Grontmij Annual Report 2011

Denmark

High-speed rail

Amsterdam, the Netherlands

Team North-South metro

Eiffel Tower

Paris, France

Team Hospital & Health centre

Knokke, Belgium

Grontmij

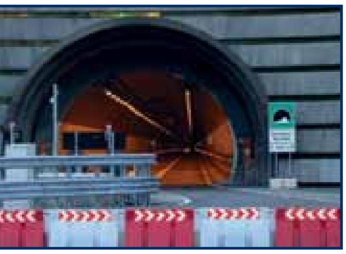
Annual Report 2011

Grontmij

Project highlights

Lufthansa Cargo AG

Forth Replacement Crossing



Mont-Blanc motorway

Straw-based heat and power plant

Supervising restructuring Les Halles district in Paris

Signing the cooperation agreement on new development in Wuhan

Appointed for Denmark's first high-speed railway

Awarded for the renovation of the Mont-Blanc motorway

Involved in Scotland's Forth Replacement Crossing project

Awarded study of future tram routes in city of Nice

Implementing telemetry systems strategy for Yorkshire Water

Assigned to largest straw-based heat and power plant in Germany

Involved in a major infrastructure project in Stockholm

Designing the new building for Lufthansa Cargo AG

Designing the new terminal for Frankfurt Airport

Table of contents

Please visit our interactive webversion of the Grontmij Annual Report 2011
via www.2011.annualreportgrontmij.com.

Who we are

Our vision
Making our daily working and living environment more sustainable.

Our mission
To be the leading European sustainable design, engineering and management consultancy for the built and natural environment.

Our company
We are active in the growth markets of water, energy, transportation, sustainable planning and life cycle asset management. At the heart of our business is the sustainability by design principle. It is a leading value proposition for our customers.

Our values
We express our pride and passion by working closely with colleagues and customers. We support attempts to improve the sustainability of working methods and end results through innovation and creativity. That is how we grow, both as a business and as professionals.

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. We still do this and much, much more. Our value chain of services stretches 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.

Our future
We look to the future to enhance the world we live in. By applying sustainability considerations to all our design, consultancy and management services right across the value chain, our highly-skilled, expert professionals are able to create lasting solutions that plan for, connect and respect the future.

planning connecting
respecting
the future

Where we are

Our European network

We are one of Europe's top engineering consultancies operating in several countries.

The Netherlands

Grontmij in the Netherlands is a top three player with a solid reputation in the market, especially in major infrastructure and the full range of water activities.

€ 246.0 million ▶ 26.3% of total revenue in 2011

France

Grontmij's Ginger Group is a premier player in the Monitoring & Testing business line in France.

€ 210.8 million ▶ 22.6% of total revenue in 2011

Denmark

In Denmark, Grontmij ranks in the top three with key areas of expertise in water utilities, buildings, ports and marine works, road infrastructure and increasingly in light rail.

€ 147.0 million ▶ 15.7% of total revenue in 2011

Sweden

A significant player in the Swedish market, Grontmij's key areas of expertise are Planning & Design and Transportation & Mobility.

€ 92.6 million ▶ 9.9% of total revenue in 2011

Belgium

Ranking in the top three, Grontmij is a strong player in infrastructure and process industry activities.

€ 78.5 million ▶ 8.4% of total revenue in 2011

United Kingdom

Grontmij has a sound position in water and a promising entry into building services.

€ 71.3 million ▶ 7.6% of total revenue in 2011

Germany

Grontmij has a strong position in the local-for-local market and special expertise in Planning & Design, Transportation & Mobility and Water & Energy.

€ 53.8 million ▶ 5.7% of total revenue in 2011

Other Markets – Hungary, Poland and Turkey

We are building our presence and on project basis in the rest of the world.

€ 17.1 million ▶ 1.8% of total revenue in 2011

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

What we do

Grontmij operates in four business lines across Europe with main activities in: the Netherlands, France, Denmark, Sweden, Belgium, the United Kingdom and Germany. We also have operations in Hungary, Poland and Turkey and emerging activities in Asia.

Sustainable tram site for STIB

Belgium

Planning & Design

covers the multidisciplinary services such as environmental management and design, urban planning, building, land use, leisure and landscaping – everything which influences the places and spaces within which people live and work. Within this business line we have defined sustainable buildings as a Group growth activity.

Transportation & Mobility

covers management and design services for roads, railways, tunnels, waterways, traffic management systems and airports – all elements of enabling mobility and movement. Within this business line we have defined highways and roads and light rail as Group growth activities.

Appointed for a Highways Agency framework

UK

Overseeing project recycling for company NSR to double the capacity of its bio energy plant

Sweden

Source: NSR

Water & Energy

covers management and design services for water, waste water treatment, industry, process, sustainable industrial processes, energy techniques and renewable energy – all of which are linked by the types of (technical) processes inherent to the work we do. Within this business line we have defined (conventional and bio-) energy as a Group growth activity.

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, inspections and tests both on site and in the laboratories. Within this business line we have defined monitoring & asset management as a Group growth activity.

Monitoring North-South metro

the Netherlands

Key figures

		2011	2010	2009	2008	2007
Revenue	€ 1,000					
Total revenue		933,508	841,298	799,800	844,478	768,011
Third-party project expenses		-183,884	-152,742	-169,925	-182,254	-174,701
Net revenue		**749,624**	**688,556**	**629,875**	**662,224**	**593,310**
Workforce (average)	fte					
# Own staff		8,250	8,537	6,882	6,816	6,256
# Agency staff		422	401	367	511	400
Total		**8,672**	**8,938**	**7,249**	**7,327**	**6,656**
Workforce (at year-end)	fte	8,587	8,552	7,105	7,478	6,780
Profitability						
Earnings before interest and income tax (EBIT)	€ 1,000	-41,757 [1]	28,154	33,305	58,186	46,939
EBIT before result of equity accounted investees	€ 1,000	-42,417 [1]	27,176	25,987	45,502	32,488
Amortisation	€ 1,000	8,835	7,146	7,660	6,948	6,087
Impairments of non-current assets	€ 1,000	28,374	-	-	-	-
Earnings before interest, income tax and amortisation (EBITA)	€ 1,000	-4,548 [2]	35,300	40,965	65,134	53,026
EBITA before result of equity accounted investees	€ 1,000	-5,208 [2]	34,322	32,977	52,450	38,575
Net cash from operating activities		8,846	31,242	52,279	34,544	29,151
EBIT as percentage of total revenue	%	-4.5	3.3	4.2	6.9	6.1
EBIT as percentage of net revenue	%	-5.6	4.1	5.3	8.8	7.9
EBITA as percentage of total revenue	%	-0.5	4.2	5.0	7.7	6.9
EBITA as percentage of net revenue	%	-0.6	5.1	6.4	9.8	8.9
Result after income tax	€ 1,000	-62,852 [1]	13,844	20,409	38,770	31,667
Result after income tax as percentage of total revenue	%	-6.7	1.6	2.6	4.6	4.1
Result after income tax as percentage of net revenue	%	-8.4	2.0	3.2	5.9	5.3
Result per employee	€	-7,248	1,549	2,816	5,291	4,758
Shares[3]						
Shares in issue at year-end		21,322,500	20,825,724	17,764,920	17,764,920	17,764,920
Shares in issue, average		21,105,795	19,427,047	17,764,920	17,764,920	17,764,920
Earnings per share	€	-2.98	0.70	1.14	2.16	1.84
Dividend per share	€	-	0.50	1.00	1.15	1.10
Payout ratio	%	-	61	88	53	60
Highest price per share	€	17.20	17.60	19.56	29.66	40.68
Lowest price per share	€	4.42	13.10	13.25	13.85	21.91
Closing price per share	€	5.23	17.30	16.90	17.51	24.18
Year-end balance sheet						
Total equity	€ 1,000	90,853	157,801	167,830	174,943	157,203
Total assets	€ 1,000	746,190	891,283	596,179	631,697	596,619
Intangible assets and goodwill	€ 1,000	228,809	259,027	199,523	202,071	168,776
Loans and borrowings plus bank overdraft	€ 1,000	222,265	260,228	104,592	116,330	102,211

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).
3) Adjusted in accordance with share split 1:4 as per 1 June 2007.

‘Making our daily working and living environment more sustainable’

Message from the CEO

Michiel Jaski
Chief Executive Officer

In 2015, Grontmij will mark its first century of what we now call sustainable business. At Grontmij, sustainability by design is used to describe the way we work in the built and natural environment, bringing almost a century of expertise to Planning & Design, Transportation & Mobility, Water & Energy and Monitoring & Testing. Our professional teams around Europe are known for their local knowledge and deep understanding of their clients' needs. They use creativity and innovation and are able to complete projects using our wealth of company expertise, on time and on budget.

For a new CEO, now three months in the job, it is a privilege to work with a team of this calibre and many long-standing public and private-sector clients. But the run-up to our centenary also holds a number of challenges. In recent years, Grontmij has grown both organically and through acquisitions. As a result, Grontmij has been significantly leveraged in recent years. The economic decline in some of the company's major European markets since the crisis of 2008 and the fact we did not always sufficiently anticipate changes in the market have put considerable pressure on our finances.

We have taken firm action. A comprehensive Independent Business Review and strategic review were immediately set in motion. These reviews have given us real insight into where Grontmij is, what our future (market) prospects are, and what we, as a company, need to do to pull Grontmij back on to its positive (organic) growth track. The reviews we undertook show emphatically that Grontmij's position in the top three of Europe's engineering consultancies is more than valid. We have strong positions in the majority of our operating countries. Prospects for market growth in the 2012-2015 period are moderately positive, in spite of challenging economic conditions.

Moreover, we will be concentrating on two pillars of focus: Restructuring and Realising profitable organic growth. In Restructuring, we are taking action to reduce costs and improve operational excellence. We will make selected divestments of non-core businesses. And we will be strengthening our governance and control processes. Realising profitable organic growth is a challenge for all companies in the current economic environment. However, we are convinced that by focusing on our European business and on five selected growth activities we will succeed in gradually reinstating positive revenue growth and improving our EBITA margins. The ambitions and targets are described more fully in the Strategy section.

Our road ahead will take time. And there is much to do. We will further implement restructuring measures taken in 2010 and 2011. 2012 will act as base year for all the improvements we will make. We are involving the professional teams throughout Europe in our plans for a firm foundation for the future. As people whose day-to-day work involves planning and innovating for the long term, our personnel understand better than most what sustainable future-thinking involves. And they are firmly on board.

Outlook

Grontmij is working towards an important milestone: in 2015, we will celebrate our 100th anniversary. By focusing on our core markets, maintaining a strong relationship with our customers, continuing to deliver an excellent service and transforming our operations to make them more efficiently managed, we aim to improve our long-term performance and provide sustainable returns to our shareholders. Starting in 2012 we will rebalance our operations, to position ourselves for growth in the years to come. From a financial perspective, 2012 will therefore be a transitional year and the results are not expected to already show an improvement of EBITA (excluding non-recurring costs) compared to 2011. Cash flow generation in 2012 is expected to be limited as a consequence of the announced restructuring measures. This excludes an expected cash out of € 10 – 12 million for implementing the comprehensive financial solution and approximately € 3 million for additional restructuring necessary in France.

De Bilt, 8 March 2012

Michiel Jaski*

* *Nominated for appointment as member of the Executive Board at the Extraordinary Meeting of Shareholders on 9 March 2012.*

Healthy hospital

The assignment: create a brand new hospital and health centre for the Knokke region in Belgium. Create a design that incorporates state-of-the-art sustainable building concepts. Achieve a BREEAM 'very good' label for the new build.
Grontmij has been involved in this pioneering project since the very beginning, starting with the concept phase. And we will be there throughout the build that starts in April 2012. The design is startling. The hospital resembles a cloud hovering above the very flat landscape. But all the aspects in the architectural design have a sustainable function. The double-glazed front façade optimises inside climate control but also manages wind chill and drafts through its flowing lines. This healthy hospital is due for completion in 2016.

Our strategy

At the beginning of 2012, Grontmij has put in place a new strategy for the period 2012-2015: 'Back on Track'. We will focus on restructuring our activities to take advantage of growth opportunities in our European markets. Local presence in our main operating countries means we stay close to our clients. We strongly believe that our success depends on our staff and our talent makes the difference.

Market developments

Grontmij is active in Planning & Design, Transportation & Mobility, Water & Energy and Monitoring & Testing. 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, Turkey and Hungary and with a project-based presence in China. 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, our expectation for the 2012-2015 period is that the engineering consultancy market will follow its long-term, above-GDP growth trend. There is a moderately positive market outlook for Europe with annual growth in the 3-4% range*. In some countries where our operations are relatively small, such as Turkey, we expect significantly higher growth.

Our competitive position in most of our markets is good. In the Netherlands we have a solid position in almost all of our business lines, except for some Planning & Design activities. In France, we are market leader in Monitoring & Testing. We are a leading player in Denmark with a top-three ranking in almost all sectors. Infrastructure and process industry are our largest activities in Belgium where we also have a top three position. In Germany we have a strong position in the local-for-local market. Transportation & Mobility and Planning & Design in Sweden are major sectors for us. In the UK we have a sound position in Water and the Building Services business (part of Planning & Design); our competitive strength in other activities needs improvement. We are also working in Poland, Hungary and Turkey and have a start-up in China on a project basis.

Our sound market position enables Grontmij to capitalise on expected market growth.

Strategy 2012-2015

The new strategy to 2015 has two pillars:
- Restructuring
- Realising profitable organic growth

Although action on both pillars will be taken continually throughout the 2012-2015 period, the emphasis in 2012 will be on restructuring. In 2013-2015, there will be greater focus on realising profitable organic growth.

Restructuring

The restructuring programme consists of four main actions:
- Cost reductions
- Operational excellence improvement
- Selected divestments
- Strengthening governance & control

* *Source: Global insight, 12/2011; Euroconstruct, 11/2011; Industry reports; Company annual reports; BCG analysis.*

Cost reductions

We have taken a thorough look at our indirect cost base and, based on internal and external benchmarks, we have identified a potential cumulative cost reduction of € 36 million to 2015, with total annual cost reductions of € 15 million from 2015 onwards. These cost reductions will be achieved both in our country operations and by streamlining our Group headquarters.

- 51% of total cost savings expected to be achieved through the reduction of support functions;
- 36% of total cost savings expected to be achieved by reducing real-estate costs by rationalising the number of offices and the square metres per employee;
- 13% of total costs savings expected to be realised by a reduction in IT costs and IT-related staff.

These cost reductions are expected to have a negative one-off cash impact of € 12 million, spread over the period 2012-2015.

Additionally, after reviewing the budget 2012 in France, restructuring in 2012 of the Planning & Design activities and the head quarters is necessary. The net cash impact in 2012 is about € 3 million, with targeted cost savings in 2013 of approximately € 1 million and € 3 million thereafter.

Operational excellence improvement

We have established three main initiatives based on internal and external benchmarks and best practices.

- Enhanced steering on ***trade working capital (TWC)***. A comparison with competitors based on 2010 TWC figures shows that Grontmij currently needs above-average TWC (around 17% of total revenue) to finance its operations. We have initiated a Group-wide programme to lower our trade working capital to 15% of total revenue at the end of 2013.
- Further focus on ***project management excellence***, which mainly revolves around managing project profitability. We see significant differences within the Group on how projects are managed and what impact this has on profitability. For example, in the Netherlands, 9% of total revenue is from projects executed at a gross margin below indirect cost level, i.e. loss-making projects, compared with only 5% in Denmark. We will implement a programme whereby we use internal best practices and implement these across the Group.
- Greater focus on ***commercial excellence*** whereby we concentrate even more on client needs. This includes implementing clear bid/no-bid procedures and more focus on higher price realisation by further enhancing our market positioning. For example, when comparing our average revenue per Full-Time Equivalent (FTE) in the UK with that of our local competitors, we see that our average revenue per FTE in the UK is considerably below average.

Selected divestments

An in-depth portfolio review has resulted in the identification of certain *non-core assets and activities* eligible for divestment or discontinuation. The following divestments and discontinuations have been identified:

- Blue-collar maintenance work and services, with total revenue in 2011 of € 29 million;
- Other services, with total revenue in 2011 of € 16 million;

Operational efficiency: Improvement possible

1) Trade Working Capital is equal to accounts receivable + work in progress - accounts payable.

Focus on Europe

- Non-core assets (already identified: real-estate development, waste management), with total revenue in 2011 of € 20 million.

In 2012, we will work further on making these activities available for sale, start preparation and take final decisions on (timing of) divestments.

Strengthening governance & control

We have set in motion three actions to strengthen efficient governance and control at Group level:

Steering as one company

We have started a programme to improve and align our internal reporting. We will also align our operational and financial KPIs across the operating countries. Proposals for new incentive structures for both Executive Board and country managing directors will be prepared to bring them in line with the new strategy.

Improve consolidation process

Our current consolidation process requires multiple manual interfaces between the Group and the country financial systems. We have started a project to improve both the system side and the process side of our consolidation, also focusing on forward-looking cash analysis.

Segmentation and direct responsibility

At the end of 2011, Grontmij has restructured the business from four business lines to eight separate geographic regions: the Netherlands, France, Denmark, Sweden, UK, Belgium, Germany and other markets. The latter includes the Group's non-core asset management business. 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 business lines will mainly serve as a platform for leveraging our skills, knowledge and expertise and to drive Group growth activities identified in Realising profitable organic growth. Performance is measured based on segment operating result, as included in the internal management reports that are reviewed by the Executive Board.

Furthermore, in France there will be additional focus on enhancing the governance and improving the reporting and the financial controls.

Realising profitable organic growth

Besides restructuring, in our strategy to 2015, we will also concentrate on realising profitable organic growth in Europe. To achieve this goal, we have identified five selected growth activities in our four business lines where we can leverage the knowledge of one or more countries to others within the Group.

Focus on Europe

Grontmij will retain its focus on current European main countries: the Netherlands, France, Denmark, Sweden, Belgium, UK, Germany and on Poland, Turkey and Hungary. However, in our business, it is becoming increasingly standard practice to 'off-shore' basic, low value-add engineering activities to low-cost countries, for example in Eastern-Europe or Asia. Grontmij is actively exploring the possibilities of off-shoring with the aim of maximising the benefits for the company. Other activities outside our European main countries will only be pursued on a project basis and will be evaluated against stringent criteria.

Focus on five selected growth activities

We have defined five Group growth activities that are based on specific expertise and the market position we have in certain countries. We then assessed the extent to which this expertise can be leveraged to other countries against market outlooks and potential profitability of these growth activities.

These five Group growth activities were identified within our business lines:

Activity	Business Line
• Energy (conventional and bio)	Water & Energy
• Highways and roads	Transportation & Mobility
• Light rail	Transportation & Mobility
• Sustainable buildings	Planning & Design
• Monitoring & Asset management	Monitoring & Testing

Energy (conventional and bio)

We foresee an increased growth in Europe in development of new conventional and bio energy power plants. This is mainly driven by the continuing trend in sustainable energy production and decreased focus on nuclear energy following the events in Japan last year. We have extensive experience in both activities. Just two examples here: Grontmij carried out the full engineering design of a 600MW conventional power plant in Germany (2010) and is currently engaged on the expansion of a biofuel plant in Sweden (2011-2013).

Highways and roads

Governments in current European main countries, such as the Netherlands, have announced significant infrastructure investments in the coming years. Grontmij is well positioned to profit from this, with its expertise in

Five selected growth activities

highway and road projects in the Netherlands, Belgium and Denmark. Most recently, we have won complex road projects in both France (Mont-Blanc motorway renovation) and Sweden (new section of the Stockholm bypass).

Light rail
In recent years, we have seen strong growth in light rail projects across Europe. With continuing city congestion, we expect this trend to continue in coming years. In contrast to most of the heavy and high-speed rail projects, light rail knowledge is easily transferable across countries because systems and signaling are less country specific. Our recent experience includes projects such as the Zoetermeer-Den Haag-Rotterdam light rail link in the Netherlands, extending the Ulm tramway in Germany and advising on new tramways for Nice in France. Most recently, we have been working on a new city airport link in Warsaw, Poland.

Sustainable buildings
We expect the sustainable building activity to continue to grow. This is because our clients' investments in sustainable building of both existing and new builds are generally recovered quickly. The main advantage is the significantly lower energy consumption of sustainable compared to traditional buildings. We are well positioned in this activity , both because of our project experience and our BREEAM certified sustainable building specialists. Projects include the world's most sustainable building in Wuhan (China) in 2010/2011 and the completion of prestigious projects in Belgium, Denmark and Germany. In 2011, our Belgian colleagues won the Energy Award for the renovation of our new Belgium head office in Mechelen.

Monitoring & Asset management
Projects in Monitoring & Asset management generally have high margins due to the specific competences required, the proprietary systems, and the long-term client relationships. Solutions such as the RoSy pavement monitoring and consultancy system (asset management tool) developed in Denmark are currently being rolled out to other countries and market appetite has been strong. Furthermore, our unique position in the Monitoring & Asset management market in France enables us to offer specific services to our clients; we will start leveraging this expertise in other markets the coming years.

We believe that we will be able to create cross-country synergies in higher growth and margin activities by working more closely together, focusing on these five activities. Dedicated teams have been brought together to accelerate these actions.

Financial goals

For the period 2012-2015, we have set ourselves a number of goals, based on Grontmij's current position and expected market conditions.

We are targeting an EBITA margin of 6-8% on total revenue in 2015. This will be driven by a combination of cost improvements and operational excellence with, to a lesser extent, contributions from growth in selected activities.

We aim to achieve an organic revenue growth target of 3-5% per year over the 2012-2015 period, with 2012 as base year. This revenue growth will be driven by market growth and focus on the Group growth activities.

Enhanced steering on Trade Working Capital (TWC) with a country-specific programme should lead to a targeted TWC ratio of 15% of total revenue by the end of 2013.

We will pursue a prudent and sound financial policy from 2012 onwards. Our aim is that our working capital requirements will be covered fully by committed credit lines. Any future acquisitions will be funded from free cash flow.

We are targeting a Net Debt/EBITDA ratio of 1.0-1.5x and an EBITDA that covers at least eight times interest expenses.

The above targets should be read as our ambitions for the period 2012-2015. However, there can be no 'assurance' that these targets will in fact be achieved and we express no view, estimate or assessment whatsoever on the likelihood that targets will be achieved.

After an extensive financial review by management it became apparent that the optimal mix to execute the Group's strategy and to service this financial policy would be to set up a committed credit facility agreement of € 180 million and raise € 80 million of additional equity in 2012.

Dividend policy

Our dividend policy will be discussed at the 2012 Annual General Meeting of Shareholders. Grontmij proposes 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 those losses have been offset 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.

Source: thesquaire.com

'Innovative techniques and our expertise and skills merge perfectly'

'The Squaire', Frankfurt am Main (Germany)

Executive Board

As per 9 March 2012 > From left to right: Frits Vervoort, Michiel Jaski and Gert Dral.

Michiel Jaski (1959)

Chief Executive Officer

Nationality
Dutch
Nominated for Appointment
9 March 2012
Joined Grontmij
2011
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
Chairman Monitoring Board Delta Stichting, Board member Stichting Toekomstbeeld der Techniek, Member Advisory Board Stichting Het Nationale Park de Hoge Veluwe, Member Supervisory Board Synbra Holding B.V.

Frits Vervoort (1962)

Chief Financial Officer

Nationality
Dutch
Nominated for appointment
9 March 2012
Joined Grontmij
2011
Most important previous positions
Chief Financial Officer and Member of the Executive Board at 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
Joined Grontmij
1976
Most important previous position
COO/member of the Executive Board Grontmij N.V., various management positions at Grontmij.
Other positions
Member of the Board of the foundation 'Vernieuwing Bouw', member of the Board (treasurer) of the foundation 'Nieuw Holland'.

Suzan van Nieuwkuyk (1964)

Company Secretary

Nationality
Dutch
Appointed
2008
Joined Grontmij
2008
Most important previous positions
Corporate secretary and Head of Legal Rodamco Europe N.V., tax lawyer Loyens & Volkmaars (now Loyens Loeff).

The remuneration of the Executive Board is described on page 122.

Financial performance

The reporting year was a challenging time for Grontmij. Throughout the year, Europe's economies were negatively impacted by the ongoing general and financial uncertainty. The year started with some promise of recovery. However, the sovereign debt crisis transitioned into the euro crisis during the summer. As governments throughout Europe began driving through austerity measures in response to difficult economic conditions, many eurozone countries also slipped into recession. For Grontmij, even though many of our operating companies performed well, our results were affected by deterioration in two important markets, the Netherlands and the UK. We took measures but these were not always adequate. Moreover, following the acquisition of the Ginger Group in France (2010) and some smaller acquisitions in the UK (2008) that were made at the height of the market, we were highly leveraged. This impacted our performance and return to shareholders negatively, as this review of 2011 shows.

Consolidated income statement

€ million, unless otherwise indicated	2011	2010[1]	% change
Total revenue	**933.5**	**841.3**	**11.0%**
Third party expenses	-183.9	-152.7	
Net revenue	**749.6**	**688.6**	**8.9%**
Direct employee expenses	-516.3	-452.5	-14.1%
Direct other expenses	-4.3	-6.6	34.5%
Total direct expenses	-520.7	-459.1	-13.4%
Gross margin	**229.0**	**229.4**	**-0.2%**
Gross margin %	24.5%	27.3%	
Other income	-0.1	1.5	
Indirect employee expenses	-79.9	-83.1	
Amortisation	-8.8	-7.1	
Depreciation	-15.6	-13.4	
Impairments of non-current assets	-28.4	-	
Indirect other expenses	-138.6	-100.1	
Total indirect expenses	**-271.3**	**-203.8**	**-33.1%**
Share of results of investments in EAI	3.1	1.7	
Result on sale of EAI	-2.4	-0.7	
Operating result	**-41.8**	**28.2**	
Finance income	7.5	6.6	14.4%
Finance expenses	-21.1	-15.6	-35.0%
Net finance expenses	-13.6	-9.1	-50.0%
Result before income tax	**-55.3**	**19.1**	
Income tax expense	-7.5	-5.2	-43.0%
Result after income tax continuing operations	**-62.9**	**13.8**	
Profit from discontinued operations	6.9	3.4	102.8%
Total result for the year	**-55.9**	**17.3**	

1) Contains results of France as of the acquisition date, 18 June 2010.

Consolidated income statement

Key figures for the year 2011 related to the Group's consolidated income statement are:

Total revenue increased to € 933.5 million from € 841.3 million in 2010, due primarily to a full-year consolidation of Ginger (the 2010 results include Ginger Group only as from 18 June 2010). The total increase of 11% includes an increase of 12% due to the acquisition, an organic* decline of -1.3% and a favourable currency effect of +0.4%. The largest organic growth was in Belgium followed by Sweden, offset however by organic decline in the Netherlands and the UK.

Net revenue was up 8.9% to € 749.6 million (2010: € 688.6 million), the organic decline was -2.8% and the currency effect was 0.4%. Gross margin decreased to 24.5%, due to difficult trading conditions in the Netherlands and the UK and actions are taken to reduce surplus direct resources.

Amortisation

Amortisation charges of € -8.8 million were above the level of last year (€ -7.1 million) mainly because of one-off charges of € 0.9 million relating to write-downs of capitalised IT-system software.

Impairment losses

For the full year 2011, € 28.4 million of impairment losses have been recognised. In 2011, both revenue and profitability in the UK did not recover in line with expectations. For the full year 2011, an impairment loss of € 19.9 million has been necessary on goodwill, predominantly in the UK. In addition, an impairment of € 4.2 million has been taken on brand names no longer

* Organic growth/decline means growth/decline excluding effects of acquisitions, disposals and currency effects.

in use and € 4.3 million on the book value of non-core assets in the Netherlands.

Results from investments in equity accounted investees (EAI)

Share of results of investments in EAI of € 3.1 million relates to results from joint ventures in the Netherlands, Belgium and the UK. Results rose to € 3.1 million (2010: € 1.7 million), mainly because of strong results on a UK joint venture (€ 1.1 million).

Results on sale of EAI of € -2.4 million relates to a write-down of a conditional receivable recognised upon the sale of an investment in 2008. This loss is part of the non-recurring costs incurred in 2011.

Reconciliation to non-IFRS measures

€ million, unless otherwise indicated	2011	2010
Operating result	**-41.8**	**28.2**
Add back amortisation	8.8	7.1
Add back impairment losses	28.4	-
EBITA[1]	**-4.5**	**35.3**
Non-core asset write-offs	5.7	-
Restructuring costs	19.2	7.2
Other non-recurring items	7.7	0.6
Pension provision release	-	-6.0
Add back: non-recurring costs	**32.6**	**1.8**
Less: share in results of EAI[2]	-3.1	-1.5
Underlying EBITA[3]	**25.0**	**35.6**
Add: EBITA Telecom division	6.6	4.9
Add: EBITA UK joint venture	1.1	-
Underlying EBITA (comparable with presentation 2010 and 2011 until Q3)	**32.7**	**40.5**

1) Earnings before interest, income tax, amortisation and impairments.
2) 2010 includes profits from sale of EAI of € 0.5 m presented as revenue in the financial statements.
3) EBITA before non-recurring costs and results of EAI.

Non-recurring items reconciliation

€ million, unless otherwise indicated	2011	2010
Impairment losses	-28.4	-
Non-core asset write-offs	-5.7	-
Restructuring costs	-19.2	-7.2
Other non-recurring items	-7.7	-0.6
Pension provision release	-	6.0
Total non-recurring items	**-61.0**	**-1.8**

Net finance expenses

Finance result of € -13.6 million was below last year's € -9.1 million principally due to a higher average debt level in 2011 combined with a higher interest margin after the acquisition of Ginger Group in June 2010. In addition, the finance result includes some € 0.6 million of waiver fees expensed in 2011, € 1.4 million (2010: € 0.7 million) of amortisation charges in relation to capitalised arrangement fees, and € 0.5 million (2010: € 0.2 million) commitment fees on our revolving credit facility.

Income tax expense

Taxation of € -7.5 million increased relative to 2010's € -5.2 million, despite a loss before tax from continuing operations of € -55.3 million in 2011 compared to a profit before tax from continuing operations of € 19.1 million in 2010. This is mainly due to write-downs on prior year deferred tax assets, not recognising any deferred tax assets on current year losses, and non-tax-deductibility of the one-off impairment and restructuring costs.

Overall, net loss was € -55.9 million compared to € 17.3 million net profit in 2010.

Underlying performance

Underlying EBITA before non-recurring costs and before results from equity accounted investees (EAI), was lower at € 25.0 million compared to € 35.6 million last year. However this is excluding the results from telecom business and a UK joint venture which are presented separately as 'results from discontinued operations' and 'results from EAI', respectively.

Underlying EBITA comparable with presentation last year, which included the results from our telecom activities (three quarters) and a UK joint venture, stood at € 32.7 million. Both results were included in 2010's underlying performance of € 40.5 million. Underlying EBITA was down 29.8% on 2010 mainly as a result of difficult trading conditions in the Netherlands and in the UK. The contribution of France to full-year EBITA of € 4.3 million was also lower than last year. Initiatives have already been started to improve performance in France.

Underlying EBITA excludes non-recurring items which are € 32.6 million for 2011 and are made up as follows:

- Additional write-downs on non-core assets

Total write-downs for 2011 on non-core assets are € 5.7 million and reflect the expected value of the assets in the current economic environment.

- Restructuring costs

Total restructuring costs for 2011 are € 19.2 million, mainly related to the Netherlands, the UK and the corporate head office.

- One-off charges

One-off charges which were mainly incurred in the fourth quarter are € 7.7 million and relate primarily to a pension provision in the Netherlands (€ 3.3 million) and a provision for IT redesigning costs at head office (€ 2.5 million).

Earnings per share

The shares in issue at the end of 2011 increased to 21,322,500 from 20,825,724 at the end of 2010 wholly due to the 2010 stock dividend issued in 2011.

Earnings per share from continuing and discontinued operations for 2011 were € -2.65, down from € +0.87 in 2010.

Balance sheet extract

€ million, unless otherwise indicated	2011	2010	% change
Intangible assets and goodwill	228.8	259.0	-11.7%
Inventories	16.4	18.7	-12.3%
Net work in progress	29.8	22.2	34.2%
Gross trade receivables[1]	197.4	213.3	-7.5%
Trade payables	- 61.7	-64.5	4.3%
Trade working capital	**165.5**	**171.0**	
Net debt[2]	-177.9	-198.3	10.2%

1) Before allowance for doubtful debts of € 14.0 million (2010: € 15.2 million).
2) Net debt includes finance lease liabilities of € 4.8 million (2010: € 4.2 million).

Goodwill and intangible assets decreased to a total of € 228.8 million at the end of 2011 compared to € 259.0 million at the end of 2010. The decrease was primarily attributable to impairments on goodwill and intangible assets (capitalised brand names) predominantly in the UK.

Trade working capital improved slightly and stood at € 165.5 million compared to € 171.0 million in 2010. On a rolling 12-months basis, our trade working capital as a percentage of total revenue remained flat. However, our trade working capital at year-end 2011 was impacted by a seasonal peak in our cash collection from trade debtors and delayed payments of creditors. The total impact of this was approximately € 20.0 million.

Group net debt, including finance lease liabilities of € 4.8 million, stood at € 177.9 million (2010: € 198.3 million).

Dividend

The net loss after tax for 2011 was € -55.9 million. Therefore no dividend will be paid over 2011.

Going concern statement

For the reasons set out in the Report of our Executive Board, the Group faced declines in its operating results during 2011 and was unable to meet its original debt covenant ratios. As a result, prior to year-end 2011, the Company obtained a waiver, granting the Company elevated interest cover and leverage ratios at year-end. This waiver sets the interest cover ratio at a minimum of 2.25 where it was originally 4.0. The leverage ratio was set at a maximum of 4.75 where this was originally capped at 2.5 at year-end 2011. At year-end 2011, the Company met the covenant levels set by the waiver, showing 3.4 for the interest cover ratio (EBITDA (excluding Telecom)/financial income & expense) and 4.0 for the leverage ratio (Net debt/ EBITDA). These covenants are calculated under the definitions in the current credit facility agreement and waivers. Agreement has been reached with banks as to the exceptional items to be taken into account in this calculation.
In addition, a deferral was granted of the repayment obligation of € 15 million on 15 December 2011 until 8 March 2012. The expiry date of the afore–mentioned waiver was 8 March 2012, being the signing off date of the 2011 financial statements of the Company. Upon expiry of the waiver, the Company would be in breach of the covenants set out in the current credit facility, which could lead to a notice by the banks that all or part of the amounts outstanding under the current credit facility are due and payable immediately. In that event Grontmij would not be able to repay these amounts outstanding to its banks and Grontmij would not expect to be able to raise the necessary alternative funding.

As a result of the foregoing, the current leverage of the company, the decline in operating result and following the independent business review it has become apparent that a redesign of the capital structure of the Company is required to sustain the operations of the Company on the long term. Management has used all endeavours to reach a solution that will ensure continuity of the Company, resulting in an intended financial restructuring on both the debt and the equity position of the Company.
After a financial review by the management, it was concluded that the capital structure of the Company

should consist of a committed credit facility agreement of € 180 million and € 80 million of additional equity ('the rights issue').

On 8 March 2012, the Company reached in principle agreement with its major shareholders, the banks underwriting this rights issue as well as its lending banks on the capital structure, consisting of a rights issue and an extended credit facility until 2016 for an amount of € 180 million by means of a committed term sheet, subject to certain conditions of which the main ones being satisfactory documentation and a successful rights issue. In addition, the conditions as set out in the waiver were extended up to completion of the rights issue. In addition, a € 10 million additional short term working capital facility until December 2012 has been arranged, available after the rights issue.
The principles as set forward in the term sheet will need to be completed in the final lending documentation. The current term sheet includes various conditions to be met. Although the major shareholders have committed themselves to the right issue and the rights issue has been underwritten by the banks, the underwriting is dependent on a number of conditions as put in place by the underwriting banks. Finally, the proposed rights issue will need to be adopted by the Annual Meeting of Shareholders on 9 May 2012.

Based on the current fact and circumstances, ongoing discussions with the banks and, a.o. the fact that an additional waiver has been granted, the Company believes (i) that it will be able to reach final agreement with its banks on the conditions of the extended credit facility, (ii) the conditions as explained above will be met, and (iii) that the General Meeting of Shareholders will approve the proposed rights issue, thus ensuring the continuity of the Company.

As a consequence of the above, the 2011 financial statements are prepared on a going concern basis. The Company does, however, draw attention to the fact that the ability to continue as a going concern is dependent on the continuing support of its shareholders and banks and meeting the conditions as disclosed above.

Covenants levels in committed term sheet

Covenants levels in committed term sheet	Leverage ratio[1]	Interest coverage ratio[2]
31 December 2012	4.00	1.75
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 (onwords)	2.50	4.00

1) Net debt/adjusted EBITDA (adjusted means corrected for acquisitions and disposals).
2) EBITA/net financial income & expense.

Monitoring & Testing – the Netherlands – RailVacuDrill

Drilling for accuracy

Rail passenger numbers are increasing all the time. More passengers mean more trains and more pressure on the infrastructure. Grontmij has developed a brand-new way to exame and monitor the track and its foundation. The RailVacuDrill is a hollow drill that samples ballast beds without disturbing them. This means systematic checks can be carried out continually. The RailVacuDrill has already been tested and has produced more accurate results than any manual alternatives.

Risk management

Managing risk is a key component in all businesses. At Grontmij, risk to our business can come from the economic and market environments where we operate. Risks can be financial and operational. A well-embedded risk management structure is, therefore, essential.

How we manage risk

Grontmij is still in the process of implementing its COSO risk-management framework in which key risk areas are identified and mitigation is defined. Based on this framework, there is a continual process that involves both the identification of current and new risks and mitigating actions at market, business, operational and financial levels. The implementation of the risk assurance framework is based on the 'three lines of defence principle'.

The first line of defence is our country operations. Country management has primary responsibility for risk management. Each country maintains a risk register that is submitted monthly by country management directly to the Executive Board, ensuring a short reporting line. The risk register records, monitors and leads to mitigating action on identified risk.

The second line of defence is formed by quality, risk and control departments at both local and corporate levels. Country Quality & Risk managers and Corporate Risk Management (embedded in the Internal Audit function) are responsible for the maintenance of the risk management framework and monitoring of regulatory compliance. The Executive Board reports to the Supervisory Board.

In 2009 and 2010, the first steps were taken to implement risk management by assessing the entity level risks and controls and by an operational risk assessment within the major country organisations. During these visits, operational risk associated with Grontmij key activities were identified. Key internal controls were investigated and by using workshops, these controls were assessed. As a result, the operating companies in each country established actions to be taken if risks occurred and corporate headquarters had a thorough analysis of the most prevalent risks to Grontmij's operations, resulting in a bottom-up top 20 operational key risk list.

During 2011, we carried out strategic risk workshops in our operating countries and a risk assessment of our IT organisation based on COBIT. This is an internationally recognized IT governance framework and supporting toolset that allows us to bridge the gap between control requirements, technical issues and business risks. This assessment also resulted in a top 20 IT risk list.

Based on the outcome of the Independent Business Review, our main focus in 2012 will be implementing a key financial control framework and including the Ginger Group in our risk management framework. Furthermore, we intend to assess other support processes, such as legal, human resources and tax. Moreover, we are setting up

Countries	Country QRM/ Corporate Risk	Corporate Audit
1st line of Defence Business	2nd line of Defence Quality, Risk and Control Functions	3rd line of Defence Internal Audit
Risk Ownership	Risk Monitoring & Control	Risk Assurance
Country Management is primarily responsible for taking risks, the results, execution, compliance and effectiveness of risk management.	Country Quality & Risk managers and Corporate Risk Management are responsible for frameworks and regulations, advising the business and objective monitoring and reporting on execution, management and reporting on risks. The 2nd line realises this together with the 1st line, in which 1st line has risk ownership.	Internal Audit is responsible for providing audit assurance on governance, risk and control processes. *2011: advising on RM topics* *2012: evaluating RM topics*

testing activities in our country operating companies and implementing a Global Risk Management Tool in order to be able to monitor key risks and mitigating actions. As soon as the second line of defence has been fully implemented, we intend in 2012 to explore the most feasible and appropriate way to embed a third line of defence.

Risk governance

The Executive Board has overall responsibility for the Group's risk management. The Group's risk management policy is aimed at the long-term sustainable management of business activities and limiting or, where possible, appropriate hedging of risk. The Internal Audit function will be responsible for implementing both regular and ad hoc reviews of risk management controls and procedures. Through our training and management standards and procedures, Grontmij aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations. In recent years, the Internal Audit function has designed and provides two different types of workshops, one at operational and the other at strategic level. The Supervisory Board oversees how management monitors compliance with risk management procedures, and reviews the adequacy of the risk-management framework in relation to the risks faced by the Group.

Main risks in 2011

Grontmij has made a number of acquisitions in recent years: the Ginger Group in France (2010) and smaller acquisitions in the UK (2008). The UK acquisitions were made at the top of the market. Access to and transparency of operations at the Ginger Group and a difficult integration there have proved more challenging than expected. Moreover, some markets deteriorated significantly during the reporting year. Although we anticipated these changes, the measures we took proved insufficient. As a result, cash flow came under pressure. Grontmij has a significant level of indebtedness due to past acquisition policy.
This requires us to dedicate a substantial portion of our cash flow from operations to make interest and principal payments. The Grontmij brand and our reputation were also impacted in 2011 following the ensuing profit warning issued in November 2011 and the steep fall in the share price.

In mitigation of all these exposures, we have taken prompt and stringent action. Two new executives joined Grontmij in December 2011 and have been nominated for appointment as members of the Executive Board by an Extraordinary Meeting of Shareholders as per 9 March 2012. A major (financial) restructuring plan has been developed to ensure firm foundations for the future; it will be discussed at the same shareholder meeting.
A new strategy is in place to stimulate and improve organic growth and reduce costs and working capital, thereby improving our cash flow. In order to react more swiftly to changing market circumstances in the future, we need to improve our management information systems. In 2012, our focus will be on aligning Key Performance Indicators across the Group, implementing a new consolidation system and more rigorous financial controls.

The new Executive Board is committed to transparency and integrity and improving disclosures and communication to the financial markets. The former Executive Board had already launched a Grontmij Integrity Management System throughout Grontmij in 2011. It will be further rolled out during 2012. Financial disclosures in this annual report now also include more detailed financial information by country as well as information on our financial covenants, as set out in our credit facilities.

At operational level, market developments in some countries led to challenging trading conditions. Projects have been delayed, postponed and even cancelled. In mitigation, the new strategy focuses on potential growth activities within our business lines. Improving operational excellence is a priority in the strategy. Cost reduction programmes and rationalisation of human resources is already in hand as we reshape our organisation in line with market demand.

Identifying risk

We have identified a number of main risks that can impact our revenue, profit and financial condition. These are:

- Market risk;
- Business risk;
- Operational risk;
- IT risk;
- Labour-market risk;
- Compliance risk;
- Tax risk;
- Financial risk.

Market risk

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. Customers can cancel, delay or postpone proposed or existing projects. As a result, price competition is fierce.
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 as part of multi-company teams for total projects. Local operating companies are monitored at Group level. The new strategy put in place in 2012 allocates specific responsibility for specific countries to Executive Board members.

Business risk

This is defined as the risk that can occur following acquisitions, strategic investments and strategic partnerships and alliances. Grontmij has grown significantly and internationally through acquisitions. Inability to identify suitable targets could adversely affect our competitiveness and growth prospects. Following an acquisition, we may have difficulty in integrating personnel, operations and technology or products and services into the Group. An acquisition can lead to unanticipated or unintended effects or fail to realize the expected benefits. Acquired companies or business may have hidden defects or deficiencies that were not apparent at the time of acquisition.
Mitigation: Before making an investment in a company or business, we assess its (potential) value and the potential return on our investment. We would normally carry out thorough due diligence, relying on the resources available to us using professional advisors.

Operational risk

Project risk: At any given time, Grontmij is executing numerous (complex) projects in Europe and across 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 behavior.
Mitigation: The primary responsibility for the development and implementation of controls to manage operational risk is assigned to senior management. This responsibility is supported by the development of overall Grontmij standards for the management of operational risk. Compliance with these standards is supported by setting up the second-line of defence under the responsibility of country management. The result of these reviews will be discussed with the management of the related reportable segment and the Executive Board. Moreover, we are insured for the majority of operational risks. However, some projects have more extensive risk exposure than covered by our insurance. During 2011, we sharpened risk-management procedures within our client projects so that we are better equipped to monitor and minimise project risk.

IT risk

Our ability to provide services to our customers depends, among other things, on the efficient and uninterrupted operation of our IT systems. Our IT systems could be vulnerable to damage or interruption. Grontmij is aware that any damage to, or failure of, our IT systems could adversely affect our revenue, profit and financial condition.
Mitigation: During 2011, we carried out an IT risk analysis based on COBIT and we will work continually on the further implementation of this IT risk framework. In 2012, we will launch an updated formal corporate information security policy in line with the ISO-27001 Code of Practice.

Labour-market risk

Our 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. We believe that there is significant competition for technical employees who possess the skills needed to perform the services that we offer. This competition is expected to continue, or even increase, also due to an ageing workforce. If we fail to attract new technical employees or to retain and motivate our technical employees, we might be unable to deliver our services and products. In addition, any failure to successfully attract, retain and motivate qualified personnel may oblige us to use more sub-contractors which will affect our margins.
Mitigation: To increase employer branding and attract young professionals, Grontmij participates in structural programmes to train and otherwise assist students. These programmes offer them the opportunity to acquire practical experience through work placements and research assignments.

In current market conditions, managing our human resources is a major challenge. Throughout the Group, there are shifts in demand for personnel due to slower conditions in some activities. This means that personnel will have to be redeployed to pick up growth in, for example, transportation and on cross-border projects. In this manner we can retain highly-skilled staff. To motivate and retain our best (junior and senior) employees we will involve them in the implementation of the new strategy.

Compliance risk

As an increasingly international organisation and listed at NYSE Euronext in Amsterdam, Grontmij 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 to embed, integrate and further strengthen integrity awareness, including compliance with laws and regulations, across the Group.

Tax risk

As Grontmij has operating companies in a number of countries, its results depend on the taxes levied in the various jurisdictions. It is our policy to comply with tax laws in each jurisdiction while striving to mitigate tax costs. However, changes in tax law and changes in attitude of the tax authorities due to the impact of the financial crises in these jurisdictions may lead to higher tax costs.
Mitigation: In order to manage these risks, Grontmij will implement a tax management framework to increase controls and improve tax accounting and reporting.

Financial risk

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

- credit risk;
- liquidity risk;
- (financial) market risk;
- currency risk;
- interest-rate risk;
- financial reporting risk.

Credit risk

This is the risk of financial loss to the Grontmij 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. Grontmij's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of our customer base, including the default risk of the industry and country in which customers operate, has less influence on credit risk. The large number of customers is a major reason for the absence of concentration of credit risk.
Mitigation: 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 Grontmij entities. The major part of our customers has been transacting with us for over four years, and losses have occurred infrequently. Grontmij does not require collateral in respect of trade and other receivables. When potential losses are identified, we establish impairment provisions for trade receivables on individually significant exposures.

Liquidity risk

This is the risk that Grontmij will not be able to meet its financial obligations as they fall due. This occurred in late 2011, see Financial Performance > Going concern statement (page 20).
Mitigation: We have defined a sound financial policy to support our new strategy:

- Our (peak) working capital requirements should be completely covered by committed credit lines; future acquisitions, when apparent, will be funded from our free cash flow;
- We aim to achieve a leverage ratio (Net debt to EBITDA) of 1.0-1.5x;
- We aim to have an interest cover ratio (EBITDA/Interest) of 8x;
- We will pay (cash) dividends based on our dividend policy, see Our Strategy > Financial Goals > Dividend Policy (page 14).

We now monitor our cash flow continually using a 13-week rolling forecast. The new consolidation system which we will be implementing in 2012 will also provide us with more and better forward-looking data on our cash flows. Furthermore, we have started a Group-wide working capital reduction programme which is targeted at reducing our Trade Working Capital to 15% of Total Revenue at the end of 2013.

(Financial) market risk

Changes in market prices and equity prices, can adversely affect Grontmij's income or the value of its holdings of financial instruments. Our financial ratios may be adversely affected by deteriorating operational market conditions and too high leverage, thus challenging our cash flow. *Mitigation*: Market risk management's objective is to manage and control market risk exposures within acceptable parameters, while optimising the return. However, in 2011, we were acting under a waiver as we otherwise would have been in breach of the interest cover ratio and the leverage ratios. As a result, we are in the process of refinancing. This is part of stringent (financial) restructuring put in place in early 2012 (page 20, Going concern statement).

Currency risk

This is the risk that fluctuations in foreign currencies adversely affect our results.
Mitigation: Grontmij's sensitivity to changes in foreign-currency exchange rates is relatively limited. A major part of both income and expenses is denominated in euros. Moreover, those Grontmij operating companies with a different functional currency (Denmark, Hungary, Poland, Sweden and the UK) mainly have local operations and are themselves only exposed to foreign-exchange currency risks to a limited extent. Sensitivity analyses can be found on page 115.

Interest-rate risk

This is the risk that interest-rate fluctuations will adversely affect our results.
Mitigation: Grontmij uses interest-rate swaps to hedge interest-rate risk exposure arising from corporate financing activities, where considered necessary. For a sensitivity analysis, see page 115 of the Financial Statements. 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. At year-end 2011, the interest rate swaps with a nominal value of € 140 million are effective and therefore recorded in equity.

Financial reporting risk

This is the risk that the financial statements contain errors of a material significance.
Mitigation: Grontmij has the following internal control systems to monitor and reduce financial reporting risks:

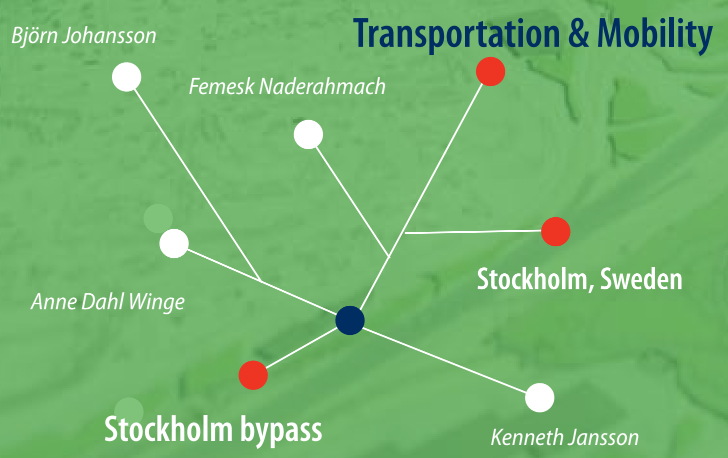
- a monthly reporting framework incorporating key financial data;
- a standard annual planning, budgeting and reporting cycle;
- annual phased budgeting and monthly forecasting;
- periodic business reviews with the Executive Board and country management.

Following the Independent Business Review and a further review of financial reporting procedures in early 2012, it has become apparent that the financial reporting systems and procedures need to be improved in 2012. The following weaknesses in our financial reporting procedures will be addressed in 2012:

- Our operations in France only report on a fully consolidated basis in June and December, with limited information on Key Performance Indicators of the business. In other periods, there is also very limited information available to corporate on France's financial performance and communication thereon with our French operations has proved to be difficult. In 2012, we will improve the financial reporting systems in France and implement monthly reporting to corporate. With new management in France since the end of January 2012, communication and transparency has already been improved;
- There is currently no key financial control framework defining financial (reporting) risks and mitigating controls. This framework will be implemented in 2012;
- Key business performance indicators across the Group differ in terms of definition and application. This will be addressed in the new consolidation system which will be implemented in 2012.

Except for the weaknesses in our risk management and control systems as described above, and following consultation with the Supervisory Board and its Audit Committee, the Executive Board is of the opinion that the risk management and control systems worked properly in 2011 and that systems, along with mitigating actions were adequate enough to provide a reasonable degree of certainty that its financial report for the year 2011 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 and will give following-up on these weaknesses.

In 2012, the Group will be improving its risk management and financial internal control systems as described above. With the exception of France, an operational risk assessment in all our major operating companies have been performed; France will follow in 2012. Also, in 2012, we will give priority to further improving our present financial controls by performing a financial risk assessment on our controls; implement mitigating actions in case needed; upgrade our consolidation reporting system; and implement a global risk-management tool so that we are able to monitor more closely from a corporate perspective the second line of defence controls that are mainly embedded in our operating countries.



On the road

Stockholm's north-south bypass highway is one of the largest infrastructure projects in Sweden. Ideas to ease traffic round the busy capital have been discussed for decades. Now it is happening and Grontmij has a role in the € 3 billion project. We are planning one of the key components – the Kungens Kurva traffic junction. Our task involves project planning and design of traffic flows, architecture and landscaping, construction and lighting. We will also plan the traffic flow in Kungens kurva during the construction time, to make sure it runs as smoothly as possible. The Stockholm bypass will be 21 kilometres long, 18 of these kilometres are in tunnels. The bypass is planned to open for traffic in the early 2020's. By 2035, it is forecast that 140,000 vehicles will benefit from our work every day.

Business lines

Planning & Design

Representing 39% (2010: 42%) of our total revenue, Planning & Design is our biggest business line. All our Planning & Design projects have a strong local focus. In 2011, some European markets, such as Denmark, picked up. We were able to win major contracts in Copenhagen, Frankfurt and Paris. However, fierce competition and difficult trading conditions in the Netherlands and the UK mean performance there was challenging.

39%

of our total revenue

What is Planning & Design?

We describe Planning & Design as finding sustainable solutions for the built and the natural environment. Whether it is the Eiffel Tower or other existing building that need renovation or have to be made sustainable, or designing 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. The world is becoming increasingly urban. This puts new pressures on our living environment. Our Transportation & Mobility colleagues work on keeping people and goods moving. Within Planning & Design, we look at the landscapes they move through. Or at the places where people live, work, shop and spend their leisure time.

What we do – sustainability by design

Planning & Design projects cover every kind of working environment. In Germany, we have been awarded the design of Frankfurt Airport's new Terminal 3, one of the most important projects of its kind in the country. Supporting the redevelopment of Paris' landmark Eiffel Tower also involves supervising the environmental aspects of this prestigious project. Also in Paris, Grontmij teams will be modernising the world-famous Longchamp race course. In Germany, we are structurally designing the new Lufthansa administrative building at Frankfurt Airport. These are examples of what we call sustainability by design, our way of embedding sustainability into how we create and execute projects. It is also a driver behind our innovations.

Managing lifecycles

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 are currently working on an additional tool that will enable owners to calculate a building's lifecycle costs. It will enable them to take strategic decisions on when investment or maintenance is most useful in terms of value.

Planning & Design – Football stadiums – Poland

Euro 2012 – ready for kick off

Poland is co-hosting Euro 2012 (with Ukraine). For Grontmij, it has been a hectic time as our Polish teams worked on essential infrastructure in and around the football championship stadiums, including the brand-new PGE Arena in Gdansk. Let's not forget Krakow. Although not a championship venue, the Dutch team has set up their training camp in the Henryk Reyman Stadium. We've made certain all are ready for kick off.

Transportation & Mobility

Transportation & Mobility currently represents 22% (2010: 23%) of total revenue. The market is highly competitive. Grontmij was able to secure a number of major projects including the design for Stockholm's new ring road and a second transport contract in Turkey.

22%

of our total revenue

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. This component has become increasingly important as more and more people are moving to urban areas. This growing urbanisation is putting greater pressure on infrastructure. There are numerous projects throughout Europe and elsewhere in the world aimed at improving links between urban hubs. High-Speed Rail (HSR), such as the Banedanmark HSR in Denmark, is just one example of ongoing investment. The new rail link from Warsaw to the airport is another. Highway infrastructure is another growth activity. Both are activities where Grontmij has major expertise and regularly wins major contracts. Work undertaken by Grontmij on the Forth Replacement Crossing in Scotland (UK), is a good example of how we work over and around water.

What we do

Transportation & Mobility 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 will last for at least a few generations. Grontmij teams frequently supervise specific components of a Transportation & Mobility 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.

Transportation & Mobility – Forth Replacement Crossing – UK

Bridging history

Grontmij forms part of the international design joint venture in the Forth Replacement Crossing construction, Scotland's largest major infrastructure project within a generation. We are responsible for designing the road networks on both sides of the Forth estuary, including road works, structures, geo-technics, landscaping and traffic management. We have the overall project management of all land-based works and are providing site supervision services during the construction phase to 2016.

Water & Energy

Grontmij is ranked as the number 2 player in the European Water business. The market for Water & Energy showed overall growth. We were successful in winning a number of significant assignments, including two environmental projects in Hungary, major biofuel contracts in Sweden and Norway and a waste to energy plant in Poland. Water & Energy accounts for 20% (2010: 21%) of our total revenue.

20%

of our total revenue

What is Water & Energy?

Water & Energy consultants cover a wide range of projects, anything from the design of innovative plants to treat waste-water or the creation of waste plants to generate energy. And every conceivable way of working with water and power in between. In Germany, we have won the assignment to create a straw-based plant for generating steam, heat and power. Yorkshire Water in the UK has awarded us a major contract as part of its pioneering energy scheme to reduce consumption.

What we do

One area where Grontmij professionals work with clients is the management of complex projects and processes. Our people are seconded to the client and tasked with delivering projects on quality specification, on time and on budget. In Energy, we have been commissioned to support the doubling of capacity at NSR Sweden's biogas plant. NSR is expanding its liquid biogas production to fuel heavy vehicles, including ferries. This will reduce reliance on fossil fuels and CO_2 emissions.

In Water, we have developed a self-regulating breakwater called eXtra. These are only some examples of how we work on sustainable solutions for Water & Energy. In Belgium, Water & Energy 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 & Energy – biofuel – Norway

Steam heat

Norway's Oppland and Hedmark are heavy forested with lumber a major business in the region. What happens to the wood waste? From now on, it will be used to power a new biofuel plant in Gjøvik that will generate 170 GWh of steam, electricity and district heating. It will be one of the largest biomass plants in the country. Grontmij has been involved from the very beginning, participating in the pilot before being awarded this hot assignment to deliver complete procurement specifications. The new plant is scheduled for completion in 2014.

Monitoring & Testing

Increasingly more emphasis is placed on lifecycle asset management and the maintenance of buildings and infrastructure rather than new builds. Monitoring & Testing of every aspect of construction, from soil to building materials, is a very specific area of expertise. In the Netherlands, we are developing a mobile mapping application for railways. Innovation on airport pavement management (RoSy) came from our Danish Transportation & Mobility team and is now in use by Monitoring & Testing colleagues. In 2011, this business line generated 15% (2010: 9%) of total revenue.

15%

of our total revenue

What is Monitoring & Testing?

Whether they are historic monuments, hospitals, universities, bridges, rail and road infrastructure or regular edifices, all buildings and constructions are exposed to the elements. Weather and environmental conditions take their toll on a daily basis. The ground on which they are built can shift or subside. Materials used in construction can age – all with potentially dangerous results. This is where Monitoring & Testing comes in. Our specialised colleagues monitor and test every aspect, from the soil to the bricks and mortar, determining essential care throughout the lifecycle. 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.

What we do

We provide the scientific and technical knowhow needed to maintain buildings and other structures. That can mean we carry out geotechnical studies of the ground and surrounds on which they are built. Teams evaluate the life expectancy of building materials, both those already used in a particular structure and those builders and engineers are considering for use in a new project. Clients are typically construction companies and architects but we also provide services such as audit, diagnostic and advisory recommendations to civil engineers and industry. In France, these are all under CEBTP certification. Materials and equipment manufactured for the construction and civil engineering industries are also tested and certified to ensure that they meet current standards and that they are suitable for the uses for which they were approved. The environmental factor has become increasingly important over time. Failure to take the environment into account can disrupt construction and cause structures to age prematurely. Through our extensive experience in the field and the 'sustainability by design' principle, we can usually give practical advice on solutions.

Monitoring & Testing – RoSy – Denmark

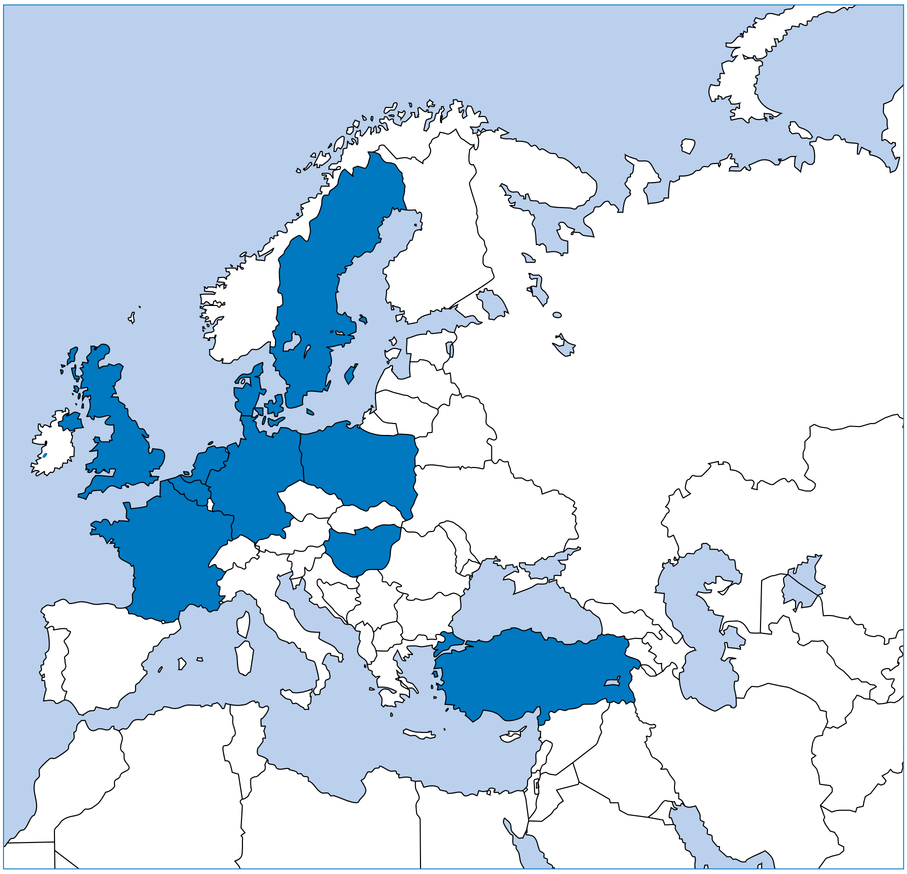
RoSy future

RoSy® PMS software already has a strong reputation. This computer-based tool is usually applied to pavement maintenance in road infrastructure. What is new is the Grontmij-developed module - RoSy APMS - for airfield pavement management. This unique system for administration and management of airside pavements prioritises safety and is the most advanced in the world. It offers our clients the benefit of being able to administer both airside and landside pavements using the same system.

‘Focus on Europe’

Operating countries

Grontmij is active throughout Europe and has a strong position in many European markets. In 2011, Grontmij restructured from four business lines to focus on core countries. Our main markets are: the Netherlands, France, Denmark, Belgium, the United Kingdom (UK), Sweden and Germany. We are also active in Hungary, Poland and Turkey and work in China on a project basis. This spread gives us a diversified geographic platform. In 2011, several markets were challenging. Performance in Denmark and Sweden, Germany, Belgium and some activities in France was strong. However, trading conditions in the Netherlands, the UK and Poland were especially difficult. Our operations in Turkey performed very well with strong growth figures.



'Grontmij supports implementation of EU funds for various programmes'

Istanbul, Turkey

The Netherlands

With an estimated market share of 10%, Grontmij in the Netherlands is a top three player. We enjoy a solid reputation in the market our key areas of excellence, such as major infrastructure projects and sustainable buildings. We are strong in the full range of water activities, an especially important expertise in this country. The Dutch team is currently playing a key role in climate adaptation of Ho Chi Min City, Vietnam. This is part of an initiative by Dutch (governmental) institutions to transfer knowledge to make delta areas safe and habitable.

Market developments

In the second half of 2011, the Netherlands slipped back into recession. Government at all levels has applied successive rounds of budget cuts and a focus on austerity to combat the challenging economic environment. Forecasts indicate that general recovery is not expected before 2013. The outlook is, therefore, only cautiously positive for Planning & Design, Transportation & Mobility and Water & Energy; Grontmij in the Netherlands has a small but growing Monitoring & Testing business.

As the majority of Grontmij's customers are (local) government, Grontmij was affected by the difficult operating conditions due to public spending cuts. General trading conditions were poor. Some projects were delayed, postponed and even cancelled. Competition, already fierce in our business lines, increased even further, influencing bidding and pricing. We took measures but these were not enough. The market outlook for 2012 remains challenging. Expectations are that ongoing austerity measures, especially in Planning & Design, will further impact our markets. We have taken firm action to adjust operating expenses, real estate and human resources. Full Time Equivalents (FTEs) have been reduced by 8.8%, from 2,434 in 2010 to 2,219 in 2011. Further reductions are in process. Grontmij in the Netherlands is rationalising office space requirements and the number of offices will be reduced from 22 to eight in the coming years.

Total revenue in the Netherlands decreased 9.2%, from € 271.0 million in 2010 to € 246.0 million in the reporting year. Government investment cuts were the primary driver of this decline. Due to declines in total revenue, EBITA was down from € 24.1 million in 2010 to € -3.7 million in 2011, partially due to € 14.0 million of non-recurring costs relating to the restructuring activities in the Netherlands. Excluding non-recurring costs and excluding profits from EAI, EBITA was € 9.3 million (2010: € 20.7 million). Average FTEs were down due to redundancies as Grontmij in the Netherlands rationalises its resources.

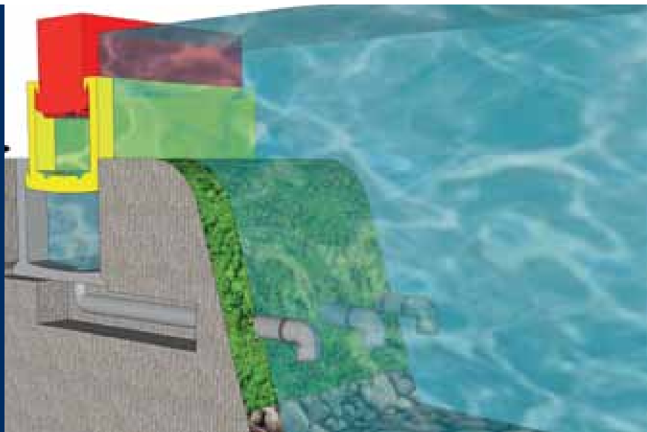
€ million, unless otherwise indicated	FY 2011	FY 2010	% change	% organic growth
Total revenue	246.0	271.0	-9.2%	-9.2%
Net revenue	197.7	224.8	-12.1%	-12.1%
EBITA	-3.7	24.1	-115.5%	-115.5%
EBITA margin	-1.5%	8.9%		
EBITA excl non-recurring[1]	9.3	20.7	-55.4%	-55.4%
EBITA margin excl non-recurring	3.8%	7.7%		
# employees (average FTE)	2,219	2,434	-8.8%	

1) Included in the non-recurring items in 2010 is a pension provision release in the amount of € 6.0 million.

Water & Energy – the Netherlands – eXtra

Breakwater breakthrough

Rivers are contrary. Water levels rise and fall, disrupting traffic or flooding low-lying areas. The Dutch have been managing water for millennia. The eXtra is a new tool to help that management. This innovative, self-regulating breakwater technology can be used in rivers and other waterways. Basically, it helps regulate flows and it does it all by itself. It can be seen at work on YouTube.com.



France

Acquired in 2010, Grontmij's Ginger Group is a premier player in the Monitoring & Testing business in France. We have a market-leading position in CEBTP* assessment and testing, the French and international benchmark on all geotechnical aspects of new builds and restoration of historic constructions. There is significant potential in Planning & Design, also through cross-border knowledge transfer. The French market offers opportunities and we will develop our internal organisation accordingly. Major projects won in 2011 are the renovation of a part of the Eiffel Tower, consultancy on the massive Les Halles urban renewal project, and the modernisation of the world-famous Longchamps race course – all in Paris. In addition to prestigious Paris-based projects, we were also able to win the geotechnical survey for Nice's second light rail line, including the Malraux tunnel, and central arterial roadway.

Market developments

Like the majority of eurozone countries, France's economy is challenged. Public spending is an issue and, as elsewhere in Europe, austerity measures are priority. However, in our business, significant projects are still being put out to tender, especially in our specialty area of Monitoring & Testing. We continue positive about prospective growth, estimating around 3% per annum in the coming years. Renovation and modernisation are growth activities. The ongoing development of greater Paris will also provide considerable opportunities in Planning & Design and Transportation & Mobility. Furthermore, renewable energy, light rail and renovation of nuclear power plants represent business potential for us.

Total revenue was € 210.8 million (2010: € 111.4 million, only part of the year was consolidated). EBITA was € 4.3 million (2010: € 6.1 million, only part of the year was consolidated). This was lower than last year mainly due to additional provisions and write-offs. Average number of FTEs is down slightly, from 2,128 in 2010 to 2,025 in the reporting year.

€ million, unless otherwise indicated	FY 2011	FY 2010[1]	% change	% organic growth
Total revenue	210.8	111.4	89.3%	n/a
Net revenue	161.5	89.0	81.6%	n/a
EBITA	4.3	6.1	-30.0%	n/a
EBITA margin	2.0%	5.5%		
EBITA excl non-recurring	4.3	6.1	-30.0%	n/a
EBITA margin excl non-recurring	2.0%	5.5%		
# employees (average FTE)	2,025	2,128	-4.8%	

1) Contains results of France as of the acquisition date, 18 June 2010.

* Ginger CEBTP is a subsidiary of Ginger Group and provides services at all stages of the construction process, delivering the technical, scientific and human resources needed for complex projects.

Monitoring & Testing – Video camera system – France

In the picture

Our French colleagues have come up with a specialised camera that monitors and records stress testing. Highly dynamic and recording 100 images per second, this visual system enables us to detect and measure any and all anomalies, shifts, deterioration and vibration levels in existing buildings and structures. This is precision at its most visual – at work for our clients.

Denmark

Grontmij Denmark is a top three player in the Danish market. Main areas of expertise are water utilities, sustainable buildings and hospitals, ports and marine works and road infrastructure. We enjoy a strong reputation in the Danish market, especially as we are one of few consultants able to deploy multi-disciplinary teams drawing on cross-border expertise. In 2011, some of the largest projects won in Denmark were in rail. We were awarded the contract to advise on Denmark's first-ever high-speed rail link, hereby demonstrating our proven ability to expand into other activities.

Market developments

Denmark's economy is struggling but we are cautiously optimistic that more positive growth trends during the second half of 2011 will continue. Planning & Design especially seems promising, with expected growth of >4%. For the other business lines, we are estimating >3% growth in the coming year based on our strong market position and favourable market conditions.

Total revenue was stable at € 147.0 million. EBITA increased strongly to € 8.5 million, up from € 3.6 million in 2010. The average number of FTEs fell 5.7% from 1,240 in 2010 to the current 1,169, as a consequence of the necessary restructuring carried out in 2010.

€ million, unless otherwise indicated	FY 2011	FY 2010	% change	% organic growth
Total revenue	147.0	147.1	-0.1%	-0.1%
Net revenue	118.7	117.3	1.2%	1.3%
EBITA	8.5	3.6	136.4%	136.5%
EBITA margin	5.8%	2.5%		
EBITA excl non-recurring	8.6	4.2	105.9%	106.0%
EBITA margin excl non-recurring	5.8%	2.8%		
# employees (average FTE)	1,169	1,240	-5.7%	

Transportation & Mobility – High-Speed Rail – Denmark

Speed on track

To help passengers get to their destinations faster, Denmark is investing in a new 60-kilometre high-speed rail network. Our Danish colleagues are part of the team brought in to make it happen. Grontmij is consulting on and supervising essential environmental preconditions for the safe and successful completion of this major project, such as noise, nature, drainage and soil handling. Slated for completion in 2018, the project is already well on track.

Sweden

With an estimated 6% of the market, Grontmij Sweden is an increasingly significant player. The business lines Planning & Design and Transportation & Mobility are key areas of expertise and excellence. We enjoy a strong position and reputation in the public-sector infrastructure activity. However, one of our biggest contracts in 2011 is a private-sector development of the Mall of Scandinavia in the capital Stockholm. This will be the largest retail and leisure complex in the region.

Market developments

Although not part of the eurozone and with a still comparatively buoyant economy, Sweden is experiencing the knock-on effects of challenging economic conditions in other (EU) countries. However, both government and the private sector are still investing. The outlook for the coming years is moderately positive with revenue growth averaging >3% although Water & Energy is expected to be flat. Grontmij Sweden won a number of major and prestigious projects during the reporting year. In addition to the prestigious Mall of Scandinavia project, we were awarded the design of Stockholm's ring road, one of the largest infrastructure projects in Sweden in recent decades. Sweden continues to invest in clean energy. Grontmij Sweden is closely involved in a regional bio-fuel project that will double current production of liquid biogas (LBG) for heavy goods vehicles and ferries.

Adjusted for the favourable currency effect of 5.7%, total revenue increased organically by 9.7%. EBITA even exceeded the revenue growth, from € 4.0 million in 2010 to € 5.8 million in the reporting year. Average FTEs increased slightly to 713 (2010: 703).

€ million, unless otherwise indicated	FY 2011	FY 2010	% change	% organic growth
Total revenue	92.6	80.3	15.4%	9.7%
Net revenue	80.6	69.6	15.7%	10.1%
EBITA	5.8	4.0	44.0%	38.4%
EBITA margin	6.2%	5.0%		
EBITA excl non-recurring	5.8	4.4	31.2%	25.5%
EBITA margin excl non-recurring	6.2%	5.5%		
# employees (average FTE)	713	703	1.4%	

Planning & Design – Shopping Mall – Sweden

Shopping around

Mall of Scandinavia is one of the largest construction projects in Sweden's capital, Stockholm. The shopping centre will change the standards for retail and the shopping experience. In a cross-border cooperation, colleagues from Sweden and Denmark will be taking on structural design and supervision of sub-contractors. Mall of Scandinavia is developed and managed by Unibail-Rodamco, Europe's leading listed commercial property company. Inauguration will take place during the autumn of 2015.

Belgium

Ranking in the top three in the Belgian market, Grontmij is a strong player, especially in the infrastructure and process industry (part of Water & Energy) activities. In 2011, Grontmij Belgium generated a solid performance in a difficult market, achieving one of the top organic growth figures in the Group.

Market developments

The Belgian economy, like many others in the eurozone, is challenged. Lack of government for a record 541 days (the previous government stepped down in April 2010) ended in late 2011 when a new cabinet was sworn in. This situation meant decisions on inevitable budget cuts have been delayed. At the same time, for the duration, many budgets were simply rolled over. Grontmij Belgium has a very favourable public/private/industry customer base so that performance is not only dependent on government projects. Future market growth is expected to average around 3% in Planning & Design and Water & Energy business lines. Although forecasts for Transportation & Mobility are flat, Grontmij has been able to strengthen market position in rail, water and DBFM projects. In 2011, we were the recipients of the Architects Association Innovation Design Award for new sustainable bus depots. We also took home the prestigious Energy Award for our own newly renovated head office in Mechelen.

Total revenue increased significantly, from € 64.9 million in 2010 to € 78.5 million in the reporting year. Organic growth a satisfying (10.8%). EBITA excluding non-recurring in line with last year. The average number of FTEs grew to 757 (2010: 629) in line with revenue to manage the greater workload primarily due to acquisitions.

€ million, unless otherwise indicated	FY 2011	FY 2010	% change	% organic growth
Total revenue	78.5	64.9	21.0%	10.8%
Net revenue	71.1	58.8	20.8%	11.5%
EBITA	4.9	6.3	-22.5%	-24.8%
EBITA margin	6.2%	9.7%		
EBITA excl non-recurring	5.7	5.6	2.3%	-0.4%
EBITA margin excl non-recurring	7.2%	8.6%		
# employees (average FTE)	757	629	20%	

Monitoring & Testing – Mobile mapping – Belgium

Mobile mapping - for rail

Another innovation from our Belgian team working in the Netherlands. When mapping essential improvements to rail tracks, standard systems for road infrastructure are usually applied. Not at Grontmij. We are applying a dedicated system in the Netherlands that was specially developed for rail. Mobile rail mapping tests cross sections of as-built track and allows evaluation of the underlying beds. Measuring track condition has never been more accurate.

United Kingdom (UK)

Grontmij UK ranks in the top 25 of engineering companies in a highly challenging market. In 2011, we were able to win a prestigious project for a new Forth Bridge in Scotland. We will also be working on a pioneering energy project with Yorkshire Water. Grontmij UK will be involved in the 'reshaping' of the landmark Centre Point building in the heart of London.

Market developments

The UK market has been very difficult for the past few years. Government budget cuts especially are impacting our business as national, regional and municipal authorities implement austerity measures, delaying and postponing major infrastructure works. At the same time, competition for our significant water-company business is even more fierce. In this kind of environment, trading is especially difficult as shrinking volume puts even greater pressure on pricing and competition increases. In response, Grontmij UK has taken rigorous action. The cost base has been decreased significantly and a stringent cost-saving programme has been put in place. However, with the exception of Planning & Design, we are cautious about the market outlook, especially in our key area of expertise, water, and in Transportation & Mobility.

Total revenue in UK was down 11.8%, from € 80.8 million in 2010 to € 71.3 million in 2011. EBITA fell to € -5.3 million from € -1.8 million in the previous year in part due to the poor trading in the first half of 2011 and for the other part due to restructuring costs relating to staff reductions and reductions in the number of offices. The average number of FTEs began to show the effects of cost-savings programmes towards the end of 2011. Average FTEs were down to 880 (2010: 911).

€ million, unless otherwise indicated	FY 2011	FY 2010	% change	% organic growth
Total revenue	71.3	80.8	-11.8%	-10.6%
Net revenue	62.0	70.5	-12.1%	-10.9%
EBITA	-5.3	-1.8	-197%	-198%
EBITA margin	-7.5%	-2.2%		
EBITA excl non-recurring	-2.1	0.0		
EBITA margin excl non-recurring	-3.0%	0.0%		
# employees (average FTE)	880	911	-3%	

Water & Energy – Yorkshire Water – UK

Pioneering power

The Morgan Sindall Grontmij joint venture in the UK is part of a pioneering new power scheme initiated by Yorkshire Water. The scheme aims to reduce energy consumption and costs. The joint venture will design a new Thermal Hydrolysis Process (THP) plant and increased Combined Heat and Power (CHP) plant to turn waste into power. The THP uses waste conversion technology to transform waste sludge into bio-gas. This is a win-win in all respects.

Germany

Grontmij Germany has a strong position in the regional and local markets. In Germany, we work in Planning & Design, Transportation & Mobility and Water & Energy. In 2011, we were able to win the design of the prestigious Terminal 3 extension to Frankfurt Airport. At Munich Airport, we were appointed general engineers for a state-of-the-art Combined Heat and Power Plant to service the whole airport facility.

Market developments

In Germany, we are operating in a highly fragmented marketplace. There are over 75,000 small to medium engineering companies. With less than 1% of the total market, Grontmij is still a top-10 player. Essentially, this is a local-for-local operating environment where local knowledge and expertise is extremely important. Grontmij is differentiated in the market as one of the few truly international organisations, fuelling its competitive position through the ability to bring in (cross-border) expertise. Performance in 2011 was strong in spite of the postponement of the major Stuttgart 21 project.

Our outlook for the coming years is cautiously optimistic, with average growth of around 3% expected in three key business lines.

Total revenue in Germany was up slightly to € 53.8 million (2010: € 51.9 million). EBITA rose € 0.2 million from € 4.4 million in 2010, due to a more profitable turnover in Planning & Design, more than compensating the lower results in Transportation & Mobility. Average number of FTEs were stable at 574 (2010: 573).

€ million, unless otherwise indicated	FY 2011	FY 2010	% change	% organic growth
Total revenue	53.8	51.9	3.7%	3.8%
Net revenue	45.6	44.1	3.5%	3.5%
EBITA	4.6	4.4	5.7%	5.7%
EBITA margin	8.5%	8.4%		
EBITA excl non-recurring	4.8	4.6	4.6%	4.6%
EBITA margin excl non-recurring	9.0%	8.9%		
# employees (average FTE)	574	573	0%	

Picture: Fraport AG

Planning & Design – Frankfurt Airport – Germany

Frankfurt's Terminal 3 – ready for 'take off'

It's Germany's biggest and busiest airport. Now Frankfurt is building its third terminal to accommodate growing passenger numbers. Grontmij Germany will provide consultancy and structural design of the 196,000 m^2 new build. Terminal 3 will be a full hub. The highlight is an 18-metre high check-in hall with a transparent façade. A new access road and public transport will be linked to the hall by a 500-metre bridge. Terminal 3 will be ready for 'take-off' in 2016.

Other markets

Grontmij has small but growing positions in a number of other markets in Europe: Hungary, Poland and Turkey. And we launched a start up in China in 2011 to handle projects there.

In Hungary, we were able to win two significant EU-funded waste-water and sewage projects. Grontmij Poland was closely involved in extensive (infrastructural) projects ahead of the European football championship in 2012. We also won the contract for a major waste-management programme for the city of Szczecin. In Turkey, we designed a (sustainable) factory and are working on EU-funded projects as technical advisors. In China, we had a major win on framework contracts for all engineering and consultancy activities related to the Zuoling Eco Valley and the design of its Investment Service Centre.

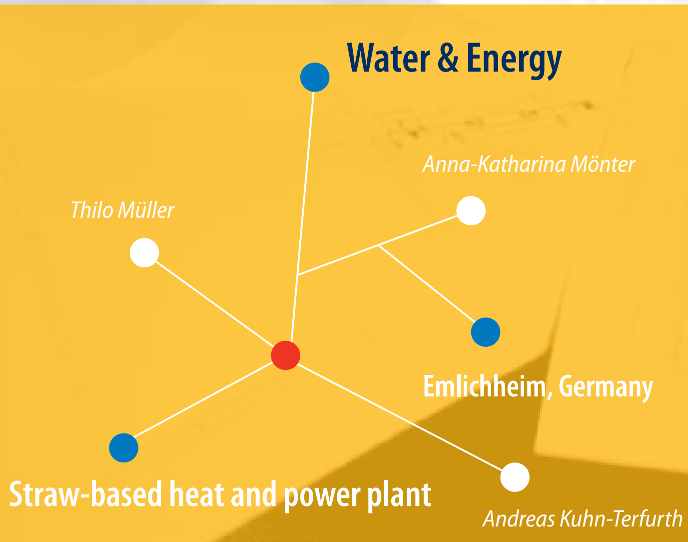
Total revenue was down 4.0% to € 17.1 million (2010: € 17.8 million) mainly caused by a decline in Poland. EBITA declined to € -0.4 million (2010: € 0.3 million), due to tough markets in Poland. Average FTEs grew to 257 (2010: 246).

€ million, unless otherwise indicated	FY 2011	FY 2010	% change	% organic growth
Total revenue	17.1	17.8	-4.0%	-0.9%
Net revenue	9.1	9.9	-8.2%	-4.9%
EBITA	-0.4	0.3	-203.9%	-156.5%
EBITA margin	-2.1%	1.9%		
EBITA excl non-recurring	-0.2	0.3	-146.0%	-138.5%
EBITA margin excl non-recurring	-0.9%	1.9%		
# employees (average FTE)	257	246	4%	

Transportation & Mobility – Airport rail link – Poland

Trains and planes

Warsaw's airport is getting a new rail link to the heart of the Polish capital. It's a comprehensive and complex project. The aim is to reduce environmental impact by easing traffic on airport access road and provide passengers with safe and comfortable transport. The combination of trains and planes will make for a smoother journey. Grontmij is managing contractors and supervising construction budgets on this prestigious new transportation link.



Straw heat

Rolling grain fields are both picturesque and economically important for the Northern German Emlichheim region. And from now on, they will yield an even greater harvest. Grontmij has been appointed project consultant for the design and construction of what will become the largest straw-based heat and power plant in Germany. This is the first time that straw – what remains after grain is harvested – will be used to generate power in Germany. It is a unique project and a great opportunity for local grain farmers as the majority of the 75,000 tons a year needed to power the plant will be sourced from them. It is also a highly sustainable idea because it will help Emlichheim reduce its fossil-fuel generated emissions by up to 90,000 tons a year. The plant will become fully operational in 2012.

Human Resources

The quality of our highly motivated people is key to our success. That is why Grontmij aims to be a preferred employer, sensitive to local conditions and with an international focus. This means that policies to ensure internal career development are vitally important if we are to retain good people and skills, and utilise them fully for both Grontmij and our clients' benefit.

We have a policy in place aimed at developing people who are motivated and capable of going on to hold senior commercial positions, becoming technical specialists or project managers. Business and managerial skills are becoming increasingly important; Grontmij supports the development of talented staff and managers. The Group's international departments also have a global pool of experienced freelance professionals who are regularly retained to serve on a project basis.

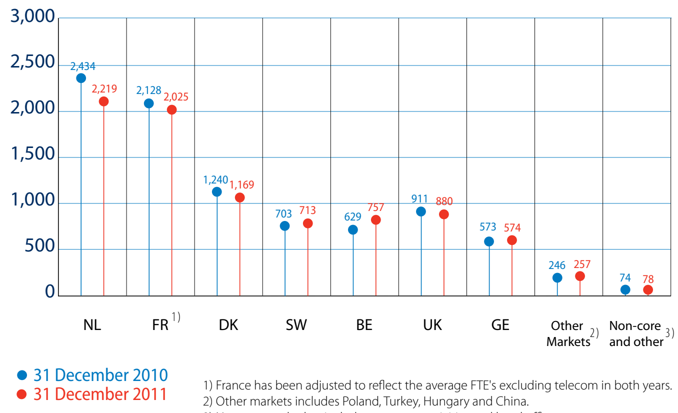
Grontmij has defined the following principles for the Group's human resources policy:

- stimulating entrepreneurship and an entrepreneurial culture;
- paying attention to the environment, safety and social development;
- training and educating employees and management;
- creating challenging career perspectives;
- offering employment conditions and a remuneration structure in line with the market;
- providing a healthy and safe work environment.

People in numbers

Throughout the Group, shifts in demand for personnel due to slower economic conditions has meant the loss of jobs. This is specifically the case in the Netherlands and in the United Kingdom. Other personnel have been redeployed to pick up growth in, for example, transportation and on cross-border projects. Human Resources management has to be able to support the balance between retention and cost control. 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 2011 is 8,587 (2010: 8,552). The tables provide an overview of average FTEs by country for the year ending December 2011, excluding Telecom.

Average FTEs by country



1) France has been adjusted to reflect the average FTE's excluding telecom in both years.
2) Other markets includes Poland, Turkey, Hungary and China.
3) Non-core and other includes non-core activities and head office.

Strategic development

Cross-border cooperation between Grontmij countries can offer our customers benefits, especially within the selected Group growth activities. There is significant potential to gain greater synergies from our people's skills and expertise. It is Human Resources task to create the conditions that stimulate knowledge exchange. Due to the knowledge-intensive nature of our business, we need to ensure that knowledge and information are widely accessible. With the support of Group-wide tools, the knowledge available within our organisation is used effectively and with growing frequency, also across borders, providing the right information in the right place at the right time.

We are investing in the tools that can facilitate knowledge sharing. Professional networks are active in various fields of expertise throughout the organisation and are stimulated and encouraged by senior management. Our people are connected through these networks that enable us to share knowledge rapidly. Based on our IT platform, we can improve the development and quality of our services and use our resources more efficiently. During 2011, networks in all business lines have worked on putting in place foundations for knowledge exchange through the networks. In support, we regularly organise meetings and seminars at Group, national and regional level.

2011 Average FTEs

	NL	FR[1]	DK	SE	UK	BE	GE	Other markets	Non-core and other	Total
Permanently employed	1,949	1,744	1,069	692	819	638	525	245	65	7,747
Temporarily employed	139	172	100	21	-	11	49	6	6	503
Total employed by Grontmij	2,088	1,916	1,169	713	819	648	574	252	71	8,250
Agency staff	131	109	-	-	62	108	-	5	7	422
Total	**2,219**	**2,025**	**1,169**	**713**	**880**	**757**	**574**	**257**	**78**	**8,672**
31 December 2011										
Women (% Grontmij payroll)	21%	30%	29%	33%	24%	30%	44%	47%	29%	29%
Fulltime (% Grontmij payroll)	70%	94%	93%	81%	93%	86%	72%	96%	79%	84%
Higher level degree %	56%		80%	89%	51%	67%	91%	97%	68%	70%
Average age	44	38	45	44	39	37	43	36	46	42

2010 Average FTEs

	NL	FR[1]	DK	SE	UK	BE	GE	Other markets	Non-core and other	Total
Permanently employed	2,080	1,973	1,138	684	862	564	513	219	59	8,092
Temporarily employed	172	155	-	19	-	6	60	27	6	445
Total employed by Grontmij	2,252	2,128	1,138	703	862	570	573	246	65	8,537
Agency staff	182	-	102	-	49	59	-	-	9	401
Total	**2,434**	**2,128**	**1,240**	**703**	**911**	**629**	**573**	**246**	**74**	**8,938**
31 December 2010										
Women (% Grontmij payroll)	21%	24%	30%	30%	23%	32%	44%	50%	30%	27%
Fulltime (% Grontmij payroll)	70%	88%	93%	81%	92%	79%	83%	98%	79%	83%
Bachelor degree or higher %	65%		68%	65%	81%	84%	100%	94%	65%	73%
Average age	42		45	42	39	38	44	36	44	42

1) France has been adjusted to reflect the average FTEs excluding Telecom in both years.

Grontmij exists through its customer relationships. Commercial awareness is, therefore, an essential competence for all employees. Every project and solution we create is based on customer needs. That is why customers choose Grontmij. We regularly test our customer satisfaction through surveys and do the same with our employees, also as part of our ISO-9001 and ISO-1401 programmes.

Training and development

Grontmij spends an average 2% to 2.5% of total salary costs on training. Employees at management level receive an average 20 hours of training per year. At an average 40 hours or a full week per year, technical/engineering professionals receive double that number of hours. On average, support personnel receive 20 hours of training.

Educational partnerships

Grontmij participates in structural programmes to train and otherwise assist students by offering them the opportunity to acquire practical experience through work placements and research assignments. A number of our employees act as guest lecturers or student advisers at technical universities and other higher-education institutions in many of the countries in which we operate. Examples include Warsaw Polytechnic and the Academy of Economics in Poznań (Poland), the technical universities of Delft, Eindhoven, Enschede and Wageningen (the Netherlands), the Danish technical university, Wiesbaden (Germany), Edinburgh and Glasgow (Scotland) and Wuhan (China), Chalmers University of Technology (Sweden) and, through Ginger, with the Geology department at the University of Nancy. Grontmij also sponsors scientific projects focusing on sustainability and an international group of young scientists (SYISS) in Sweden.

In 2011, Grontmij energy consultants mentored student teams competing in the international 'NRG battle'. The aim is to develop innovative, non-obvious and well-thought through concepts and solutions for (reducing) energy consumption. Grontmij-mentored teams ultimately took first and third places in a fiercely fought competition. One of the prizes was a National Geographic documentary about the solution. In Denmark, colleagues organised a challenge and one-day work experience event for 14-year old girls as part of a national drive to persuade more young women to join the engineering profession. These are just two examples of how we are working to assist students in entering our business.

Environmental care and safety

Safety and the quality of employment conditions have a high priority. The objective of Grontmij's policy is that employees can undertake their work under safe and healthy conditions, whilst simultaneously overseeing and paying attention to the protection of third parties and the environment. The objective of the health and safety policy implemented in the various group companies are based on the OHS-18001 standard and are primarily, a line management responsibility. The level of absenteeism is, in general, relatively low. The results of the execution of the health and safety policy are maintained by each Group company separately and discussed with the Executive Board. All employees are represented by consultative bodies on health and safety.

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. Despite the downturn of the financial markets, Stichting Pensioenfonds Grontmij complies with the guidelines of the Dutch Central Bank in terms of its cover ratio (106%) as per the end of 2011 (2010: 113.6%).
During 2011, the Stichting Pensioenfonds Grontmij decided to change the hybrid plan in the Netherlands, which entails a final-pay scheme up to a gross salary of € 66,433, combined with a Defined Contribution scheme for the salary above this amount up to a gross salary of € 112.169 to a Collective Defined Contribution system based on average gross salary. The changed system will take effect from 1 January 2012. As a result of the final-pay scheme, Grontmij was still sensitive to the fund's performance in 2011. The company runs no risk in relation to the Defined Contribution scheme.
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. This scheme offers our Dutch employees the opportunity to invest in the Group through Stichting Medewerkersparticipatie Grontmij without incurring transaction or custody fees. Participations are represented by depositary receipts purchased by the Foundation on the NYSE Euronext in Amsterdam. At the end of 2011, 1,570 members of staff (2010: 2,401) jointly held 66,059 participations (2010: 82,246). From 2008, it is no longer possible to acquire participations through Stichting Medewerkersparticipatie Grontmij.

In 2008, a Group employee share-ownership scheme, the Employee Share Purchase Plan (ESPP), was introduced. The new scheme is 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 the new 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 in depositary receipts for ordinary shares Grontmij. Stichting ESPP Grontmij issues one participation for each depositary receipt. Stichting ESPP Grontmij acquires the depository receipts on the NYSE Euronext in Amsterdam. The participations are issued at a discount of 15% of the underlying market value of the depositary receipts. 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 2011, 222 members of staff (2010: 218) were registered for 36,105 participations (2010: 25,342). There are no option schemes available at Grontmij.

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 2011. In addition to explaining Grontmij's current business, operations and results, topics discussed included the IT strategy and skills requirements at Group level, CSR and the organisational development and potential consequences into the future.

‘Embedding sustainable thinking across our whole organisation’

Corporate Responsibility

We understand that everything we do around the world may have a fundamental effect on the environment and people. Our aim is that when Grontmij is working with a client they can be sure that we are trying harder than anyone to safeguard those precious environments and the people we work alongside. We advise on how to develop the places where we live and work healthily, how to use natural resources wisely and how to travel responsibly and safely. To do this we have to have a deeper understanding of how these actions affect our surroundings. At Grontmij, we believe that we have that understanding and so we recognise our great responsibility to protecting environment and communities. This is the basis of our Corporate Responsibility (CR).

Goal 2013 to become a carbon neutral company

What CR means to Grontmij

We have a clear CR strategy. The long-term goal is the achievement of our stated ambition to play an active part in the sustainable development of the societies where we operate by acting responsibly with respect to:

- the environment at large, including mitigating and adapting to the effects of climate change;
- our workplace and the employment of people;
- the market, our customers and our delivery of services; and
- our business partners and suppliers of goods and services.

Our CR programme combines activities to measure and reduce our own environmental impacts, to ensure we have fair working conditions for our staff, to deliver leading services to our clients and treat all our suppliers and partners with integrity.

Even though we have thousands of people in our operations, Grontmij has a relatively limited impact on the environment. However, the work we do can have a potential for major environmental impacts. This is why we have developed our own approach to delivering sustainability in everything we do. We call this 'sustainability by design' and the concept, we believe, defines who we are. We want to lead the industry by playing a major part in addressing environmental issues, delivering sustainable and simple solutions to the challenges we are offered by our clients. Through all of this our central theme is to address climate change. So, we are embedding sustainability thinking across our whole operation, in our offices and in the way we travel, and in our projects and the way in which we design solutions for our clients.

What are we doing

We are defining what is meant by sustainability for each sector of our business and what that means for how we work and for our clients. Grontmij in Denmark, France, Germany, the Netherlands and in the United Kingdom already have standards and guiding principles. This gives us a starting point. By sharing best practice through cross-border cooperation, we can more easily establish Group-wide definitions and processes. On delivery, a network of sustainability champions has been put in place throughout the organisation. This is a bottom-up approach that allows Grontmij people working directly with the client to determine what is expected and needed from us. Requirements are then incorporated into the development of concepts for clients by our design engineers and consultants. One example is using UK water-management expertise to assist our colleagues in France with significant leakage problems in the French water system.

We have implemented a Grontmij Integrity Management System (GIMS). Through this we are making changes at the local level to ensure we treat all of our clients and partners equally and with integrity. We have based our system on the guidelines from FIDIC, the European federation of consulting engineers and the UN Global Compact.

Electricity used from renewable sources: 34%

Sustainability at work

Many of our projects relate to creating and developing sustainable solutions. Examples include Grontmij Sweden's deep involvement in doubling the capacity of a biogas plant. Liquid biogas is used as heavy-vehicle fuel, replacing fossil fuels, such as oil. This plant is a world-first. Another Grontmij Sweden biofuel project is in Norway where a plant is under construction for the production of some 170 GWh of steam, electricity and district heating, again replacing fossil fuels. In Belgium, we are exploring ways to ensure public transport can run continually on electrical power rather than petrol or diesel. Often, buses use a combination of electrical and fossil fuels. By developing a clean induction charge system, public transport can operate wholly on electricity. Our Danish colleagues are responsible for consultancy on Denmark's new high-speed rail network. We are advising on noise pollution, environmental, drainage and soil-related issues along the construction site. In Germany, we are consulting on the design and construction of that country's largest straw-based heat and power plant. These are just some examples of our potentially positive impact on stimulating sustainability in our work environment.

Measuring progress

Progress on embedding sustainability by design is being measured and audited. Grontmij has earned both ISO-9001 for quality management, ISO-14001 for environmental management and in OHSAS-18001 for health and safety management. Each is audited regularly for ongoing certification. We are in the process of adjusting our ISO reporting criteria on each of our operating activities to reflect sustainability by design. The goals set for 2012 are to ensure we have common objectives across our business lines and drive value into the organisation for our information exchange networks.

What is our own footprint?

The majority of Grontmij's own work is done in our own offices, but we recognise that we do travel a lot between our own and client offices and work sites. But because much of our business is local, the number of kilometres flown and driven is comparatively small for an organisation of our size and worldwide geographic spread. As we aim to 'lead the industry', it is appropriate that our own CR footprint performance is leading and therefore challenging. We have defined targets for:

- energy use, both direct (e.g. natural gas) and indirect (i.e. electricity);
- take-up of renewable energy;

GRI Standard Disclosures – key environmental performance indicators 2011

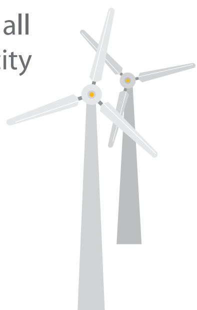
3,500 kWh per head

Average energy consumption per head, 2011

Total direct and indirect energy consumption

This indicator presents our use of direct energy sources such as natural gas and indirect sources such as electricity and district heating. The data reported are the average amounts of energy used per head in kWh in 2011 for our full time equivalent staff.

34% of all electricity used



Percentage renewable electricity used by all activities, 2011

Use of renewable electricity

This indicator presents our use of renewable electricity as a percentage of the total electricity used.

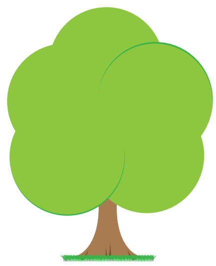
6 m^3 per head

Average water use per head, 2011

Water use

This indicator shows our use of water both for consumption and sanitation. All sources are from public supplies. The data reported are the average amounts of water used per head in m^3 in 2011 for our full time equivalent staff.

3.9 t



Average CO_{2e} emissions per head, 2011

Total greenhouse emissions

Our reported data are comprised of emissions of CO_{2e} per head related to the GHG boundary we have set: direct energy, indirect energy and all business travel. The data reported are the average emissions of CO_{2e} per head in tonnes in 2011 for our full time equivalent staff.

12,000 km

Average distance travelled by car per head, 2011

Environmental impacts of transportation

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. The data reported are the average kilometres driven per head in 2011 for our full time equivalent staff.

Please go to www.2011.crreportgrontmij.com for a full analysis of our CR indicators plus comparisons to previous years.

Reduction in energy used 2011: 11%

- transportation (i.e. CO_2 emissions from transport);
- CO_2 emissions (including carbon neutrality); and
- waste to landfill.

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. In 2008, we reported against ten indicators. Now, we report on 30 key indicators of economic, environmental, social and ethical performance. This year's CR performance is again reported to the standards of the GRI framework. The table shows our key environmental indicators for 2011. The full GRI report showing all of the GRI indicators we have selected can be found on our website www.grontmij.com.

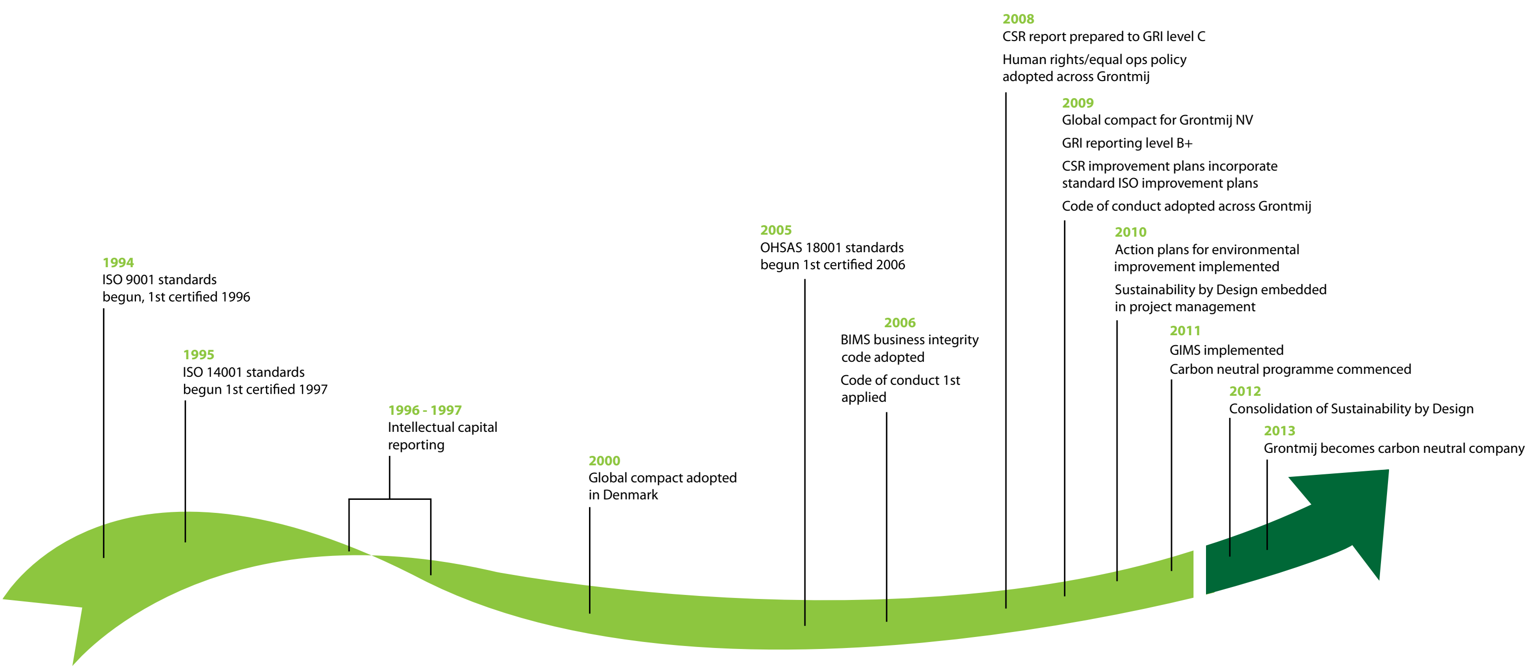
In 2009, we extended our environmental reporting by becoming signatories to the carbon disclosure project (CDP), the international benchmark for reporting greenhouse gas emission inventories (www.cdproject.net). From 2010, we reported to the CDP Investor profile: this reflects the size and importance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

Our future goals

It is our stated ambition to become carbon neutral during 2013. We have developed a strategy to achieve this, involving:

- measuring and recording our carbon footprint (in progress since 2008, 2010 set as base year);
- verifying our emissions' reductions through the use of external auditors;
- avoiding 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 to clients.



Monitoring world heritage

In 2011, Amsterdam was awarded the prestigious Unesco World Heritage status. The whole of the inner-city and its characteristic canals has been added to the exclusive list. So the pressure on the people creating the North-South metro is even greater as the line runs right under the Dutch capital's historic centre. And this makes Grontmij's monitoring and testing even more crucial. What Grontmij teams do is monitor every movement, be it underground, in the foundations of the fabulous 17th century surrounding buildings and other buildings. We measure and analyse no less than 2.8 billion data values every hour. By using the new metro line, 200,000 passengers will be travelling in a save way between the capital's northern and southern areas.

Corporate Governance

For Grontmij, corporate governance is seen as an essential tool. We adhere, with few deviations, to the Dutch Corporate Governance Code. In 2011, overall governance was further expanded through the implementation of the Grontmij Integrity Management System. Full details of Grontmij's Corporate Governance can be found on *www.grontmij.com > Corporate Governance.*

How governance is structured

The General Meeting of Shareholders (GMS), 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

A General Meeting of Shareholders (GMS) is organised within six months of the end of the financial year. Further shareholders' meetings 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 or holders of depositary receipts who, on their own or together, represent no less than 1% of the Group's issued share capital or whose shares or depositary receipts 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 GMS 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 GMS 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 GMS may further at all times suspend and dismiss both members of the Supervisory Board and the Executive Board. A resolution of the GMS 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.

The AGM 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. During the reporting year, the Supervisory Board had two permanent committees that report directly to it: the Audit Committee and the Appointment and Remuneration Committee. As per the beginning of 2012, these committees discontinued until such time that the Supervisory Board has fulfilled all vacancies. 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.

From 1 June 2011, the Group Executive Committee (GEC) and the Executive Board were merged. Originally, the GEC comprised four Group Directors and the members of the Executive Board. Two Group Directors stepped down in late 2010 and in the first half of 2011, respectively. The remaining two were nominated as members of the Executive Board. Tasks of the GEC, such as executing strategy, day-to-day operations of each business line and all regions and countries and staff departments, and strategy and innovation, were subsequently divided among the members of the Executive Board.

Our Integrity Management System is based on 6 principles

During the Annual General Meeting of Shareholders held on 24 May 2011, 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. or depositary receipts for such shares. 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. 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.

Adherence to the Dutch Corporate Governance Code

Grontmij adheres with few deviations to the Dutch Corporate Governance Code (the Code). In 2007, the corporate governance structure was adjusted to reflect the increasing internationalisation of the organisation. Grontmij has taken note of the revised best practices and guidelines of the Dutch corporate governance code published by the Corporate Governance Code Monitoring Committee in December 2008. Where appropriate, these have been applied by Grontmij. There are only a small number of best practices and guidelines where we (still) deviate.

- **II.1.1**: Members of the Executive Board appointed before 1 January 2004 are appointed for an indefinite term. These contracts will be honoured. Members of the Executive Board appointed after that date are appointed for a four-year period.

- **II.2.8**: The severance payment to Mr S. Thijsen, who stepped down as CEO on 19 December 2011, amounts to more than one year fixed annual salary. The Supervisory Board has deemed this to be reasonable given the long period (27 years) he has been employed by the company.

- **II.2.10**: The Supervisory Board retains the option of a so-called fairness review of the variable remuneration only in so far as such remuneration relates to individual targets. Other parts of the remuneration are fixed and based on Dutch labour law and the applicable labour contracts not subject to a fairness review by the Supervisory Board.

- **II.2.13 f, g & h:** Performance criteria are described in general terms but not fully disclosed as they contain competition-sensitive information. For the same reason, individual targets (relating to the discretionary component of variable remuneration) are not fully disclosed but described in general terms. Furthermore, they could contain information of an otherwise confidential nature that Grontmij may not want to disclose.

- **III.3.1**: The Supervisory Board has a profile that includes aspects of diversity. There are no specific diversity objectives. We will await the implementation of proposed legislation and, if considered necessary, present a revised profile at the 2013 AGM.

- **III.5.11**: During 2011, the chairman of the Appointment and Remuneration Committee also chaired the Supervisory Board. In most companies, the Supervisory Board chairman usually chairs the Appointment Committee. At Grontmij, the Appointment Committee is combined with the Remuneration Committee. Given the leading role of the chairman of the Appointment Committee in the selection and nomination process of members of the Executive and Supervisory Boards, it is decided that the chairman of the Supervisory Board also chairs the combined Appointment and Remuneration Committee. As per the beginning of 2012, the Appointment and Remuneration Committee discontinued.

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; no adjustments were deemed necessary in 2011.

Developments during 2011

Every year, the Supervisory Board regularly reviews (elements) of Grontmij's corporate governance structure. Any material changes to the structure will be proposed for approval at the AGM. During the year, no changes were made or proposed to Grontmij's corporate governance structure other than that the Group Executive Committee (GEC) and the Executive Board were merged.

Depositary receipts for shares

The Group does not use depositary receipts for ordinary Grontmij shares as an anti-takeover measure. Depositary receipts may be converted into ordinary Grontmij shares without restrictions. In accordance with the Code, the board of the Stichting Administratiekantoor van aandelen Grontmij N.V. issues proxies, without limitation and in all circumstances, to depositary receipt holders who so request. Depositary receipt holders thus authorised can exercise the voting right at their discretion. Depositary receipt holders may issue binding voting instructions to the Stichting Administratiekantoor van aandelen Grontmij N.V. in respect of the shares it holds in trust on their behalf.

Prevention of insider trading

Grontmij has regulations for the prevention of insider trading. These regulations were revised and approved by the Supervisory Board in December 2010 and were distributed to Supervisory Board, Executive Board, 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).

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 (depositary receipts for) Grontmij ordinary shares by one party or several parties acting in concert, in case of

Planning & Design – Eiffel Tower – France

Landmark project

The Eiffel Tower – millions have visited this Paris landmark. And it is about to get even better. The idea is to redevelop the first 'floor' of the tower. Currently, it's little more than a place to stop and catch your breath as you climb. Now, it will be transformed into a place to shop, dine and get information. Grontmij France is responsible for the technical studies, the environmental aspects of the project and the supervision of works. The renovated first floor will be ready at the end of 2013.

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(the threat of) an undesired concentration of (depositary receipts for) 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 twelve months after the first issue of preference shares. The agenda for such meeting will contain a proposal on the cancelation of the preference shares. As at 31 December 2011, no preference shares were issued.

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.

To the best of the Executive Board's knowledge, no agreement has been entered into by shareholders for the purposes of restricting the transfer of shares (or depositary receipts) except for the agreement with Mr J.L. Schnoebelen and two companies held by Mr Schnoebelen (the 'investors'), who acquired 905,923 (depositary receipts for ordinary) shares in Grontmij. Based on the agreement, Mr Schnoebelen and the investors were not allowed to sell any of the 905,923 (depositary receipts for ordinary) shares in Grontmij during a period of 180 days after 18 June 2010. Nor were they permitted to sell more than 50% of these (depository receipts for ordinary) shares in the subsequent period to 18 June 2011.

Apart from the credit-facility agreement entered into with the consortium of banks mentioned in the note to the consolidated financial statements for 2011, 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.

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.

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) as applicable as of book-years starting on or after 1 January 2009 can be found on our website: *www.grontmij.com* > *Corporate Governance.*

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 2011 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, 8 March 2012

Sylvo Thijsen*
Gert Dral

At 31 December 2011, Mr Thijsen held 3,590 (2010: 3,590) participations Grontmij and 4,273 (2010: 4,273) depositary receipts for shares Grontmij. As per the same date, Mr Dral held 1,587 (2010: 1,587) participations Grontmij and 2,671 (2010: 2,671) depositary receipts for shares Grontmij. Mr Jaski and Mr Vervoort held no participations or depositary receipts. Mr Schnoebelen, who stepped down as member of the Executive Board on 8 March 2012, held, via two companies owned by him, 905,923 depository receipts as per 31 December 2011.

* *As per the date of signing this report, the Executive Board consists of Mr Gert Dral and Mr Sylvo Thijsen. As per December 2011, Mr Michiel Jaski and Mr Frits Vervoort joined the company as CEO and CFO, respectively. They are both nominated for appointment as members of the Executive Board at the Extraordinary General Meeting of Shareholders on 9 March 2012.*

‘Our success depends on our staff and our talent which make the difference’

Information for our Shareholders

Grontmij aims for transparent communications and intends to provide 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 with regard to enquiries.

This section provides more insight into the development and performance of the Grontmij share, our IR policy and activities in 2011, and information on our dividend policy and shareholdings.

The Grontmij share

Grontmij's authorised capital consists of 30 million ordinary shares with a nominal value of € 0.25 each and 30 million preference shares with a nominal value of € 0.25 each. As at 31 December 2011, 21,322,500 ordinary shares were issued. No preference shares were issued as per that date. Stichting Administratiekantoor van aandelen Grontmij N.V. (the Trust Office) administrates approximately 98.7% of Grontmij's ordinary shares, against which depositary receipts have been issued. The depositary receipts for ordinary shares in Grontmij are listed on NYSE Euronext regulated market in Amsterdam and are included in the Amsterdam Small Cap Index (AScX). On 31 December 2011, the market capitalisation of Grontmij amounted to over € 112.0 million (€ 360.3 million per year-end 2010). There are no restrictions on the transfer of shares or depositary receipts for shares. No special controlling rights are attached to ordinary or preference shares. Holders of depositary receipts for ordinary shares may exchange these receipts for ordinary shares without any restrictions. The 2011 report of the Trust Office can be found on page 136.

Share price movements in 2011

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

Indexed share price movement (100 on 1 January 2007)

Through the reporting year, movements in share prices were as follows:

Share price 03/01/2011	€ 17.30
Highest closing	€ 17.20
Average closing	€ 12.46
Lowest closing	€ 4.42
Share price 30/12/2011	€ 5.23
Average number traded	44,347
Market capitalisation at year-end	€ 112 million

Investor Relations

Grontmij IR policy

We have a clear policy on information for 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 analysts/press

meetings. 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 without delay via press releases. Anyone may subscribe to such press releases by registering via the Grontmij website;
- 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 (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.

Silent periods

Silent periods are the periods prior to the publication of our financial results during which in principle no meetings will be held with and no presentations will be given to financial analysts. In addition, during silent periods no other communication with analysts and investors will take place, unless such communication relates to factual clarifications of previously disclosed information. Usually, the length of the silent period is eight weeks prior to full year results and three weeks prior to interim results and Q1 and Q3 statements ('trading updates').

Activities

Members of the Executive Board and the Investor Relations department organise yearly 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 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. All sessions can be followed live via the company's website through an audio webcast. The information presented at these meetings is published in a timely manner on the company's website.

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 2011 in the public database 'notifications substantial holdings' 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:

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

Dividend policy

Our dividend policy for the period 2012-2015 will be discussed at the Annual General Meeting of Shareholders in 2012. Grontmij proposes 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 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.

Dividend 2011

The company will not pay dividend over the year 2011 due to the net loss incurred.

Financial calendar 2012

Date	Event
9 March 2012	Publication Annual Results 2011/ Analyst meeting - Audio webcast
9 March 2012	Extraordinary General Meeting of Shareholders
9 May 2012	Trading Update Q1 2012
9 May 2012	Annual General Meeting of Shareholders
30 August 2012	Publication Interim Results/ Analyst meeting - Audio webcast
15 November 2012	Trading Update Q3 2012

Dates for 2013 will be published on our website:
www.grontmij.com > Investor Relations > Financial calender.

Supervisory Board

As per 9 March 2012 > from left to right: P.P. Montagner, J.H.J. Zegering Hadders, R.J.A. van der Bruggen and J. van der Zouw.

J.H.J. Zegering Hadders (1946)

Chairman (until 9 May 2012)

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., member of the Supervisory Board of AGEAS UK, member of the Supervisory Board of GE Artesia Bank, member of the Bussum Municipal Council, chairman of Stichting Nieuw Holland.

J. van der Zouw (1954)

Chairman (from 9 May 2012)

Nationality
Dutch
Appointed
9 March 2012
Most important previous positions
Chairman Executive Board Eriks Group N.V., Chairman Executive Board Transmark Nederland
Current positions
Advisor Eriks Group N.V., Member of the Supervisory Board Van Wijnen Holding N.V., Member of the Supervisory Board HGG, Member of the Supervisory Board Den Helder Airport, Member of the Supervisory Board Newdell Company.

P.P. Montagner (1942)

Nationality
French
Appointed
2010
Current term expires
2015 (eligible for reappointment)
Most important previous positions
Several senior management positions at Bouygues S.A., Internal Auditor at Bouygues S.A., Chairman and CEO of the Board of Bouygues Telecom, Non-executive Chairman of the Board of Bouygues Telecom, Chairman of the Supervisory Board of Ginger S.A.
Current position
Non-executive member of the Board of Bouygues Telecom.

R.J.A. van der Bruggen (1947)

Nationality
Dutch
Appointed
2010
Current term expires
2015 (eligible for reappointment)
Most important previous positions
Member of the Supervisory Board Aalberts Industries N.V., Member of the Advisory Council Cisco, Member of the Exchange Council NYSE Euronext, Member of the Advisory Board Gelderse Vallei Ziekenhuis, Member of the Board of Trustees Construction Industry of TSM Business School, Member of the Board Niederländisch-Deutsche Handelskammer.
Current position
CEO of Imtech N.V.

Report of our Supervisory Board

The reporting year was a challenging one, especially in the second half. Markets continue to feel the effects of the ongoing economic crisis although order books in a number of operating countries developed well. For Grontmij, operating results in the Netherlands and the UK, were disappointing and impairments had to be made on the acquisitions in the UK. Following the acquisition of Ginger Group in June 2010 leverage was high and with deteriorating results, interest costs had an even bigger impact on net result. The integration and transparency of the Ginger Group, acquired in 2010, has proved more challenging than expected. This operating environment led the Supervisory Board to approve an Independent Business Review in late 2011. Considerable changes in the management and supervision of the Group have also been made. Subsequently, a further restructuring programme has been approved and a new strategy developed – both as essential tools in improving Grontmij's return to shareholders.

Composition of the Supervisory Board

Due to other obligations, Mr P.E. Lindquist stepped down at the Annual General Meeting of Shareholders in May 2011. After the Extraordinary Meeting of Shareholders on 9 November 2011, the chairman of the Supervisory Board, Mr F.L.V. Meysman, and the vice-chairman, Mr S.E. Eisma, stepped down with immediate effect following the request of some large shareholders. The Supervisory Board thanks all three members for their contribution to the company. From 9 November 2011, the Supervisory Board has consisted of three members, Messrs J.H.J. Zegering Hadders (chairman), R.J.A. van der Bruggen and P.P. Montagner. The Supervisory Board nominated Mr J. van der Zouw for appointment at the Extraordinary Meeting of Shareholders to be held on 9 March 2012.

After the resignation of Mr Meysman and Mr Eisma, all members comprised both the Audit Committee and Appointment and Remuneration Committee for the remaining part of the year. In view of the present size of the Supervisory Board both Committees were discontinued as per the beginning of 2012 until such time that the Supervisory Board has fulfilled all vacancies.

Diversity overview Supervisory Board Grontmij N.V. - November 2011

					Key areas of expertise								
Name	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	√	√					√		√
P. Montagner	1942	M	FR	2010	√	√		√			√	√	
J.H.J. Zegering Hadders	1946	M	NL	2005		√		√		√			

Report of the Supervisory Board

During 2011, the Supervisory Board met eleven times. Six meetings were pre-scheduled and five, two of which were conference calls, were scheduled during the year. The Supervisory Board participated in strategic discussions in which market conditions and growth activities were reviewed with the Executive Board. Other regular topics included strategy, financial performance against budgets, cash performance and leveraging. In difficult trading conditions, there is often greater focus on the current operating environment. Continued restructuring measures focusing on cost improvement and working capital improvement were discussed. The Supervisory Board requested more forward-looking data. Non-core divestments were also evaluated and the Supervisory Board approved the sale of the Ginger Group's telecom activities.

In early 2011, the Supervisory Board initiated a tender process for a new external auditor. Following a proposal by the Supervisory Board, the General Meeting of Shareholders in May 2011 commissioned Deloitte Accountants B.V. as external auditors for the 2011 annual accounts. Selection criteria were quality, approach, European coverage and French experience.

As part of permanent education, the Supervisory Board held one of its meetings in Paris to meet with local management and be informed about the French operations. The full Supervisory Board were further given a presentation on Corporate Responsibility within Grontmij and how it relates to the business. In 2011, each Supervisory Board member visited at least one of the Group's operating companies and reported back.

Financial supervision

Throughout the year, permanent key topics and agenda points for the Supervisory Board are financial performance, cash flow and working capital. The Supervisory Board stressed the need to adapt to new market conditions more rapidly. At regular meetings scheduled ahead of key reporting dates for quarterly, interim and full year results, the Supervisory Board and its Audit Committee monitor closely performance against budget and treasury activities. The progress of the implementation and set up of the risk management framework is discussed regularly with the Chairman of the Supervisory Board's Audit Committee. Representatives of KPMG, Grontmij's auditor until May 2011, attended the meeting where the full year results were discussed. Share price developments and share price performance in comparison with Grontmij's peers were evaluated and discussed. The Supervisory Board also reviewed the composition of Grontmij's shareholder base. The Supervisory Board takes a close interest in investor relations and reviewed feedback from the roadshows held during the year.

Closed meetings

The Supervisory Board held two meetings without the presence of the full Executive Board but with the CEO and two meetings without the CEO. At these meetings, the performance of the members of the Executive Board was discussed, based on recommendations of the Appointment and Remuneration Committee. The Supervisory Board also reviewed its own performance using a performance survey tool that was completed by each member. Results were shared with all members and the Executive Board. The Supervisory Board discussed the composition of the Executive Board and, based on the recommendation of the Appointment and Remuneration Committee, decided on five proposals for nomination during the year. They also reviewed the composition of the Supervisory Board and initiated activities to find a new member which resulted in the proposed appointment of Mr J. van der Zouw at the Extraordinary Shareholders Meeting on 9 March 2012. Following the initiative to start an Independent Business Review and investigate the options to strengthen the company's balance sheet, the Supervisory Board asked Mr J.S.T. Tiemstra to act as its advisor.

Independent business review

Ahead of each quarter announcement of (financial) figures, the Supervisory Board reviews performance, also through the Audit Committee. Following the profit warning on Q3 figures, the Supervisory Board approved an Independent Business Review that was carried out by KPMG. The Supervisory Board oversaw this review, that was finalised early 2012, and ensuing recommendations. It has approved both the financial restructuring plans and the new strategy that has been developed. The new strategy, including a revised dividend policy, is described elsewhere in the 2011 annual report. The proposed financial restructuring measures will be announced at the Extraordinary General Meeting of Shareholders on 9 March 2012.

Committees

During the year the Supervisory Board had two committees. Meetings of the Audit Committee were attended by all members of the Supervisory Board. The Appointment and Remuneration Committee, reported to the full Supervisory Board until November 2011, when their role and tasks were taken over by the full Supervisory Board.

Audit Committee

In 2011, the Audit Committee had four meetings according to a pre-established schedule. It met a further five times with the full Supervisory Board. All meetings are minuted. The external auditor also met once with the Audit Committee without the presence of the Executive Board and once with the chairman of the Audit Committee.

Key agenda points for the Audit Committee in 2011 were:

- the annual figures for 2010 and the quarterly and interim results for 2011;
- 2011 budget and quarterly comparison of actual figures against budget;
- valuation of non-core projects with a view to divestment;
- taxation;
- the auditor's management letter and Board report;
- treasury and working-capital management;
- financing position, including revolving credit facility, covenants;
- impairments;
- (potential) legal claims;
- structure & progress on implementation of the Group's internal risk management and control systems;
- the role and performance of the external auditor.

The transparency and timing of reporting by Ginger S.A., acquired in 2010, was a topic in 2011, also for the full Supervisory Board.

Appointment and Remuneration Committee

The Appointment and Remuneration Committee met four times during 2011. From November 2011, the full Supervisory Board acts as Appointment and Remuneration Committee.

Main points at committee meetings, which are fully minuted, were the individual performance of Executive Board members and their remuneration in 2011, achievement of targets over 2010 and establishing same for 2011. Moreover, the committee advises the full Supervisory Board on appointments to and composition of the Executive Board. At the Annual General Meeting of Shareholders in May 2011, Mr Gert Dral and Mr Jean-Luc Schnoebelen were appointed as members of the Executive Board. At an Extraordinary Meeting of Shareholders in November, Mrs Annemieke Nijhof was also appointed as Executive Board member. At the end of November, the CFO, Mr Mel Zuydam, stepped down as CFO and member of the Executive Board. The Supervisory Board thanks Mr Zuydam for the period he served the company. In December of 2011 Mr Sylvo Thijsen stepped down as CEO. He will step down as member of the Executive Board after the Extraordinary General Meeting of Shareholders on 9 March 2012. Mr Thijsen served Grontmij for 27 years, the last nine years of which as CEO. The Supervisory Board is grateful for his work and long-standing commitment to Grontmij. In January 2012, Mrs Nijhof stepped down. Given the changed environment and future prospects, the Supervisory Board understands her decision to leave the company but nevertheless regrets her decision.

As per 8 March 2012 Mr Schnoebelen resigned from the Executive Board. Despite the differences of opinion in recent months, the Supervisory Board of Grontmij recognizes the leadership of Mr Schnoebelen in the creation and development of Ginger S.A. and his contribution to Grontmij.

In December 2011, Mr Frits Vervoort entered into Grontmij's employment as CFO and has been nominated for appointment as member of the Executive Board. Mr Michiel Jaski joined Grontmij in December as CEO and has been nominated for appointment as member of the Executive Board. Both appointments will be submitted to the Extraordinary Meeting of Shareholders on 9 March 2012.

Remuneration policy was reviewed but no changes were deemed necessary, especially in light of developments within Grontmij in late 2011. The Committee had initiated steps to review remuneration policy earlier in the year.

Remuneration report

The remuneration report was approved by the full Supervisory Board on 8 March 2012. The report describes current policy, as adopted by the (extraordinary) General

Transportation & Mobility – Flanders' Drive – Belgium

Pure Drive

How can we make sure our public transport runs on pure electrical power, emits no harmful pollutants and is able to recharge effectively and efficiently? Flanders' Drive is the answer, with a research project into inductive charging applications for electric vehicles. Colleagues in Belgium have been providing technical consultancy on a wireless induction charger for buses and cars. Modules are placed at intervals under the road and vehicles charge as they drive over them. Futuristic? Maybe. But it's already on the road in Belgium.

Meetings of Shareholders in May 2005, August 2006 and May 2007. Since May 2007, the remuneration policy has remained unchanged. Actual remuneration, including (provisions for) severance payments for Messrs Zuydam and Thijsen in 2011, is included in the annual report on page xxx.

Remuneration policy

The aim of our 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 design, engineering and management consultancy. The policy is designed to reward members of the Executive Board for their contribution to the Group's performance and shareholder value. The policy for both the Supervisory and Executive Board is normally reviewed every two years. The latest review did not result in any changes to the policy being proposed or adopted.

Supervisory Board remuneration

The Appointment and Remuneration Committee periodically assesses the remuneration for the members of the Supervisory Board (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 of the Executive Board appointed before 1 January 2004 are appointed for an indefinite term. Members appointed after that date 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, WSP, Sweco and the Pöyry Group. 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 Appointment and Remuneration Committee 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 2011 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

Until his appointment as member of the Executive Board, Mr Schnoebelen performed his activities under a consultancy agreement, signed at the time of the acquisition of Ginger. The company did not reach agreement with Mr Schnoebelen on the terms of an employment contract that would replace the existing consultancy agreement that is applicable until July 2012. As of his appointment, Mr Schnoebelen was therefore paid under the existing consultancy agreement. Under this agreement, he is not entitled to pension contribution or variable remuneration. Details of the fixed remuneration of the members of the Executive Board are provided on page 122.

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 bonus and a value-dependent bonus. 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 to 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 (excluding Mr Schnoebelen) amounts to 65% of the fixed annual salary.

Performance-dependent bonus

For the CEO, the performance dependent 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 individual objectives. For other members of the Executive Board (excluding Mr Schnoebelen), 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 individual objectives. 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 2011, the criteria for operational targets were as follows:

- Profit after income tax (weighting: 30% in the case of the chairman and 20% for the other members). The target was to achieve a net profit after income tax of >20% higher than in 2010. No bonus is paid if result is under 90%; if above 90% if but under 100% bonus will be paid proportionally. In 2011, the company reported a net loss (2010: net profit after tax of € 17.3 million); therefore target was not achieved.
- Return on equity (RoE): return on equity excluding goodwill and restructuring provisons (weighting: 10% for all members). The target is a RoE of 15% (100% pay out when 15% is realised, no pay out when RoE is below 10%). RoE amounted to -69.9% in 2011 (2010: 10.9%), thereby not achieving the set target. Individual performance criteria are based on the individual responsibilities of the members of the Executive Board. There are four to five targets, some quantitative and others qualitative. Targets for the CEO related to innovation and sustainable product improvement, retention of key talent and professionals, integration/rebranding of Ginger and customer satisfaction. Targets for the CFO related to cash management, IT network contract, risk management in finance and corporate IT functions, recruitment and retention of finance staff and implementation of business score card. Targets for other board members related to key customer satisfaction, key contract wins, cash conversion and budget of regions within responsibility. Given the circumstances and the overall result of the company, no variable remuneration for individual targets was paid in 2011 (2010: 10% and 10% of the maximum of 15% and 20%, respectively).

Value-dependent bonus

For the CEO, this part represents an annual maximum of 30% of the fixed annual salary; for all other members of the Executive Board (excluding Mr Schnoebelen) this represents an annual maximum 20% of the fixed annual salary. The value dependent bonus is related to the average performance of Grontmij's share price over a period of three years. Grontmij's average share price performance is compared with the average share price performance over a three-year period of all companies included in the AEX, AMX and AScX of NYSE Euronext Amsterdam. No payments are made if Grontmij's performance is the same or less than that of the Euronext group of companies. If there is a positive difference of 10% or more (Grontmij's share price performance is above the Euronext group of companies' share price performance), the maximum value-dependent bonus is paid.

A proportionate amount is paid for a positive difference between more than 0% and 10%. The bonus is paid once every three years in the financial year following the approval of the financial statements of the last year of the three-year period. The current three-year period runs from 2009 through 2011. The average share price performance of Grontmij over the reference period did not exceed the average share price performance of the peer group; hence no variable remuneration was paid to the members of the Executive Board.

Pensions

In 2006, the pension scheme for members of the Executive Board was changed to a combination of a final-pay and a 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 2011, the following scheme applied to the members of the Executive Board:
- up to € 66,433 of a member's fixed salary – a final-pay plan (via Stichting Pensioenfonds Grontmij);
- from € 66,433 to € 112,168 – a defined-contribution plan (via Stichting Pensioenfonds Grontmij);
- from € 112,168 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.

Other benefits

Since 1999, members of the Executive Board have had the opportunity to invest in the company through Stichting Medewerkersparticipatie Grontmij without incurring transaction or custody fees. The new Employee Share Purchase Scheme introduced in 2008 is not open to members of the Executive Board nor is there an option or share scheme available for the members of the Executive Board.

Members of the Executive Board have indicated that they are willing to voluntarily invest part of their value dependent cash bonus in (depositary receipts for) Grontmij shares. Such investment could, over time and on a voluntary basis, run up to approximately one-year's fixed annual salary. Investing in (depositary receipts for) Grontmij shares will take place within the rules and regulations for insider trading, as approved by the Supervisory Board.

Supervisory Board fairness review

The Supervisory Board retains the option of a so-called fairness review only on the variable remuneration related to individual targets. 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 labour contracts not subject to a fairness review by the Supervisory Board.

Remuneration in 2011

Full details of remuneration in 2011, including severance arrangements with Mr Zuydam and Mr Thijsen, can be found on page 122 of this annual report.

Remuneration policy for 2012 and beyond

As part of the new strategy that was discussed in the Supervisory Board early 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 depositary receipts for ordinary shares (share plan). The new share plan will be introduced as of 2012 subject to approval by the Annual General Meeting of Shareholders. Under the new share plan, the Executive Board members will be entitled to receive depositary receipts for ordinary shares Grontmij N.V. ('Shares') subject to achieving a long-term target relating to the stock performance relative to a selected peer group. The target will be measured annually over a three year, rolling period. Shares will be granted for free subject to achieving the set target (conditional granting) and will vest after three years if and when the target is met. After vesting, the Shares are subject to a lock up of two years. The number of Shares conditionally granted is based on a percentage of the fixed annual salary. For the CEO, the percentage amounts to 30% of the annual salary, whilst for the other members of the Executive Board the percentage amounts to 20%.

A proposal for the new share plan will be presented to the Annual General Meeting of Shareholders in May 2012 and, if approved, apply retroactively as of 1 January 2012. It wil also replace the voluntary investment scheme.

As of January 2012, the final-pay pension plan that is applicable for the salary up to € 66,433 has been changed into a Collective Defined-Benefit scheme.

Financial statements and dividend

The financial statements for 2011 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 individual 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.

As the Supervisory Board of Grontmij, we would like to extend our thanks to management and employees during this challenging time. Their commitment to Grontmij is clear.

De Bilt, 8 March 2012

J.H.J. Zegering Hadders (chairman)
R.J.A. van der Bruggen
P.P. Montagner

Financial statements 2011 Grontmij N.V.

Table of contents

planning connecting
respecting
the future

Consolidated statement of financial position

In thousands of € (before appropriation of result)	Note	31 December 2011	31 December 2010
Goodwill	9	165,984	185,337
Intangible assets	10	62,825	73,690
Property, plant and equipment	11	49,506	49,542
Investments in equity accounted investees	12	7,244	7,863
Other financial assets	13	18,797	33,147
Deferred tax assets	14	2,953	2,979
Non-current assets		**307,309**	**352,558**
Receivables	15,16	371,099	374,900
Inventories		16,358	18,679
Income taxes		7,053	356
Cash and cash equivalents	17	44,371	61,933
Assets classified as held for sale	6	-	82,857
Current assets		**438,881**	**538,725**
Total assets		**746,190**	**891,283**
Share capital		**5,331**	**5,206**
Share premium		96,391	96,558
Reserves		44,950	39,043
Result for the year		-55,860	16,973
Total equity attributable to equity holders of Grontmij		**90,812**	**157,780**
Non-controlling interest		41	21
Total Group equity	18	**90,853**	**157,801**
Loans and borrowings	22	147,253	214,456
Employee benefits	20	13,018	10,305
Derivatives used for hedging	25	4,873	-
Provisions	23	41,402	40,521
Deferred tax liabilities	14	30,958	28,944
Non-current liabilities		**237,504**	**294,226**
Bank overdrafts	17	22,595	21,016
Loans and borrowings	22	52,417	24,756
Income taxes		3,718	-
Trade and other payables	16,24	325,100	332,005
Provisions	23	14,003	6,185
Liabilities classified as held for sale	6	-	55,294
Current liabilities		**417,833**	**439,256**
Total equity and liabilities		**746,190**	**891,283**

The notes on pages 74 to 125 are an integral part of these consolidated financial statements.

Consolidated income statement

In thousands of €	Note	2011	2010
Revenue from services		899,644	803,224
Revenue from contract work		32,332	27,340
Revenue from sale of goods		1,532	10,734
Total revenue	28	**933,508**	**841,298**
Third-party project expenses		-183,884	-152,742
Net revenue		**749,624**	**688,556**
Direct employee expenses	30	-516,257	-452,540
Direct other expenses	31	-4,393	-6,567
Total direct expenses		**-520,650**	**-459,107**
Gross margin		**228,974**	**229,449**
Other income	29	-69	1,507
Indirect employee expenses	30	-79,938	-83,097
Amortisation	10	-8,835	-7,146
Depreciation	11	-15,551	-13,404
Impairments of non-current assets	9,10,11	-28,374	-
Indirect other operating expenses	31	-138,624	-100,133
Total indirect expenses		**-271,322**	**-203,780**
Share of results of investments in equity accounted investees	12	3,072	1,654
Result on sale of equity accounted investees (net of income tax)	13	-2,412	-676
		660	**978**
Operating result	28	**-41,757**	**28,154**
Finance income		7,528	6,578
Finance expenses		-21,119	-15,639
Net finance expenses	32	**-13,591**	**-9,061**
Result before income tax		**-55,348**	**19,093**
Income tax expense	33	-7,504	-5,249
Result after income tax from continuing operations		**-62,852**	**13,844**
Profit from discontinued operations (net of income tax)	6	6,911	3,408
Total result for the year		**-55,941**	**17,252**
Attributable to:			
Equity holders of Grontmij		-55,860	16,973
Non-controlling interest		-81	279
Total result for the year		**-55,941**	**17,252**
Earnings per share	19		
From continuing and discontinued operations			
Basic and diluted earnings per share (in €)		-2.65	0.87
From continuing operations			
Basic and diluted earnings per share (in €)		-2.98	0.70
Average number of shares (basic)		21,105,795	19,427,047
Average number of shares (diluted)		21,114,668	19,433,383

The notes on pages 74 to 125 are an integral part of these consolidated financial statements.

Consolidated statement of comprehensive income

In thousands of €	Note	2011	2010
Result after income tax		**-55,941**	**17,252**
Other comprehensive income:			
Foreign currency exchange translation differences for foreign operations		-353	2,300
Cost stock dividend payment		-42	-
Cost of issuing ordinary shares (net of income tax)		-	-1,489
Realised foreign currency exchange translation differences transferred to income statement		-208	-
Change in fair value of cash flow hedges transferred to income statement		-	819
Net change in fair value of cash flow hedges		-6,198	1,197
Other		-	-2
Other comprehensive income (net of income tax)		**-6,801**	**2,825**
Total comprehensive income		**-62,742**	**20,077**
Attributable to:			
Equity holders of Grontmij		-62,661	19,798
Non-controlling interest		-81	279
Total comprehensive income		**-62,742**	**20,077**

The notes on pages 74 to 125 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 2010	167,830	1,134	166,696	4,441	61,342	-7,353	-694	88,699	20,261
Result for the year 2010	17,252	279	16,973	-	-	-	-	-	16,973
Contribution by and distributions to owners:									
Issue of ordinary shares	38,616	-	38,616	673	37,943	-	-	-	-
Dividends to equity holders of Grontmij	-12,340	-	-12,340	92	-92	-	-	-12,340	-
2009 Result appropriation	-	-	-	-	-	-	-	20,261	-20,261
Change in ownership interest in subsidiaries:									
Acquisition of non-controlling interest with a change in control	6,028	6,028	-	-	-	-	-	-	-
Acquisition of non-controlling interest without a change in control	-62,410	-7,420	-54,990	-	-1,146	-	-	-53,844	-
Other comprehensive income:									
Foreign currency exchange translation differences for foreign operations	2,300	-	2,300	-	-	2,300	-	-	-
Cost of issuing ordinary shares (net of income tax)	-1,489	-	-1,489	-	-1,489	-	-	-	-
Change in fair value of cash flow hedges transferred to income statement	819	-	819	-	-	-	819	-	-
Net change in fair value of cash flow hedges	1,197	-	1,197	-	-	-	1,197	-	-
Other movements	-2	-	-2	-	-	-	-	-2	-
Total other comprehensive income	**2,825**	**-**	**2,825**	**-**	**-1,489**	**2,300**	**2,016**	**-2**	**-**
Balance as at 31 December 2010	**157,801**	**21**	**157,780**	**5,206**	**96,558**	**-5,053**	**1,322**	**42,774**	**16,973**
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	-	-	-
Net 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**

The notes on pages 74 to 125 are an integral part of these consolidated financial statements.

Consolidated statement of cash flows

In thousands of €	Note	2011	2010
Result after income tax		-55,941	17,252
Result from discontinued operations		-6,911	-3,408
Result after income tax continuing operations		**-62,852**	**13,844**
Adjustments for:			
Depreciation of property, plant and equipment	11	15,551	13,404
Amortisation of intangible assets	10	8,835	7,146
Impairment losses	9,10,11	28,374	-
Share of results of investments in equity accounted investees	12	-3,072	-1,654
Results on sale of property, plant and equipment	29	-21	-141
Result on sale of equity accounted investees (net of income tax)	13	2,412	676
Net finance expenses	32	13,592	9,061
Income tax expense	33	7,504	5,249
		73,175	**33,741**
Change in amounts due to and due from customers and inventories	16	-7,137	5,950
Change in trade and other receivables	15	15,018	34,370
Change in provisions and employee benefits	20,23	16,466	-16,175
Change in trade and other payables	24	-7,000	-30,084
		17,347	**-5,939**
Dividends received from equity accounted investees	34	722	1,852
Interest paid	32	-18,544	-11,163
Interest received	32	6,287	4,290
Income taxes paid	33	-7,289	-5,383
		-19,546	**-12,256**
Net cash from operating activities		**8,846**	**31,242**
Proceeds from sale of property, plant and equipment		243	2,587
Proceeds from sale of a subsidiary (net of cash disposed)	6	25,112	15,685
Acquisition of intangible assets	10	-2,187	-3,443
Acquisition of property, plant and equipment	11	-12,451	-9,333
Acquisition of subsidiaries (net of cash acquired)	7	-580	-64,527
Proceeds from disposal of investments in equity accounted investees	12	3,022	141
Repayments from and acquisition of other investments, net		-1,492	763
Net cash from / (used for) investing activities		**11,667**	**-58,127**

In thousands of €	Note	2011	2010
Dividends paid	18	-3,209	-12,340
Proceeds from the issue of share capital		-	38,616
Payment of costs of issuing ordinary shares		-	-1,663
Payment of costs of paying stock dividend	18	-42	-
Proceeds from the issue of loans and borrowings	22	13,543	224,463
Payment of transaction costs related to loans and borrowings		-	-4,151
Acquisition of non-controlling interest	7	-2,244	-61,069
Payments of transaction costs related to acquisition of non-controlling interest		-	-1,318
Repayments of loans and borrowings	22	-52,542	-92,056
Net cash (used for) / from financing activities		**-44,494**	**90,482**
Movements in net cash position for the year of the continuing operations		**-23,981**	**63,597**
Net cash (used for) / from operating activities discontinued operations	6	-8,059	6,204
Net cash used for investing activities discontinued operations	6	-3,710	-388
Net cash from financing activities discontinued operations	6	1,106	5,810
Movements in net cash position for the year of discontinued operations		**-10,663**	**11,626**
Movements in net cash position for the year of the continuing and discontinued operations		**-34,644**	**75,223**
Cash and cash equivalents	17	77,727	29,670
Bank overdrafts	17	-21,111	-49,299
Net cash position as at 1 January		**56,616**	**-19,629**
Effect of exchange rate fluctuations on cash held		-196	1,022
Cash and cash equivalents	17	44,371	77,727
Bank overdrafts	17	-22,595	-21,111
Net cash position as at 31 December		**21,776**	**56,616**

The notes on pages 74 to 125 are an integral part of these consolidated financial statements.

Notes to the consolidated financial statements

Table of contents

1 Reporting entity

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

During 2011 the Group has restructured the business from four business lines to nine separate geographic regions. 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 business lines will mainly serve as a platform for leveraging our skills, knowledge and expertise and to drive Group growth activities.
The regions are the Netherlands, France, Denmark, Sweden, UK & Ireland, Belgium, Germany, other markets and non-core activities. Other markets includes the Group's activities in Poland, Turkey, Hungary and a project-based presence in China. Non-core activities includes the Group's non-core asset management business. Performance is measured based on segment operating result, as included in the internal management reports that are reviewed by the Executive Board. Within our countries, Grontmij is active in four business lines Planning & Design, Transportation & Mobility, Water & Energy and Monitoring & Testing. Both the public sector – national and regional - and private sector are major clients for Grontmij in all our operating countries.

We describe Planning & Design as finding 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 waste-water 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. Monitor & 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 which Grontmij directly or indirectly controls (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. There are certain uncertainties related to going concern, reference is made to note 22.

Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (hereinafter referred to as: 'EU-IFRSs'). 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 8 March 2012.

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

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

Changes in accounting policies and reporting standards

Presentation of other comprehensive income

Amendments in IAS 1 clarify that an entity may choose to disclose an analysis of other comprehensive income by item in the statement of changes in equity or in the notes to the financial statements. The Group has chosen to continue to present such an analysis by item in the statement of changes in equity as well as a separate statement of comprehensive income.

Presentation

Some reclassifications have been made in the previous year's consolidated statement of financial position, consolidated income statement and consolidated statement of cash flows for comparison purposes.

In the consolidated income statement, the total operating expenses have been split in direct and indirect expenses and the line gross margin has been added to express the direct result on the total revenue. This split in expenses follows from the split in direct staff (billable to projects) and non-direct staff (not billable to projects).

In the consolidated income statement the profit from discontinued operations is presented as a single line item.

In the disclosure note for the intangible assets and the disclosure note for property, plant & equipment accumulated currency differences are included in the cost and accumulated amortisation / depreciation / impairment carrying amounts instead of being a separate item in the carrying amount.

In the disclosure note for property, plant and equipment no distinction will be made anymore between plant and equipment and other equipment.

Disclosure information about aging of trade receivables, as well as information about the movements in the allowance for doubtful debts in respect of trade receivables are part of the disclosure note concerning receivables instead of the disclosure note concerning financial instruments.

In 2011 the Group has restructured the business from four business lines to nine separate geographic regions. Following this change in the composition of the Group's management structure, the Group has revised the disclosure note of the segment information including the restatement of the corresponding items of segment information for the comparative period presented. The regions are the Netherlands, France, Denmark, Sweden, UK & Ireland, Belgium, Germany, other markets and non-core activities.

The Group now reports claims payable and the related insurance reimbursement receivables separately on the consolidated statement of financial position, and comparative figures have been adjusted accordingly. Claims for finalized projects are presented in provisions and for non-finalized projects in amounts due from or to customers. The related insurance reimbursement receivable is presented in receivables.

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-IFRSs 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 which 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	
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 non-cash share-based payments
23	Provisions
25	Measurement of financial instruments

Important estimates and underlying assumptions are periodically reviewed. 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 as 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 currently are exercisable. The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts generally are 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 base. 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 when 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 of 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 holds the view that such sale of investments by nature 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 which 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 having 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 which approximate the exchange rates on transaction dates effectively.

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 that 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 they 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 2011 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 necessary, 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; 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 still is 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 case comprise 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, are 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 are dependent on expectations upon 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	3 - 10
Trade names	1 - 10
Customer relations	5 - 39
Order backlogs	1 - 5
Other	3 - 9

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 in the income statement directly.
Costs related to the acquisition, other than those associated with the issue of debt or equity securities, that the Group incurs in connection with a business combination are expensed as incurred.
Any contingent consideration payable is 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 which on or before 1 January 2004 were measured at fair value 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 concerning part 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. In case an item of property, plant and equipment consists 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 - 54
Plant and equipment	2 - 10
Landfill sites	per tonnage waste

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, financial assets within IAS 39, are 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 represents 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 includes 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 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 generally the assets, or disposal group, are measured at the lower of their carrying amount and fair value less costs to sell. Any impairment loss on a disposal group first is 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 concerning 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; these calculations are performed 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 are accounted for in the income statement.

Share-based payments arrangements

For cash-settled share-based payments, a liability is recognised for the goods or services acquired, measured initially at the fair value of the liability. At the end of each reporting period until the liability is settled, and at the date of the settlement, the fair value of the liability is remeasured, with any changes in fair value recognised in profit or loss for the year.

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 level 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.

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.

Maintenance liabilities

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

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 out flow.

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 on 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.

Revenue from contract work

Revenue from contract work relates mainly to assignments for the construction of buildings, bridges, roads and infrastructural projects such as sport fields, parks and sewages. 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. 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 contract work include 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.

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 which 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, 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 other currencies then the euro are translated at the exchange rates, prevailing against at the date of transaction. The Group uses periodically fixed average exchange rates which 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 been adopted

A number of new standards, amendments to standards and interpretations are not yet effective for the year ended 31 December 2011, and have consequently not been applied in preparing these consolidated financial statements.

IFRS 7 Amendments *"Financial Instruments"* (effective for annual periods beginning on or after July 1, 2011).
The Amendments are subject to endorsement by the European Union. The Amendments increase the disclosure requirements for transactions involving transfers of financial assets. These Amendments are intended to provide greater transparency around risk exposures when a financial asset is transferred but the transferor retains some level of continuing exposure in the asset. Grontmij is currently in the process of determining the impact of adopting this Standard on the Company's 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 2014) relating to offsetting of financial assets and financial liabilities, as published in December 2011, have not been applied in preparing these consolidated financial statements. None of these is expected to have a significant effect on the consolidated financial statements of the Company's financial statements.

IFRS 9 *"Financial Instruments"* (effective for annual periods beginning on or after January 1, 2013).
The Standard is subject to endorsement 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 subject to endorsement 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 is currently in the process of determining the impact of adopting this Standard on the Company's consolidated financial statements.

IFRS 11 *"Joint Arrangements"* (effective for annual periods beginning on or after January 1, 2013).
The Standard is subject to endorsement 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 is currently in the process of determining the impact of adopting this Standard on the Company's 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 subject to endorsement 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 is currently in the process of determining the impact of adopting this Standard on the Company's consolidated financial statements.

IFRS 13 *"Fair Value Measurement"* (effective for annual periods beginning on or after January 1, 2013).
The Standard is subject to endorsement 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.

IAS 1 Amendments *"Presentation of Items of Other Comprehensive Income"* (effective for annual periods beginning on or after July 1, 2012).
The Amendments are subject to endorsement by the European Union. 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. Grontmij is currently in the process of determining the impact of adopting these Amendments on the Company's consolidated financial statements.

IAS 19 Revised *"Employee Benefits"* (effective for annual periods beginning on or after January 1, 2013).
This Revised standard is subject to endorsement 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. Grontmij is currently in the process of determining the impact of adopting this Revised Standard on the Company's 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 customers relations 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; these are where applicable discounted, using the market interest at the reporting date.

Cash settled share-based arrangement payments

The fair value of share-based arrangement accruals is estimated at the value of the expected future cash flows; these are discounted (where applicable), using the market interest at the reporting date.

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 by use of techniques which are based on discounted cash flows on the basis of the terms and conditions of the contract, using 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 as per 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;
- market risk;
- currency risk;
- interest rate risk; and
- operational 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, has 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

The 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 the normal ongoing operations of the business, and others that relate to the uncertainties of the economy and the engineering business. Since our cash requirements fluctuate based on the timing and extend of these factors, the Group seeks to ensure that its sources of liquidity will be sufficient to satisfy its liquidity requirements throughout every phase of the business cycles.

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 sufficient to satisfy 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.

Market risk

Market risk is the risk that changes in market prices and equity prices can adversely affect the Group's income or the value of its holdings of financial instruments. The financial ratios may be adversely affected by deteriorating operational market conditions and our cash flow.
The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

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 Euro. Moreover, those Grontmij operating companies with a different functional currency (Denmark, Hungary, Poland, Sweden, Turkey and the UK) mainly have local operations and are themselves only exposed to foreign-exchange currency risks to a limited extent.

Interest rate risk

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

The Group uses interest-rate swaps to hedge interest-rate risk exposure arising from corporate financing activities, where considered necessary. 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.

Operational risk

At any given time, Grontmij is executing numerous (complex) projects in Europe and across 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 behavior.

The primary responsibility for the development and implementation of controls to manage operational risk is assigned to senior management. This responsibility is supported by the development of overall Grontmij standards for the management of operational risk. Compliance with these standards is supported by setting up the second-line of defence under the responsibility of country management. The result of these reviews will be discussed with the management of the related reportable segment and the Executive Board. Moreover, we are insured for the majority of operational risk. However, some projects have more extensive risk exposure than covered by our insurance.

6 Discontinued operations

In 2010, the Telecom division within Ginger S.A. ('Ginger') was presented as held for sale following the commitment of the Executive Board, in December 2010, to a plan to sell the Telecom division. The sale has been successfully completed on 19 October 2011.

Profit from discontinued operations:

In thousands of €	1 January- 19 October 2011	17 June - 31 December 2010
Total revenue	103,726	80,387
Total expenses	-97,592	-75,552
Profit before income tax operating activities	**6,134**	**4,835**
Income tax expense	-1,383	-1,427
Profit after income tax operating activities	**4,751**	**3,408**
Profit on sale of discontinued operations	2,160	-
Income tax expense on profit on sale of discontinued operations	-	-
Profit on sale, net of income tax	**2,160**	**-**
Profit from discontinued operations	**6,911**	**3,408**

The profits of the Telecom division are shown on a separate line in the consolidated income statement. The profit from discontinued operations of € 6,911,000 (2010: € 3,408,000) is attributable entirely to the owners of the Company.

Cash flows from (used in) discontinued operations:

In thousands of €	1 January- 19 October 2011	17 June - 31 December 2010
Cash flows (used in) from discontinued operations		
Net cash (used in) from operating activities	-8,059	6,204
Net cash used in investing activities	-3,710	-388
Net cash from financing activities	1,106	5,810
Net cash flows for the year	**-10,663**	**11,626**

Effect of disposal on the financial position of the Group:

In thousands of €	19 October 2011
Goodwill	-6,064
Other non-current assets	-4,837
Inventories	-6,111
Amounts due from customers for rendering services	-22,214
Trade and other receivables	-44,758
Cash and cash equivalents	-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	41,266
Current loans and borrowings	1,753
Net (assets) and liabilities	**-30,488**
Total Consideration received	32,648
Consideration to be received	2,500
Consideration received in cash	**30,148**
Net cash disposed of	-5,036
Net cash inflow	**25,112**

7 Acquisitions and divestments of subsidiaries and non-controlling interests

Acquisition of non-controlling interest without a change in control in Libost

On 18 November 2011 the Group acquired the remaining 20 percent interest in Libost for € 2,244,000 in cash, increasing its ownership to 100 percent. The carrying amount of Libost's net assets in the Group's financial statements on the date of the acquisition was € 4,500,000. The Group recognised a decrease in non-controlling interests of € 1,399,000 and a decrease in equity (other reserves) of € 1,098,000.

Other acquisitions less than € 1,500,000 consideration

On 9 March 2011 the Group acquired 100% of the shares and voting rights in Studiebureel GVE bvba (Belgium), an engineering company. The consideration is € 500,000 of which has been paid in 2011 € 400,000. A goodwill of € 391,000 has been recognised. On 11 March 2011 the Group took over the assets, the employees and the entire order book of geotechnical activities of Fugro in France. An amount of € 1,073,000 consideration related to this acquisition was received. Furthermore, the acquisition resulted in bad will of € 1,500,000, which has been recognised in the income statement.

Divestment of Telecom

On 19 October the Telecom division within Ginger S.A. ('Ginger') was sold. Reference is made to note 6.

Acquisitions in 2010

In 2010 the Group obtained control over the following companies and are consequently included in the consolidated financial statements as from the date mentioned:

- Ginger on 18 June 2010
- Libost Group NV on 1 July 2010
- Grontmij BGS Ingenieurgesellschaft mbH on 17 March 2010
- Stokmans NV in January 2010
- Ingenieursbüro David GmbH on 1 January 2010

In 2010 the Group obtained the remaining shares of:

- Grontmij Auweck GmbH on 17 March 2010
- Grontmij Canor Kft on 4 October 2010

8 Subsidiaries

The main operational subsidiaries included in the consolidation are:

In alphabetical order	2011	2010
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 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	-
Grontmij Industry NV, Zelzate	100	100
Grontmij Ltd., Leeds	100	100
Grontmij Nederland B.V., De Bilt	100	100
Grontmij Polska Sp. Z.o.o., Poznan	100	100
Grontmij Vlaanderen NV, Mechelen	100	100
Libost Groep NV, Hasselt	100	80

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

Changes compared to 2010 are:

- Grontmij Hubei Engineering Consulting Co. Ltd. is established in 2011
- Grontmij Carl Bro a/s changed its name into Grontmij a/s in 2011

9 Goodwill

The movements in the carrying amount are as follows:

In thousands of €	
Balance as at 1 January 2010	**129,097**
Movements during 2010	
Acquisition through business combinations	62,125
Earn-out adjustments on business combinations conducted in previous years	-498
Currency differences	677
Assets classified as held for sale	-6,064
	56,240
Balance as at 31 December 2010	**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**

On 9 March 2011 the Group acquired 100% of the shares and voting rights in Studiebureel GVE bvba (Belgium). The goodwill related to this transaction is € 391,000.

Impairment testing for cash-generating units containing goodwill

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

In thousands of €	31 December 2011	31 December 2010
Grontmij Denmark	60,188	60,140
Grontmij Sweden	25,120	25,120
Grontmij UK (formerly known as Carl Bro UK)	3,151	13,894
Trett Consulting	-	6,612
Roger Preston & Partners	5,726	5,604
Grontmij BGS Ingenieurgesellschaft mbH	4,377	4,377
Grontmij Vastgoedmanagement B.V.	3,407	3,407
Whitelaw Turkington	-	1,933
Ginger S.A.	50,891	50,891
Libost Groep NV	3,186	3,186
Other (individually less than € 1.5 million)	9,938	10,173
	165,984	**185,337**

Annually, the Group carries out impairment tests on capitalised goodwill, based on the estimated cash flows of the relating 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 has been determined on the basis of their value in use. 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, containing 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 0-2% (2010: 0-3%) growth rate;
- to calculate the present value of the estimated future cash flows, pre-tax discount rates between 10.5% and 13.3% have been applied (2010: 7.9% and 11.3%). The discount rate reflects the current market measurement of the time value of money and the specific risks of the CGU.

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 "Grontmij Canor Hungary" an impairment loss was recognised as a result of the unexpected poor performance and outlook of Grontmij Canor Hungary. This CGU is part of the geographical area other markets as defined for Group's segment reporting. The review led to the recognition of an impairment loss of € 0.7 million, which has been recognised in profit or loss in the line "impairment". The pre-tax discount rate used in measuring value in use was 10.5% (2010: 8.3%).

Based on the annual review of the recoverable amount of CGU "Grontmij UK" 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 UK & Ireland as defined for Group's segment reporting. The review led to the recognition of an impairment loss of € 10.7 million, which has been recognised in profit or loss in the line "impairment". The pre-tax discount rate used in measuring value in use was 13.3% (2010: 11.3%).

Based on the annual review of the recoverable amount of CGU "Trett Consulting" 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 UK & Ireland as defined for Group's segment reporting. The review led to the recognition of an impairment loss of € 6.6 million, which has been recognised in profit or loss in the line "impairment". The pre-tax discount rate used in measuring value in use was 13.3% (2010: 11.3%).

Based on the annual review of the recoverable amount of CGU "Whitelaw Turkington" 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 UK & Ireland as defined for Group's segment reporting. The review led to the recognition of an impairment loss of € 1.9 million, which has been recognised in profit or loss in the line "impairment". The pre-tax discount rate used in measuring value in use was 13.3% (2010: 11.3%).

Based on the annual impairment test in 2011 for all other CGUs, the recoverable amounts of these CGUs were estimated to be higher than the carrying amounts, and management therefore did not identify any impairments on these CGUs.

The above mentioned estimates used for determining the values in use are particularly sensitive for the following CGUs: Roger Preston & Partners, Grontmij Group Ltd. and IHP Germany. The estimated recoverable amount of these CGUs exceeds its carrying value amount by approximately respectively € 1.8 million, € nil (after the 2011 impairment) and € 0.4 million. Adjusting the pre-tax discount rate by 100 basis points upwards would lead in a decrease of the recoverable amount of approximately respectively € 1.4 million, € 1.7 million and € 0.8 million.

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 2010							
Cost	106,436	970	22,545	8,312	65,716	8,255	638
Accumulated amortisation and impairment losses	-36,010	-970	-15,103	-1,785	-9,912	-7,949	-291
Carrying amount	**70,426**	**-**	**7,442**	**6,527**	**55,804**	**306**	**347**
Movements during 2010							
Acquisitions	3,443	-	3,362	-	-	4	77
Acquisitions through business combinations	6,567	-	1,059	367	3,511	1,397	233
Assets classified as held for sale	-61	-	-61	-	-	-	-
Amortisation	-7,168	-	-2,089	-779	-3,798	-361	-141
Currency differences	483	-	-9	153	327	14	-2
	3,264	**-**	**2,262**	**-259**	**40**	**1,054**	**167**
Balance as at 31 December 2010							
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**

The remaining periods of amortisation as at 31 December 2011 are:

In years	
Software	3 - 10
Trade names	1 - 7
Customer relations	1 - 34
Order backlog	1
Other	2

Impairments mainly relate to trade names in Denmark and United Kingdom which are no longer in use.
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 2010				
Cost	146,238	38,423	102,137	5,678
Accumulated depreciation and impairment losses	-107,541	-26,672	-76,509	-4,360
Carrying amount	**38,697**	**11,751**	**25,628**	**1,318**
Movements during 2010				
Capital expenditure	9,744	490	9,254	-
Acquisition through business combinations	17,962	844	17,118	-
Assets classified as held for sale	-1,603	-	-1,603	-
Disposals	-2,450	-634	-1,816	-
Depreciation	-13,669	-926	-12,546	-197
Currency differences	861	269	592	-
	10,845	**43**	**10,999**	**-197**
Balance as at 31 December 2010				
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**	**-**

At the end of 2011, due to bankruptcy of the operator of a golf course, the Group repurchased the sub-let land lease from the proprietor, which resulted in derecognising the financial lease asset (reference is made to note 13) and a maintenance provision (reference is made to note 23) of the golf course and recognising the land lease of the golf course as tangible fixed asset. The net result of this was zero.

Impairments were made to the land lease of the golf course and landfill sites 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.

As at 31 December 2011, real estate (buildings) to an amount of € 6,807,000 (2010: € 5,397,000) have been pledged as collateral for a secured bank loan.

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 in comparison 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 2011 amounts to € 6,134,000 (2010: € 361,000).

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 2011 amounts to € 3,416,000 (2010: € 4,173,000).

Activities engaged in by the joint ventures include among other things the 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, waste water solutions in outlying areas and large infrastructural projects.

The Group's main joint ventures are:

Capital interests (%)	2011	2010
Afvalverwerkingsinrichting Skinkeskans V.o.f., Leeuwarden	50	50
Agriport A7 B.V., Alkmaar	-	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
Grontmij ProArgos Developments SL, Madrid	-	49
Soldata Grontmij V.o.f., De Bilt	40	40
PAR2 CV, Anna Paulowna	50	50
LTPP, Polynesia	47	47
Jongen / Maasbilt, De Bilt	49	49
Morgan EST PLC/Grontmij Ltd.	20	-
Infraflex B.V., Utrecht	33.3	33.3
Park De Bavelse Berg C.V., The Hague	-	33.3

On 14 March 2011 the Group sold 49 percent of the shares in joint venture Grontmij ProArgos Developments SL to its joint venture partner. On 20 September 2011 the Group transferred 50 percent of the economical ownership in the joint venture Agriport A7 B.V to its joint venture partner. Transfer of the shares is to be expected in 2012. Park De Bavelse Berg C.V. has been liquidated.
The Group's share of the results of joint ventures in 2011 amounted to € 2,817,000 (2010: € 876,000).

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 not yet finalised annual reports.

In thousands of €	2011	2010
Non-current assets	4,462	2,951
Current assets	23,723	38,246
Non-current liabilities	11,349	17,644
Current liabilities	12,543	15,950
Total revenue	39,111	35,119
Result after income tax	458	508

The Group has given guarantees with regards to the joint ventures to an amount of € 25,973,000 (2010: € 17,653,000). The joint ventures themselves have entered into contingent liabilities to an amount of € nil (2010: € nil). The Group's share thereof is € nil (2010: € nil).

Associates

The share of associates in the total carrying amount of equity accounted investees as at 31 December 2011 amounts to € 3,828,000 (2010: € 3,690,000).

The Group's main associates are:

Capital interests (%)	2011	2010
Pav Ex Consulting s.r.o., Brno	50	50
Odeon a/s, Denmark	22	22
Coldenhove West Beheer B.V., Maasland	-	25
Ruimte voor Ruimte C.V., Den Bosch	24	24

The Group's share of the results of associates in 2011 amounted to € 255,000 (2010: € 778,000).

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 not yet finalised annual reports.

In thousands of €	2011	2010
Assets	57,470	51,068
Liabilities	42,988	37,823
Total revenue	26,219	5,061
Result after income tax	1,348	2,647

The Group has not entered into any contingent liabilities relating to its associates. The contingent liabilities of the associates themselves as at 31 December 2011 amount to € nil (2010: € nil), the Group's share was also € nil (2010: € nil).

13 Other financial assets

In thousands of €	2011	2010
Loans and receivables	11,251	11,757
Investments held to maturity	7,533	6,938
Interest rate swap used for hedging	-	1,775
Participating interests	13	203
Long-term finance receivable	-	12,474
	18,797	**33,147**

Loans and receivables

The loans and receivables carry interest rates between and 0% and 5% (2010: 0% and 6%) and most of them have an undetermined maturity.

In 2010 loans and receivables included a conditional receivable for the amount of € 2,412,000 recognised upon the sale of investments in 2008. In 2011 this receivable was written off to the consolidated income statement and is presented as result on sale of equity accounted investees (net of income tax). The receivable is now recognised as a contingent asset (reference is made to note 27).

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.

Long-term finance receivable

In 2010, this concerned the receivable on a financial lease contract relating to a golf course. At the end of 2011, due to bankruptcy of the operator of a golf course, the Group repurchased the sub-let land lease from the proprietor, which resulted in derecognising the financial lease asset and a maintenance provision (reference is made to note 23) of the golf course and recognising the land lease of the golf course as tangible fixed asset (reference is made to note 11). The net result of this was zero.

In thousands of €	2011	2010
Gross receivables	-	57,129
Unearned income	-	-44,655
Net finance receivable	**-**	**12,474**

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 December	2011	2010	2011	2010	2011	2010
Intangible assets, PP&E	-	742	15,024	17,305	-15,024	-16,563
Amounts due from and to customers	327	-	15,654	15,039	-15,327	-15,039
Employee benefits	1,539	1,606	-316	-	1,855	1,606
Aftercare liabilities	-	28	-	-	-	28
Untaxed reserves	-	-	1,021	970	-1,021	-970
Other provisions	-	872	-296	107	296	765
Tax losses carried forward	1,087	4,657	-129	-	1,216	4,657
Other items	-	-	-	449	-	-449
Deferred tax assets and liabilities	**2,953**	**7,905**	**30,958**	**33,870**	**-28,005**	**-25,965**
Set off of tax	-	-4,926	-	-4,926	-	-
Net deferred tax assets and liabilities	**2,953**	**2,979**	**30,958**	**28,944**	**-28,005**	**-25,965**

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

In thousands of €	1 January 2011	Recognised in profit or loss	Transfer from assets held for sale	Reclassifications 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**

In thousands of €	1 January 2010	Recognised in profit or loss	Acquired in business combinations	Reclassifications and other	31 December 2010
Intangible assets, PP&E	-16,361	1,508	-1,941	231	-16,563
Amounts due from and to customers	-15,466	513	-	-86	-15,039
Employee benefits	1,833	-2,209	2,530	-548	1,606
Aftercare liabilities	984	-878	-	-78	28
Untaxed reserves	-1,082	252	-	-140	-970
Other provisions	118	674	-	-27	765
Tax losses carried forward	4,092	-167	-	732	4,657
Other items	260	-77	-	-632	-449
Net deferred taxes (liability)	**-25,622**	**-384**	**589**	**-548**	**-25,965**

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 € -444,000 (2010: € -173,000) and on "other movements" as part of other comprehensive income for an amount of € nil (2010: € 557,000). As per 31 December 2010, reclassifications and other further include a deferred tax asset of € 541,000 related to employee benefits which is reclassified as assets held for sale. Due to the sale of Telecom in 2011, no assets held for sale are recognised as per 31 December 2011.

Unrecognised tax losses as at 31 December 2011 amount to € 66,602,000 (2010: € 22,905,000). Approximately € 33 million has a duration of 6 to 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 there from.

15 Receivables

In thousands of €	Note	31 December 2011	31 December 2010
Amounts due from customers for work in progress	16	137,594	132,320
Trade receivables		183,439	198,118
Insurance reimbursement claims		21,719	16,072
Due from equity accounted investees		1,697	1,288
Prepaid expenses		9,132	10,991
Other tax receivables		5,907	3,436
Other receivables		11,611	12,675
		371,099	**374,900**

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 2011 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 2011		31 December 2010	
	Gross	Impairment	Gross	Impairment
Not past due	123,647	-5,864	117,508	-27
Past due: 0 to 30 days	38,070	-18	35,178	-11
Past due: 31 to 180 days	29,226	-4,133	45,918	-10,602
Past due: more than 180 days	6,479	-3,968	14,691	-4,537
	197,422	**-13,983**	**213,295**	**-15,177**

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

In thousands of €	2011	2010
Balance as at 1 January	15,177	5,368
Entities disposed of	-	-55
Assumed in business combinations	-	11,393
Utilisations	-354	-1,026
Movements through profit or loss	-863	-504
Assets classified as held for sale	-	-39
Currency differences	23	40
Balance as at 31 December	**13,983**	**15,177**

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 against the financial asset directly.

16 Amounts due from and due to customers

In thousands of €	Assets item		Liability item		Total	
31 December	2011	2010	2011	2010	2011	2010
Contract work						
Contract costs	24,719	14,691	54,825	75,786	79,544	90,477
Provisions	-751	-1,345	-1,029	-921	-1,780	-2,266
Progress billings	-22,923	-11,646	-59,157	-83,544	-82,080	-95,190
Advance payments	-	-	-	-478	-	-478
	1,045	**1,700**	**-5,361**	**-9,157**	**-4,316**	**-7,457**
Services						
Contract costs[1)]	827,510	736,767	676,955	693,889	1,504,465	1,430,656
Provisions	-46,308	-33,987	-30,306	-25,744	-76,614	-59,731
Progress billings[1)]	-644,587	-570,583	-733,991	-755,254	-1,378,578	-1,325,837
Advance payments	-66	-1,577	-15,116	-13,807	-15,182	-15,384
	136,549	**130,620**	**-102,458**	**-100,916**	**34,091**	**29,704**
	137,594	**132,320**	**-107,819**	**-110,073**	**29,775**	**22,247**

1) For 2011 and 2010, total amounts from and amounts due to customers relating to Ginger (France) are included on a net basis in the asset item contract costs and in liability item progress billings respectively, as reliable gross amounts are not available.

Projects for which contract costs exceed progress billings have been classified as asset for an amount of € 137,594,000 (2010: € 132,320,000). Projects for which progress billings exceed contracts costs have been classified as liability for an amount of € 107,819,000 (2010: € 110,073,000).

At 31 December 2011 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 2011, an amount of € 72,000 relates to cash in hand (2010: € 68,000). The total balance of cash and cash equivalents is unrestricted with the exception of an amount of € 1,967,000 (2010: € 1,227,000). 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 on separated bank accounts. All restricted cash is not available 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 2011	31 December 2010
Cash and cash equivalents as per consolidated statement of financial position	44,371	61,933
Cash and cash equivalents included in assets held for sale	-	15,794
Cash and cash equivalents as per consolidated statements of cash flows	**44,371**	**77,727**

In thousands of €	31 December 2011	31 December 2010
Bank overdrafts as per consolidated statement of financial position	22,595	21,016
Bank overdrafts included in liabilities held for sale	-	95
Bank overdrafts as per consolidated statements of cash flows	**22,595**	**21,111**

18 Equity

Share capital

The authorised share capital of 60 million shares is divided into 30 million ordinary shares each with a nominal value of € 0.25, and 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 2011 was 21,322,500 and as at 31 December 2010 was 20,825,724.

During 2011 the Group has issued 496,776 ordinary shares for payment of stock dividend.

Number of ordinary shares	
Shares on issue at 1 January 2011	20,825,724
Issue of shares for payment of stock dividend	496,776
Shares on issue at 31 December 2011	**21,322,500**

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

Proposal for treatment of the loss 2011

As a loss is incurred in the financial year under review, there will be no distribution of profit and subsequently no payment of dividend (2010: € 0.50) per (depositary receipt for) ordinary share.

Pursuant to article 45 paragraph 6 of the articles of the 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 having 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 2010. This reserve qualifies as a legal reserve under Dutch law.

Other reserves

The reserve contains retained earnings of previous years and also includes a legal reserve of € 7,819,000 (2010: € 6,097,000).

The latter relates to a legal reserve under Dutch law, reflecting retained profits from equity accounted investees as far as the Group is not able to manage the distribution thereof independently.

19 Earnings per share

The result from continuing operations attributable to shareholders of Grontmij amounts to € -62,771,000 (2010: € 13,565,000) and the result from discontinued operations attributable to shareholders of Grontmij amounts to € 6,911,000 (2010: 3,408,000).
The basic and diluted earnings per share at 31 December 2011 and 2010 are calculated as follows:

	2011 Continuing operations	2011 Discontinued operations	2011 Total	2010 Continuing operations	2010 Discontinued operations	2010 Total
Earnings per share						
Basic earnings per share (in €)	-2.98	0.33	-2.65	0.70	0.17	0.87
Diluted earnings per share (in €)	-2.98	0.33	-2.65	0.70	0.17	0.87
Weighted average number of shares (basic)	21,105,795	21,105,795	21,105,795	19,427,047	19,427,047	19,427,047
Weighted average number of shares (diluted)	21,114,668	21,114,668	21,114,668	19,433,383	19,433,383	19,433,383

Average number of shares	2011	2010
Weighted average number of ordinary shares used in the calculation of basic earnings per share	21,105,795	19,427,047
Shares deemed to be issued for no consideration in repect of Employee Share Purchase Plan	8,873	6,336
Weighted average number of ordinary shares used in the calculation of diluted earnings per share	21,114,668	19,433,383

20 Employee benefits

The Group has entered into several plans that provide pension for employees upon retirement. These concern 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 recognize 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 and Ireland. In Poland there is no post-employment benefit plan.

In France, the 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 2011	31 December 2010
Present value of funded obligations	8,098	625,009
Present value of unfunded obligations	2,566	2,710
	10,664	**627,719**
Fair value of plan assets	-1,571	-650,808
Present value of net assets	**9,093**	**-23,089**
Unrecognised actuarial gains and (losses)	94	23,799
Asset Ceiling	-	2,334
Recognised liability for defined benefit obligations	**9,187**	**3,044**
Liability for jubilee benefits and supplementary payments for early retirement	3,831	7,261
Total employee benefits	**13,018**	**10,305**

Changes in the present value of funded and unfunded obligations

In thousands of €	2011	2010
Balance as at 1 January	**627,719**	**548,737**
Benefits paid	-20,433	-18,505
Current service cost	12,846	12,651
Employees' contributions	4,091	3,225
Interest cost	31,920	27,926
Actuarial (gains) and losses	-51,239	53,514
Curtailments	-26,365	-
Settlements	-567,250	-
Currency differences	41	171
Other	-666	-
	-617,055	78,982
Balance as at 31 December	**10,664**	**627,719**

Changes in the present value of plan assets

In thousands of €	2011	2010
Balance as at 1 January	**650,808**	**572,496**
Benefits paid	-20,433	-18,505
Employers' contributions	17,504	16,492
Employees' contributions	4,091	3,225
Expected return on plan assets	35,810	33,008
Actuarial gains	13,273	44,107
Settlements	-699,509	-
Currency differences	27	-15
	-649,237	**78,312**
Balance as at 31 December	**1,571**	**650,808**

Actual return on plan assets in 2011: € 49,085,000 (2010: € 77,115,000).

Expense recognised in profit or loss

In thousands of €	2011	2010
Current service cost	12,846	12,651
Interest cost on obligation	31,920	27,926
Amortisation on actuarial gains & losses	-235	-
Expected return on plan assets	-35,810	-33,008
Curtailments	-30,427	-
Settlements	44,730	-
Effect of asset ceiling	-2,334	2,334
Expenses related to defined benefit plans	**20,690**	**9,903**
Expenses related to defined contribution plans	15,158	18,038
Total pension expenses	**35,848**	**27,941**

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 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.

In accordance with IAS 19.58, as at 31 December 2010, an asset ceiling was applicable to the Dutch defined benefit asset. Due to the change of the Dutch defined benefit plan in a collective defined contribution plan the effect of the asset ceiling (€ 2,334,000) was reversed.

Expected contributions to defined benefit plans for 2012 amount to approximately € 2,372,000.

Principal actuarial assumptions for pension plans

In %	2011	2010
Discount rate as at 31 December	4.70% - 5.70%	4.16% - 5.40%
Expected return on plan assets	3.90% - 4.75%	5.50%
Future salary increases	1.00% - 2.00%	2.00% - 4.40%
Future pension increases	1.50% - 3.00%	1.65% - 3.60%

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

Composition of plan assets

In %	2011	2010
Equity securities	43.1%	30.0%
Fixed income	36.4%	44.0%
Real estate	5.9%	10.0%
Other	14.6%	16.0%
Total plan assets as at 31 December	**100.0%**	**100.0%**

The plan assets do not include Grontmij shares.

Historical information

In thousands of €	2011	2010	2009	2008	2007
Present value of defined benefit obligations	-10,664	-627,719	-548,737	-516,014	-510,078
Fair value of plans assets	1,571	650,808	572,496	517,842	545,600
Surplus / (deficit) in the plans	**-9,093**	**23,089**	**23,759**	**1,828**	**35,522**
Experience adjustments arising on liabilities	253	7,149	5,035	1,574	-4,377
Experience adjustments arising on plans assets	13,273	44,044	20,722	-61,962	-36,443

Principal actuarial assumptions for jubilee and early retirement

The provision for jubilee and early retirement payments is calculated at a discount rate of 5.70% (2010: 5.20%).

21 Share-based payments

Stichting Employee Share Purchase Plan

The Group offers employees on a permanent employment contract of Grontmij N.V. and employees on 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 depositary receipts for shares of Grontmij N.V. Stichting Employee Share Purchase Plan Grontmij ('Stichting ESPP') acquires and holds the depositary receipts. For each depositary receipt, 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 two more years and are still employed by the Group at the end of that period.

As at 31 December 2011 36,105 (2010: 25,342) participations have been subscribed. The number of participations is exclusive of the matching participations. Given the current non-materiality of the relating liability, it was not measured and recognised in the consolidated statement of financial position as at 31 December 2011 and at 31 December 2010. As at 31 December 2011 423 matching participations are held. Reference is made to note 34.

Number of depositary receipts Stichting ESPP	2011	2010
Balance as at 1 January	**25,342**	**18,377**
Purchased	11,557	8,442
Sold	-1,217	-1,477
Awarded according to matching principle	423	-
	10,763	**6,965**
Balance as at 31 December	**36,105**	**25,342**

Stichting Medewerkersparticipatie Grontmij

The Stichting Medewerkersparticipatie Grontmij ('Stichting SMPG') offered employees the opportunity to acquire participations in depositary receipts for shares of Grontmij N.V. Since 2008 acquiring participations though the Stichting SMPG is no longer possible. At the end of 2011, 1,570 members of staff (2010: 2,401) were registered for 66,059 participations (2010: 82,246). Reference is made to note 34.

Number of depositary receipts Stichting SMPG	2011	2010
Balance as at 1 January	**82,246**	**86,246**
Purchased	-	-
Stockdividend	2,236	4,765
Sold	-18,423	-8,765
	-16,187	**-4,000**
Balance as at 31 December	**66,059**	**82,246**

Executive Board

The members of the Executive Board receive a value dependent variable remuneration which is based on the relative change in the value of the share price. Reference is made to note 34.

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 €	2011	2010
Non-current liabilities		
Bank loans - credit facilities	138,911	204,509
Secured bank loans	4,124	2,697
Unsecured other loans	1,413	4,471
Finance lease liabilities	2,805	2,779
	147,253	**214,456**
Current liabilities		
Bank loans - credit facilities	50,000	20,000
Secured bank loans	241	265
Unsecured other loans	144	3,042
Finance lease liabilities	2,032	1,449
	52,417	**24,756**
Total loans and borrowings	**199,670**	**239,212**

Terms and redemption scheme

In thousands of €				31 December 2011		31 December 2010	
	Currency	Nominal interest rate	Year of maturity	Nominal value	Carrying value	Nominal value	Carrying value
Bank loans - credit facilities	EUR	Euribor+spread	2011-2013	191,000	188,911	206,032	202,572
Bank loan - credit facilities	GBP	LIBOR+spread	2013	-	-	21,937	21,937
Secured bank loans	EUR	Euribor+spread	Variable	2,278	2,278	707	707
Secured bank loan	DKK	5.20%	2022	2,091	2,087	2,209	2,255
Unsecured bank loan	EUR	Euribor+spread	Variable	-	-	1,330	1,330
Finance lease liabilities	DKK	3.00% - 5.00%	2012	191	187	380	368
Finance lease liabilities	SEK	4.15%	2014	977	977	-	-
Finance lease liabilities	EUR	Various	Variable	3,673	3,673	3,860	3,860
Unsecured other loans	EUR	Various	Variable	1,557	1,557	6,183	6,183
Total loans and borrowings				**201,767**	**199,670**	**242,638**	**239,212**

During 2011, the Group used the established credit facility in the amount of € 260 million. Grontmij repaid € 35 million on the facility in 2011, partially due to the sale of the Telecom business. The credit facility is in place until May 2013. The outstanding amounts under the credit facility in total at year-end are € 191 million, all denominated in Euros. The repayment schedule under the current facility consists out of repayments in the amount of € 50 million in 2012, and the remaining in 2013, at the final maturity date. The carrying value of the facility has been lowered with capitalised expenses related to the refinancing of the Group in 2010.

For the reasons set out in the Report of the Executive Board, the Group faced declines in its operating results during 2011 and was unable to meet its original debt covenant ratios. As a result, prior to year-end 2011, the Company obtained a waiver, granting the Company elevated interest cover and leverage ratios at year-end. This waiver sets the interest cover ratio at a minimum of 2.25 where it was originally 4.0. The leverage ratio was set at a maximum of 4.75 where this was originally capped at 2.5 at year-end 2011. At year-end 2011, the Company met the covenant levels set by the waiver, showing 3.4 for the interest cover ratio (EBITDA (excluding Telecom)/financial income & expense) and 4.0 for the leverage ratio (Net debt/ EBITDA). These covenants are calculated under the definitions in the current credit facility agreement and waivers. Agreement has been reached with banks as to the exceptional items to be taken into account in this calculation.

In addition, a deferral was granted of the repayment obligation of € 15 million on 15 December 2011 until 8 March 2012. The expiry date of the afore–mentioned waiver is 8 March 2012, being the signing off date of the 2011 financial statements of the Company. Upon expiry of the waiver, the Company would be in breach of the covenants set out in the current credit facility, which could lead to a notice by the banks that all or part of the amounts outstanding under the current credit facility are due and payable immediately. In that event Grontmij would not be able to repay these amounts outstanding to its banks and Grontmij would not expect to be able to raise the necessary alternative funding.

As a result of the foregoing, the current leverage of the company, the decline in operating result and following the independent business review it has become apparent that a redesign of the capital structure of the Company is required to sustain the operations of the Company on the long term. Management has used all endeavours to reach a solution that will ensure continuity of the Company, resulting in an intended financial restructuring on both the debt and the equity position of the Company. After a financial review by the management, it was concluded that the capital structure of the Company should consist of a committed credit facility agreement of € 180 million and € 80 million of additional equity ('the rights issue").

On 8 March 2012, the Company reached in principle agreement with its major shareholders, the banks underwriting this rights issue as well as its lending banks on the capital structure, consisting of a rights issue and an extended credit facility until 2016 for an amount of € 180 million by means of a committed term sheet, subject to certain conditions of which the main ones being satisfactory documentation and a successful rights issue. The combination of the waiver and the term sheet imply that the covenants will be tested for the first time at 31 December 2012. In addition, deferral was granted of the repayment obligation of € 15 million on 8 March 2012 until 15 June 2012, being the last possible starting date of the extended credit facility. In addition, the conditions as set out in the waiver were extended up to completion of the rights issue. In addition, a € 10 million additional short term working capital facility until December 2012 has been arranged, available after the rights issue.

The margin range as agreed in the committed term sheet for the extended credit facility is between 2.5% and 5.25% per annum.
The margin for the short term credit facility is 9%.
An arrangement fee of 2.25% over the total amount of the facilities is payable at the start of the facility. A term facility fee of 5% over the first € 20 million repaid or prepaid on the credit facility is payable on the date of repayment (as applicable). A commitment fee of 40% of the applicable margin is payable quarterly in arrears on the un-used portion of the credit facility. A commitment fee of 4% per annum is payable quarterly in arrears on the unused portion of the short term working capital facility.

Other principles as set forward in the term sheet will need to be completed in the final lending documentation. The current term sheet includes various conditions to be met. Although the major shareholders have committed themselves to the right issue and the rights issue has been underwritten by the banks, the underwriting is dependent on a number of conditions as put in place by the underwriting banks. Finally, the proposed rights issue will need to be adopted by the Annual Meeting of Shareholders on 9 May 2012.

Based on the current fact and circumstances, on-going discussions with the banks and, amongst others the fact that an additional waiver has been granted, the Company believes (i) that it will be able to reach final agreement with its banks on the conditions of the extended credit facility, (ii) the conditions as explained above will be met, and (iii) that the General Meeting of Shareholders will approve the proposed rights issue, thus ensuring the continuity of the Company.
As a consequence of the above, the 2011 financial statements are prepared on a going concern basis. The Company does, however, draw attention to the fact that the ability to continue as a going concern is dependent on the continuing support of its shareholders and banks and meeting the conditions as disclosed above.

Covenants levels in committed term sheet	Leverage ratio[1]	Interest coverage ratio[2]
31 December 2012	4.00	1.75
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 termsheet

1) net debt /adjusted EBITDA (adjusted means corrected for acquisitions and disposals).

2) EBITA /net financial income & 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 2011			31 December 2010		
	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	2,178	146	2,032	1,458	9	1,449
Between one to five years	2,935	136	2,799	2,662	3	2,659
More than five years	6	-	6	120	-	120
	5,119	**282**	**4,837**	**4,240**	**12**	**4,228**

23 Provisions

The movements in the provisions are as follows:

In thousands of €	Total	Aftercare liabilities	Maintenance liabilities	Restructuring	Legal liabilities	Other
Balance as at 1 January 2011	**46,706**	**16,405**	**5,223**	**1,260**	**22,391**	**1,427**
Additions	26,337	-	-	8,019	8,073	10,245
Expenditure charged to provisions	-1,757	-236	-91	-917	-512	-1
Amounts released to the income statement	-16,837	-	-5,362	-245	-6,210	-5,020
Interest added	937	707	230	-	-	-
Currency differences	19	-	-	-	19	-
	8,699	**471**	**-5,223**	**6,857**	**1,370**	**5,224**
Balance as at 31 December 2011	**55,405**	**16,876**	**-**	**8,117**	**23,761**	**6,651**
Current part of provisions	14,003	30	-	6,510	5,193	2,270
Balance as at 31 December 2011, non-current part	**41,402**	**16,846**	**-**	**1,607**	**18,568**	**4,381**

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 its 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% (2010: 3.95% - 4.35%). 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. 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 € 1,159,000 relates to the period up to 2016, and an amount of € 15,717,000 relates to the period after 2016.

Maintenance liabilities

At the end of 2011, due to bankruptcy of the operator of a golf course, the Group repurchased the sub-let land lease from the proprietor, which resulted in derecognising a financial lease asset (reference is made to note 13) and the maintenance provision of the golf course and recognising the land lease of the golf course as tangible fixed asset (reference is made to note 11). The net result of this was zero.

Restructuring

During the year ended 31 December 2011 the Group executed the redundancies and cost reductions that were planned for the Netherlands. Further restructuring for the Netherlands was announced in 2011 and provisions were recognised for reductions in direct and indirect personnel and obsolete housing.

Legal liabilities

The legal liabilities relate to warranties and claims for damages, which are mostly insured, and long term guarantees in France.

Other provisions

The other provisions mainly relate to provisions for IT restructuring, contract termination and foreign tax risks.

24 Trade and other payables

In thousands of €	Note	31 December 2011	31 December 2010
Amounts due to customers for work in progress	16	107,819	110,073
Trade creditors		61,716	64,474
VAT and wage tax		48,169	54,180
Social insurance contributions		60	65
Pension contributions		2,717	3,255
Amounts due to equity accounted investees		1,822	1,852
Employee related expenses		67,302	65,844
Deferred consideration relating to acquisitions		119	360
Waste processing expenses		3,698	5,104
Service cost paid in advance		3,800	3,615
Other		27,878	23,183
		325,100	**332,005**

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 2011	31 December 2010
Loans and receivables	13	11,251	11,757
Investments held to maturity	13	7,533	6,938
Interest rate swap used for hedging	13	-	1,775
Long-term finance receivable	13	-	12,474
Trade and other receivables	15	224,373	231,589
Cash and cash equivalents	17	44,371	61,933
		287,528	**326,466**

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

In thousands of €	31 December 2011	31 December 2010
The Netherlands	45,883	49,964
France	89,404	92,208
Denmark	46,532	46,075
Sweden	19,787	19,765
UK & Ireland	15,799	21,715
Belgium	32,803	31,363
Germany	12,578	18,682
Other markets	4,023	7,530
Non-core activities and other	17,573	32,894
Unallocated	3,146	6,270
	287,528	**326,466**

Fair values versus carrying amounts

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement hierarchy prioritizes 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 2011 of financial assets and liabilities are equal or nearly equal to the carrying amounts of the concerning items. 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 (2010: level 2).

In thousands of €		31 December 2011				
	Note	Carrying amount	Contractual cash flows	1 year or less	2-5 years	More than 5 years
Non-derivative financial liabilities						
(Secured) bank loans	22	193,276	-215,288	-58,609	-156,679	-
Unsecured other loans	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	-	-
Interest rate swaps used for hedging *		4,873	-4,957	-1,442	-3,515	-
Bank overdraft	17	22,595	-22,595	-22,595	-	-
		444,419	**-467,002**	**-302,319**	**-164,677**	**-6**

In thousands of €	31 December 2010					
	Note	Carrying amount	Contractual cash flows	1 year or less	2-5 years	More than 5 years
Non-derivative financial liabilities						
(Secured) bank loans	22	227,471	-251,838	-28,114	-223,724	-
Unsecured other loans	22	7,513	-8,684	-3,308	-3,848	-1,528
Finance lease liabilities	22	4,228	-4,240	-1,461	-2,659	-120
Trade and other payables	24	221,932	-221,932	-221,932	-	-
Bank overdraft	17	21,016	-21,016	-21,016	-	-
		482,160	-507,710	-275,831	-230,231	-1,648
Derivative financial assets						
Interest rate swaps used for hedging[1)]	13	1,775	2,238	-1,575	1,756	2,057
		1,775	**2,238**	**-1,575**	**1,756**	**2,057**

1) The interest rate swaps have a negative value on 31 December 2011 opposite to the positive value on 31 December 2010.

Currency risk

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

In thousands of	31 December 2011					31 December 2010				
	EUR	DKK	SEK	GBP	PLN	EUR	DKK	SEK	GBP	PLN
Trade and other receivables	144,305	265,864	157,111	11,286	10,027	149,181	236,453	119,667	15,961	10,551
Bank loans	191,189	15,518	-	-	-	203,279	16,803	-	18,790	-
(Unsecured) bank loans	1,557	-	-	-	-	7,513	-	-	-	-
Financial lease liabilities	3,672	1,394	8,712	-	-	4,047	2,742	-	-	-
Trade and other payables	160,554	195,259	146,739	9,128	11,249	167,234	200,827	120,396	8,101	19,425
Total exposure	**501,277**	**478,035**	**312,562**	**20,414**	**21,276**	**531,254**	**456,825**	**240,063**	**42,851**	**29,976**

Exchange rates applied

In thousands of €	Average rate		Reporting date spot rate	
	2011	2010	2011	2010
DKK	0.13422	0.13429	0.13450	0.13420
GBP	1.15275	1.16605	1.19360	1.16750
PLN	0.24406	0.25103	0.22580	0.25230
SEK	0.11081	0.10490	0.11210	0.11120

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 2010.

In thousands of €	2011		2010	
	Equity	Profit or loss	Equity	Profit or loss
DKK	5,013	248	4,894	147
GBP	1,431	-874	621	-233
PLN	371	4	410	44
SEK	787	205	575	140

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 would remain 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 2011	31 December 2010
Fixed rate instruments		
Financial assets	13,589	15,972
Financial liabilities	-8,481	-12,666
	5,108	**3,306**
Variable rate instruments		
Financial assets[1)]	3,626	1,065
Financial liabilities	-191,189	-226,546
	-187,563	**-225,481**

1) 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 part of Grontmij's debt is protected against interest rate fluctuations for an amount of € 140 million. In the analysis it is assumed that the interest rate swaps will protect the core debt on a 1-on-1 basis. The total amount of variable debt is higher than € 140 million at reporting date. Therefore, the effect on profit or loss of the total variable debt is higher than the portion hedged by the interest rate swaps. 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 2016.

Effects in thousands of €	Profit or loss		Equity	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
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**
31 December 2010				
Variable rate instruments	-2,255	2,255	-	-
Interest rate swap	1,400	-1,400	5,611	-6,097
Cash flow sensitivity (net)	**-855**	**855**	**5,611**	**-6,097**

26 Leases

In thousands of €	31 December 2011	31 December 2010
Non-cancellable operational leases and rentals		
Less than one year	31,858	28,472
Between two to five years	63,661	71,029
More than five years	17,280	18,311
	112,799	**117,812**

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 2011, an amount of € 35,006,000 was recognised as an expense in the income statement in respect of these rental agreements and operating leases (2010: € 33,558,000).

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 € 44,639,000 (2010: € 36,252,000). Guarantees provided by members of the Group amount to € 34,810,000 (2010: € 22,040,000).

Legal disputes

The Group is party to various legal disputes, generally incidental to its business. The various individual amounts of the claims are in general considered not significant and the period before settlement is case-sensitive. 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.

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 € 2,412,000 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 Ireland are reported in the segment United Kingdom & Ireland, while 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 & Ireland (UK & IRL);
- 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 2011

In thousands of €	NL	FR	DK	SE	UK & IRL	BE	GE	Other markets	Non-core activities	Unallocated and eliminations	Total
External revenue	244,674	210,824	146,719	92,328	70,622	78,542	53,633	16,503	19,663	-	933,508
Intersegment revenue	1,276	-	239	300	656	-	203	554	-	-3,228	-
Total revenue	**245,950**	**210,824**	**146,958**	**92,628**	**71,278**	**78,542**	**53,836**	**17,057**	**19,663**	**-3,228**	**933,508**
Share of results of investments in equity accounted investees	1,132	-	-26	-	1,092	625	-	-	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	-824	-1,261	-511	-67	-1,045	-2,221	-15,551
Amortisation	-200	-1,406	-1,233	-1,305	-2,516	-600	-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	-28,305	3,934	4,398	-1,089	-10,394	-17,449	-41,757
Finance income	1,078	215	1,723	93	23	418	784	308	1,616	1,270	7,528
Finance expenses	-505	-1,657	-1,664	-106	-1,009	-109	-145	-292	-1,091	-14,541	-21,119
Result before income tax	-3,368	1,447	3,798	4,448	-29,291	4,243	5,037	-1,073	-9,869	-30,720	-55,348
Income tax expense	810	-4,190	-1,075	-1,250	346	-1,677	-1,512	47	1,016	-19	-7,504
Total assets	208,484	147,010	106,831	36,325	43,809	77,670	47,362	15,993	59,966	2,740	746,190
Total liabilities	109,159	121,197	74,859	20,589	15,190	46,090	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	214	1,725	560	103	8,444	864	20,392
Average FTEs	2,219	2,025	1,169	713	880	757	574	257	26	52	8,672

Segment information 2010

In thousands of €	NL	FR	DK	SE	UK & IRL	BE	GE	Other markets	Non-core activities	Unallocated and eliminations	Total
External revenue	268,542	111,387	146,614	79,986	80,745	64,410	51,909	22,514	15,191	-	841,298
Intersegment revenue	2,409	-	513	297	27	493	24	273	-	-4,036	-
Total revenue	**270,951**	**111,387**	**147,127**	**80,283**	**80,772**	**64,903**	**51,933**	**22,787**	**15,191**	**-4,036**	**841,298**
Share of results of investments in equity accounted investees	142	-3	54	-	-	1,261	-	-	200	-	1,654
Result on sale of equity accounted investees (net of income tax)	-10	-	-	-	-	201	-	-	-867	-	-676
Depreciation	-3,003	-2,379	-1,778	-627	-915	-1,147	-506	-81	-926	-2,042	-13,404
Amortisation	-220	-664	-1,301	-1,322	-2,878	-356	-154	-2	-	-249	-7,146
Impairments of non-current assets	-	-	-	-	-	-	-	-	-	-	-
Operating result	23,903	5,474	2,306	2,682	-4,668	5,962	4,198	24	-887	-10,840	28,154
Finance income	5,064	91	1,727	111	98	48	105	377	1,765	-2,808	6,578
Finance expenses	-1,907	-1,053	-1,533	-79	-1,399	-521	-227	-275	-1,639	-7,006	-15,639
Result before income tax	27,060	4,512	2,500	2,714	-5,969	5,489	4,076	126	-761	-20,654	19,093
Income tax expense	-7,130	-1,517	-772	-1,096	1,335	-1,842	-1,291	3	237	6,824	-5,249
Total assets	201,402	221,084	100,109	35,154	59,890	59,975	44,932	30,367	76,169	62,201	891,283
Total liabilities	98,725	205,468	71,161	23,590	46,376	46,076	23,209	20,441	47,497	150,939	733,482
Investments in equity accounted investees	826	282	63	-	-	159	-	-	6,462	71	7,863
Acquisition of intangible assets and goodwill	-	61,596	1,706	-	-	6,639	905	3	-	1,286	72,135
Capital expenditure	2,123	2,861	824	125	379	450	501	132	515	1,834	9,744
Average FTEs	2,434	2,128	1,240	703	911	618	573	246	29	56	8,938

29 Other income

In thousands of €	2011	2010
Gains on sale of property, plant and equipment	21	141
Rental income and other items	-90	1,366
	-69	**1,507**

30 Employee expenses

In thousands of €	Note	2011	2010
Wages and salaries		411,846	374,789
Compulsory social security contributions		77,063	65,856
Contributions to defined contribution plans	20	15,158	18,038
Expenses related to defined benefit plans	20	20,690	9,903
Agency staff		31,313	30,371
Other employee expenses		40,125	36,680
		596,195	**535,637**

Staff (full time equivalents)

In 2011, the average number of full time equivalents (FTE) was 8,672 (2010: 8,938), of which 8,250 were employed by the Group (2010: 8,537), and 422 concerned agency staff (2010: 401). Of the total staff, an FTE number of 6,091 (2010: 6,207) were employed outside the Netherlands, and the FTE number of agency staff abroad was 284 (2010: 210).

31 Other operating expenses

In thousands of €	2011	2010
Housing expenses	56,631	44,534
Office expenses	32,207	23,432
Marketing expenses	6,173	4,816
Other operating expenses	48,006	33,918
	143,017	**106,700**

Other operating expenses mainly relate to expenses such as travel, IT and advisory expenses.

32 Net finance expenses

In thousands of €	2011	2010
Interest income on bank balances and deposits	3,228	3,180
Interest income from loans and receivables	503	81
Interest income on long-term finance receivable	148	163
Interest income on financial lease	914	1,207
Foreign exchange profit	2,274	1,853
Other interest income	461	94
Finance income	**7,528**	**6,578**
Interest expense on bank overdraft and short term loans	1,467	3,474
Interest expense on loans and borrowings	14,364	8,154
Unwinding of discount on aftercare and maintenance liabilities	937	900
Interest expense charged to projects	356	114
Waiver fees	608	-
Foreign exchange loss	1,772	2,184
Other finance expenses	1,615	813
Finance expenses	**21,119**	**15,639**
Net finance expenses	**-13,591**	**-9,061**

33 Income tax expense

Income tax recognised in the consolidated income statement amount to € 7,504,000 (2010: € 5,249,000). This item consists of current and deferred income tax and is composed as follows:

In thousands of €	2011	2010
Current income tax		
Current year	-6,005	-6,727
Adjustments for prior years	812	1,068
	-5,193	**-5,659**
Deferred income tax		
Originating from and reversal of temporary differences	462	-384
Reversal of temporary differences prior years	-2,773	-
Recognition of previously unrecognised tax losses	-	973
Reduction in tax rates	-	-179
	-2,311	**410**
Income tax expense	**-7,504**	**-5,249**

The reconciliation of the applicable tax rate and the effective tax rate is as follows:

In thousands of €; percentages rounded to the nearest decimal	2011		2010	
Result before income tax	**-55,348**		**19,093**	
Tax charge based on weighted average applicable rate	-13,953	25.2%	5,495	28.8%
Reduction in tax rates	-	-	179	0.9%
Unrecognised tax losses	10,481	-18.9%	914	4.8%
Previously unrecognised tax losses	-19	-	-973	-5.1%
Adjustment for prior years	-812	1.5%	-1,068	-5.6%
Reversal of temporary differences prior years	2,773	-5.0%	-	-
Tax exempted results from equity accounted investees	3,139	-5.7%	132	0.7%
Non-deductable expenses	5,944	-10.7%	523	2.7%
Other	-49	0.1%	47	0.2%
Tax charge and effective tax rate, respectively	**7,504**	**-13.6%**	**5,249**	**27.5%**

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 2011, transactions between the Group and its joint ventures concerned an amount of € 6,809,000 (2010: € 7,407,000).
In 2011, dividends to an amount of € 722,000 (2010: € 1,852,000) were received.

At year-end 2011, amounts totalling € 1,214,000 are due to the Group from its joint ventures (2010: € 3,894,000) and amounts totalling € 1,811,000 are due to its joint ventures from the Group (2010: € 1,841,000). Transactions with joint ventures are on an arm's length basis.

Associates

At the end of 2011, transactions between the Group and its associates concerned an amount of € 120,000 (2010: € 2,436,000). In 2011, dividends to an amount of € 10,000 (2010: € nil) were received.

At year-end 2011, amounts totalling € 483,000 are due to the Group from its associates (2010: € 4,000) and amounts totalling € 11,000 are due to its associates from the Group (2010: € nil).

Executive Board and key management personnel

Executive Board members and key management personnel received the following remuneration:

In thousands of €	Period remunerations		Pension contributions		Variable remunerations				Total	
					Accrued result dependent part		Accrued value dependent part			
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
S. Thijsen	428	418	75	75	-	42	-	125	503	660
D.M. Zuydam	335	325	66	72	-	33	-	65	401	495
G.P. Dral	185	-	44	-	-	-	-	-	229	-
J.L. Schnoebelen	433	-	-	-	-	-	-	-	433	-
A.G. Nijhof	47	-	12	-	-	-	-	-	59	-
Nominated candidate members										
C.M. Jaski	18	-	3	-	-	-	-	-	21	-
F. Vervoort	28	-	6	-	-	-	-	-	34	-
	1,474	**743**	**206**	**147**	**-**	**75**	**-**	**190**	**1,680**	**1,155**
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	-
	1,386	**-**	**101**	**-**	**-**	**-**	**-**	**-**	**1,487**	**-**
Total	**2,860**	**743**	**307**	**147**	**-**	**75**	**-**	**190**	**3,167**	**1,155**

1) including holiday days paid out and other costs (legal and outplacement).

2) including other costs (legal).

On 19 December 2011 Mr S. Thijsen stepped down as CEO. He will resign from the Executive Board on 9 March 2012. Mr C.M. Jaski is nominated for appointment as member of the Executive Board and Chief Executive Officer at the Extraordinary General Meeting of Shareholders of 9 March 2012. Mr C.M. Jaski started his activities as CEO as per 19 December 2011.

On 23 November 2011 Mr D.M. Zuydam resigned from the Executive Board. He was employed until 31 December 2011. Mr F. Vervoort is nominated for appointment as member of the Executive Board and Chief Financial Officer at the Extraordinary General Meeting of Shareholders of 9 March 2012. Mr F. Vervoort started his activities as CFO as per 1 December 2011.

On 1 June 2011 Mr G.P. Dral was appointed to the Executive Board.

On 1 June 2011 Mr J.L. Schnoebelen was appointed to the Executive Board. On 8 March 2012 Mr J.L. Schnoebelen resigned from the Executive Board.

On 9 November 2011 Mrs A.G. Nijhof was appointed to the Executive Board. On 9 January 2012 Mrs A.G. Nijhof stepped down from the Executive Board.

In 2011, the members of the Executive Board did not receive a result dependent bonus in respect to 2010. With respect to the 2011 result dependent bonus no accruals have been recorded.

The members of the Executive Board receive a value dependent variable remuneration, which is based on the average performance of Grontmij's share price over a period of three years. The current three-year period runs from 2009 through 2011. Grontmij's average share price performance is compared with the average share price performance over a three-year period of all companies included in the AEX, AMX and AScX of Euronext Amsterdam. No payments are made if Grontmij's performance is the same or less than that of the Euronext group of companies. If there is a positive difference of 10% or more (Grontmij's share-price performance is above the Euronext group of companies' share-price performance), the maximum value dependent bonus is paid. A proportionate amount is paid for a positive difference between more than 0% and 10%. The bonus is paid once every three years in the financial year following the last year of the three year period. Targets for the current three-year period have not been achieved.

Until his appointment as member of the Executive Board, Mr Schnoebelen performed his activities under a consultancy agreement, signed at the time of the acquisition of Ginger.
The company did not reach agreement with Mr Schnoebelen on the terms of an employment contract that would replace the existing consultancy agreement that is applicable until July 2012.
Mr Schnoebelen was therefore paid under the existing consultancy agreement and as such not entitled to pension contribution or variable remuneration.

Members of the Executive Board receive an allowance for representation expenses and dispose of a company car. Apart from disclosed above, there are no other arrangements with members of the Executive Board.

Supervisory Board and key management personnel

Supervisory Board members received the following remuneration:

In thousands of €	2011	2010
F.L.V. Meysman (chairman and member until 9 November 2011)	47	48
J.H.J. Zegering Hadders (member until 9 November 2011/chairman as from 9 November 2011)	33	29
S.E. Eisma (vice-chairman and member until 9 November 2011)	26	29
R.J.A. van der Bruggen (member as from 8 December 2010)	30	-
P.E. Lindquist (member until 24 May 2011)	14	35
P.P. Montagner[1] (member as from 8 December 2010)	33	7
Nominated candidate member		
J. van der Zouw (as from 28 November 2011)	3	-
	186	**148**

1) 2010: including advisory fees prior to the formal appointment at 8 December 2010.

On 9 November 2011 Mr F.L.V. Meysman and Mr S.E. Eisma resigned from the Supervisory Board. On 9 November 2011 Mr J.H.J. Zegering Hadders was appointed chairman of the Supervisory Board.

Mr J. van der Zouw is nominated for appointment as member of the Supervisory Board at the Extraordinary General Meeting of Shareholders of 9 March 2012. Mr J. van der Zouw started his activities as per 28 November 2011.

Shares held by Executive Board, Supervisory Board and key management personnel

At 31 December 2011, Mr J.L. Schnoebelen held, via his holding company, 905,923 (2010: 905,923) depositary receipts for ordinary shares Grontmij N.V.

At 31 December 2011, Mr P.P. Montagner, Mr J.L. Schnoebelen and Mr S. Thijsen held 1 share in Ginger S.A.

At 31 December 2011, Mr S. Thijsen held 3,590 (2010: 3,590) participations Grontmij N.V. and 4,273 (2010: 4,273) depositary receipts for shares Grontmij N.V.

At 31 December 2011, Mr G.P. Dral held 1,587 participations Grontmij N.V. and 2,671 depositary receipts for shares Grontmij N.V.

During 2011, Mr Schnoebelen held shares in a minority interest on a temporary basis.

Shares (significant ownership) held by other staff

At 31 December 2011, Mr J. Bosschem (country Managing Director France) held 60% (2010: 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 2011, an amount of € 16,353,000 (2010: € 15,802,000) was paid by the Group in respect of pensions premiums.

At year-end 2011, a nominal amount of € 1,794,000 was due to Stichting Pensioenfonds Grontmij from Grontmij (2010: € 3,149,000 due to Stichting Pensioenfonds Grontmij from Grontmij).

Both at year-end 2011 and 2010, Stichting Pensioenfonds Grontmij held no shares in Grontmij.

Stichting Administratiekantoor van aandelen Grontmij N.V.

Stichting Administratiekantoor van aandelen Grontmij N.V. holds approximately 98.7% (2010: 98.6%) of the shares in Grontmij.

The transactions in 2011 between Grontmij and Stichting Administratiekantoor van aandelen Grontmij N.V. are mainly dividend related. In 2011, Grontmij paid a net dividend of € 2,714,000 (2010: € 10,462,000) to Stichting Administratiekantoor van aandelen Grontmij N.V. The operational expenses of Stichting Administratiekantoor van aandelen Grontmij N.V. are borne by Grontmij.

Both at year-end 2011 and 2010, Grontmij has neither amounts due from nor amounts due to Stichting Administratiekantoor van aandelen Grontmij N.V.

Stichting Medewerkersparticipatie Grontmij

The Stichting Medewerkersparticipatie Grontmij ('Stichting SMPG') offered employees the opportunity to acquire participations in depositary receipts for shares of Grontmij N.V. Since 2008 acquiring participations though the Stichting SMPG is no longer possible. The Stichting SMPG holds 0.31% (2010: 0.39%) of the shares in Grontmij via Stichting Administratiekantoor van aandelen Grontmij N.V.

Transactions between Grontmij and the Stichting SMPG generally comprise financing and dividend payments. In 2011, Grontmij paid a net dividend of € 3,000 (2010: € 73,000) to Stichting SMPG.

At 31 December 2011 Grontmij has an amount due to Stichting SMPG of € 79,000 (2010: € 225,000).

Stichting Employee Share Purchase Plan

Stichting Employee Share Purchase Plan Grontmij ('Stichting ESPP') holds 0.17% (2010: 0.16%) of the shares in Grontmij via Stichting Administratiekantoor van aandelen Grontmij N.V.

Transactions between Grontmij and Stichting ESPP will usually comprise financing and dividend payments. In 2011, Grontmij paid a dividend of € 16,494 of € 0.50 gross per share (2010: € 22,971 of € 1.00 gross per share). The operational expenses of Stichting ESPP are borne by Grontmij.

At 31 December 2011 a nominal amount of € 12,000 (2010: € 91,000) was due from Stichting ESPP to Grontmij.

For detailed information reference is made to note 21.

35 Subsequent events

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. will pay an amount of € 2.7 million to Mr Schnoebelen and an entity controlled by Mr Schnoebelen. Grontmij and Mr Schnoebelen additionally agreed that Mr Schnoebelen will acquire all shares of GBCC, a 100% subsidiary of Ginger S.A. active in the field of turn key project management, for a consideration of € 0.4 million.

In February 2012, following the strategic and financial review, management decided to divest a 100% owned international specialist consultancy services company to the construction and engineering industries, with total revenue of € 16.1 million in 2011.

After a financial review by the management, it was concluded that the capital structure of the Company should consist of a committed credit facility agreement of € 180 million and € 80 million of additional equity ('the rights issue").Therefore, on 8 March 2012, the Company and its lending banks agreed on a committed term sheet for an extended credit facility until 2016 for an amount of € 180 million. Reference is made to note 22.

Company statement of financial position

In thousands of € (before appropriation of result)	Note	31 December 2011	31 December 2010
Investments in subsidiaries		99,779	119,937
Investments in equity accounted investees		71	71
Other financial assets		-	1,775
Non-current assets	2	**99,850**	**121,783**
Receivables	3	245,305	261,494
Cash and cash equivalents		4	474
Current assets		**245,309**	**261,968**
Total assets		**345,159**	**383,751**
Share capital		5,331	5,206
Share premium		96,391	96,558
Legal reserve		7,819	6,097
Translation reserve		-5,614	-5,053
Hedging reserve		-4,876	1,322
Other reserves		47,621	36,677
Result for the year		-55,860	16,973
Shareholders' equity	4	**90,812**	**157,780**
Non-current liabilities	5	**59,595**	**91,512**
Current liabilities	6	**194,752**	**134,459**
Shareholders' equity and liabilities		**345,159**	**383,751**

Company income statement

In thousands of €	Note	2011	2010
Result from participating interests after tax	2	-48,259	23,498
Other results		-7,601	-6,525
Result after income tax		**-55,860**	**16,973**

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 2011. 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-IFRSs) 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 77 to 89, 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 to the consolidated financial statements. A full list of subsidiaries, joint ventures and associates is filed with the Chambre 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 2010	**116,953**	**116,882**	**71**	**-**
Movements during 2010				
Share in the results	23,498	23,498	-	-
Currency differences	2,300	2,300	-	-
Change in fair value of cash flow hedges	1,775	-	-	1,775
Acquisition of non-controlling interest	-52,996	-52,996	-	-
Acquisition of subsidiaries	30,293	30,293	-	-
Other movements	-40	-40	-	-
Balance as at 31 December 2010	**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 without a change in control	-1,098	-1,098	-	-
Capital increase subsidiaries	32,438	32,438	-	-
Other movements	-3,002	-3,002	-	-
Balance as at 31 December 2011	**99,850**	**99,779**	**71**	**-**

3 Receivables

In thousands of €	31 December 2011	31 December 2010
Amounts due from subsidiaries	238,428	258,492
Income tax	6,479	2,549
Prepaid expenses and other receivables	398	453
	245,305	**261,494**

4 Shareholders' equity

Movements in shareholders' equity are as follows:

In thousands of €	Total	Share capital	Share premium	Legal reserve	Translation reserve	Hedging reserve	Other reserve	Result for the year
Balance as at 1 January 2010	**166,696**	**4,441**	**61,342**	**4,098**	**-7,353**	**-694**	**84,601**	**20,261**
Dividend to equity holders of Grontmij	-12,340	92	-92	-	-	-	-12,340	-
2009 Result appropriation	-	-	-	-	-	-	20,261	-20,261
Issuance of ordinary shares	38,616	673	37,943	-	-	-	-	-
Result for the year	16,973	-	-	-	-	-	-	16,973
Changes in fair value cash flow hedges	2,016	-	-	-	-	2,016	-	-
Acquisition of non-controlling interest	-54,990	-	-1,146	-	-	-	-53,844	-
Cost of issuance ordinary shares	-1,489	-	-1,489	-	-	-	-	-
Currency differences	2,300	-	-	-	2,300	-	-	-
Other movements	-2	-	-	1,999	-	-	-2,001	-
Balance as at 31 December 2010	**157,780**	**5,206**	**96,558**	**6,097**	**-5,053**	**1,322**	**36,677**	**16,973**
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
Changes 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 at 31 December 2011	**90,812**	**5,331**	**96,391**	**7,819**	**-5,614**	**-4,876**	**47,621**	**-55,860**

Share capital

The authorised share capital of 60 million shares is divided into 30 million ordinary shares each with a nominal value of € 0.25, and 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 2011 was 21,322,500 (31 December 2010: 20,825,724).

No preference shares were issued. Grontmij did not purchase any own shares.

Proposal for treatment of the loss 2011

As a loss is incurred in the financial year under review, there will be no distribution of profit and subsequently no payment of dividend (2010: € 0.50) per (depositary receipt for) ordinary share.

Pursuant to article 45 paragraph 6 of the articles of the 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.

Legal reserve

The legal reserve relates to the retained profits from equity accounted investees to the extent that the Group is not able to manage the distribution thereof independently.

Translation reserve

This reserve comprises of currency translation differences relating to the translation of the financial statements of Group entities having 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 includes the derecognition of the deferred tax liability, which was recognized 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 reserves

The reserve contains retained earnings of previous years.

5 Non-current liabilities

In thousands of €	31 December 2011	31 December 2010
Loans and borrowings	55,191	91,068
Interest rate swap used for hedging	4,873	-
Deferred tax liability	-469	444
	59,595	**91,512**

6 Current liabilities

In thousands of €	31 December 2011	31 December 2010
Bank overdrafts	52,812	30,145
Loans and borrowings	50,000	-
Amounts due to subsidiaries	86,559	99,383
Provisions	-	879
Other liabilities	5,381	4,052
	194,752	**134,459**

7 Related parties

The Company's related parties comprise subsidiaries. Outstanding balances with related parties are priced on an arm's length basis and are settled in cash, none of the balances is secured.

Subsidiaries Grontmij

Transactions between Grontmij N.V. and its subsidiaries in 2011 concerned an amount of € 2,008,000 in management fees (2010: € 0), € 493,000 in operational transactions (2010: € -34,000), and € -882,000 in financing (2010: € -2,479,000).

Grontmij N.V. has amounts due from subsidiaries of € 238,428,000 (2010: € 258,492,000) as at 31 December 2011. Furthermore, Grontmij N.V. has amounts due to subsidiaries of € 86,559,000 (2010: € 99,383,000) as at 31 December 2011.

8 Remuneration of the Executive Board and the Supervisory 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 consolidated financial statements.

In 2011 the Company employed 7 persons (2010: 8).

9 Auditor's remuneration

In thousands of €	2011			2010		
	Deloitte Accountants B.V.	Other Deloitte network	Total	KPMG Accountants N.V.	Other KPMG network	Total
Financial statement audit	639	847	1,486	235	676	911
Other assurance engagements	287	44	331	186	56	242
Tax advisory services	-	248	248	-	59	59
Other non-audit services	3	100	103	37	30	67
	929	**1,239**	**2,168**	**458**	**821**	**1,279**

10 Liabilities not recognised in the company statement of financial position

Contingent liabilities

Grontmij N.V. provided guarantees in 2011 amounting to € 20,113,000 (2010: € 22,040,000).

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, 8 March 2012

Executive Board	Supervisory Board
S. Thijsen	J.H.J. Zegering Hadders
G.P. Dral	R.J.A. van der Bruggen
	P.P. Montagner

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, on proposal of 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 2011

As a loss is incurred in the financial year under review, there will be no distribution of profit and subsequently no payment of dividend (2010: € 0.50) per (depositary receipt for) ordinary share.

Pursuant to article 45 paragraph 6 of the articles of the 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.

In conformity with the report of the Supervisory Board, the following result appropriation is proposed:

In thousands of €	2011	2010
Result for the year	-55,860	16,973
Allocation to other reserves	55,860	-6,560
Dividend	**-**	**10,413**

Subsequent events

Reference is made to note 35 of the consolidated financial statements.

Independent auditor's report

To: the Annual General Meeting of Shareholders of Grontmij N.V.

Report on the financial statements

We have audited the accompanying financial statements 2011 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, 2011, 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, 2011 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, 2011 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, 2011 and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

Emphasis of uncertainty with respect to the going concern assumption

We draw attention to note 22 to the financial statements on Loans and borrowings and related going concern disclosure. This note indicates that the company obtained a waiver prior to year-end elevating its covenants at December 31, 2011 as the company was unable to meet its original debt covenants as of that date. The note furthermore indicates that a redesign of the capital structure is required to sustain the operations of the company on the long term.
The company reached agreement in principle on the capital structure, consisting of an extended credit facility and a rights issue. The conditions as set in the waiver were extended up to completion of the rights issue.
The ability to continue as a going concern is dependent on the continuing support of its shareholders and banks and meeting the conditions as disclosed in note 22.
These conditions, along with other matters as set forth in note 22, indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. Our opinion is not qualified in respect of this matter.

Report on other legal and regulatory requirements

Pursuant to the legal 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, March 8, 2012

Deloitte Accountants B.V.

H.H.H. Wieleman

Report Stichting Administratiekantoor van aandelen Grontmij N.V.

The purpose of the Stichting Administratiekantoor van aandelen Grontmij N.V. ('Trust Office') is to acquire and hold in trust ordinary Grontmij shares for which shares it will issue convertible depositary receipts, to manage the shares it holds in trust and to exercise the rights attached to these shares, including the voting power. When exercising the rights attached to the shares it holds in trust, the Trust Office shall be guided primarily by the interests of the depositary receipt holders, taking into account the interests of Grontmij, its business and those involved. Issuing depositary receipts for ordinary Grontmij shares is not used as an anti-takeover measure (see page 53 of the annual report).

Activities

The Trust Office's board met on four occasions during the year under review. The following topics were discussed during these meetings:

- Grontmij's annual figures for 2010 and the half year and third quarter interim results for 2011;
- preparations for the meeting of depositary receipt holders;
- preparations for the Annual and the Extraordinary General Shareholders
  Meeting of Grontmij;
- the membership of the trust office's board, including the replacement of Mr Braks, and its retirement timetable.

During the year, the Trust Office's board carried out its customary activities, including acquiring or subscribing for ordinary shares to hold in trust, and issuing depositary receipts for them, exchanging depositary receipts into ordinary shares and exercising the rights attached to the shares the Trust Office holds in trust including the voting rights.

The Trust Office's board was present at the Annual General Meeting of Shareholders of Grontmij held on 24 May 2011. For this meeting, the Trust Office's board issued proxies to 73 depositary receipt holders (2010: 52) and six depositary receipt holders issued binding voting instructions to the board (2010: 4). Those depositary receipts holders represented 56% of the issued share capital (2010: 53.3%). The Trust Office's board voted at its discretion on 8,885,907 ordinary shares (2010: 8,019,973), representing 43.2% of the total of votes casted at the meeting (2010: 45.7%). As for the votes casted at its discretion, the Trust Office's board - taking into account the explanation of the Executive Board, the Supervisory Board and the shareholders present - did not abstain from voting and did not vote against any of the motions.

The Trust Office's board was present at the Extraordinary General Meeting of Shareholders of Grontmij held on 9 November 2011. For this meeting, the Trust Office's board issued proxies to 14 depositary receipt holders (EGM 2010: 24) and six depositary receipt holders issued binding voting instructions to the board (EGM 2010: 2). Those depositary receipts holders represented 46.0% of the issued share capital (EGM 2010: 38.5%). The Trust Office's board voted at its discretion on 11,238,839 ordinary shares (EGM 2010: 11,627,549), representing 53.4% of the total of votes cast at the meeting (EGM 2010: 59.2%). As for the votes cast at its discretion, the Trust Office's board - taking into account the comments of the Executive Board, the Supervisory Board and the shareholders present - did not abstain from voting and did not vote against any of the motions.

The number of ordinary shares for which depositary receipts were issued amounted to 21,043,948 ordinary shares as at 31 December 2011 (2010: 20,541,541).

Composition

As at 31 December 2011 the Board consisted of the following members:

B. van Nederveen (1935) chairman

Nationality
Dutch
Term ends and eligible for re-appointment
2013
Most important previous positions
Chairman of the board of Hoechst Holland N.V., president of the Royal institute of Engineers (KIVI).

L.M.J. van Halderen (1946)

Nationality
Dutch
Term ends and eligible for re-appointment
2015
Most important previous positions
Chairman of the Executive Board of EPON (now: Electrabel Nederland), Chairman of the Executive Board of N.V. Nuon.

A.G. van der Kolk (1946)

Nationality
Dutch
Term ends and eligible for re-appointment
2013
Most important previous positions
Corporate Secretary and General Counsel Koninklijke Sphinx N.V.

On 29 March 2011, a meeting of depositary receipt holders was held to give the depositary receipt holders the opportunity to recommend a candidate to fill the vacancy left by the retirement of Mr Braks on grounds as referred to in article 7 sub d and article 5 sub b of the articles of association, because a relative by marriage was appointed managing director of one of Grontmij N.V.'s subsidiaries. Taking into account the recommendation made by one major depositary receipt holder, the

Trust Office's board appointed, in accordance with its intention, Mr L.M.J. van Halderen as a member of the board of the Stichting for a four-year term.

On 31 December 2011, Messrs Van Nederveen, Van Halderen and Van der Kolk held no (depositary receipts for) Grontmij shares.

The remuneration policy for the board members was renewed: The fixed remuneration for the chairman amounts to € 7,000 and for the other board members € 5,000. In addition, the board members receive a variable remuneration of € 1,000 per extraordinary meeting they attend, whereby two board meetings and the annual meeting of shareholders are considered ordinary meetings. Based on this renewed remuneration policy, the actual remuneration for the year under review granted to Mr Van Nederveen amounted to € 10,000 (2010: € 7,000), to Mr Van Halderen amounted to € 7,000 (2010: n.a.) and to Mr Van der Kolk amounted to € 8,000 (2010: € 5,000). In addition, Mr Braks was granted € 5,000 remuneration as if he were board member for the entire year under review.

Other

The operating expenses of the Trust Office amounted to € 37,204 (2010: € 24,166) and are borne by Grontmij, in accordance with existing agreements. The Trust Office is independent of Grontmij in conformity with the provisions of Article 5 : 71 paragraph 1 sub d of the Financial Markets Supervision Act ('FMSA', Wet op het financieel toezicht).

Contact

Stichting Administratiekantoor van aandelen Grontmij N.V.
P.O. Box 203, 3730 AE De Bilt, the Netherlands
Contact: Mrs S. van Nieuwkuyk, T +31 30 220 75 39

De Bilt, 8 March 2012

B. van Nederveen (chairman)
L.M.J. van Halderen
A.G. van der Kolk

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 53 of the annual report).

As at 31 December 2011, no preference shares were issued.

Activities

The board of the Foundation met on three occasions during the year under review. The following topics were discussed during these meetings:

- Grontmij's annual figures for 2010 and the half year and third quarter interim results for 2011;
- the Foundation's credit facility, for which a new credit agreement was closed with another bank during the year under review;
- the membership of the Foundation's board and its retirement schedule.

Composition

On 31 December 2011 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

A.J. ten Cate (1953)

Nationality
Dutch
Term ends and eligible for re-appointment
2012
Present position
Owner-director of Enatco B.V., a consultancy firm for the pharmaceutical industry.

S.C. Peij (1970)

Nationality
Dutch
Term ends and eligible for re-appointment
2013
Present position
Director of Governance University (Netherlands) B.V.

In the year under review, the Foundation's board re-appointed Mr De Beaufort for a further four- year term.
As at 31 December 2011, Mr De Beaufort held 11,593 (2010: 11,207) Grontmij shares and Mr Peij held 3,330 (2010: nil) depositary receipts for ordinary shares Grontmij; Mr Ten Cate held no (depositary receipts for) Grontmij shares.

The remuneration policy for the board members was renewed: The fixed remuneration for the chairman amounts to € 7,000 and for the other board members € 5,000. In addition, the board members receive a variable remuneration of € 1,000 per extraordinary meeting they attend, whereby two board meetings and the annual meeting of shareholders are considered ordinary meetings. Based on this renewed remuneration policy, the actual remuneration for the year under review granted to Mr De Beaufort amounted to € 7,000 (2010: € 7,000), to Mr Ten Cate amounted to € 5,000 (2010: € 5,000) and to Mr Peij amounted to € 7,000 (2010: € 5,000).

Other

The operating costs of the Foundation amounted to € 25,857 (2010: € 24,391) 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
P.O. Box 203, 3730 AE De Bilt, the Netherlands
Contact: info@stichtingpreferenteaandelengrontmij.com.

De Bilt, 8 March 2012

R.J.M. de Beaufort (chairman)
A.J. ten Cate
S.C. Peij

Country Managing Directors


Durk ten Wolde


Jan Bosschem


Søren Larsen

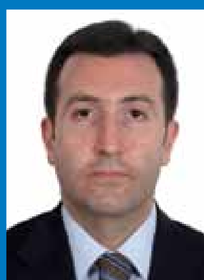

Leif Bertilsson


Erwin Malcorps

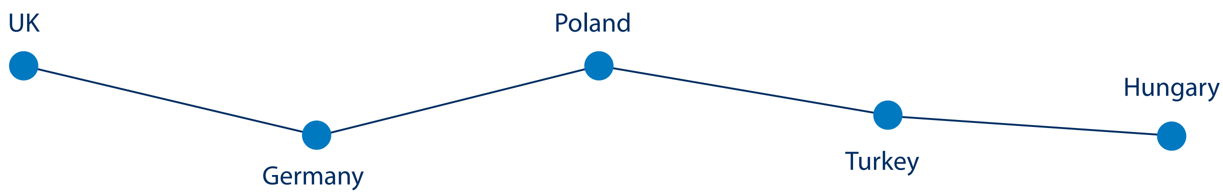

John Chubb


Ina Brandes


Maciej Chrzanowski


Kerem Sadiklar


Miklós Lukács



Team Straw-based heat and power plant

Emlichheim, Germany

Mobile mapping

Belgium

Team north-south bypass highway

Stockholm, Sweden

NSR bio energy plant

Sweden

Grontmij N.V.
P.O. Box 203, 3730 AE De Bilt
The Netherlands
T +31 30 220 79 11
corporate.communication@grontmij.com
www.grontmij.com
www.twitter.com/grontmijgroup

planning connecting
respecting
the future