taxes comprise current and deferred tax. Income taxes are recognised in profit or loss except to the extent that it relates to items recognised directly in equity.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the consolidated statement of financial position method providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the carrying amounts used for taxation purposes.

Deferred tax is not recognised for temporary differences as the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, differences relating to investments in subsidiaries and jointly-controlled entities to the extent that they probably will not reverse in the foreseeable future and for taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the consolidated statement of financial position date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, 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 reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Earnings per share

Grontmij presents basic and diluted earnings per share (EPS) data. Basic EPS is calculated by dividing the profit or loss attributable to ordinary equity holders of Grontmij by the weighted average number of ordinary shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to ordinary equity holders and the weighted average number of ordinary shares outstanding for the effects of all dilutive potential ordinary shares.

Statement of cash flows

The statement of cash flows is prepared in accordance with the indirect method and constitutes an explanation of the change in net cash, defined as cash and cash equivalents less bank overdrafts. In the statement of cash flows, a differentiation is made between cash flows from operating, investing, and financing activities.

Considering the nature of the Group's operations, the share in the results of equity accounted investees and dividends received is regarded as part of cash flows from operating activities.

Cash flows in currencies other than the euro are translated at the exchange rates, prevailing at the date of transaction. The Group uses periodically fixed average exchange rates that effectively approximate the exchange rates on transaction dates.

Segment reporting

An operating segment is a distinguishable component of the Group that is engaged in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. The operating segments are determined based on the Group's management and internal reporting structure. All operating segments' are reviewed regularly by the Executive Board to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available. Inter-segment pricing is determined on an arm's length basis.

Results, assets and liabilities of a segment include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

New standards and interpretations not yet effective and not yet adopted

A number of new standards, amendments to standards and interpretations are not yet effective for the year ended 31 December 2012, and have consequently not been applied in preparing these consolidated financial statements.

Amendments to IAS 32 (effective for annual periods beginning on or after 1 January 2014) and amendments to IFRS 7 (effective for annual periods beginning on or after 1 January 2013) relating to offsetting of financial assets and financial liabilities, as published in December 2012, have not been applied in preparing these consolidated financial statements. Grontmij anticipates that adoption will not have a material impact on our consolidated financial statements.

IFRS 9 'Financial Instruments' (effective for annual periods beginning on or after January 1, 2015)
The Standard is endorsed by the European Union. IFRS 9 addresses the classification and measurement of financial assets and financial liabilities. IFRS 9 enhances the ability of investors and other users of financial information to understand the accounting of financial assets and reduces complexity. Furthermore, IFRS 9 addresses the accounting for changes in the fair value of financial liabilities (designated at fair value through profit or loss) attributable to changes in the credit risk of that liability. Grontmij is currently in the process of determining the impact of adopting this Standard on the Company's consolidated financial statements.

IFRS 10 'Consolidated Financial Statements' (effective for annual periods beginning on or after January 1, 2013)
The Standard is endorsed by the European Union. IFRS 10 replaces the parts of IAS 27 'Consolidated and Separate Financial Statements' that deal with consolidated financial statements. Under IFRS 10 there is only one basis of consolidation, being control. In addition, IFRS 10 includes a new definition of control that contains three elements: a) power over an investee, b) exposure, or rights to variable returns from its involvement with the investee, and c) the ability to use power over the investee to affect the amount of the investor's returns. Grontmij anticipates that adoption will not have a material impact on our consolidated financial statements.

IFRS 11 'Joint Arrangements' (effective for annual periods beginning on or after January 1, 2013)
The Standard is endorsed by the European Union. IFRS 11 replaces IAS 31 'Interests in Joint Ventures' and deals with how a joint arrangement of which two or more parties have joint control should be classified. Under IFRS 11, joint ventures are required to be accounted for using the equity method of accounting, whereas under IAS 31, jointly controlled entities can be accounted for using the equity method of accounting or proportionate accounting. Grontmij anticipates that adoption will not have a material impact on our consolidated financial statements.

IFRS 12 'Disclosure of Interest in Other Entities' (effective for annual periods beginning on or after January 1, 2013)
The Standard is endorsed by the European Union. IFRS 12 is a disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. Grontmij anticipates that adoption will not have a material impact on our consolidated financial statements.

In June 2012, the Amendments to IFRS 10, IFRS 11, IFRS 12 were issued to clarify certain transitional guidance on the application of these IFRSs for the first time.

IFRS 13 'Fair Value Measurement' (effective for annual periods beginning on or after January 1, 2013)
The Standard is endorsed by the European Union. IFRS 13 defines fair value, establishes a framework for measuring fair value and requires disclosures about fair value measurements. The Standard applies to both financial instrument items and non-financial instrument items. Grontmij is currently in the process of determining the impact of adopting this Standard on the Company's consolidated financial statements. Grontmij anticipates that adoption will not have a material impact on our consolidated financial statements then only a more extensive disclosure.

IAS 1 Amendments 'Presentation of Items of Other Comprehensive Income' (effective for annual periods beginning on or after July 1, 2012)
The amendments are endorsed by the European Union. The amendments to IAS 1 introduce new terminology for the statement of comprehensive income and income statement. And the amendments to IAS 1 require additional disclosures to be made in the other comprehensive income section such that items are grouped into two categories: (a) items that will not be reclassified subsequently to profit or loss; and (b) items that will be reclassified subsequently to profit or loss when specific conditions are met. Other than the above mentioned presentation changes the application of amendments to IAS 1 does not result in any impact on profit or loss, other comprehensive income and total comprehensive income.

IAS 19 Revised 'Employee Benefits' (effective for annual periods beginning on or after January 1, 2013)
This Revised standard is endorsed by the European Union. The most significant amendments to IAS 19 relate to the accounting for changes in defined benefit obligations and plan assets. The amendments require the recognition of changes in defined benefit obligations and in fair value of plan assets when they occur, and hence eliminate the 'corridor approach' permitted under the previous version of IAS 19 and accelerate the recognition of past service costs. The amendments require all actuarial gains and losses to be recognised immediately through other comprehensive income in order for the net pension asset or liability recognised in the consolidated statement of financial position to reflect the full value of the plan deficit or surplus. Further, the amendments enhance the disclosure requirements for an employer's participation in a multiemployer plan. If the Group would have applied IAS 19 as from January 1, 2012, the amendment would have an impact on other comprehensive income as per 31 December 2012 of € 2,638,000 (decrease) and on the net result of € 18,000 (increase).

IAS 27 'Separate financial statements' (effective for annual periods beginning on or after January 1, 2013)

This standard only applies to separate financial statements. IFRS 10 replaces the parts of IAS 27 'Consolidated and Separate financial statements' that dealt with consolidated financial statements. Grontmij anticipates that adoption will not have a material impact on our consolidated financial statements.

IAS 28 'Investments in Associates and Joint ventures' (effective for annual periods beginning on or after January 1, 2013)

This standard supersedes IAS 28 'Investments in Associates' and prescribes the accounting for investment in associates and sets out requirements for the application of the equity method when accounting for investment in associates and joint ventures. The revised standard defines 'significant influence' and provides guidance on how the equity method of accounting is to be applied and it prescribes how they should be tested for impairment. Grontmij anticipates that adoption will not have a material impact on our consolidated financial statements.

Annual improvements to IFRSs 2009-2011 Cycle (effective for annual periods beginning on or after January 1, 2013)

The annual improvements to IFRSs 2009-2011 include a number of amendments to various IFRSs. They include:

- amendments to IAS 16 'Property, plant & equipment'
- amendments to IAS 32 'Financial instruments: Presentation'

Grontmij anticipates that adoption will not have a material impact on our consolidated financial statements.

4 Determination of fair values

A number of the Group's accounting policies and disclosures require the determination of fair value.

Property, plant and equipment

The fair value of property, plant and equipment recognised in the course of a business combination is based on market values. The market value of real estate is the value for which the asset on the valuation date can be sold in a businesslike, arm's length transaction, as estimated by a third party. The market value of other property, plant and equipment is based on market prices of comparable assets.

Intangible assets

Trade names

The fair value of trade names acquired in a business combination is based on the discounted estimated royalty payments that have been avoided as a result of the trade name being owned. The determination of the fair value is based on reasonable assumptions and estimations of the economic situation during the lifetime of the asset.

Order backlogs

The fair value of order backlogs acquired in a business combination is based on the future economic benefits associated with the order backlog that are due to the Group. The determination of the fair value is based on reasonable assumptions and estimations of the economic situation during the lifetime of the asset.

Customer relations

The fair value of customer relationships acquired in a business combination is based on the sales that are attributable to customer relationships and their associated attrition rates at the date of acquisition and the future economic benefits associated with the customer relationship that are due to the Group. The determination of the fair value is based on reasonable assumptions and estimations of the economic situation during the lifetime of the asset.

Receivables

The fair value of receivables, excluding amounts due from customers for contract work, is estimated at the present value of future cash flows; where applicable these are discounted, using the market interest at the reporting date.

Equity-settled share-based payments

The fair value of the equity-settled share-based payments under the LTSP is measured using a Monte-Carlo model. This model simulates share prices and TSR ranking for Grontmij and its peer companies. Other measurement inputs include risk-free interest rates, expected volatility and dividend yield.

Derivative financial instruments

The fair value of currency exchange contracts is based on the quoted market price, when available. If this market price is not available, the fair value is estimated by discounting the difference between the contractual and the actual future price for the remaining duration, based on a risk-free interest rate (Dutch government bonds).

Brokers' quotes are used in determining the fair value of interest rate swaps. These quotes are tested for reasonableness using techniques based on discounted cash flows on the basis of the terms and conditions of the contract and applying the market interest rate for similar instruments on the reporting date.

Non-derivative financial liabilities

The fair value of non-derivative financial liabilities is calculated on the basis of the present value of future redemptions and interest payments, discounted at the market interest rate as per the reporting date. For finance leases, the market interest on the reporting date is determined with reference to similar lease contracts. Where applicable, further information about the method and the assumptions made in determining fair values is disclosed in the note to that asset or liability.

5 Financial risk management

The Group has exposure to the following risks from its use of financial instruments:

- credit risk;
- liquidity risk and capital management;
- currency risk;
- interest rate risk.

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

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. This risk occurs primarily in our receivables from customers, both before and after billing.

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the Group's customer base, including the default risk of the industry and country in which customers operate, have less of an influence on credit risk. The large number of customers is a major reason for the absence of concentration of credit risk.

A credit policy has been established under which important new customers are analysed individually for creditworthiness before the standard payment and delivery terms and conditions are offered by the Group's entities. The major part of the Group's customers has been transacting with the Group for over four years, and losses have occurred infrequently.

The Group does not require collateral in respect of trade and other receivables.

The Group establishes an allowance for doubtful debts that represents its estimate of incurred losses in respect of trade receivables on individually significant exposures.

Liquidity risk and capital management

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due.

The Group's principal sources of liquidity consist of cash flows from operations, cash and cash equivalents and available credit facilities.

The Group's liquidity needs are affected by many factors, some of which are based on normal ongoing business operations while others relate to both economic and engineering sector uncertainties . As our cash requirements fluctuate based on the timing and extent of these factors, the Group seeks to ensure that its sources of liquidity will be sufficient to meet its liquidity requirements throughout every phase of the business cycle.

Although our cash requirements fluctuate we believe that cash generated from operations, together with the liquidity provided by existing cash balances and our credit facilities are adequate to meet our requirements. We intend to return cash to our shareholders in the form of dividend payments, subject to our actual and anticipated liquidity requirements.

The goal is to maintain a strong capital base so as to maintain investor, principal, creditor and market confidence and to sustain future development of the business.

The Group's policy is to provide financial guarantees only for wholly-owned subsidiaries, when deemed necessary.

Currency risk

Currency risk is the risk that fluctuations in foreign currencies adversely affect the Group's results.

The Group's sensitivity to changes in foreign currency exchange rates is relatively limited. A major part of both the Group's income and expenses is denominated in euros. Moreover, those Grontmij operating companies with a different functional currency (Denmark, Hungary, Poland, Sweden, Turkey and the UK) mainly have local operations and exposure to foreign-exchange currency risk is limited.

Interest rate risk

This is the risk that interest-rate fluctuations will adversely affect our results.

When appropriate the Group uses interest-rate swaps to hedge interest-rate risk exposure arising from corporate financing activities. Interest rate swaps are measured at fair value, with changes in fair values booked through profit or loss unless the derivative is designated and effective as hedge of future cash flows, in which case changes are recorded in equity.

6 Assets held for sale and Discontinued operations

Assets held for sale

Golf course Naarderbos

Based on the progress in the divestment process, in June 2012 the Executive Board decided to classify certain assets and liabilities of golf course Naarderbos, part of the non-core activities segment, as held for sale following the requirements of IFRS 5. Assets and liabilities reported as held for sale are the golf course's property, plant and equipment and the related financial lease liability for the net amount of € 6,097,000 as per 31 December 2012. The sale is expected to be completed in the first half year of 2013.

Discontinued operations

As announced in the 1st quarter 2012 press release on 9 May 2012, Trett Consulting, part of United Kingdom, has been presented as held for sale based on the Executive Board's committed plan to sell the Trett division. Following from the requirements of IFRS 5 the assets and liabilities of Trett Consulting were classified as held for sale and qualified as discontinued operations, as of 31 March 2012 until the moment of sale. This sale has been successfully completed on 14 May 2012.
In 2011, the Telecom division was presented as held for sale and qualified as discontinued operations. This sale has been successfully completed on 19 October 2011.

Result from discontinued operations:

In thousands of €	1 January - 31 December 2012	1 January - 31 December 2011
Total revenue	3,554	119,844
Total expenses	-6,529	-115,250
Result before income tax operating activities	**-2,975**	**4,594**
Income tax expense	-65	-1,381
Result after income tax operating activities	**-3,040**	**3,213**
Profit on sale of discontinued operations	67	2,160
Income tax expense on profit on sale of discontinued operations	-	-
Result on sale, net of income tax	**67**	**2,160**
Result from discontinued operations	**-2,973**	**5,373**

The results of Trett Consulting (2012 and comparable figures for 2011) and of the Telecom division (2011) are shown on the separate line result from discontinued operations (net of income tax) in the consolidated income statement. The result from discontinued operations of € -2,973,000 (2011: € 5,373,000) is attributable entirely to the owners of the Company.

Cash flows from (used in) discontinued operations:

In thousands of €	1 January - 31 December 2012	1 January - 31 December 2011
Cash flows (used in) from discontinued operation		
Net cash (used in) from operating activities	-291	-7,945
Net cash used in investing activities	-	-3,710
Net cash from financing activities	-	1,106
Net cash flows for the year	**-291**	**-10,549**

Effect of disposal on the financial position of the Group:

In thousands of €	14 May 2012	19 October 2011
Goodwill	-	-6,064
Other non-current assets	-107	-4,837
Inventories	-	-6,111
Amounts due from customers for rendering services	-2,509	-22,214
Trade and other receivables	-372	-44,758
Cash and cash equivalents	-1,030	-10,484
Amounts due to customers for rendering services	-	6,411
Non-current loans and borrowings	-	9,102
Bank overdraft	-	5,448
Trade and other payables	1,607	41,266
Current loans and borrowings	-	1,753
Net (assets) and liabilities	**-2,411**	**-30,488**
Total consideration	2,478	32,648
Consideration to be received	-	2,500
Consideration received in cash	**2,478**	**30,148**
Net cash disposed of	-1,030	-5,036
Net cash inflow	**1,448**	**25,112**

7 Acquisitions and divestments of subsidiaries and non-controlling interests

Smaller acquisitions

On 1 January 2012, the Group acquired the assets, property, plant & equipment and employees, of Ingenieurbüro Andreas Endres in Germany. This acquisition has strengthened Grontmij's position in the German geographic region and in the Planning & Design business line.

The consideration is € 1,096,000, of which € 946,000 has been paid. A (tax-deductible) goodwill of € 971,000 has been recognised and € 125,000 relates to the acquired property, plant and equipment. The goodwill relates to customer knowledge, references, skills and expertise of the workforce of Ingenieurbüro Andreas Endres. From the acquisition date of until 31 December 2012, this activity contributed € 1,425,000 to total revenue and € 145,000 to operating result.

Divestments

- Ginger Bâtiment, Conception et Construction S.A.S.
  On 8 March 2012 Mr J.L. Schnoebelen resigned from the Executive Board. Based on mutual agreement, Grontmij N.V. (Grontmij) and Mr J.L. Schnoebelen decided to part ways. To avoid lengthy and costly legal proceedings, a settlement was agreed. Based on this agreement Grontmij and Ginger S.A. paid an amount in cash to Mr Schnoebelen and additionally Mr Schnoebelen acquired all shares of Ginger Bâtiment, Conception et Construction S.A.S., a 100% subsidiary of Ginger S.A. active in the field of turnkey project management, for a consideration of € 400,000.
- Trett Consulting
  On 14 May 2012, Trett Consulting was sold. Reference is made to note 6.

Acquisitions in 2011

In 2011, the Group obtained control over the following companies which are consequently included in the consolidated financial statements as from the date mentioned:

- Studiebureel GVE bvba on 9 March 2011

In 2011 the Group obtained the remaining shares of:

- Libost Group N.V. on 18 November 2011

Divestments in 2011

On 19 October 2011, the Telecom division within Ginger S.A. ('Ginger') was sold.

8 Subsidiaries

The main operational subsidiaries included in the consolidation are:

In alphabetical order	2012	2011
Ginger S.A., Paris	100	100
Grontmij a/s, Glostrup	100	100
Grontmij AB, Stockholm	100	100
Grontmij Assetmanagement Holding B.V., De Bilt	100	100
Grontmij Belgium NV, Brussels	100	100
Grontmij Business Services B.V., De Bilt	100	100
Grontmij Canor Kft., Budapest	100	100
Grontmij GmbH, Bremen	100	100
Grontmij Hubei Engineering Consulting Co. Ltd., Wuhan	100	100
Grontmij Industry NV, Zelzate	-	100
Grontmij Ltd., Leeds	100	100
Grontmij Nederland B.V., De Bilt	100	100
Grontmij Polska Sp. Z.o.o., Poznan	100	100
Libost Groep NV, Hasselt	-	100

In accordance with articles 379 and 414, Book 2 of the Dutch Civil Code, the list of subsidiaries and equity accounted investees is filed with the Chamber of Commerce in Utrecht, the Netherlands.

Changes compared to 2011 are:
- Grontmij Vlaanderen N.V. has changed its name into Grontmij Belgium N.V. and as from 1 February 2012 the company is domiciled in Brussels instead of Mechelen.
- Grontmij Industry N.V. and Libost Group N.V. merged with Grontmij Belgium N.V.

9 Goodwill

The movements in the carrying amount are as follows:

In thousands of €	
Balance as at 1 January 2011	**185,337**
Movements during 2011	
Acquisition through business combinations	391
Currency differences	169
Impairment losses	-19,913
	-19,353
Balance as at 31 December 2011	**165,984**
Movements during 2012	
Acquisition through business combinations	971
Currency differences	157
Reclassification	286
Impairment losses	-416
	998
Balance as at 31 December 2012	**166,982**

Acquisitions

On 1 January 2012 the Group acquired the assets, property, plant & equipment and employees, of Ingenieurbüro Andreas Endres in Germany. The goodwill related to this transaction is € 971,000. Reference is made to note 7.

Impairment testing for cash-generating units containing goodwill

For the purpose of impairment testing, goodwill is allocated to the Group's cash-generating units (CGUs). The aggregate carrying amounts of goodwill allocated to each CGU are as follows:

In thousands of €	31 December 2012	31 December 2011
Grontmij Denmark	60,612	60,614
Ginger S.A.	50,891	50,891
Grontmij Sweden	25,120	25,120
Grontmij UK (includes Roger Preston & Partners)	9,020	8,877
Grontmij GmbH (includes Grontmij BGS Ingenieurgesellschaft mbH)	8,978	7,721
Grontmij Belgium (includes Libost Groep N.V.)	5,340	5,340
Grontmij Vastgoedmanagement B.V.	3,407	3,407
Grontmij Planning & Design Nederland	3,095	3,095
Other (individually less than € 1.5 million)	519	919
	166,982	**165,984**

Annually, the Group carries out impairment tests on capitalised goodwill, based on the estimated cash flows of the related CGU. The CGU represents the lowest level within the Group at which the goodwill is monitored for internal management purposes, which is not higher than the Group's operating segment as reported in note 28. The recoverable amount of the relevant CGU is determined on the basis of their value in use. Apart from Ginger S.A. determination of the value in use is performed by using estimated future cash flows, based on financial budgets and business reviews approved by the Executive Board covering a five-year period, and comprising the following key assumptions:

- cash flows were projected based on actual results from operations and a forecast for five years. Cash flows after five years are extrapolated by using a growth rate;
- to calculate the present value of the estimated future cash flows, pre-tax discount rates have been applied. The discount rate reflects the current market measurement of the time value of money and the specific risks of the CGU.

Key assumptions	31 December 2012		31 December 2011	
	Pre-tax discount rate	Growth rate	Pre-tax discount rate	Growth rate
Grontmij Denmark	11.35%	2.00%	11.88%	2.00%
Grontmij Sweden	12.29%	2.00%	10.55%	0.00%
Grontmij UK (includes Roger Preston & Partners)	11.09%	1.00%	13.12%	0.00%
Grontmij GmbH (includes Grontmij BGS Ingenieurgesellschaft mbH)	12.69%	1.00%	13.24%	0.00%
Grontmij Belgium (includes Libost Groep N.V.)	17.22%	1.00%	17.60%	1.00%
Grontmij Vastgoedmanagement B.V.	12.01%	1.00%	10.51%	0.00%
Grontmij Planning & Design Nederland	12.23%	1.00%	10.51%	0.00%
Other (individually less than € 1.5 million)	12.29-15.90%	0.00-2.00%	10.55-16.56%	0.00%

During 2012 several CGUs were combined due to mergers that took place. After the mergers the CGUs were no longer monitored separately for internal management purposes.

The values assigned to the key assumptions represent management's assessment of future trends in the respective markets and are based on both external and internal sources (historical data).

Based on the annual review of the recoverable amount of CGU 'Teldako' (part of 'Other') an impairment loss was recognised as a result of the poor recovery of both revenue and profitability. This CGU is part of the geographical area Sweden as defined for the Group's segment reporting. The review led to the recognition of an impairment loss of € 416,000, which has been recognised in profit or loss in the line 'impairments of non-current assets'.

For Ginger S.A. the recoverable amount was determined based on the fair value less cost to sell. The fair value less cost to sell was determined using valuations based on Enterprise value/EBITDA multiples relating to comparable transactions in the market (known as the market approach), which is commonly applied in valuations. These valuations were made by banks as part of the intended sales process for which reference is made to note 35.

Based on the annual impairment test in 2012 for all other CGUs, the recoverable amounts of these CGUs were estimated to be higher than the carrying amounts, and management did not, therefore, identify any impairments on these CGUs.

Management believes that no reasonably possible change in any of the above key assumptions (pre-tax discount rate +1% or growth rate -1%) would cause the carrying value of any cash generating unit to exceed its recoverable amount.

10 Intangible assets

The breakdown of and movements in the carrying amounts are as follows:

In thousands of €	Total	Development costs	Software	Trade names	Customer relations	Order backlogs	Other
Balance as at 1 January 2011							
Cost	116,847	970	26,602	8,877	69,649	9,793	956
Accumulated amortisation and impairment losses	-43,157	-970	-16,898	-2,609	-13,805	-8,433	-442
Carrying amount	**73,690**	**-**	**9,704**	**6,268**	**55,844**	**1,360**	**514**
Movements during 2011							
Acquisitions	2,187	-	1,957	-	154	-	76
Disposals	-135	-	-18	-	-	-	-117
Amortisation	-8,835	-	-3,262	-860	-4,309	-373	-31
Impairment	-4,161	-	-	-4,062	-99	-	-
Reclassifications	-	-	791	-134	209	-640	-226
Currency differences	79	-	9	4	86	-2	-18
	-10,865	**-**	**-523**	**-5,052**	**-3,959**	**-1,015**	**-316**
Balance as at 31 December 2011							
Cost	98,873	970	16,637	4,415	70,371	5,750	730
Accumulated amortisation and impairment losses	-36,048	-970	-7,456	-3,199	-18,486	-5,405	-532
Carrying amount	**62,825**	**-**	**9,181**	**1,216**	**51,885**	**345**	**198**
Movements during 2012							
Acquisitions	1,883	-	1,883	-	-	-	-
Developed internally	495	-	495	-	-	-	-
Assets classified as held for sale	-1,555	-	-	-1,141	-414	-	-
Disposals	-9	-	-9	-		-	-
Amortisation	-7,483	-	-3,118	-117	-3,864	-347	-37
Impairment	-111	-	-	-	-111	-	-
Reclassifications	-	-	16	10	19	2	-47
Currency differences	151	-	-22	37	124	-	12
	-6,629	**-**	**-755**	**-1,211**	**-4,246**	**-345**	**-72**
Balance as at 31 December 2012							
Cost	99,088	970	19,963	2,768	69,180	5,819	388
Accumulated amortisation and impairment losses	-42,892	-970	-11,537	-2,763	-21,541	-5,819	-262
Carrying amount	**56,196**	**-**	**8,426**	**5**	**47,639**	**-**	**126**

The remaining periods of amortisation as at 31 December 2012 are:

In years	
Software	2 - 10
Trade names	1 - 2
Customer relations	1 - 33
Order backlog	1
Other	1 - 3

Impairments

Impairments in 2012 relate mainly to customer relations that are no longer in use in France.

These impairment losses have been included in the line impairments of non-current assets in the income statement.

11 Property, plant and equipment

The movements in the carrying amount are as follows:

In thousands of €	Total	Land and buildings	Plant and equipment	Landfill sites
Balance as at 1 January 2011				
Cost	151,671	38,478	107,515	5,678
Accumulated depreciation and impairment losses	-102,129	-26,684	-70,888	-4,557
Carrying amount	**49,542**	**11,794**	**36,627**	**1,121**
Movements during 2011				
Capital expenditure *	20,392	11,210	9,182	-
Acquisition through business combinations	113	-	113	-
Disposals	-760	-38	-722	-
Depreciation	-15,551	-1,331	-14,085	-135
Impairment	-4,300	-3,314	-	-986
Reclassifications	-	-710	710	-
Currency differences	70	10	60	-
	-36	**5,827**	**-4,742**	**-1,121**
Balance as at 31 December 2011				
Cost	160,689	49,011	106,000	5,678
Accumulated depreciation and impairment losses	-111,183	-31,390	-74,115	-5,678
Carrying amount	**49,506**	**17,621**	**31,885**	**-**
Movements during 2012				
Capital expenditure *	14,163	3,881	10,282	-
Assets classified as held for sale	-9,941	-9,721	-220	-
Disposals	-4,045	-3,231	-814	-
Depreciation	-12,647	-1,021	-11,626	-
Impairment	-475	-184	-291	-
Reclassifications	-	187	-187	-
Currency differences	168	-5	173	-
	-12,777	**-10,094**	**-2,683**	**-**
Balance as at 31 December 2012				
Cost	150,427	32,626	112,123	5,678
Accumulated depreciation and impairment losses	-113,698	-25,099	-82,921	-5,678
Carrying amount	**36,729**	**7,527**	**29,202**	**-**

* In 2012 including financial lease capital expenditure to an amount of € 4,789,000. In 2011 including the repurchase of the golf course which resulted in derecognising the financial lease asset and recognising the land lease of the golf course.

Assets held for sale

Based on the progress in the divestment process, in June 2012 the Executive Board decided to classify certain assets and liabilities of golf course Naarderbos, part of the non-core activities segment, as held for sale following the requirements of IFRS 5. Reference is made to note 6.

Impairments

Impairments in 2012 were made to an office building in Germany and other assets in the Netherlands to revalue to the lower of cost or market value. These impairment losses have been included in the line impairment of non-current assets in the income statement.

Pledges

As at 31 December 2012, real estate (buildings) in the amount of € 4,650,000 (2011: € 6,807,000) have been pledged as collateral for a secured bank loan.

Financial leases

The Group leases operating assets by means of finance lease contracts with the option to acquire these assets at the end of the term at a reduced price compared to market value. These assets serve as collateral in respect of the lease liabilities (refer to note 22); their carrying amount as at 31 December 2012 amounts to € 3,596,000 (2011: € 6,134,000).

12 Investments in equity accounted investees

Joint ventures

The share of joint ventures in the total carrying amount of equity accounted investees as at 31 December 2012 amounts to € 4,453,000 (2011: € 3,416,000).

The joint ventures engage in activities that include consultancy, design and management activities relating to the construction of railways; development, management and operation of business parks; development of glasshouse horticultural sites; development and operation of hot and cold storage systems; urban development; wastewater solutions in outlying areas; and large infrastructural projects.

The Group's main joint ventures are:

Capital interests (%)	31 December 2012	31 December 2011
Afvalverwerkingsinrichting Skinkeskans V.o.f., Leeuwarden	50	50
Grontmij De Weger V.o.f., Rotterdam	50	50
Ontwikkelingscombinatie 'de Hildenberg B.V.', Amsterdam	50	50
Oost-Groninger Afvalrecyclingsinstallatie V.o.f., Oude Pekela	50	50
Soldata Grontmij V.o.f., De Bilt	40	40
PAR2 CV, Anna Paulowna	49	49
LTPP, Polynesia	-	47
Jongen / Maasbilt, De Bilt	49	49
Morgan EST PLC/Grontmij Ltd.	20	20
Infraflex B.V., Utrecht	33.3	33.3

On 20 September 2011 the Group transferred 50 percent of the economic ownership in the Agriport A7 B.V. joint venture to its joint venture partner. Transfer of the shares was settled at the end of June 2012 and resulted in a loss of € -129,000.

The Group's share of the results of joint ventures in 2012 amounted to € 1,777,000 (2011: € 2,817,000).
The Group recognises the net investments in and the share in the results of joint ventures in the consolidated statement of financial position and consolidated income statement, respectively.

The table below shows the most recent aggregated financial data of the main joint ventures, on a 100% basis. The figures are partly based on preliminary or estimated figures mainly due to as yet unfinalised annual reports.

In thousands of €	31 December 2012	31 December 2011
Non-current assets	4,651	4,462
Current assets	20,902	23,723
Non-current liabilities	16,130	11,349
Current liabilities	10,696	12,543
Total revenue	42,957	39,111
Result after income tax	2,647	458

The Group has given guarantees with regards to the joint ventures to an amount of € 2,700,000 (2011: € 18,738,000). The joint ventures themselves have entered into contingent liabilities to an amount of € nil (2011: € nil). The Group's share thereof is € nil (2011: € nil).

Associates

The share of associates in the total carrying amount of equity accounted investees as at 31 December 2012 amounts to € 3,666,000 (2011: € 3,828,000).

The Group's main associates are:

Capital interests (%)	31 December 2012	31 December 2011
Pav Ex Consulting s.r.o., Brno	50	50
Odeon a/s, Denmark	22	22
LTPP, Polynesia	40	-
Ruimte voor Ruimte C.V. 1, Den Bosch	24	24

The Group's share of the results of associates in 2012 amounted to € -216,000 (2011: € 255,000).

The table below shows the most recent aggregated financial data of the main associates, on a 100% basis. The figures are partly based on preliminary figures or estimated figures mainly due to as yet unfinalised annual reports.

In thousands of €	31 December 2012	31 December 2011
Assets	54,919	57,470
Liabilities	38,319	42,988
Total revenue	24,287	26,219
Result after income tax	1,271	1,348

The Group has not entered into any contingent liabilities relating to its associates. The contingent liabilities of the associates themselves as at 31 December 2012 amount to € nil (2011: € nil), the Group's share was also € nil (2011: € nil).

13 Other financial assets

In thousands of €	31 December 2012	31 December 2011
Loans and receivables	8,248	11,251
Investments held to maturity	7,795	7,533
Participating interests	-	13
	16,043	**18,797**

Loans and receivables

The loans and receivables carry interest rates between and 0% and 5% (2011: 0% and 5%) and most of them have an undetermined maturity.

Investments held to maturity

This item relates to a deposit with a bank to cover the future cash outflow relating to expenses on one of the Group's landfill sites and is pledged to the licensee. No future deposits in respect of this arrangement are foreseen.

The credit, liquidity and market risks associated with these financial assets are discussed in note 25.

14 Deferred tax assets and liabilities

Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following:

In thousands of €	Assets		Liabilities		Net	
	31 Dec 2012	31 Dec 2011	31 Dec 2012	31 Dec 2011	31 Dec 2012	31 Dec 2011
Intangible assets, PP&E	212	-	13,226	15,024	-13,014	-15,024
Amounts due from and to customers	342	327	17,491	15,654	-17,149	-15,327
Employee benefits	1,483	1,539	-346	-316	1,829	1,855
Aftercare liabilities	-	-	-	-	-	-
Untaxed reserves	-	-	721	1,021	-721	-1,021
Other provisions	-	-	-958	-296	958	296
Tax losses carried forward	537	1,087	-134	-129	671	1,216
Other items	-	-	-10	-	10	-
Deferred tax assets and liabilities	**2,574**	**2,953**	**29,990**	**30,958**	**-27,416**	**-28,005**
Set off of tax	-	-	-	-	-	-
Net deferred tax assets and liabilities	**2,574**	**2,953**	**29,990**	**30,958**	**-27,416**	**-28,005**

Movements in net deferred taxes during the year under review can be summarised as follows:

In thousands of €	1 January 2012	Recognised in profit or loss	Transfer from assets held for sale	Reclassifi-cations and other	31 December 2012
Intangible assets, PP&E	-15,024	1,933	-	77	-13,014
Amounts due from and to customers	-15,327	-1,771	-	-51	-17,149
Employee benefits	1,855	-24	-	-2	1,829
Aftercare liabilities	-	-	-	-	-
Untaxed reserves	-1,021	333	-	-33	-721
Other provisions	296	648	-	14	958
Tax losses carried forward	1,216	-544	-	-1	671
Other items	-	-6	-	16	10
Net deferred taxes (liability)	**-28,005**	**569**	**-**	**20**	**-27,416**

In thousands of €	1 January 2011	Recognised in profit or loss	Acquired in business combinations	Reclassifi-cations and other	31 December 2011
Intangible assets, PP&E	-16,563	1,545	-	-6	-15,024
Amounts due from and to customers	-15,039	-310	-	22	-15,327
Employee benefits	1,606	355	-43	-63	1,855
Aftercare liabilities	28	-41	-	13	-
Untaxed reserves	-970	1	-	-52	-1,021
Other provisions	765	-407	-	-62	296
Tax losses carried forward	4,657	-3,454	-	13	1,216
Other items	-449	-	-	449	-
Net deferred taxes (liability)	**-25,965**	**-2,311**	**-43**	**314**	**-28,005**

Reclassifications and other include movements that are recognised on 'net change in fair value of cash flow hedges' as part of other comprehensive income for an amount of € nil (2011: € -444,000). As per 31 December 2012, 'reclassifications and other' do not include any deferred tax asset which is reclassified as assets held for sale (2011: 'reclassifications and other' include a deferred asset of € 541,000 with respect to employee benefits).

Unrecognised tax losses as at 31 December 2012 amount to € 87,312,000 (2011: € 66,602,000). Approximately € 4 million has a duration of 3-9 years, approximately € 45 million has a duration of 8-9 years, and the approximate remainder has an indefinite duration. Deferred tax assets have not been recognised in respect of these tax losses because it is not probable that future taxable profits will be available against which the Group can utilise the benefits from them.

15 Receivables

In thousands of €	Note	31 December 2012	31 December 2011
Amounts due from customers for work in progress	16	131,805	137,594
Trade receivables		174,271	183,439
Insurance reimbursement claims		21,470	21,719
Due from equity accounted investees		1,138	1,697
Prepaid expenses		10,916	9,132
Other tax receivables		6,221	5,907
Other receivables		20,308	11,611
		366,129	**371,099**

Amounts due from customers relate to unbilled revenue at the reporting date; reference is made to note 16.
Trade receivables concern billed revenue as per the reporting date that has not yet been received, net of adjustments for impairment.

All amounts receivable as at 31 December 2012 are due within one year. Credit and currency risks relating to trade and other receivables are disclosed in note 25.

Impairment losses

The ageing of trade receivables at the reporting date was:

In thousands of €	31 December 2012		31 December 2011	
	Gross	Impairment	Gross	Impairment
Not past due	104,475	-84	123,647	-5,864
Past due: 0 to 30 days	37,767	-83	38,070	-18
Past due: 31 to 180 days	26,386	-457	29,226	-4,133
Past due: more than 180 days	20,781	-14,514	15,687	-13,176
	189,409	**-15,138**	**206,630**	**-23,191**

The movements in the allowance for doubtful debts in respect of trade receivables during the year were as follows:

In thousands of €	2012	2011
Balance as at 1 January	**13,983**	**15,177**
Movements during 2012		
Entities disposed of	-31	-
Utilisations	-1,340	-354
Movements through profit or loss	2,471	-863
Currency differences	55	23
Balance as at 31 December	**15,138**	**13,983**

The allowance for doubtful debts for trade receivables is used to post impairment losses unless the Group is certain that no recovery of the amount receivable is possible. In that case the amount is written off directly against the financial asset.

16 Amounts due from and due to customers

In thousands of €	Assets		Liabilities		Net	
31 December	2012	2011	2012	2011	2012	2011
Contract work						
Work in progress	16,706	23,968	48,524	53,796	65,230	77,764
Progress billings	-14,373	-22,923	-53,913	-59,157	-68,286	-82,080
Advance payments	-	-	-	-	-	-
	2,333	**1,045**	**-5,389**	**-5,361**	**-3,056**	**-4,316**
Services						
Work in progress	1,139,704	750,509	788,800	646,649	1,928,504	1,397,158
Progress billings*	-1,009,563	-613,894	-873,755	-733,991	-1,883,318	-1,347,885
Advance payments	-669	-66	-13,078	-15,116	-13,747	-15,182
	129,472	**136,549**	**-98,033**	**-102,458**	**31,439**	**34,091**
	131,805	**137,594**	**-103,422**	**-107,819**	**28,383**	**29,775**

*) For 2012 and 2011, total amounts from and amounts due to customers relating to Ginger (France) are included on a net basis in the asset and the liability item progress billings, as reliable break down of gross amounts is not available.

Projects for which contract costs exceed progress billings have been classified as asset for an amount of € 131,805,000 (2011: € 137,594,000). Projects for which progress billings exceed contracts costs have been classified as liability for an amount of € 103,422,000 (2011: € 107,819,000).

At 31 December 2012, amounts due from and due to customers for contract work include no material retentions.

17 Cash and cash equivalents

Cash and cash equivalents concern cash in hand and at banks and other demand deposits. Overdraft balances payable on demand are, as far as these relate to compensating balances, netted against Cash and cash equivalents.
As at 31 December 2012, an amount of € 73,000 relates to cash in hand (2011: € 72,000). The total balance of cash and cash equivalents is unrestricted with the exception of an amount of € 3,832,000 (2011: € 1,967,000). The interest rate risk and a sensitivity analysis for financial assets and liabilities are disclosed in note 25. Restrictions relate to social funds for which, due to legislation, cash should be available, and projects for which money deposits were made to separated bank accounts. An amount of € 1,187,555 restricted cash relates to the guarantee portfolio for Nationale Borg and € 2,420,000 relates to factoring in France.
All restricted cash is unavailable for the Group's day-to-day operations.

The following tables provide a reconciliation of the cash and cash equivalents and bank overdraft as per the consolidated statement of cash flows.

In thousands of €	31 December 2012	31 December 2011
Cash and cash equivalents as per consolidated statement of financial position	44,555	44,371
Cash and cash equivalents included in assets held for sale	-	-
Cash and cash equivalents as per consolidated statements of cash flows	**44,555**	**44,371**

In thousands of €	31 December 2012	31 December 2011
Bank overdrafts as per consolidated statement of financial position	14,758	22,595
Bank overdrafts included in liabilities held for sale	-	-
Bank overdrafts as per consolidated statements of cash flows	**14,758**	**22,595**

18 Equity

Share capital

The authorised share capital increased in 2012 to 140 million (2011: 60 million) shares and is divided into 70 million (2011: 30 million) ordinary shares each with a nominal value of € 0.25, and 70 million (2011: 30 million) preference shares each with a nominal value of € 0.25. The number of ordinary shares issued and fully paid-up as at 31 December 2012 was 63,967,500 and as at 31 December 2011 was 21,322,500.

On 29 May 2012 Grontmij successfully completed a 2 for 1 rights offering of 42,645,000 ordinary shares in its capital.

Number of ordinary shares	
Shares on issue at 1 January 2012	**21,322,500**
Issue of new ordinary shares	42,645,000
Shares on issue at 31 December 2012	**63,967,500**

No preference shares are issued. Grontmij did not purchase any of its own shares.

Proposal for treatment of the loss 2012

As a loss is incurred in the financial year under review, there will be no distribution of profit and subsequently no payment of dividend (2011: € nil) per ordinary share.

Pursuant to article 45 paragraph 6 of the Articles of Association, the Executive Board, having obtained the approval of the Supervisory Board, proposes to the General Meeting of Shareholders to resolve to deduct the loss from the other reserves, the latter containing the retained earnings of previous years and forming part of the distributable part of the equity.

Share premium

The share premium is comprised of capital contributions from shareholders above nominal value and is regarded as paid up capital. Share premium is distributable free of tax.

Translation reserve

This reserve comprises the currency translation differences relating to the transaction of the financial statements of Group entities with a functional currency other than the euro. This reserve qualifies as a legal reserve under Dutch law.

Hedging reserve

The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred. The movement in hedging reserve includes the derecognition of the deferred tax liability, which was recognized at the end of 2011. This reserve qualifies as a legal reserve under Dutch law.

Other reserves

The reserve contains retained earnings of previous years and also includes other legal reserves of € 8,984,000 (2011: € 7,819,000).

The latter relates to legal reserves under Dutch law, reflecting retained profits from equity accounted investees as far as the Group is not able to manage the distribution thereof independently and capitalised costs for internally developed software.

19 Earnings per share

The result from continuing operations attributable to shareholders of Grontmij amounts to € -28,455,000 (2011: € -61,233,000) and the result from discontinued operations attributable to shareholders of Grontmij amounts to € -2,973,000 (2011: € 5,373,000).
The basic and diluted earnings per share at 31 December 2012 and 2011 are calculated as follows:

	2012 Continuing operations	2012 Discontinued operations	2012 Total	2011 Continuing operations	2011 Discontinued operations	2011 Total
Earnings per share						
Basic earnings per share (in €)	-0.61	-0.06	-0.67	-2.90	0.25	-2.65
Diluted earnings per share (in €)	-0.61	-0.06	-0.67	-2.90	0.25	-2.65
Weighted average number of shares (basic)	46,606,557	46,606,557	46,606,557	21,105,795	21,105,795	21,105,795
Weighted average number of shares (diluted)	46,606,557	46,606,557	46,606,557	21,114,668	21,114,668	21,114,668

In thousands of €	2012	2011
Weighted average number of ordinary shares used in the calculation of basic earnings per share	46,606,557	21,105,795
Shares deemed to be issued for no consideration in repect of Employee Share Purchase Plan	-	8,873
Weighted average number of ordinary shares used in the calculation of diluted earnings per share	**46,606,557**	**21,114,668**

20 Employee benefits

The Group has entered into several plans that provide pensions for employees upon retirement; these include both defined contribution plans and defined benefit plans.

At the end of 2011, the vast majority of the Dutch defined benefit plan was replaced by a collective defined contribution plan. The remaining part of the Dutch defined benefit plan relates to a conditional pre pension plan for a limited number of participants. Both plans are administered by Stichting Pensioenfonds Grontmij. Reference is made to note 34.

In Germany and in the United Kingdom, there is a limited defined benefit plan. The German plan is unfunded.

The pension scheme for Sweden constitutes a hybrid plan. The part of the plan that can be considered as a defined benefit plan is a multi-employer plan. There is no consistent and reliable basis of information to recognise the plan as a defined benefit plan; for this reason, the plan is accounted for as a defined contribution plan.

Furthermore, the Group participates in defined contribution plans in Belgium, Denmark, Germany, the United Kingdom.
There is no post-employment benefit plan in Poland.

In France, pension obligations include primarily the state defined termination indemnity payable to employees. All other pension arrangements in France are fully funded.

Break down of the accumulated total of employee benefits

In thousands of €	31 December 2012	31 December 2011
Present value of funded obligations	7,721	5,105
Present value of unfunded obligations	2,739	2,566
	10,460	**7,671**
Fair value of plan assets	-2,791	-1,571
Present value of net obligations	**7,669**	**6,100**
Unrecognised actuarial gains and (losses)	-2,638	94
Recognised liability for defined benefit obligations	**5,031**	**6,194**
Liability for jubilee benefits and supplementary payments for early retirement	7,028	6,824
Total employee benefits	**12,059**	**13,018**
Current part of employee benefits	2,714	2,487
Total employee benefits non-current part	**9,345**	**10,531**

Changes in the present value of funded and unfunded obligations

In thousands of €	2012	2011
Balance as at 1 January	**7,671**	**624,737**
Movements		
Benefits paid	-1,002	-20,081
Current service cost	611	12,483
Employees' contributions	-	4,091
Interest cost	354	31,920
Actuarial (gains) and losses	2,781	-51,239
Curtailments	-	-26,365
Settlements	-	-567,250
Currency differences	45	41
Other	-	-666
	2,789	**-617,066**
Balance as at 31 December	**10,460**	**7,671**

Changes in the present value of plan assets

In thousands of €	2012	2011
Balance as at 1 January	**1,571**	**650,808**
Movements		
Benefits paid	-1,002	-20,081
Employers' contributions	2,142	17,152
Employees' contributions	-	4,091
Expected return on plan assets	63	35,810
Actuarial gains	-8	13,273
Settlements	-	-699,509
Currency differences	25	27
	1,220	**-649,237**
Balance as at 31 December	**2,791**	**1,571**

Actual return on plan assets in 2012: € 55,000 (2011: € 49,085,000).

Expense recognised in profit or loss

In thousands of €	2012	2011
Current service cost	611	12,483
Interest cost on obligation	354	31,920
Amortisation on actuarial gains & losses	81	-235
Expected return on plan assets	-63	-35,810
Curtailments	-	-30,427
Settlements	-	44,730
Effect of asset ceiling	-	-2,334
Expenses related to defined benefit plans	**983**	**20,327**
Expenses related to defined contribution plans	30,642	15,521
Total pension expenses	**31,625**	**35,848**

All pension expenses are included in the consolidated income statement under the line employee expenses (note 30).

In 2011, the Group announced further restructuring for which provisions were formed. The effect of this restructuring is recognised in the 2011 curtailments.

The settlements and a major part of the curtailments are caused by the replacement of the Dutch defined benefit plan by a collective defined contribution plan.

Expected contributions to defined benefit plans for 2013 amount to approximately € 2,182,000.

Principal actuarial assumptions for pension plans

In %	2012	2011
Discount rate as at 31 December	3.50 - 5.06%	4.70% - 5.70%
Expected return on plan assets	3.50 - 4.30%	3.90% - 4.75%
Future salary increases	1.00 - 2.40%	1.00% - 2.00%
Future pension increases	1.50 - 3.00%	1.50% - 3.00%

Assumptions regarding future mortality are based on statistics and tables published in the countries concerned.

Composition of plan assets

In %	2012	2011
Equity securities	42.4%	43.1%
Fixed income	47.3%	36.4%
Real estate	5.8%	5.9%
Other	4.5%	14.6%
Total plan assets as at 31 December	**100.0%**	**100.0%**

The plan assets do not include Grontmij shares.

Historical information

In thousands of €	2012	2011	2010	2009	2008
Present value of defined benefit obligations	-10,460	-7,671	-627,719	-548,737	-516,014
Fair value of plans assets	2,791	1,571	650,808	572,496	517,842
Surplus / (deficit) in the plans	**-7,669**	**-6,100**	**23,089**	**23,759**	**1,828**
Experience adjustments arising on liabilities	-134	253	7,149	5,035	1,574
Experience adjustments arising on plans assets	-8	13,273	44,044	20,722	-61,962

Principal actuarial assumptions for jubilee and early retirement

The provision for jubilee and early retirement payments is calculated at a discount rate of 3.30% (2011: 5.70%).

21 Share-based payments arrangements

Share plans

To align management interests with those of the shareholders and to stimulate long-term commitments to Grontmij, the Company has the following share and option plan and share purchase plans:

Equity-settled share-based payments arrangements

As part of Grontmij's new strategy, the Supervisory Board has replaced the former value dependent cash bonus system with a long-term share plan (LTSP) to better align the interests of members of the Executive Board and other management with the interests of shareholders and to stimulate long-term commitment to Grontmij. The detailed plan was adopted by the Supervisory Board on 6 August 2012 and will apply retroactively as of 1 January 2012.

Under the LTSP the Executive Board and other management are entitled to receive conditional ordinary shares subject to achieving a long-term target relating to the stock performance (total shareholder return including reinvested dividend) relative to a selected peer group (i.e. the target). The peer group consists of Arcadis, Atkins, Pöyry, Sweco, WYG, WSP, Imtech, Ballast Nedam and Heijmans. The target will be measured annually on an average basis over a rolling period of three calendar years.

The conditional ordinary shares will be granted for no financial consideration subject to achieving the set target and will vest after three years if and when the target is met. The Executive Board and other management are not entitled to any shareholders' rights including the right to dividends, during this three-year period. After vesting, the ordinary shares are subject to a lock-up of two years, after which the members of the Executive Board and other management obtain unrestricted control.

Granting will take place each year on the first business day after the announcement of the annual results. In 2012, granting took place on the first business day after the announcement of the half year results. The number of ordinary shares conditionally granted is based on a percentage of the fixed annual salary divided by the average share price of the ordinary shares during the last quarter of the calendar year preceding the start of the three-year reference period.

For the CEO, the percentage amounts to 30% of the fixed annual salary, whilst for the other members of the Executive Board the percentage amounts to 20% (both percentages similar to the former value dependent bonus scheme).

100% of the conditional ordinary shares granted will vest if Grontmij ranks at position 4 of the peer group list. No shares will vest if Grontmij ranks below position 7 of the peer group list. If the target is outperformed and Grontmij ranks as number 1, the maximum of 150% of the conditional ordinary shares granted will vest. In between these positions, the conditional ordinary shares will vest proportionally. For the granting in 2012, the number of conditional ordinary shares is calculated using the average share price during the period from 1 June up to and including 31 August 2012. As a result the maximum percentage of variable remuneration in shares amounts to 45% of the fixed annual salary for the CEO and 30% for the other members of the Executive Board.

Shares under the LTSP will either be issued or repurchased by Grontmij depending on Grontmij's financial position, specifically the cash available within Grontmij. The maximum number of ordinary shares that may be issued under the LTSP will not exceed 1% of the number of outstanding ordinary shares.

Overview of the granted rights to conditional shares:

Rights to conditional shares granted on	Granted	Unconditional
31 August 2012	211,831	1 January 2017

An amount of € 33,565 has been included in wages and salaries (note 30) with respect to the equity-settled share-based payments arrangements.

Cash-settled share-based payments arrangements

Stichting Employee Share Purchase Plan

The Group offers employees with a permanent employment contract with Grontmij N.V. and employees with a permanent employment contract working for subsidiaries in which the Group holds 75% or more of the shares (direct or indirect), the opportunity to acquire participations in ordinary shares of Grontmij N.V. Stichting Employee Share Purchase Plan Grontmij ('Stichting ESPP') acquires and holds ordinary shares. For each ordinary share, one participation is issued. Employees in Germany, the Netherlands, Poland and the United Kingdom are able to participate.
Eligible employees are granted a discount of 15% on the market value. They are to hold the participations for a period of three years and will then be granted one participation free of charge for every four participations, provided they will hold them for a further two years and are still employed by the Group at the end of that period.

As at 31 December 2012, 70,919 (2011: 36,105) participations have been subscribed. The number of participations is exclusive of the not awarded matching participations. Given the current non-materiality of the related liability, it was not measured and recognised in the consolidated statement of financial position as at 31 December 2012 and at 31 December 2011. As at 31 December 2012, 3,712 matching participations were held. Reference is made to note 34.

Number of ordinary shares Stichting ESPP	2012	2011
Balance as at 1 January	**36,105**	**25,342**
Movements		
Purchased	35,198	11,557
Sold	-3,673	-1,217
Awarded according to matching principle	3,289	423
	34,814	**10,763**
Balance as at 31 December	**70,919**	**36,105**

Stichting Medewerkersparticipatie Grontmij

The Stichting Medewerkersparticipatie Grontmij ('Stichting SMPG') offered employees the opportunity to acquire participations in ordinary shares of Grontmij N.V. Since 2008, acquiring participations through the Stichting SMPG is no longer possible. At the end of 2012, 1,421 members of staff (2011: 1,570) were registered for 80,924 participations (2011: 66,059). Reference is made to note 34.

Number of ordinary shares Stichting SMPG	2012	2011
Balance as at 1 January	**66,059**	**82,246**
Movements		
Purchased	20,440	-
Stockdividend	-	2,236
Sold	-5,575	-18,423
	14,865	**-16,187**
Balance as at 31 December	**80,924**	**66,059**

22 Loans and borrowings

This part of the notes contains information on the terms and conditions of the Group's interest bearing loans and other financial liabilities, valued at amortised cost.

In thousands of €	31 December 2012	31 December 2011
Non-current liabilities		
Bank loans - credit facilities	128,557	138,911
Secured bank loans	3,308	4,124
Unsecured other loans	97	1,413
Finance lease liabilities	2,343	2,805
	134,305	**147,253**
Current liabilities		
Bank loans - credit facilities	13,840	50,000
Secured bank loans	381	241
Unsecured other loans	-	144
Finance lease liabilities	1,270	2,032
	15,491	**52,417**
Total loans and borrowings	**149,796**	**199,670**

Terms and redemption scheme

In thousands of €				31 December 2012		31 December 2011	
	Currency	Nominal interest rate	Year of maturity	Nominal value	Carrying value	Nominal value	Carrying value
Bank loans - credit facilities	EUR	Euribor + spread	2012-2013	144,000	142,397	191,000	188,911
Secured bank loans	EUR	Euribor + spread	Variable	1,791	1,787	2,278	2,278
Secured bank loan	DKK	5.20%	2022	1,924	1,902	2,091	2,087
Finance lease liabilities	DKK	3.00% - 5.00%	2012	-	-	191	187
Finance lease liabilities	SEK	4.15%	2014	614	614	977	977
Finance lease liabilities	EUR	Various	Variable	2,999	2,999	3,673	3,673
Unsecured other loans	EUR	Various	Variable	97	97	1,557	1,557
Total loans and borrowings				**151,425**	**149,796**	**201,767**	**199,670**

As a result of the financial review by the management in the 1st quarter of 2012 the Group, in addition to the rights issue of € 79.7 million, renewed the credit facility until 29 May 2016 for an amount of € 180 million (formerly € 260 million). Next to this credit facility a short term credit facility for working capital purposes of € 10 million was made available. Following the financial review and ordinary transactions the Group repaid loans and borrowings to an amount of € 195 million and received proceeds from loans and borrowings of € 144 million. The leverage ratio and interest coverage ratio covenants were tested for the first time at 31 December 2012. The maximal accepted levels of these covenants are stated below.

Covenants levels	Leverage ratio [1]	Interest coverage [2]
31 March 2013	4.00	2.00
30 June 2013	3.50	2.50
30 September 2013	3.50	2.75
31 December 2013	3.00	3.00
31 March 2014	3.00	3.25
30 June 2014	2.75	3.50
30 September 2014	2.75	3.75
31 December 2014	2.50	4.00
31 March 2015	2.50	4.00
30 June 2015	2.50	4.00
30 September 2015	2.50	4.00
31 December 2015	2.50	4.00
31 March 2016	2.50	4.00

Covenants calculated according to specific definitions in the credit facility:

1) net debt / adjusted EBITDA (adjusted means amongst others corrected for acquisitions, disposals of non-current assets and exceptionals)

2) EBITA / adjusted net financial income & expenses (adjusted means amongst others corrected for arrangement fees, effect of IRS)

At 31 December 2012 the Leverage ratio was 3.0 (maximum level 4.00 at 31 December 2012) and the Interest coverage ratio was 2.4, (minimal level 1.75 at 31 December 2012). Both covenants are well in the agreed ranges under the credit facility.

It was agreed with the banks in January 2013 that the definition of financial result as used in the interest coverage ratio excludes the effect of the interest rate swaps up to an amount of € 2.5 million. Based on this new definition the Interest coverage ratio was 2.9.

The margin range agreed for the extended credit facility is between 2.5% and 5.25% per annum. The margin for the short-term credit facility is 9% (this facility has been cancelled in the fourth quarter of 2012).

At the start of the facility an arrangement fee of 1.25% as well as a restructuring fee of 1.00% over the total amount of the facilities was payable. A term facility fee of 5% over the first € 20 million repaid (or prepaid) on the credit facility is payable on the date of (applicable) repayment(s). A commitment fee of 40% of the applicable margin is payable quarterly in arrears on the unused portion of the credit facility. A commitment fee of 4% per annum was payable quarterly in arrears on the unused portion of the short-term working capital facility.

The credit facility consist of a term loan of € 120 million and a revolving credit facility of € 60 million. The repayment schedule of the term loan facility is as follows:

Repayment Date	Repayment Instalment (€)
31 December 2013	15,000,000
31 March 2014	2,000,000
30 June 2014	2,000,000
30 September 2014	2,000,000
31 December 2014	9,000,000
31 March 2015	2,000,000
30 June 2015	2,000,000
30 September 2015	2,000,000
31 December 2015	11,500,000
31 March 2016	2,000,000
Final Maturity Date	70,500,000

Furthermore a share pledge is given on Grontmij International B.V., Grontmij Nederland Holding B.V. and Ginger S.A. at the benefit of the lending banks being ING, Nordea and Royal Bank of Scotland. The main subsidiaries are guarantor to the facility. Besides the credit facility the Group has non-committed credit lines for a total of approximately € 22 million and factoring facilities (on recourse bases) in France up to € 30 million. As a consequence of the above mentioned change in the capital structure the remainder of the capitalised transaction costs of € 1.5 million of the previous credit facility is fully amortised and is included in the finance expenses.

For further information on the Group's interest rate, currency and liquidity risks, reference is made to note 25.

Finance lease liabilities

In thousands of €	31 December 2012			31 December 2011		
	Future minimum lease payments	Interest	Present value of minimum lease payments	Future minimum lease payments	Interest	Present value of minimum lease payments
Less than one year	1,298	28	1,270	2,178	146	2,032
Between one to five years	2,291	54	2,237	2,935	136	2,799
More than five years	106	-	106	6	-	6
	3,695	**82**	**3,613**	**5,119**	**282**	**4,837**

23 Provisions

The movements in the provisions are as follows:

In thousands of €	Total	Aftercare liabilities	Restructuring	Legal liabilities	Other
Balance as at 1 January 2012	55,405	16,876	8,117	24,302	6,110
Movements during 2012					
Additions	21,936	-	10,259	11,502	175
Expenditure charged to provisions	-9,797	-101	-4,666	-2,881	-2,149
Amounts released to the income statement	-7,086	-38	-1,632	-3,850	-1,566
Interest added	781	711	70	-	-
Currency differences	2	-	-	3	-1
	5,836	**572**	**4,031**	**4,774**	**-3,541**
Balance as at 31 December 2012	**61,241**	**17,448**	**12,148**	**29,076**	**2,569**
Current part of provisions	21,682	434	10,083	10,068	1,097
Balance as at 31 December 2012, non-current part	**39,559**	**17,014**	**2,065**	**19,008**	**1,472**

Aftercare liabilities

The Group has the obligation for the aftercare of waste sites in the Netherlands, ensuring that waste products are processed for storage and ensuring their long-term maintenance. Provisions for landfill sites are calculated on the basis of the RINAS model of the IPO (the umbrella organisation for the twelve provinces in the Netherlands) and calculated at a discount rate of 4.00-5.00% (2011: 4.00% - 5.00%). The accumulation of these provisions is realised in proportion to the disposal of waste per sector.

The provision is measured at the present value of estimated future expenditure based on experience. Key assumptions in this measurement are the discount rate, inflation, cost price of materials and dues for cleaning of waste water. In this respect, the current market and the risks associated with the liability have been taken into account in determining the future cash flows.

Of these provisions, an amount of € 1,162,000 relates to the period up to 2017, and an amount of € 16,286,000 relates to the period after 2017.

Restructuring

During the year ended 31 December 2012, the Group carried out the redundancy plans and cost reductions that were planned for the Netherlands. Further restructuring for the Netherlands and France was announced in 2012 and provisions were recognised for reductions in direct and indirect personnel and obsolete housing. The estimate has been based on the redundancy and cost reduction plans and may vary as result of final settlements. Of these provisions, an amount of € 12,148,000 relates to the period up to 2017.

Legal liabilities

The legal liabilities relates to warranties and claims for damages. The Group is involved in several legal proceedings in various jurisdictions as a result of its normal business activities. The Group has set up adequate provisions for those claims where management believes it is probable that a liability has been incurred and the amount is reasonably estimable. These provisions are reviewed periodically and adjusted if necessary. Final settlements can differ from this estimate, and could require revisions to the estimated provisions. Of the total amount provided 66% is covered by insurance for which insurance reimbursement receivables were recognised. The outflow of funds is dependent on the outcome of the legal proceedings.

Other provisions

The other provisions mainly relate to provisions for maintenance in arrears of office buildings and foreign tax risks.

24 Trade and other payables

In thousands of €	Note	31 December 2012	31 December 2011
Amounts due to customers for work in progress	16	103,422	107,819
Trade creditors		60,217	61,716
VAT and wage tax		47,279	48,169
Social insurance contributions		128	60
Pension contributions		2,289	2,717
Amounts due to equity accounted investees		1,459	1,822
Employee related expenses		62,032	67,302
Deferred consideration relating to acquisitions		-	119
Waste processing expenses		3,964	3,698
Service cost paid in advance		3,693	3,800
Other		26,008	27,878
		310,491	**325,100**

The Group's currency and liquidity risk relating to trade and other payables is disclosed in note 25.

25 Financial instruments

Credit risk

The carrying amount of the financial assets represents the maximum credit risk. The maximum exposure to credit risk at the reporting date was as follows:

In thousands of €	Note	31 December 2012	31 December 2011
Loans and receivables	13	8,248	11,251
Investments held to maturity	13	7,795	7,533
Trade and other receivables	15	223,408	224,373
Cash and cash equivalents	17	44,555	44,371
		284,006	**287,528**

The maximum exposure to credit risk at the reporting date (by geographic region):

In thousands of €	31 December 2012	31 December 2011
The Netherlands	40,023	45,883
France	74,910	89,404
Denmark	39,990	46,532
Sweden	24,444	19,787
UK	14,180	15,799
Belgium	29,634	32,803
Germany	18,831	12,578
Other markets	7,090	4,023
Non-core activities and other	18,364	17,573
Unallocated	16,540	3,146
	284,006	**287,528**

Fair values versus carrying amounts

Fair value is the price that would be received on the sale of an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement hierarchy prioritises the inputs to valuation techniques used to measure fair value as follows:

Level 1: Valuations based on inputs such as quoted prices for identical assets or liabilities in active markets that the entity has the ability to access.
Level 2: Valuations based on inputs other than level 1 inputs, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable data for substantially the full term of the assets or liabilities.
Level 3: Valuations based on inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The fair value hierarchy gives the highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1) and the lowest priority to unobservable inputs (level 3). A financial instrument's fair value classification is based on the lowest level of any input that is significant in the fair value measurement hierarchy.

The estimated fair values as at 31 December 2012 of financial assets and liabilities are equal or nearly equal to the carrying amounts of the items concerned. Therefore no level classifications are determined, with the exception of the fair value of the derivative 'interest rate swap used for hedging' which can be classified in level 2 (2011: level 2).

Liquidity risk

The following are the contractual maturities of the financial liabilities; including estimated interest payments:

In thousands of €	Note	31 December 2012 Carrying amount	Contractual cash flows	1 year or less	2-5 years	More than 5 years
Non-derivative financial liabilities						
Bank loans (secured/unsecured)	22	146,086	-166,869	-22,938	-143,931	-
Other loans (secured/unsecured)	22	97	-97	-	-97	-
Finance lease liabilities	22	3,613	-3,695	-1,298	-2,291	-106
Trade and other payables	24	207,069	-207,069	-207,069	-	-
Bank overdraft	17	14,758	-14,926	-14,926	-	-
		371,623	**-392,656**	**-246,231**	**-146,319**	**-106**
Derivative financial liabilities						
Interest rate swaps used for hedging		10,086	-10,141	-2,869	-7,272	-
		10,086	**-10,141**	**-2,869**	**-7,272**	**-**

In thousands of €	Note	31 December 2011 Carrying amount	Contractual cash flows	1 year or less	2-5 years	More than 5 years
Non-derivative financial liabilities						
Bank loans (secured/unsecured)	22	193,276	-215,288	-58,609	-156,679	-
Other loans (secured/unsecured)	22	1,557	-1,762	-214	-1,548	-
Finance lease liabilities	22	4,837	-5,119	-2,178	-2,935	-6
Trade and other payables	24	217,281	-217,281	-217,281	-	-
Bank overdraft	17	22,595	-22,595	-22,595	-	-
		439,546	**-462,045**	**-300,877**	**-161,162**	**-6**
Derivative financial liabilities						
Interest rate swaps used for hedging		4,873	-4,957	-1,442	-3,515	-
		4,873	**-4,957**	**-1,442**	**-3,515**	**-**

Currency risk

The Group's exposure to foreign currency risk was as follows, based on notional amounts:

	31 December 2012				31 December 2011			
In thousands of	DKK	SEK	GBP	PLN	DKK	SEK	GBP	PLN
Trade and other receivables	277,109	190,161	9,334	9,580	277,789	157,636	11,286	10,027
Bank loans (secured/unsecured)	-14,182	-	-	-	-15,518	-	-	-
Financial lease liabilities	-	-5,293	-	-	-1,394	-8,712	-	-
Trade and other payables	-202,325	-170,346	-9,641	-14,341	-195,259	-146,739	-9,128	-11,249
Total exposure	**60,602**	**14,522**	**-307**	**-4,761**	**65,618**	**2,185**	**2,158**	**-1,222**

Exchange rates applied

	Average rate		Reporting date spot rate	
	2012	2011	2012	2011
DKK	0.13435	0.13422	0.13410	0.13450
GBP	1.23328	1.15275	1.22340	1.19360
PLN	0.23953	0.24406	0.24550	0.22580
SEK	0.11496	0.11081	0.11610	0.11210

Sensitivity analysis

A 5 percent weakening of the euro against the following currencies at 31 December would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2011.

In thousands of €	2012		2011	
	Equity	Profit or loss	Equity	Profit or loss
DKK	1,538	132	5,013	248
GBP	1,288	19	1,431	-874
PLN	381	-21	371	4
SEK	880	65	787	205

A 5 percent strengthening of the euro against the above currencies at 31 December would have had the equal but opposite effect on the above currencies to the amounts shown above, on the basis that all other variables remained constant.

Interest rate risk

At the reporting date the interest rate profile of the Group's interest bearing financial instruments was as follows:

Carrying amount, in thousands of €	31 December 2012	31 December 2011
Fixed rate instruments		
Financial assets	9,235	13,589
Financial liabilities	-2,516	-8,481
	6,719	**5,108**
Variable rate instruments		
Financial assets*	4,354	3,626
Financial liabilities	-147,281	-191,189
	-142,927	**-187,563**

* The cash & cash equivalents are not included although they are sometimes interest bearing, depending on local banking arrangements.

Fair value sensitivity analysis for fixed rate instruments (as mentioned above)

The Group does not account for any fixed rate financial assets and liabilities at fair value through profit or loss, and the Group does not designate derivatives (interest rate swaps) as hedging instruments under a fair value hedge accounting model. Therefore, a change in interest rates at the reporting date would not affect profit or loss.

Cash flow sensitivity analysis for variable rate instruments

A change of 100 basis points in interest rates at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.
A substantial part of Grontmij's debt is protected against interest rate fluctuations for an amount of € 140 million. The accumulated positive/negative effects stemming from the future cash flows of the interest rate swaps are recorded into equity. The interest rate swaps are in place until November 2016.

In thousands of €	Profit or loss		Equity	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
31 December 2012				
Variable rate instruments	-1,429	1,429	-	-
Interest rate swap	1,400	-1,400	3,852	-4,116
Cash flow sensitivity (net)	**-29**	**29**	**3,852**	**-4,116**
31 December 2011				
Variable rate instruments	-1,876	1,876	-	-
Interest rate swap	1,400	-1,400	4,847	-5,220
Cash flow sensitivity (net)	**-476**	**476**	**4,847**	**-5,220**

26 Leases

In thousands of €	31 December 2012	31 December 2011
Non-cancellable operational leases and rentals		
Less than one year	36,586	31,858
Between two to five years	72,271	63,661
More than five years	23,555	17,280
	132,412	**112,799**

The Group has entered into a number of operational lease contracts relating to the use of office buildings, cars and office machinery. The lease contracts typically run for an initial period of between one and fifteen years.

In 2012, an amount of € 32,183,000 was recognised as an expense in the income statement in respect of these rental agreements and operating leases (2011: € 35,006,000).

27 Liabilities and assets not recognised in the consolidated statement of financial position

Liabilities not recognised in the consolidated statement of financial position

Joint ventures, such as general partnerships (`V.o.f.`) are subject to joint and several liability. Any risks arising in connection with these partnerships are generally mitigated through the use of project private limited companies.

Contingent liabilities

Guarantees issued by financial institutions amount to € 37,223,000 (2011: € 44,639,000). Guarantees provided by members of the Group amount to € 18,189,000 (2011: € 34,810,000).

Legal disputes

The Group is party to various legal disputes, generally incidental to its business. The various individual amounts of the claims are not generally considered significant. On the basis of legal and other advice, the Executive Board is of the view that the outcome of pending legal disputes will not have a significant impact on the consolidated financial position of Grontmij. However, should this be the case, adequate provisions have been recognised as well as the related insurance reimbursement receivables. The extent to which an outflow of funds will be required is dependent on the outcome of the legal disputes.

Contingent assets

Grontmij is entitled to a receivable under the condition that a municipality is to provide a license to another party, which should continue certain landfill activities after 2016. The current value is € 2,674,000 whereas the nominal value is € 3,250,000.

28 Segment reporting

The Executive Board is directly accountable for our different operating countries. Every country reports directly to one of the Executive Board members. In this respect the Group recognises eight geographical segments and other activities. The latter includes the Group's non-core activities in the Netherlands relating to real-estate projects, landfill sites, and waste management. The Group's operations in Poland, Hungary, Turkey and China are reported in the segment other markets. The Group's operations in a number of other countries – in total less than 3% of the Group's revenue and assets – are reported in the segments whose management is primarily responsible for their performance.

Segment information is presented in respect of the Group's geographical segments. This segmentation of the Group is based on its geographical management structure, i.e.:

- the Netherlands (NL);
- France (FR);
- Denmark (DK);
- Sweden (SE);
- United Kingdom (UK);
- Belgium (BE);
- Germany (GE);
- Other markets; and
- Non-core activities.

Performance is measured based on segment operating result, as included in the internal management reports that are reviewed by the Executive Board. The results of a segment comprise such items as are charged to the segment or may reasonably be charged thereto. Intersegment transactions are conducted at arm's length.

The accounting policies of the reportable segments are the same as the Group's accounting policies described in note 3. Segment result before income tax represents the result earned by each segment including allocation of central head office costs and directors' salaries, share of profits of joint ventures and associates, gain recognised on disposal of interest in former associates, other income and finance result, but excluding the profit of discontinued operations.

The Group has no customers for which revenues are individually significant.

Segment information 2012

In thousands of €	NL	FR	DK	SE	BE	UK	GE	Other markets	Non-core activities	Unallocated and eliminations	Total
External revenue from services	203,714	189,566	144,492	100,199	79,645	62,950	53,797	16,787	16,100	-	867,250
External revenue from contract work	19,289	-	-	-	1,888	-	-	-	-	-	21,177
External revenue from sale of goods	-	-	-	-	-	-	-	-	1,574	-	1,574
Intersegment revenue	2,231	40	928	323	-30	401	288	1,385	-	-5,566	-
Total revenue	**225,234**	**189,606**	**145,420**	**100,522**	**81,503**	**63,351**	**54,085**	**18,172**	**17,674**	**-5,566**	**890,001**
Share of results of investments in equity accounted investees	2,331	-	18	-	270	382	-	-	-1,658	218	1,562
Result on sale of equity accounted investees (net of income tax)	-	-	-	-	-	-	-	-	-129	-	-129
Depreciation	-3,064	-2,739	-1,811	-1,169	-1,230	-843	-597	-84	-621	-489	-12,647
Amortisation	-97	-1,205	-1,978	-49	-554	-684	-196	-62	-	-2,657	-7,483
Impairments of non-current assets	-291	-91	-	-436	-	-	-184	-	-	-	-1,002
Operating result	3,509	-3,313	3,570	1,761	2,685	621	3,409	-1,221	-1,229	-15,928	-6,137
Finance income	76	627	1,870	218	235	140	64	170	553	2,908	6,861
Finance expenses	-680	-645	-1,196	-130	-61	-193	-199	-385	-1,009	-19,156	-23,655
Result before income tax	2,905	-3,331	4,244	1,849	2,859	568	3,273	-1,436	-1,685	-32,177	-22,931
Income tax expense	-812	-4,834	-1,604	-551	-1,095	-195	-1,325	7	-1,593	6,399	-5,603
Total assets	197,998	127,661	106,406	41,467	80,195	41,959	50,604	16,884	63,967	3,099	730,241
Total liabilities	96,582	110,152	75,652	23,859	46,852	16,190	25,515	10,452	46,234	149,794	601,280
Investments in equity accounted investees	2,962	63	54	-	2	-	13	-	5,005	19	8,119
Acquisition of intangible assets and goodwill	-	-419	-726	-	-	-	-1,326	-35	-	-349	-2,854
Capital expenditure	-2,792	-2,960	-1,592	-690	-1,131	-308	-511	-181	-3,998	-	-14,163
Average FTEs	1,988	1,893	1,161	731	821	775	572	280	101	42	8,364

Segment information 2011

In thousands of €	NL	FR	DK	SE	BE	UK	GE	Other markets	Non-core activities	Unallocated and eliminations	Total
External revenue from services	220,838	210,824	146,719	92,328	78,542	54,504	53,633	16,503	9,635	-	883,526
External revenue from contract work	23,836	-	-	-	-	-	-	-	8,496	-	32,332
External revenue from sale of goods	-	-	-	-	-	-	-	-	1,532	-	1,532
Intersegment revenue	1,276	-	239	300	-	656	203	554	-	-3,228	-
Total revenue	**245,950**	**210,824**	**146,958**	**92,628**	**78,542**	**55,160**	**53,836**	**17,057**	**19,663**	**-3,228**	**917,390**
Share of results of investments in equity accounted investees	1,132	-	-26	-	625	1,092	-	-	249	-	3,072
Result on sale of equity accounted investees (net of income tax)	-	-	14	-	-	-	-	-	-2,426	-	-2,412
Depreciation	-3,157	-3,568	-1,774	-1,123	-1,261	-770	-511	-67	-1,045	-2,221	-15,497
Amortisation	-200	-1,406	-1,233	-1,305	-600	-2,516	-202	-9	-	-1,364	-8,835
Impairments of non-current assets	-	-	-2,974	-	-	-20,370	-	-730	-4,300	-	-28,374
Operating result	-3,941	2,889	3,739	4,461	3,934	-26,833	4,398	-1,089	-10,394	-17,449	-40,285
Finance income	1,078	215	1,723	93	418	23	784	308	1,616	1,270	7,528
Finance expeneses	-505	-1,657	-1,664	-106	-109	-941	-145	-292	-1,091	-14,541	-21,051
Result before income tax	-3,368	1,447	3,798	4,448	4,243	-27,751	5,037	-1,073	-9,869	-30,720	-53,808
Income tax expense	810	-4,190	-1,075	-1,250	-1,677	344	-1,512	47	1,016	-19	-7,506
Total assets	208,484	147,010	106,831	36,325	77,670	43,809	47,362	15,993	59,966	2,740	746,190
Total liabilities	109,159	121,197	74,859	20,589	46,090	15,190	24,222	8,658	38,954	196,419	655,337
Investments in equity accounted investees	1,726	72	36	-	-	-	-	-	5,339	71	7,244
Acquisition of intangible assets and goodwill	-406	-625	-835	-	-391	-	-274	-40	-	-7	-2,578
Capital expenditure	-2,304	-3,009	-1,492	-1,677	-1,725	-214	-560	-103	-8,444	-864	-20,392
Average FTEs	2,163	2,025	1,169	713	757	787	574	257	82	52	8,579

29 Other income

In thousands of €	2012	2011
Gains on sale of property, plant and equipment	609	21
Rental income and other items	1,095	-90
	1,704	**-69**

30 Direct and indirect employee expenses

In thousands of €	Note	2012	2011
Wages and salaries		395,625	398,731
Compulsory social security contributions		79,422	77,063
Contributions to defined contribution plans	20	30,642	15,521
Expenses related to defined benefit plans	20	983	20,327
Agency staff		34,610	31,313
Other employee expenses		35,949	40,125
		577,231	**583,080**

Staff (full time equivalents)

In 2012, the average number of full time equivalents (FTE) was 8,364 (2011: 8,579), of which 7,968 were employed by the Group (2011: 8,161), and 396 concerned agency staff (2011: 418). Of the total staff, 5,936 (2011: 6,001) FTEs were employed outside the Netherlands, and the FTE number of agency staff abroad was 296 (2011: 279).

31 Direct and indirect other operating expenses

In thousands of €	2012	2011
Housing expenses	56,610	55,210
Office expenses	26,832	31,788
Marketing expenses	5,243	6,123
Travel expenses	11,558	14,892
Other operating expenses	44,367	31,173
	144,610	**139,186**

Other operating expenses relate to expenses such as insurances and advisory expenses.

32 Net finance expenses

In thousands of €	2012	2011
Interest income on bank balances and deposits	4,795	3,228
Interest income from loans and receivables	92	503
Interest income on long-term finance receivable	169	148
Interest income on financial lease	-	914
Foreign exchange profit	1,062	2,274
Income from valuation held to maturity investment	371	-
Other interest income	372	461
Finance income	**6,861**	**7,528**
Interest expense on bank overdraft and short term loans	4,398	1,399
Interest expense on loans and borrowings	14,154	14,364
Unwinding of discount on aftercare liabilities and restructuring provisions	781	937
Interest expense charged to projects	259	356
Waiver fees	568	608
Foreign exchange loss	1,447	1,772
Other finance expenses	2,048	1,615
Finance expenses	**23,655**	**21,051**
Net finance expenses	**-16,794**	**-13,523**

33 Income tax expense

Income tax expense recognised in the consolidated income statement amounts to € 5,603,000 (2011: € 7,506,000). This item consists of current and deferred income tax and is composed as follows:

In thousands of €	2012	2011
Current income tax		
Current year	-4,917	-6,007
Adjustments for prior years	-1,255	812
	-6,172	**-5,195**
Deferred income tax		
Originating from and reversal of temporary differences	723	462
Reversal of temporary differences prior years	-60	-2,773
Reduction in tax rates	-94	-
	569	**-2,311**
Income tax expense	**-5,603**	**-7,506**

The reconciliation of the applicable tax rate and the effective tax rate is as follows:

In thousands of €; percentage rounded to the nearest decimal	2012		2011	
Result before income tax	**-22,931**		**-53,808**	
Tax charge based on weighted average applicable rate	-6,022	-26.3%	-13,545	-25.2%
Reduction in tax rates	94	0.4%	-	-
Unrecognised tax losses	7,769	33.9%	10,135	18.8%
Previously unrecognised tax losses	-236	-1.0%	-19	0.0%
Adjustment for prior years	1,255	5.5%	-812	-1.5%
Reversal of temporary differences prior years	60	0.3%	2,713	5.0%
Tax exempted results from equity accounted investees	112	0.5%	3,139	5.8%
Non-deductable expenses	2,568	11.2%	5,944	11.0%
Other	3	0.0%	-49	-0.1%
Tax charge and effective tax rate, respectively	**5,603**	**24.4%**	**7,506**	**13.9%**

34 Related parties

The Group's related parties comprise joint ventures, associates, the Executive Board, the Supervisory Board, Stichting Pensioenfonds Grontmij, Stichting Administratiekantoor van aandelen Grontmij N.V., Stichting Medewerkersparticipatie Grontmij and Stichting Employee Share Purchase Plan.
A full list of subsidiaries, joint ventures and associates is filed with the Chamber of Commerce in Utrecht, the Netherlands.
Outstanding balances with related parties are priced on an arm's length basis and are settled in cash, none of the balances is secured.

Joint ventures

At the end of 2012, transactions between the Group and its joint ventures concerned an amount of € 7,352,000 (2011: € 6,809,000).
In 2012, dividends to an amount of € 1,694,000 (2011: € 722,000) were received.

At year-end 2012, amounts totalling € 1,138,000 are due to the Group from its joint ventures (2011: € 1,214,000) and amounts totalling € 1,459,000 are due to its joint ventures from the Group (2011: € 1,811,000). Transactions with joint ventures are on an arm's length basis.

Associates

At the end of 2012, transactions between the Group and its associates concerned an amount of € 80,000 (2011: € 120,000). In 2012, dividends to an amount of € 24,000 (2011: € 10,000) were received.

At year-end 2012, amounts totalling € nil are due to the Group from its associates (2011: € 483,000) and amounts totalling € nil are due to its associates from the Group (2011: € 11,000).

Executive Board

Executive Board members and key management personnel received the following remuneration:

In thousands of €	Period remunerations		Pension contributions		Variable remunerations				Total	
					Performance-dependent cash bonus		Long-Term Share Plan			
	2012	2011	2012	2011	2012	2011	2012	2011	2012	2011
C.M. Jaski	433	18	72	3	145	-	8	-	658	21
F. Vervoort	342	28	70	6	80	-	4	-	496	34
G.P. Dral	323	185	75	44	68	-	4	-	470	229
	1,098	**231**	**217**	**53**	**293**	**-**	**16**	**-**	**1,624**	**284**
Resigned members										
S. Thijsen	86	428	12	75	-	-	-	-	98	503
D.M. Zuydam	-	335	-	66	-	-	-	-	-	401
J.L. Schnoebelen	-	433	-	-	-	-	-	-	-	433
A.G. Nijhof	25	47	4	12	-	-	-	-	29	59
	111	**1,243**	**16**	**153**	**-**	**-**	**-**	**-**	**127**	**1,396**
(Accrued) costs for payment of notice period, severance, and other costs										
S. Thijsen, notice period	-	143	-	37	-	-	-	-	-	180
S. Thijsen, severance payment [1)]	-	780	-	64	-	-	-	-	-	844
D.M. Zuydam, notice period	-	108	-	-	-	-	-	-	-	108
D.M. Zuydam, severance payment [2)]	-	355	-	-	-	-	-	-	-	355
J.L. Schnoebelen	2,700	-	-	-	-	-	-	-	2,700	-
	2,700	**1,386**	**-**	**101**	**-**	**-**	**-**	**-**	**2,700**	**1,487**
Total	**3,909**	**2,860**	**233**	**307**	**293**	**-**	**16**	**-**	**4,451**	**3,167**
Crisis levy C.M. Jaski									40	-
Crisis levy F. Vervoort									26	-
Crisis levy G.P. Dral									25	-
Total									**4,542**	**3,167**

1) including holiday days paid out and other costs (legal and outplacement)

2) including other costs (legal)

On 9 January 2012 Mrs A.G. Nijhof stepped down from the Executive Board.

On 8 March 2012 Mr J.L. Schnoebelen resigned from the Executive Board. Based on mutual agreement, Grontmij N.V. (Grontmij) and Mr J.L. Schnoebelen decided to part ways. To avoid lengthy and costly legal proceedings, a settlement was agreed on the termination of the consulting agreement, as well as differences regarding, amongst others, the operational management and strategy of the company. Based on this agreement Grontmij and Ginger S.A. paid an amount of € 2.7 million to Mr Schnoebelen and an entity controlled by Mr Schnoebelen. Additionally Mr Schnoebelen acquired all shares of Ginger Bâtiment, Conception et Construction S.A.S., a 100% subsidiary of Ginger S.A. active in the field of turnkey project management, for a consideration of € 0.4 million.

On 9 March 2012 Mr S. Thijsen resigned from the Executive Board.

On 9 March 2012 Mr C.M. Jaski was appointed as member of the Executive Board and Chief Executive Officer.

On 9 March 2012 Mr F. Vervoort was appointed as member of the Executive Board and Chief Financial Officer.

Based on achievement of targets in 2012, Mr Jaski will receive € 145.000 as performance dependent cash bonus, Mr Vervoort € 80.000 and Mr Dral € 68.000. The amounts will be paid after the adoption of the annual accounts 2012 by the Annual General Meeting of Shareholders in May 2013. Over 2011 no performance dependent cash bonus was paid.

The members of the Executive Board are entitled to the Long-Term Share Plan. Under this plan they receive conditional ordinary shares subject to achieving a long-term target relating to the stock performance (total shareholder return including reinvested dividend) relative to a selected peer group (i.e. the target). The peer group consists of European peers and comparable companies quoted on NYSE Amsterdam. The target will be measured annually on an average basis over a rolling period of three calendar years. The conditional ordinary shares will be granted for no financial consideration subject to achieving the set target and will vest after three years if and when the target is met. The Executive Board is not entitled to the shareholders' rights including the right to dividends during this three year period. After vesting, the ordinary shares are subject to a lock-up of two years, after which the members of the Executive Board obtain unrestricted control.
Granting will take place each year on the first business day after the announcement of the annual results. In 2012, the first year, granting took place on the first business day after the announcement of the half year results. The number of ordinary shares conditionally granted is based on a percentage of the fixed annual salary divided by the average share price of the ordinary shares, during the last quarter of the calendar year preceding the start of the three year reference period. For the CEO, the percentage amounts to 30% of the fixed annual salary, whilst for the other members of the Executive Board the percentage amounts to 20%.

Rights to conditional shares granted on	Granted*	Unconditional
31 August 2012:		
C.M. Jaski	51,655	1 January 2017
F. Vervoort	26,968	1 January 2017
G.P. Dral	25,475	1 January 2017

* Assuming 100% vesting

Members of the Executive Board receive an allowance for representation expenses and have a company car at their disposal.
Apart from those disclosed above, there are no other arrangements with members of the Executive Board.

Supervisory Board

Supervisory Board members received the following remuneration:

In thousands of €	2012	2011
J. van der Zouw (nominated for appointment as from 28 November 2011 / chairman as from 9 March 2012)	37	3
R.J.A. van der Bruggen	31	30
J.H.J. Zegering Hadders (member until 9 November 2011 / chairman as from 9 November 2011 until 9 March 2012 / member as from 9 March 2012)	36	33
P.P. Montagner * (member as from 8 December 2011 and stepped down as from 20 November 2012)	31	33
F.L.V. Meysman (chairman and member until 9 November 2011)	-	47
S.E. Eisma (vice-chairman and member until 9 November 2011)	-	26
P.E. Lindquist (member until 24 May 2011)	-	14
Nominated member		
K.L. Dorrepaal (nominated for appointment as from 20 November 2012)	2	-
A. Jonkman (nominated for appointment as from 20 November 2012)	2	-
	139	**186**

* 2011: including advisory fees prior to the formal appointment at 8 December 2011.

On 9 March 2012 Mr J. van der Zouw was appointed as member and chairman of the Supervisory Board.

On 9 May 2012 Mr J.H.J. Zegering Hadders stepped down as chairman of the Supervisory Board which role he performed on a temporary basis.

On 20 November 2012 Mr Montagner stepped down as member of the Supervisory Board.

On 20 November 2012 Grontmij N.V. announced that the Supervisory Board will nominate Mrs K.L. (Karin) Dorrepaal and Mr A. (André) Jonkman for appointment as member of the Supervisory Board. Both nominations will be put on the agenda of the Annual General Meeting of Shareholders ('AGM') of Grontmij N.V. on 23 May 2013. Until the AGM, Karin Dorrepaal and André Jonkman will participate in the discussions and meetings of the Supervisory Board as advisor and receive an allowance equal to the members of the Supervisory Board.

Shares held by the Executive Board, the Supervisory Board and other management

At 31 December 2012, Mr C.M. Jaski, Mr F. Vervoort, Mr J. Bosschem and Mr P.P. Montagner held 1 share in Ginger S.A.

At 31 December 2012, Mr C.M. Jaski held 50,000 ordinary shares Grontmij N.V.

At 31 December 2012, Mr F. Vervoort held 39,000 ordinary shares Grontmij N.V.

At 31 December 2012, Mr G.P. Dral held 4,761 participations Grontmij N.V. and 8,031 ordinary shares Grontmij N.V.

Shares (significant ownership) held by other management

At 31 December 2012, Mr J. Bosschem (Country Managing Director France) held 60% (2011: 60%) of the shares issued in Arteum Architects BVBA (Belgium).

Stichting Pensioenfonds Grontmij

Stichting Pensioenfonds Grontmij is charged with administering the committed pension rights allocated to the employees of Grontmij and its Dutch subsidiaries. Transactions between the Group and Stichting Pensioenfonds Grontmij mainly comprise the transfer of pension premiums. In 2012, an amount of € 16,843,000 (2011: € 16,353,000) was invoiced by the Stichting Pensioenfonds Grontmij in respect of pension premiums.

At year-end 2012, a nominal amount of € 2,887,000 was due to Stichting Pensioenfonds Grontmij from Grontmij (2011: € 1,794,000 due to Stichting Pensioenfonds Grontmij from Grontmij).

Both at year-end 2012 and 2011, Stichting Pensioenfonds Grontmij held no shares in Grontmij.

Stichting Administratiekantoor van aandelen Grontmij N.V.

The board of Stichting Administratiekantoor van aandelen Grontmij N.V. (the 'Trust Office') decided to terminate the administration of ordinary shares Grontmij N.V. In this respect, on 9 May 2012, the General Meeting of Shareholders of Grontmij N.V. resolved to amend the articles of association of the company (proposal II for amendment of the articles of association).

After execution of the deed of amendment of the articles of association, on 28 June 2012, the following changes took place:

- the administration of the ordinary shares Grontmij N.V. by the Trust Office was terminated;
- the depositary receipts for ordinary shares Grontmij N.V. issued by the Trust Office have been withdrawn with simultaneous delivery of the registered ordinary shares Grontmij N.V.;
- the ordinary shares Grontmij N.V. delivered by the Trust Office were registered in the name of Euroclear Nederland in the shareholder register along with the reference that these shares belong to either the girodepot or the collective depot of securities of the class of shares concerned.

When legally possible the Trust Office will be dissolved.

Stichting Medewerkersparticipatie Grontmij

The Stichting Medewerkersparticipatie Grontmij ('Stichting SMPG') offered employees the opportunity to acquire participations in ordinary shares of Grontmij N.V. Since 2008, acquiring participations through the Stichting SMPG is no longer possible.

The Stichting SMPG holds 0.13% (2011: 0.31%) of the ordinary shares in Grontmij.

Transactions between Grontmij and the Stichting SMPG generally comprise financing and dividend payments. In 2012, Grontmij paid no dividend (2011: € 3,000) to Stichting SMPG.

At 31 December 2012, Grontmij has an amount due to Stichting SMPG of € 78,500 (2011: € 79,000).

For detailed information reference is made to note 21.

Stichting Employee Share Purchase Plan

Stichting Employee Share Purchase Plan Grontmij ('Stichting ESPP') holds 0.11% (2011: 0.17%) of the ordinary shares in Grontmij.

Transactions between Grontmij and Stichting ESPP will usually comprise financing and dividend payments. In 2012, Grontmij paid no dividend (2011: € 16,494 of € 0.50 gross per share). The operational expenses of Stichting ESPP are borne by Grontmij.

At 31 December 2012, a nominal amount of € 10,000 (2011: € 12,000) was due from Stichting ESPP to Grontmij.

For detailed information reference is made to note 21.

35 Subsequent events

On 21 January 2013 Grontmij announced its intention to divest the French Monitoring & Testing (M&T) business. Grontmij France (Ginger) currently consists of two independent businesses: namely Engineering and Monitoring & Testing (M&T). Grontmij views the Engineering part as core business and sees potential for financial recovery and growth in the coming years. The intended divestment of the French M&T business, known in France as CEBTP, will allow the Group to further focus on its core business and take the 'Back on Track' strategy to the next level. The total revenue in 2011 of the French M&T Business is approximately € 110 million. M&T in France employs around 1,000 people and is headquartered in Elancourt.

Company statement of financial position

In thousands of € (before appropriation of result)	Note	31 December 2012	31 December 2011
Investments in subsidiaries		85,933	99,779
Investments in equity accounted investees		19	71
Non-current assets	2	**85,952**	**99,850**
Receivables	3	239,896	245,305
Cash and cash equivalents		1,400	4
Current assets		**241,296**	**245,309**
Total assets		**327,248**	**345,159**
Share capital		15,992	5,331
Share premium		165,476	96,391
Translation reserve		-3,806	-5,614
Hedging reserve		-10,086	-4,876
Other legal reserves		8,984	7,819
Other reserves		-16,064	47,621
Result for the year		-31,428	-55,860
Shareholders' equity	4	**129,068**	**90,812**
Non-current liabilities	5	**54,836**	**59,595**
Current liabilities	6	**143,344**	**194,752**
Shareholders' equity and liabilities		**327,248**	**345,159**

Company income statement

In thousands of €	Note	2012	2011
Result from participating interests after tax	2	-21,311	-48,259
Other results		-10,117	-7,601
Result after income tax		**-31,428**	**-55,860**

Notes to the company financial statements

Table of contents

1 Basis of preparation

General

The Company financial statements have been prepared in accordance with Part 9, Book 2 of the Dutch Civil Code and they form part of the financial statements of Grontmij for the year 2012. The Company income statement has been prepared in accordance with article 402, Part 9, Book 2 of the Dutch Civil Code, which allows a simplified income statement in the Company financial statements in the event that an income statement is included in the consolidated Group financial statements.

Accounting policies

For the valuation of assets and liabilities and in determining the result in its company financial statements, Grontmij has availed itself of the option provided for in article 362 par. 8, Book 2 of the Dutch Civil Code. This states that the policies regarding the valuation of assets and liabilities and determination of the result of the company financial statements correspond with those applied for the consolidated financial statements, which are prepared in conformity with IFRS as adopted by the European Union (EU-IFRS) and with Part 9 of Book 2 of the Dutch Civil Code. The relevant accounting policies set out in note 3 to the consolidated financial statements as provided in pages 91 to 103, have been applied consistently to all periods accounted for in these Company financial statements.

Investments in subsidiaries are accounted for using the net equity value. The net equity value is determined on the basis of the accounting principles applied by the Company.

2 Non-current assets

A summary of the main (operational) subsidiaries is provided in note 8 of the notes to the consolidated financial statements. A full list of subsidiaries, joint ventures and associates is filed with the Chamber of Commerce in Utrecht, the Netherlands.

The movements in the carrying amount of financial assets are as follows:

In thousands of €	Total	Investments in subsidiaries	Investments in equity accounted investees'	Other financial assets
Balance as at 1 January 2011	**121,783**	**119,937**	**71**	**1,775**
Movements during 2011				
Share in the results	-48,259	-48,259	-	-
Currency differences	-237	-237	-	-
Change in fair value of cash flow hedges	-1,775	-	-	-1,775
Acquisition of non-controlling interest	-1,098	-1,098	-	-
Acquisition of subsidiaries	32,438	32,438	-	-
Other movements	-3,002	-3,002	-	-
Balance as at 31 December 2011	**99,850**	**99,779**	**71**	**-**
Movements during 2012				
Share in the results	-21,093	-21,311	218	-
Dividend received	-270	-	-270	-
Currency differences	1,796	1,796	-	-
Acquisition of non-controlling interest	-42	-42	-	-
Other movements	5,711	5,711	-	-
Balance as at 31 December 2012	**85,952**	**85,933**	**19**	**-**

3 Receivables

In thousands of €	31 December 2012	31 December 2011
Amounts due from subsidiaries	234,867	238,428
Income tax	2,848	6,479
Prepaid expenses and other receivables	2,181	398
	239,896	**245,305**

4 Shareholders' equity

Movements in shareholders' equity are as follows:

In thousands of €	Total	Share capital	Share premium	Translation reserve	Hedging reserve	Other legal reserves	Other reserves	Result for the year
Balance as 1 January 2011	**157,780**	**5,206**	**96,558**	**-5,053**	**1,322**	**6,097**	**36,677**	**16,973**
Movements during 2011								
Dividend to equity holders of Grontmij	-3,209	125	-125	-	-	-	-3,209	-
2010 Result appropriation	-	-	-	-	-	-	16,973	-16,973
Result for the year	-55,860	-	-	-	-	-	-	-55,860
Change in fair value cash flow hedges	-6,198	-	-	-	-6,198	-	-	-
Acquisition of non-controlling interest without a change in control	-1,098	-	-	-	-	-	-1,098	-
Cost stock dividend payment	-42	-	-42	-	-	-	-	-
Foreign currency exchange translation differences for foreign operations	-353	-	-	-353	-	-	-	-
Realised foreign currency exchange translation differences transferred to income statement	-208	-	-	-208	-	-	-	-
Other movements	-	-	-	-	-	1,722	-1,722	-
Balance as 31 December 2011	**90,812**	**5,331**	**96,391**	**-5,614**	**-4,876**	**7,819**	**47,621**	**-55,860**
Movements during 2012								
Issue of ordinary share	79,746	10,661	69,085	-	-	-	-	-
2011 Result appropriation	-	-	-	-	-	-	-55,860	55,860
Result for the year	-31,428	-	-	-	-	-	-	-31,428
Recognition of equity-settled share-based payments	34	-	-	-	-	-	34	-
Change in fair value cash flow hedges	-5,210	-	-	-	-5,210	-	-	-
Acquisition of non-controlling interest without a change in control	-42	-	-	-	-	-	-42	-
Cost of issuing ordinary shares	-6,652	-	-	-	-	-	-6,652	-
Foreign currency exchange translation differences for foreign operations	1,808	-	-	1,808	-	-	-	-
Other movements	-	-	-	-	-	1,165	-1,165	-
Balance as 31 December 2012	**129,068**	**15,992**	**165,476**	**-3,806**	**-10,086**	**8,984**	**-16,064**	**-31,428**

Share capital
The authorised share capital increased in 2012 to 140 (2011: 60) million shares and is divided into 70 (2011: 30) million ordinary shares each with a nominal value of € 0.25, and 70 (2011: 30) million preference shares each with a nominal value of € 0.25. The number of ordinary shares issued and fully paid-up as at 31 December 2012 was 63,967,500 and 21,322,500 as at 31 December 2011.

On 29 May 2012 Grontmij successfully completed a 2 for 1 rights offering of 42,645,000 ordinary shares in its capital.

No preference shares were issued. Grontmij did not purchase any own shares.

Proposal for treatment of the loss 2012
As a loss is incurred in the financial year under review, there will be no distribution of profit and subsequently no payment of dividend (2011: € nil) per ordinary share.

Pursuant to article 45 paragraph 6 of the Articles of Association, the Executive Board, having obtained the approval of the Supervisory Board, proposes to the General Meeting of Shareholders to resolve to deduct the loss from the other reserves, the latter containing the retained earnings of previous years and forming part of the distributable part of the equity.

Share premium
The share premium is comprised of capital contributions from shareholders above nominal value, and is regarded as paid up capital. Share premium is distributable free of tax.

Translation reserve
This reserve comprises of currency translation differences relating to the translation of the financial statements of Group entities with a functional currency other than the euro. This reserve qualifies as a legal reserve in accordance with Part 9 of Book 2 of the Dutch Civil Code.

Hedging reserve
The hedging reserve comprises the effective portion of the cumulative net change in the fair value of cash flow hedging instruments related to hedged transactions that have not yet occurred. The movement in hedging reserve in 2011 included the derecognition of the deferred tax liability, which was recognised at the end of 2010. This reserve qualifies as a legal reserve in accordance with Part 9 of Book 2 of the Dutch Civil Code.

Other legal reserves
The other legal reserves consist of a legal reserve for the retained profits from equity accounted investees to the extent that the Group is not able to manage the distribution thereof independently amounting to € 8,147,000 (2011: € 7,819,000) and a legal reserve for capitalised cost for internally developed software amounting to € 837,000 (2011: € nil) . These legal reserves qualify as a legal reserve in accordance with Part 9 of Book 2 of the Dutch Civil Code.

Other reserves
The reserve contains retained earnings of previous years.

5 Non-current liabilities

In thousands of €	31 December 2012	31 December 2011
Loans and borrowings	44,000	55,191
Interest rate swap used for hedging	10,086	4,873
Deferred tax liability	750	-469
	54,836	**59,595**

6 Current liabilities

In thousands of €	31 December 2012	31 December 2011
Bank overdrafts	45,828	52,812
Loans and borrowings	14,155	50,000
Amounts due to subsidiaries	80,120	86,559
Other liabilities	3,241	5,381
	143,344	**194,752**

7 Related parties

The Company's related parties comprise subsidiaries. Outstanding balances with related parties are priced on an arm's length basis, none of the balances is secured.

Subsidiaries Grontmij

Transactions between Grontmij N.V. and its subsidiaries in 2012 concerned an amount of € 4,997,000 in management fees (2011: € 2,008,000), € 0 in operational transactions (2011: € 493,000), and € -575,000 in financing (2011: € -882,000).

Grontmij N.V. has amounts due from subsidiaries of € 234,867,000 (2011: € 238,428,000) as at 31 December 2012. Furthermore, Grontmij N.V. has amounts due to subsidiaries of € 80,120,000 (2011: € 86,559,000) as at 31 December 2012.

8 Remuneration of the Executive Board and the Supervisory Board

The employee expenses in the Company relates entirely to the Executive Board. A summary of the remuneration of the Executive Board and the Supervisory Board pursuant to article 383 paragraph 1, Book 2 of the Dutch Civil Code is provided in note 34 of the notes of the consolidated financial statements.

In 2012 the Company employed 3 persons (2011: 7) none of which working outside the Netherlands.

In thousands of €	31 December 2012	31 December 2011
Wages and salaries	1,458	2,616
Compulsory social security contributions	44	244
Pension contribution	233	307
	1,735	**3,167**

9 Auditor's remuneration

In thousands of €	2012			2011		
	Deloitte Accountants B.V.	Other Deloitte network	Total	Deloitte Accountants B.V.	Other Deloitte network	Total
Financial statement audit	311	787	1,098	639	847	1,486
Other assurance engagements	445	233	678	287	44	331
Tax advisory services	-	281	281	-	248	248
Other non-audit services	-	91	91	3	100	103
	756	**1,392**	**2,148**	**929**	**1,239**	**2,168**

10 Liabilities not recognised in the company statement of financial position

Contingent liabilities

Grontmij N.V. provided guarantees in 2012 amounting to € 5,492,000 (2011: € 20,113,000).

Liabilities not recognised in the company statement of financial position

Grontmij N.V. heads a single tax entity for corporate tax purposes, encompassing practically all of its 100% subsidiaries in the Netherlands. As a consequence, Grontmij N.V. is severally liable for the tax debts of the single tax entity as a whole.

De Bilt, 27 February 2013

Executive Board

C.M. Jaski
F. Vervoort
G.P. Dral

Supervisory Board

J. van der Zouw
R.J.A. van der Bruggen
J.H.J. Zegering Hadders

Other information

Statutory provisions on profit appropriation

The rules provided for under the Articles of Association governing the appropriation of profit can be summarised as follows:

- each year, the Executive Board shall, subject to the approval of the Supervisory Board, determine which part of the profit, shall be allocated to the reserves;
- profit distributions may not exceed the distributable part of the shareholders' equity; if in any year losses are incurred no dividend shall be paid out for that year. In subsequent years, too, payment of dividend can take only place when the loss has been cleared by profits, unless it is resolved to offset the loss against the distributable part of the equity or to pay dividend from the distributable part of the equity; the General Shareholders Meeting may, following a proposal by the Executive Board which has been approved by the Supervisory Board, resolve to clear the loss to the debit of the distributable part of the equity or to pay dividend from the distributable part of the equity; distribution of profits shall be made after adaption of the annual accounts if permissible under the law given the contents of the annual accounts;
- if preference shares would be outstanding, then the company must first pay dividend on those preference shares. After payment of dividend on those preference shares, the Executive Board shall resolve on the appropriation of the remaining profit;
- the Executive Board may resolve to distribute an interim dividend provided that the aforementioned requirements have been met, as evidenced by an interim statement of assets and liabilities.

Proposal for treatment of the loss 2012

As a loss is incurred in the financial year under review, there will be no distribution of profit and subsequently no payment of dividend (2011: € nil) per ordinary share.

Pursuant to article 45 paragraph 6 of the Articles of Association, the Executive Board, having obtained the approval of the Supervisory Board, proposes to the General Meeting of Shareholders to resolve to deduct the loss from the other reserves, the latter containing the retained earnings of previous years and forming part of the distributable part of the equity.

As mentioned in the report of the Supervisory Board, the following result appropriation is proposed:

In thousands of €	2012	2011
Result for the year	-31,428	-55,860
Allocation to other reserves	31,428	55,860
Dividend	-	-

Subsequent events

Reference is made to note 35 of the consolidated financial statements.

Independent auditor's report

To: the Annual General Meeting of Grontmij N.V.

Report on the financial statements

We have audited the accompanying financial statements 2012 of Grontmij N.V., De Bilt. The financial statements include the consolidated financial statements and the company financial statements. The consolidated financial statements comprise the consolidated statement of financial position as at December 31, 2012, the consolidated income statement, the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising a summary of the significant accounting policies and other explanatory information. The company financial statements comprise the company statement of financial position as at December 31, 2012, the company income statement for the year then ended and the notes, comprising a summary of the accounting policies and other explanatory information.

Management's responsibility

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

Auditor's responsibility

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

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

In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion with respect to the consolidated financial statements

In our opinion, the consolidated financial statements give a true and fair view of the financial position of Grontmij N.V. as at December 31, 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 Dutch Civil Code.

Opinion with respect to the company financial statements

In our opinion, the company financial statements give a true and fair view of the financial position of Grontmij N.V. as at December 31, 2012 and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

Report on other legal and regulatory requirements

Pursuant to the legal requirement under Section 2:393 sub 5 at e and f of the Dutch Civil Code, we have no deficiencies to report as a result of our examination whether the Report of the Executive Board, 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 the Executive Board, to the extent we can assess, is consistent with the financial statements as required by Section 2:391 sub 4 of the Dutch Civil Code.

Amsterdam, February 27, 2013
Deloitte Accountants B.V.

H.H.H. Wieleman

Report Stichting Preferente aandelen Grontmij N.V.

The purpose of Stichting Preferente aandelen Grontmij (the 'Foundation') is to look after the interests of Grontmij, its business and those involved. This purpose can be pursued through acquiring preference shares and exercising the rights attached to those shares. The possibility of issuing preference shares to the Foundation is an anti-takeover measure (see page 67 of the annual report).

As at 31 December 2012, no preference shares were issued.

Activities

The board of the Foundation held four meetings during the year under review. The following topics were discussed during these meetings:

- introduction to the new CEO en CFO of Grontmij N.V.;
- explanation of the new strategy, including the comprehensive financial solution as announced in an Extraordinary General Meeting of Shareholders of Grontmij N.V. on 9 March 2012;
- Grontmij's annual figures for 2011 and the interim and third-quarter results for 2012;
- the increase of the Foundation's credit facility in anticipation of the rights offering of Grontmij N.V.;
- the composition of the Foundation's board and its retirement schedule and related change of the Articles of Association on the number of board members.

Composition

On 31 December 2012 the board consisted of the following members:

Jhr. R.J.M. de Beaufort (1947) Chairman

Nationality
Dutch
Term ends and eligible for re-appointment
2016
Most important previous position
Managing director of Bank Insinger De Beaufort

S.C. Peij (1970) Vice-chairman

Nationality
Dutch
Term ends and eligible for re-appointment
2013
Current position
Director of Governance University (Netherlands) B.V.

A.J. ten Cate (1953)

Nationality
Dutch
Term ends and eligible for re-appointment
2016
Current position
Owner-director of Enatco B.V., a consultancy firm for the pharmaceutical industry.

L.M.J. van Halderen (1946)

Nationality
Dutch
Term ends and eligible for re-appointment
2014
Most important previous position
CEO and member of the Management Board of Nuon N.V.

In the year under review, the Foundation's board re-appointed Mr Ten Cate for a further four-year term. In September, the board appointed Mr L.M.J. van Halderen. To avoid the resignation of more than one member at the same time, Mr Van Halderen was appointed for a two-year period until 2014.

As at 31 December 2012, Mr De Beaufort held 35,631 (2011: 11,593) Grontmij shares and Mr Peij held 6,666 (2011: 3,333) shares.

As at 31 December 2012 Mr Van Halderen and Mr Ten Cate held no Grontmij shares.

Based on the remuneration policy, the actual remuneration in the year under review amounted for Mr de Beaufort to € 10,000 (2011: € 7,000), for Mr Ten Cate to € 8,000 (2011: € 5,000), for Mr Van Halderen to € 1,250 (2011: nil) and for Mr Peij to € 8,000 (2011: € 7,000).

Other

The operating costs of the Foundation amounted to € 58,524 (2011: € 40,077) and are borne by Grontmij, in accordance with existing agreements. The Foundation is independent of Grontmij in accordance with the provisions of article 5:71 paragraph 1 sub c of the Financial Markets Supervision Act ('FMSA', Wet op het financieel toezicht).

Contact

Stichting Preferente aandelen Grontmij
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info@stichtingpreferenteaandelengrontmij.com.

De Bilt, 27 February 2013

R.J.M. de Beaufort (chairman)
S.C. Peij (vice-chairman)
A.J. ten Cate
L.M.J. van Halderen

Group Management

From left to right: Jeroen van der Neut *(Sweden)*, Erwin Malcorps *(Belgium)*, John Chubb *(United Kingdom)*, Ton de Jong *(the Netherlands)*, Ina Brandes *(Germany)*, Frits Vervoort *(Executive Board)*, Maciej Chrzanowskí *(Poland)*, Jan Bosschem *(France)*, Michiel Jaski *(Executive Board)*, Gert Dral *(Executive Board)*, Suzan van Nieuwkuyk *(company secretary)*, Hubert Habib *(Grontmij N.V.)*, Kerem Sadiklar *(Turkey)*, Søren Larsen *(Denmark)*.

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