Royal Imtech N.V.

*(a public limited liability company (*naamloze vennootschap*) incorporated under the laws of the Netherlands, with its statutory seat in Rotterdam, the Netherlands)*

4 for 1 rights offering of 356,597,988 new ordinary shares at an issue price of EUR 1.40 per ordinary share

This document (the "**Prospectus**") relates to the issuance of 356,597,988 new ordinary shares in the capital of Royal Imtech N.V. ("**Royal Imtech**" or the "**Company**") with a nominal value of EUR 0.80 each (the "**Offer Shares**") at an issue price of EUR 1.40 (the "**Issue Price**") per share. Subject to applicable securities laws and the terms set out in this Prospectus, holders of ordinary shares in the capital of Royal Imtech (the "**Ordinary Shares**") as at the Record Date (as defined below) are being granted transferable subscription rights to subscribe for the Offer Shares (the "**Rights**" and together with the Offer Shares, the "**Offer Securities**") *pro rata* to their shareholding in the Company. The offer to subscribe for Offer Shares through the exercise of Rights is referred to as the "**Rights Offering**".

Each Ordinary Share held immediately after the close of trading in Ordinary Shares on NYSE Euronext in Amsterdam ("**NYSE Euronext Amsterdam**") at 17:40 hours, Central European Summer Time ("**CEST**"), on 4 July 2013 (the "**Record Date**") will entitle its holder to one (1) Right. Eligible Persons (as defined in "Selling and Transfer Restrictions – Representations and warranties by investors in the Offering") will be entitled to subscribe at the Issue Price for 4 Offer Shares for every Right held. Eligible Persons may, subject to applicable securities laws, subscribe for Offer Shares by exercising Rights from 9:00 hours CEST on 5 July until 17:00 hours CEST on 18 July 2013 (the "**Exercise Period**"). Any Rights not exercised by the end of the Exercise Period, may no longer be exercised by any Eligible Person. Once an Eligible Person has validly exercised his Rights, that exercise cannot be revoked or modified, except for certain circumstances as set out in "The Offering – Rights Offering – Exercise Period". The statutory pre-emptive rights (*wettelijke voorkeursrechten*) of the holders of Ordinary Shares in respect of the Offering (as defined below) have been validly excluded.

Royal Imtech has applied for admission to trading of the Rights on NYSE Euronext Amsterdam. Trading of the Rights is expected to commence under the symbol "IMR" at 9:00 hours CEST on 5 July 2013 and will continue until 15:00 hours CEST on 18 July 2013. All transactions in the Rights prior to the settlement date on 24 July (the "**Settlement Date**") are at the sole risk of the parties involved.

Coöperatieve Centrale-Raiffeisen Boerenleenbank B.A., acting through its GFM-Equity Capital Markets department ("**Rabobank**") and ING Bank N.V. ("**ING**") are acting as joint global coordinators and joint bookrunners (the "**Joint Global Coordinators**" or "**Joint Bookrunners**") and Commerzbank AG ("**Commerzbank**") as co-lead manager (the "**Co-Lead Manager**" and together with the Joint Global Coordinators the "**Managers**") for the Offering (as defined below). After the Exercise Period has ended, the Offer Shares that were issuable upon the exercise of Rights but that have not been subscribed for during the Exercise Period (the "**Rump Shares**") may be offered for sale in the Netherlands and certain other jurisdictions by way of private placements by the Joint Global Coordinators (the "**Rump Offering**"), subject to the terms and conditions of the underwriting agreement between Royal Imtech and the Joint Global Coordinators, the Managers, the Co-Lead Manager and the Joint Bookrunners dated 4 July 2013 (the "**Underwriting Agreement**") and subject to applicable securities laws. The Rump Offering and the Rights Offering are collectively referred to as the "**Offering**".

The Rump Offering, if any, is expected to commence at 7:30 hours CEST on 19 July 2013 and to end no later than 17:30 CEST on 19 July 2013. The Joint Global Coordinators, subject to the terms and conditions of the Underwriting Agreement, have agreed to then use their reasonable efforts to procure subscribers for any Rump Shares through private placements to institutional investors in the Netherlands and certain other jurisdictions. The price per Rump Share must be at least equal to the Issue Price, plus any expenses related to procuring such subscribers (including any non-recoverable value added tax). The Managers, severally and not jointly, will subscribe and pay for (i) any Offer Shares subscribed for in the Rights Offering but not paid for by such subscribers on the Settlement Date, and (ii) any Rump Shares not sold in the Rump Offering, if any, or sold but not paid for on the Settlement Date, *pro rata* to their respective underwriting commitments at the Issue Price, in accordance with the terms and subject to the conditions of the Underwriting Agreement. See "The Offering – Rump Offering – Rump Shares".

Shareholders who transfer, or who do not, not timely or not validly, or are not permitted to, exercise, any of their Rights granted under the Rights Offering will suffer a substantial dilution of their proportionate ownership and voting rights of approximately 80% as a result of the issue of the Offer Shares. **The latest date for acceptance under the Rights Offering is expected to be 17:00 CEST on 18 July 2013.**

The Offering is made (i) in the United States of America (the "**United States**"), to "qualified institutional buyers" ("**QIBs**") within the meaning of and pursuant to Rule 144A under the U.S. Securities Act of 1933, as amended (the "**U.S. Securities Act**") ("**Rule 144A**") (or another exemption from, or in a transaction not subject to, the registration requirements under the U.S. Securities Act), and in compliance with applicable state securities laws, and (ii) outside the United States, in offshore transactions within the meaning of and in accordance with Regulation S under the U.S. Securities Act ("**Regulation S**").

Royal Imtech may adjust the dates, times and periods of the Offering given in this Prospectus in consultation with the Joint Global Coordinators and the Joint Bookrunners. If Royal Imtech should decide to do so, Royal Imtech will make this public through a press release which will, amongst others, be placed on the Company's website.

The Offering is subject to a number of conditions. See "The Offering – Conditions to the Offering" and "Plan of distribution – Conditions to the Offering". If any or all of the conditions are not met or waived by the Joint Global Coordinators (for themselves and on behalf of the Managers) prior to payment for and delivery of the Offer Shares, the Joint Global Coordinators (for themselves and on behalf of the Managers) may, at their discretion, terminate the Offering and their obligation to subscribe for any Rump Shares. In such event, the Offering will be withdrawn. Consequently, (i) both the exercised and unexercised Rights will lapse without compensation to their holders, (ii) subscriptions for, and allotments of Offer Shares that have been made, will be disregarded and (iii) any subscription payments made and received by Royal Imtech, ING Bank N.V. acting through its Commercial Banking Securities Services Division in its capacity as subscription, listing and paying agent (the "**Subscription, Listing and Paying Agent**"), any of the Joint Global Coordinators or any of the Joint Bookrunners will be returned without interest or compensation. Any dealings in the Rights or the Offer Shares prior to settlement and delivery are at the sole risk of the parties concerned. The lapsing of Rights will be without prejudice to the validity of any trades in Rights that have been settled. Any non-settled trades in Rights that have occurred on NYSE Euronext Amsterdam will be deemed null and void. There will be no refund or compensation in respect of Rights purchased in the market or in any other manner. Royal Imtech, the Joint Global Coordinators, Joint Bookrunners, the Managers, the Subscription, Listing and Paying Agent and Euronext Amsterdam N.V. do not accept any responsibility or liability with respect to the withdrawal of the Offering or the related annulment of any transactions in Rights or Offer Shares on NYSE Euronext Amsterdam.

**Neither the Company nor the Joint Global Coordinators, nor the Joint Bookrunners, nor the Managers, nor the Subscription, Listing and Paying Agent has taken, is taking or will take any action to register the Offer Securities or otherwise to permit a public offering of the Offer Shares (pursuant to the exercise of Rights or otherwise), or an offer of the Rights, in any jurisdiction other than the Netherlands. The Offering is only made in those jurisdictions in which, and only to those persons to whom, the Offering may be lawfully made. Distribution of this**

**Prospectus, and the transfer of the Rights and the Offer Shares, into jurisdictions other than the Netherlands may be subject to specific regulations or restrictions. Persons in possession of this Prospectus must therefore inform themselves about and observe such restrictions. Any failure to comply with any such restrictions may constitute a violation of the securities laws or regulations of any such jurisdiction. Royal Imtech, the Joint Global Coordinators, the Joint Bookrunners, the Managers, and the Subscription, Listing and Paying Agent disclaim all responsibility for any violation of such restrictions by any person. Potential investors in the Offer Securities and Shareholders (as defined below) who have a registered address in, who are citizens of, or who are resident or located in, jurisdictions other than the Netherlands and any person (including, without limitation, agents, custodians, nominees and trustees) who has a contractual or other legal obligation to forward this Prospectus to a jurisdiction outside the Netherlands, should carefully read "Selling and Transfer Restrictions".**

**The Offer Securities have not been and will not be registered under the U.S. Securities Act or any state securities laws in the United States or with any securities regulatory authority of any state or other jurisdiction of the United States, and may not be offered or sold (i) within the United States, except in transactions exempt from or not subject to registration under the U.S. Securities Act, or (ii) outside the United States, except in offshore transactions in reliance on Regulation S. In the United States, only persons that are QIBs may acquire Rights or Offer Shares, upon the exercise of Rights or in the Rump Offering, pursuant to exemptions from the registration requirements of the U.S. Securities Act.**

**INVESTING IN OFFER SHARES AND TRADING IN RIGHTS INVOLVES RISKS. SEE "RISK FACTORS" FOR A DESCRIPTION OF THE MATERIAL RISKS THAT SHOULD BE CONSIDERED BEFORE INVESTING IN THE OFFER SHARES OR TRADING IN THE RIGHTS.**

Royal Imtech has applied for admission to listing and trading of the Offer Shares on NYSE Euronext Amsterdam. Trading in the Offer Shares is expected to commence on 24 July 2013. The Ordinary Shares are listed on NYSE Euronext Amsterdam under the symbol IM ("**IM**"). On 3 July 2013, the closing price of the Ordinary Shares on NYSE Euronext Amsterdam was EUR 5.570.

The Offer Securities will be delivered in book-entry form through the facilities of Nederlands Centraal Instituut voor Giraal Effectenverkeer B.V. ("**Euroclear Nederland**").

This Prospectus is dated 4 July 2013 and constitutes a prospectus for the purposes of Section 3 of Directive 2003/71/EC of the European Parliament and of the Council, and amendments thereto (including those resulting from Directive 2010/73/EU) (the "**Prospectus Directive**") and has been prepared in accordance with Chapter 5.1 of the Dutch Financial Markets Supervision Act (*Wet op het financieel toezicht*; the "**FMSA**") and the rules promulgated thereunder. It contains the information required under the proportionate disclosure regime referenced in Section 7 paragraph (2) subparagraph (g) of the Prospectus Directive and Section 21 paragraph (3) of Regulation (EU) No. 809/2004, as amended from time to time (the "**Prospectus Regulation**"). The level of disclosure of this Prospectus is proportionate to this type of offer. See "Important Information – General" and "Important Information – Responsibility statement". This Prospectus has been approved by and filed with the Netherlands Authority for the Financial Markets (*Stichting Autoriteit Financiële Markten*, the "**AFM**").

*Joint Global Coordinators and Joint Bookrunners*

**ING** **Rabobank**

*Co-Lead Manager*

**Commerzbank**

Prospectus dated 4 July 2013

[This page is intentionally left blank]

**TABLE OF CONTENTS**


| | Page |
|---|---|
| TABLE OF CONTENTS | 4 |
| SUMMARY | 5 |
| RISK FACTORS | 21 |
| IMPORTANT INFORMATION | 40 |
| FORWARD LOOKING STATEMENTS | 46 |
| USE OF PROCEEDS AND BACKGROUND TO THE OFFERING | 48 |
| DIVIDENDS AND DIVIDEND POLICY | 67 |
| CAPITALISATION AND INDEBTEDNESS | 69 |
| SELECTED HISTORICAL FINANCIAL INFORMATION | 71 |
| BUSINESS | 74 |
| OPERATING AND FINANCIAL REVIEW | 102 |
| MANAGEMENT, EMPLOYEES AND CORPORATE GOVERNANCE | 150 |
| MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS | 165 |
| DESCRIPTION OF SHARE CAPITAL | 167 |
| TAXATION | 176 |
| THE OFFERING | 184 |
| PLAN OF DISTRIBUTION | 189 |
| SELLING AND TRANSFER RESTRICTIONS | 191 |
| INDEPENDENT AUDITORS | 198 |
| GENERAL INFORMATION | 199 |
| DEFINITIONS | 200 |
| DOCUMENTS INCORPORATED BY REFERENCE | 207 |
| INDEX TO FINANCIAL STATEMENTS | F-1 |

## SUMMARY

| |
|---|
| Summaries are made up of disclosure requirements known as 'Elements'. These elements are numbered in Sections A – E (A.1 – E.7). This summary contains all the Elements required to be included in a summary for this type of securities and issuer under the Prospectus Directive and related regulations. Because some Elements are not required to be addressed, there may be gaps in the numbering sequence of the Elements. Even though an Element may be required to be inserted in the summary because of the type of securities and issuer, it is possible that no relevant information can be given regarding the Element. In this case a short description of the Element is included in the summary together with an indication that such Element is 'not applicable' Certain capitalised terms used in this summary are defined in "Definitions". |

| | | |
|---|---|---|
| | **Section A – Introduction and Warnings** | |
| **A.1** | Introduction and Warnings | This summary should be read as an introduction to this Prospectus relating to the issuance of 356,597,988 new ordinary shares in the capital of Royal Imtech N.V. with a nominal value of EUR 0.80 each at an issue price of EUR 1.40 per share. Any decision to invest in the Offer Securities should be based on a consideration of the Prospectus as a whole by the investor. Where a claim relating to the information contained in this prospectus is brought before a court, the plaintiff investor might, under the national legislation of the member states of the European Economic Area ("**EEA**"), have to bear the costs of translating this prospectus before the legal proceedings are initiated. Civil liability attaches only to those persons who have tabled the summary including any translation thereof, but only if the summary is misleading, inaccurate or inconsistent when read together with the other parts of the Prospectus, or it does not provide, when read together with the other parts of the Prospectus, key information in order to aid investors when considering whether to invest in the Offer Securities. |
| **A.2** | Consent, indication, conditions and notice | Not applicable |
| | **Section B – The Issuer** | |
| **B.1** | Legal and commercial name of the issuer | Royal Imtech |
| **B.2** | Domicile, legal form and jurisdiction of organisation of the issuer | The Company is a public limited liability company (*naamloze vennootschap*) incorporated under the laws of, and domiciled in, the Netherlands, having its statutory seat in Rotterdam, the Netherlands. |
| **B.3** | Key factors relating to the nature of the Group's operations and its principal activities | Royal Imtech is an independent technical services provider, delivering technical solutions to a diverse range of customers in the buildings, industry, traffic & infra and marine market in Europe and selected other countries. Royal Imtech believes it is one of the leading independent technical services providers in Europe in terms of revenue.<br><br>The Company together with its group companies within the meaning of Section 2:24b of the Dutch Civil Code (*Burgerlijk Wetboek*; the "**DCC**") (the "**Group Companies**" and together the "**Group**") combines its three technical competences (electrical, information and communication technology ("**ICT**"), and mechanical) to offer an entire range of services (from consultancy and design to implementation, maintenance and management) to its customers in four end-markets (buildings, industry, traffic & infra and marine).<br><br>The Group is organised in six operating clusters. Five operating clusters are local-for-local divisions, with local presence in: (i) Belgium, the Netherlands and Luxembourg ("**Benelux**"), (ii) Germany & Eastern Europe, (iii) the United Kingdom of Great Britain and Northern Ireland (the "**UK**") & Ireland, (iv) Spain & Turkey, and (v) Nordic. The sixth operating cluster is the international technology cluster ICT, Traffic & |

| | | |
|---|---|---|
| | | Marine. The ICT and traffic divisions operate in the European market and the marine division in the global market.<br><br>The Company believes that the Group's key competitive strengths are the following:<br><br>• A leading technical services provider with strong reputation to execute complex projects<br>• Multi-disciplinary technical services provider offering its customers fully integrated solutions<br>• A dense local network in the regions in which the Group operates allows it to be highly responsive to its customers' needs<br>• Long-term customer relationships and high customer retention<br>• A predictable recurring revenue flow from a diversified customer base in different end-markets<br>• Award winning innovative solutions |
| **B.4a** | Significant recent trends | The Company has identified the following trends that are expected to influence the Group's business and the markets in which it operates:<br><br>• Growing need for increasingly complex technical services<br>• Increasing regulatory and health, safety and environment ("HSE") requirements and an ageing asset base require external expertise<br>• Customers require one-stop-shopping<br>• Increasing importance of 'green technologies'<br>• Further consolidation in the European technical services market<br>• Retaining and attracting well-trained technical people remains a critical success factor for technical service companies |
| **B.5** | The issuer's group | Royal Imtech is a holding company with no material, direct business operations. The principal assets of Royal Imtech are the equity interests it directly or indirectly holds in its operating subsidiaries. |
| **B.6** | Persons who, directly and indirectly, have a notifiable interest in the Company's capital or voting rights | The following table sets forth the holders of actual direct and notifiable interests of at least 5% in the Company's capital or voting rights as at 1 July 2013.<br><br>**Shareholder** — **Percentage**<br>Delta Lloyd N.V. — 5.83<br>ING Groep N.V. — 5.42<br>Royal Imtech — 5.22<br>Bestinver Gestion, SGIIC S.A. — 5.14[1]<br>Ameriprise Financial Inc — 5.01<br><br>1. Voting rights only<br><br>The percentages are as shown in the register of AFM, except for the percentages held by Royal Imtech and ING Groep N.V. These shareholders do not have other voting rights than other shareholders, except for Royal Imtech that cannot vote on its own shares. |
| **B.7** | Selected Key Historical Financial Information | The following selected consolidated financial information for the years ended 31 December 2012 and 2011 (as adjusted, see "Operating and Financial Review – Accounting Restatement") is derived from Royal Imtech's audited consolidated financial statements 2012 included in the F-pages of this Prospectus. The unaudited consolidated financial information for each of the three month periods ended 31 March 2013 and 2012 is derived from Royal Imtech's unaudited condensed consolidated interim financial statements included in the F-pages of this Prospectus. See also |

| | | |
|---|---|---|
| | | "Operating and Financial Review", and the consolidated financial statements and the related notes that have been incorporated in the F-pages of this Prospectus. |

**Consolidated profit and loss account**
**(EUR million)**

| | Three months ended 31 March 2013 | Three months ended 31 March 2012[1] | Year ended 31 December 2012 | Year ended 31 December 2011[2] |
|---|---|---|---|---|
| Revenue | 1,209.1 | 1,215.1 | 5,414.3 | 5,048.5 |
| Other income | 1.4 | 5.0 | 18.6 | 16.3 |
| **Total revenue and other income** | 1,210.5 | 1,220.1 | 5,432.9 | 5,064.8 |
| Raw and auxiliary materials and trade goods | 405.0 | 427.2 | 1,869.9 | 1,690.3 |
| Work by third parties and other external expenses | 263.1 | 283.1 | 1,316.1 | 1,209.6 |
| Personnel expenses | 440.6 | 414.8 | 1,705.5 | 1,525.4 |
| Depreciation of property, plant and equipment | 11.9 | 9.9 | 39.9 | 35.3 |
| Amortisation of intangible assets | 11.3 | 9.0 | 43.6 | 29.0 |
| Impairment property, plant and equipment and intangible assets | - | - | 23.3 | - |
| Other expenses | 127.4 | 143.0 | 593.1 | 382.4 |
| Total operating expenses | 1,259.3 | 1,287.0 | 5,591.4 | 4,872.0 |
| **Result from operating activities** | (48.8) | (66.9) | (158.5) | 192.8 |
| Finance income | 2.2 | 3.5 | 18.2 | 14.8 |
| Finance expenses[3] | (23.7) | (17.4) | (84.1) | (66.8) |
| Net finance result | (21.5) | (13.9) | (65.9) | (52.0) |
| Share in results of associates, joint ventures and other investments (net of tax)[3] | 0.3 | 0.2 | 2.9 | - |
| **Result before income tax** | (70.0) | (80.6) | (221.5) | 140.8 |
| Income tax expense | 10.4 | 1.2 | (4.8) | (41.3) |
| **Result for the period** | (59.6) | (79.4) | (226.3) | 99.5 |
| Attributable to: | | | | |
| Shareholders of Royal Imtech (net result) | (60.9) | (80.5) | (233.0) | 95.8 |
| Non-controlling interests[3] | 1.3 | 1.1 | 6.7 | 3.7 |
| **Result for the period** | (59.6) | (79.4) | (226.3) | 99.5 |
| Basic earnings per share (euro) | (0.68) | (0.92) | (2.64) | 1.09 |
| Diluted earnings per share (euro) | (0.68) | (0.92) | (2.64) | 1.08 |

1. Restated for comparison purposes.
2. Restated in accordance with IAS 8.
3. As compared to the Company's press release dated 18 June 2013, a reclassification has been made in 'Finance expenses' and in 'Share in results of associates, joint ventures and other investments (net of tax)', without effects on the Group's result before income tax. See "Important Information – Presentation of financial and other information – Adjustment of Q1 2013 financial information".

**Consolidated balance sheet**
**(EUR million)**

| | Three months ended 31 March 2013 | Three months ended 31 March 2012[4] | Year ended 31 December 2012[5] | Year ended 31 December 2011[6] |
|---|---|---|---|---|
| **Assets** | | | | |
| Property, plant and equipment | 170.9 | 191.8 | 170.8 | 192.4 |
| Goodwill | 1,104.9 | 1,005.8 | 1,081.6 | 998.0 |
| Other intangible assets | 215.1 | 185.6 | 218.1 | 189.5 |
| Investments in associated companies and joint ventures | 3.3 | 2.8 | 3.7 | 2.0 |
| Non-current receivables and other investments | 31.4 | 29.6 | 28.8 | 24.8 |
| Deferred tax assets | 38.6 | 19.2 | 34.0 | 11.8 |
| **Total non-current assets** | 1,564.2 | 1,434.8 | 1,537.0 | 1,418.5 |
| | | | | |
| Inventories | 94.5 | 76.8 | 80.0 | 75.5 |
| Due from customers | 636.9 | 597.6 | 572.8 | 604.1 |
| Trade and other receivables | 1,350.4 | 1,164.8 | 1,322.6 | 1,272.3 |
| Income tax receivables | 10.0 | 8.8 | 13.3 | 5.4 |
| Cash and cash equivalents[7] | 143.2 | 325.3 | 385.1 | 425.8 |
| | | | | |
| Assets held for sale | 27.6 | - | 27.6 | - |
| **Total current assets** | 2,262.6 | 2,173.3 | 2,401.4 | 2,383.1 |
| | | | | |
| **Total assets** | 3,826.8 | 3,608.1 | 3,938.4 | 3,801.6 |
| | | | | |
| **Equity** | | | | |
| Share capital | 75.2 | 74.2 | 75.2 | 74.2 |
| Share premium reserve | 208.6 | 209.6 | 208.6 | 209.6 |
| Other reserves | 233.8 | 532.0 | 496.1 | 437.2 |
| Unappropriated result | (60.9) | (80.5) | (233.0) | 95.8 |
| **Equity attributable to shareholders of Royal Imtech** | 456.7 | 735.3 | 546.9 | 816.8 |
| Non-controlling interests | 11.2 | 6.8 | 9.7 | 6.3 |
| **Total equity** | 467.9 | 742.1 | 556.6 | 823.1 |
| | | | | |
| **Liabilities** | | | | |
| Loans and borrowings | 40.5 | 748.5 | 42.7 | 680.3 |
| Employee benefits | 217.5 | 145.6 | 164.5 | 169.1 |
| Provisions | 14.1 | 9.3 | 13.0 | 8.1 |
| Deferred tax liabilities | 57.5 | 86.8 | 76.1 | 69.0 |
| **Total non-current liabilities** | 329.6 | 990.3 | 296.3 | 926.5 |
| | | | | |
| Bank overdrafts[7] | 134.1 | 295.1 | 314.3 | 214.3 |
| Loans and borrowings | 1,208.6 | 240.8 | 825.9 | 110.1 |
| Due to customers | 295.2 | 198.0 | 308.0 | 297.8 |
| Trade and other payables | 1,297.1 | 1,107.0 | 1,543.7 | 1,388.2 |
| Income tax payables | 34.7 | 22.0 | 30.8 | 33.5 |
| Provisions | 34.5 | 12.8 | 37.7 | 8.1 |
| Liabilities held for sale | 25.1 | - | 25.1 | - |
| | | | | |
| **Total current liabilities** | 3,029.3 | 1,875.7 | 3,085.5 | 2,052.0 |
| **Total liabilities** | 3,358.9 | 2,866.0 | 3,381.8 | 2,978.5 |
| **Total equity and liabilities** | 3,826.8 | 3,608.1 | 3,938.4 | 3,801.6 |

4. Restated for comparison purposes.
5. Excluding restatement following IAS 19 revised; impact YE 2012 employee benefits EUR 52.2 million, equity (EUR 35.9 million), deferred taxes (EUR 16.3 million).
6. Restated in accordance with IAS 8.
7. As compared to the Company's press release dated 18 June 2013, a reclassification has been made relating to netting of cash pools, resulting in changes to 'Cash and cash equivalents' and in 'Bank overdrafts', without effects on the Group's result before income tax. See "Important Information – Presentation of financial and other information – Adjustment of Q1 2013 financial information".

**Consolidated statement of cash flows**
**(EUR million)**

| | Three months ended 31 March 2013 | Three months ended 31 March 2012 | Year ended 31 December 2012 | Year ended 31 December 2011[8] |
|---|---|---|---|---|
| Cash flow from operating activities | (408.2) | (308.6) | 116.5 | 206.4 |
| Interest paid | (19.0) | (12.7) | (64.8) | (45.3) |
| Income tax paid | 9.0 | (8.7) | (43.4) | (20.2) |
| **Net cash flow from operating activities** | 418.2 | (330.0) | 8.3 | 140.9 |
| Net cash flow from investing activities | (11.1) | (22.8) | (156.4) | (221.6) |
| Net cash flow from financing activities | 365.1 | 174.0 | 7.8 | 182.8 |
| **Net decrease/increase of cash, cash equivalents and bank overdrafts** | (64.2) | (178.8) | (140.3) | 102.1 |
| Cash, cash equivalents and bank overdrafts on 1 January | 70.8 | 211.5 | 211.5 | 107.8 |
| Effect of exchange rate differences on cash, cash equivalents and bank overdrafts | 2.5 | (2.4) | (0.4) | 1.6 |
| **Cash, cash equivalents and bank overdrafts on 31 December** | 9.1 | 30.3 | 70.8 | 211.5 |

8. Restated in accordance with IAS 8.

| | | |
|---|---|---|
| **B.8** | Selected key pro forma financial information | Not applicable |
| **B.9** | Profit forecast | Not applicable |
| **B.10** | Historical audit report qualifications | The audit opinion on the financial statements 2012 of Royal Imtech is unqualified with an emphasis of matter paragraph on the going concern assumption included in the financial statements 2012. |
| **B.11** | Working capital | The Company's current cash resources, together with its existing borrowings, do not provide it with sufficient working capital for its present requirements for the next 12 months following the date of this Prospectus.<br><br>As at the date of this Prospectus, the Company has sufficient working capital until 1 August 2013. If the Equity Issue Settlement Date does not occur on 1 August 2013 at the latest, this will constitute an event of default under the Bridge Loan Agreement, resulting in a payment obligation of EUR 125 million under the Bridge Loan Agreement (or, in case of any additional drawdown thereunder, such higher amount outstanding at that time), and potentially a cross-default under the Group's other main financing arrangements resulting in a payment obligation of up to approximately EUR 1.3 billion,[1] as well as cash collateral demands for then outstanding guarantees up to approximately EUR 925 million and additional payment obligations under hedging arrangements up to approximately EUR 1.5 million.<br><br>In order to remedy this working capital shortfall, the Company must complete the Offering by 1 August 2013. If the Offering should not complete by then, the Company would seek to enter into debt or equity financing arrangements by means of private or public offerings, enter into negotiations with its existing financiers and decrease its operational and capital expenditure.<br><br>In the context of the financial measures and restructuring[2] it has been agreed that financial covenants in the Company's main financing agreements will be tested each quarter, starting in 2014.[3] The Company is in the process of implementing measures to enhance recovery of the Group's performance through:<br><br>• Cost and efficiency programme in the Netherlands and Germany, and |

1 See "Operating and Financial Review – Liquidity and capital resources - External Sources of Funding, Financing and Indebtedness" and "Risk Factors – Risks relating to the Group's business and markets – If the Offering is not completed there may be consequences for the Group which could have a material adverse effect on its financial condition, results of operations or prospectus".

2 See "Use of Proceeds and Background to the Offering – 3. Measures adopted by and changes to the Company – I. Financial measures and restructuring".

3 See " Operating and Financial Review – Liquidity and Capital Resources - External Sources of Funding, Financing and Indebtedness".

| | | |
|---|---|---|
| | | • Operational excellence, including enhanced management of working capital and cash<br><br>These measures have already been implemented in part, and to the extent not implemented, are expected to be implemented in the course of 2013 and are expected to yield results in the course of 2013 and 2014. The Company believes that the measures described above will allow the Company to stay within its financial covenants and have sufficient working capital for at least the next twelve months.<br><br>There is a risk that recovery of the Group's performance and cash development aimed for by the performance recovery measures does not or not timely take place, because of deteriorating market conditions, delay in order intake or the measures set out above not being effective as planned, a breach of the financial covenants[4] in the Group's main financing agreements[5] may occur.[6] If such financial covenant breach is not remedied or remedied timely, the Group will contractually be required to repay all borrowings outstanding under such financing agreements at such time (estimated at approximately EUR 875 million), provide cash collateral for outstanding guarantees (estimated at approximately EUR 925 million) and pay additional payment obligations under hedging arrangements (estimated at approximately EUR 1.5 million).[7] The amounts mentioned above are current estimates and depend on interest developments and other developments in a scenario where the risk materialises that a covenant breach occurs. On this basis, these amounts are indicative for the amount of the Company's borrowings and other obligations in a scenario where a risk materialises that a breach of financial covenants occurs, but are not necessarily indicative for scenarios where such a risk does not materialise.<br><br>At such time of a breach of the financial covenants, the Group's liquidity position or ability to refinance may not be sufficient to fund such repayment obligation or any obligation to provide additional cash collateral or to make such other payments. Even so, the Company believes that, if a lack of timely recovery should occur and would exceed the safety margins that the Company applies, the Group has various options available that if realised, and realised timely, are sufficient to mitigate such risks and remedy a financial covenant breach.[8] These options include, but are not limited to:<br><br>• temporary additional working capital measures (including active management of the Company's debtors and payment obligations vis-a-vis creditors)<br><br>• sale of shares the Company holds in treasury<br><br>• accessing the capital markets to attract additional equity or debt<br><br>• disposal of assets, business units or even divisions<br><br>Some of these options available to the Group are subject to approval of the financiers[9] or the Joint Global Coordinators (on behalf of the Managers). The Company has not taken any decisions to implement any of these potential additional measures. |
| **Section C – Listing Shares** | | |

4 See "Risk Factors – Risks relating to the Group's business and markets – The Group may not be successful in achieving its target financial structure (including reducing its level of indebtedness) in accordance with its plans."

5 See "Operating and Financial Review – Liquidity and capital resources"

6 See "Risk Factors – Risks relating to the Group's business and markets – The Group is subject to significant restrictive covenants , which limit the Group's operating, strategic and financial flexibility and there can be no assurance that the Group will meet these covenants."

7 See "Risk Factors – The Group is subject to significant restrictive covenants, which limit the Group's operating, strategic and financial flexibility and there can be no assurance that the Group will meet these covenants."

8 See "Risk Factors – If the Group's future performance and cash flow developments are adverse to the Company's current business forecasts beyond safety margins that the Company has taken into account, a breach of the financial covenants in the Group's financing agreements may occur."

9 See also "Operating and Financial Review –Liquidity and capital resources".

<table>
<tr><td>C.1</td><td>Description of the securities</td><td> Subject to applicable securities laws and the terms set out in this Prospectus, holders of Ordinary Shares as at the Record Date are being granted the Rights pro rata to their shareholding in the Company. The offer to subscribe for Offer Shares through the exercise of Rights is referred to as the Rights Offering. Eligible Persons may, subject to applicable securities laws, subscribe for Offer Shares during the Exercise Period. Codes for the Rights Symbol: IMR International Securities Identification Number (“ISIN”) code: NL0010525556 Codes for the Offer Shares Symbol: IM ISIN code: NL0006055329 </td></tr>
<tr><td>C.2</td><td>Currency of the securities</td><td>The Offering will be carried out and trading in the Rights will be effected in euros. The Offer Shares will be denominated in euros.</td></tr>
<tr><td>C.3</td><td>Number of shares and par value</td><td> At the date of this Prospectus, the Company’s authorised share capital is divided into (i) 120 million million Ordinary Shares, of which 94,059,916 are issued (including 4,910,419 Ordinary Shares held in treasury by the Company), (ii) cumulative preference shares (the “Cumulative Preference Shares”) and (iii) cumulative financing preference shares (the “Cumulative Financing Preference Shares” and together with the Ordinary Shares and the Preference Shares, the “Shares” and a holder of one or more Ordinary Shares a “Shareholder”), each of the shares have a nominal value of EUR 0.80. Upon amendment of the Articles, which was decided on at the General Meeting on 28 June 2013 Royal Imtech’s authorised share capital will be increased on the basis of three alternatives. The Board of Management has resolved on 3 July 2013 that the alternative described below will be included in the Articles and the Supervisory Board has approved this resolution. The choice for one of this alternative was based on the number of Ordinary Shares to be issued in connection with the Offering taking into account the Issue Price. In addition to the increase in the number of Ordinary Shares, an increase of the number of Cumulative Financing Preference Shares is included in the authorised share capital. In each alternative, the number Cumulative Preference Shares would have remained unchanged.
<table>
<tr><th>Type</th><th>Number</th></tr>
<tr><td>Ordinary Shares</td><td>750,000,000</td></tr>
<tr><td>Cumulative Preference Shares</td><td>180,000,000</td></tr>
<tr><td>Cumulative Financing Preference Shares</td><td>250,000,000, subdivided into 25 series, numbered FP1 to FP25, of 10,000,000 Cumulative Financing Preference Shares each</td></tr>
<tr><td>Total:</td><td>1,180,000,000</td></tr>
</table></td></tr>
<tr><td>C.4</td><td>Rights attached to the securities</td><td> Each Offer Share entitles its holder to cast one vote at Royal Imtech’s general meeting of Shareholders, being the corporate body, or where the context requires so, the physical meeting (the “General Meeting”). There are no voting restrictions, other than that the Company has no voting rights on the Ordinary Shares that it holds in treasury. The Offer Shares will be eligible for any dividends which the Company may declare on Ordinary Shares after the Settlement Date. Holders of Ordinary Shares have a pre-emptive right in the event of an </td></tr>
</table>

| | | |
|---|---|---|
| | | issue of Ordinary Shares. Holders of Ordinary Shares have no pre-emptive right upon the issue of Cumulative Financing Preference Shares and Cumulative Preference Shares. No pre-emptive right exists in respect of issue of shares for consideration other than cash or in respect of shares that are issued to employees of the Group.<br><br>The General Meeting may resolve to restrict or exclude the pre-emptive rights, which resolution requires a majority of at least two-thirds of the votes cast if less than half of the issued share capital is represented at the General Meeting. If half or more of the issued share capital is represented, the resolution can be adopted with an absolute majority of the votes cast. Furthermore, such resolution can only be adopted on the proposal of the board of management of the Company (the "**Board of Management**") subject to the approval of the supervisory board of the Company (the "**Supervisory Board**"). |
| **C.5** | Restrictions on transferability | There are no restrictions on the transferability of the Ordinary Shares under the articles of association of the Company (the "**Articles**"). However, the offer of the Rights and the Offer Shares to persons located or resident in, or who are citizens of, or who have a registered address in countries other than the Netherlands, and the transfer of Rights and Offer Shares into jurisdictions other than the Netherlands may be subject to specific regulations or restrictions. Rights can be exercised, traded or purchased by Eligible Persons only. For a description of the restrictions on resale and transfer of the Offer Securities. See "Selling and Transfer Restrictions". |
| **C.6** | Listing and admission to trading | Application has been made for admission to listing and trading of the Rights and the Offer Shares on NYSE Euronext Amsterdam.<br><br>The Company expects trading of the Rights on NYSE Euronext Amsterdam to commence at 09:00 hours CEST on 5 July 2013 and to continue until 15:00 hours CEST on 18 July 2013. The Rights will be traded on NYSE Euronext Amsterdam under the symbol "IMR" and ISIN code NL0010525556.<br><br>The Company expects that the Offer Shares will be admitted for listing and that trading in the Offer Shares will commence on NYSE Euronext Amsterdam on 24 July 2013. The Ordinary Shares are listed on NYSE Euronext Amsterdam under the symbol IM and ISIN code NL0006055329.<br><br>The Rump Offering, if any, is expected to commence at 7:30 hours CEST on 19 July 2013 and to end no later than 17:30 CEST on 19 July 2013. |
| **C.7** | Dividend policy | No dividend will be paid out for the financial year 2012. As a result of contractual arrangements with certain of its financiers (including under the USPPs (as defined in "Operating and Financial Review – Consolidated Results of Operations – External Sources of Funding, Financing and Indebtedness – USPPs"), the RCF (as defined in " – E.4") and the Bridge Loan Agreement (as defined in " – E.4") and the amendment and waiver agreements), the Company is restricted to pay any dividends until the date on which the Company confirms the Leverage Ratio (as defined in "Operating and Financial Review – Liquidity and Capital Resources – External Sources of Funding, Financing and Indebtedness – Syndicated Bank Loans") is not exceeding 2.0 and it expects that the Leverage Ratio shall not exceed 2.0 on the date of the distribution, which combination the Company does not foresee to occur before the end of 2015. See "Operating and Financial Review – Liquidity and Capital Resources – External Sources of Funding, Financing and Indebtedness – Syndicated Bank Loans". Thereafter, the Company aims to pay out dividend of 40% of the net result. |
| **Section D – Risks** | | |
| **D.1** | Key risks relating to the issuer and the industry in | **Risks relating to the Group's business and markets**<br><br>• The Group's business, results of operations, financial condition |

| | | |
|---|---|---|
| | which it operates | and prospects are likely to continue to be adversely affected by the current economic downturn<br>• If the recovery of the Group's performance and cash development aimed for by the performance recovery measures, does not or does not timely take place, a breach of the financial covenants in the Group's main financing agreements may occur<br>• The Group faces intense competition and a failure of the Group to maintain its competitive position would have an adverse impact on its business, results of operations, financial condition and prospects.<br>• Deteriorating markets and other causes could result in the impairment of goodwill which may adversely affect the Group's results and financial condition<br>• The Group is exposed to the risk of damage to its brands and reputation, particularly as a result of the recent events<br>• In connection with the recent events or otherwise, the Group may become party to legal proceedings and become subject to regulatory or criminal investigations, which could have a material adverse effect on the Group's business, results of operations, financial conditions and prospects<br>• Under Dutch corporate law, shareholders could initiate proceedings leading to an investigation of the Company's management policies or bring other legal actions against the Company that could have a material adverse effect on the Company's business and financial condition<br>• The Company has identified certain weaknesses in its financial reporting procedures. Failure to timely address these weaknesses may cause financial information provided to the Company by its operating companies to be unreliable, impair effective management of the Group's operations and cause delays in the Group's financial reporting<br>• The Group's decentralised management structure requires Royal Imtech to maintain effective internal controls, and if Royal Imtech does not do so the Group's business could be harmed<br>• The Company cannot assure that no further or other irregularities have taken place nor that they will not take place in the future, which could lead to additional write-offs or impairments<br>• The Group is restricted by its high level of indebtedness, which could materially adversely affect its business, results of operations, financial condition and prospects and its ability to pay dividends in the future<br>• The Group depends on generating and up-streaming sufficient cash flow to fund the Group's debt obligations, capital expenditures and on-going operations, which can be negatively impacted by significant fluctuations in working capital<br>• The Group may not be successful in its strategy to improve operational excellence, including strengthening of its GRC policy, or the measures to improve its operational excellence may have a lesser impact than anticipated<br>• The Group may not be successful in achieving its target financial structure (including reducing its level of indebtedness) in accordance with its plans<br>• The Group is subject to significant restrictive covenants, which limit the Group's operating, strategic and financial flexibility and there can be no assurance that the Group will meet these |

covenants.

- The Group may need additional funding in the future to pursue its strategy or carry out its operations and such funding may not be available
- Cancellation or reduction of credit insurance facilities may have a negative impact on the Group's working capital
- The uncommitted nature of certain of the Group's credit, bank guarantee, surety and bonding facilities may result in non-availability of sufficient guarantee and bonding facilities for Royal Imtech and the Group
- If the Offering is not completed, there may be consequences for the Group which could have a material adverse effect on its financial condition, results of operations and prospects
- Failure to comply with laws and regulations, in particular those relating to competition, anti-bribery and health and safety, may have a material adverse effect on the Group's business, results of operations, financial condition and prospects
- Execution of large scale and long-term technically complex projects exposes the Group to the risk of significant losses on such projects
- The Group's success depends on efficient execution and effective project and site management, which could be impaired by various factors
- The Group may incur significant costs in providing services in excess of original project scope without having an approved change order or it may incur cost overruns for other reasons
- The Group's order book is not necessarily indicative of its actual or future revenue or results due to possible cancellations, delays or scope adjustments of projects or maintenance assignments in the order book
- The Group has engaged in acquisitions, strategic investments, strategic partnerships and alliances that may not be successful, and may, in the future, engage in transactions that do not have the desired effect. The Group may not be able to successfully complete transactions. The Group may experience difficulties integrating acquired businesses
- The Group often does not immediately integrate certain acquired businesses due to "earn out" arrangements
- The Group may not be able to successfully manage future growth
- Royal Imtech may incur unforeseen liabilities from former and future acquisitions that are not covered by effective warranties or indemnities
- With respect to the Group's defined benefit pension plans, disappointing performance, adverse interest movements and longevity risks, as well as changes to the Group's pension plans, may adversely affect the Group's operations, profit and financial condition
- The Group is exposed to liabilities from projects operated in joint ventures and does not have full control in many of its joint ventures (including joint ventures used in acquisitions), which may limit the conduct of the Group's business
- The Group's projects expose it to potential professional liability, product liability, warranty and other claims, which could be

| | | |
|---|---|---|
| | | costly, damage the Group's reputation and harm its business<br>• Any failure of the Group's business partners to satisfactorily perform their obligations may affect the Group's reputation, business, results of operations, financial condition and prospects<br>• The Group's success is dependent on the ability to retain and recruit technical personnel<br>• A departure of one or more well-performing members of senior management of the Group could have an adverse effect on its business<br>• If the Group fails to ensure safe work environments for its employees, the Group's reputation may be adversely affected and the Group could be exposed to financial losses, as well as civil and criminal liabilities, which could have an adverse effect on the Group's business, results of operations and financial condition and prospects<br>• The business of the Group may be adversely affected by a change of the outsourcing trend observed by the Group.<br>• The Group is party to public sector contracts, which may be affected by political and administrative decisions, and the success and profitability of such contracts may be influenced by political considerations.<br>• The Group is exposed to a risk of default by and lack of funds and credit of its customers<br>• Changes in tax laws or challenges to the Group's tax position could adversely affect its business, results of operations, financial condition and cash flow<br>• The Group may incur material liabilities that are not covered by the Group's insurance<br>• The Group's information technology systems may fail or be interrupted, which could have an adverse effect on its business, results of operations, financial condition and prospects<br>• The Group could be subject to information technology theft or misuse, which could result in third party claims and harm its business, reputation, results and financial condition<br>• The Group is exposed to interest rate risk and any fluctuations in the interest rate that are not adequately hedged may adversely affect the Group's business, results of operations and financial condition<br>• Fluctuations in foreign currency exchange rates may affect the Group's results of operations and financial condition<br>• Catastrophic events, terrorist attacks, acts of war, hostilities, riots, civil unrest, pandemic diseases and other unpredictable events may adversely affect the Group |
| **D.3** | Key risks relating to the securities | **Risks relating to the Offer Securities and the Offering**<br>• The market price of the Ordinary Shares may fluctuate and may decline below the Issue Price<br>• Royal Imtech cannot assure that a trading market will develop for the Rights and, if a market does develop, the Rights may be subject to greater volatility than the Ordinary Shares. If the Offering fails or is terminated, Rights will become worthless<br>• Royal Imtech's dividend may fail to be restored in a timely manner, or at all |

| | | |
|---|---|---|
| | | • If Eligible Persons do not, not timely or not validly exercise their rights, they may not be able to subscribe for Offer Shares at the Issue Price and they may not receive a compensation for their unexercised Rights<br><br>• If a holder of Ordinary Shares does not, not timely or not validly exercise all of his Rights, his percentage ownership of Ordinary Shares will be significantly diluted. Shareholders in certain jurisdictions are excluded from the Offering and may thus suffer dilution<br><br>• In case closing of the Offering does not take place on the Settlement Date and the Offering is withdrawn, whether or not as a result of a termination of the Underwriting Agreement by the Joint Global Coordinators (for themselves and on behalf of the Managers), both the exercised and the unexercised Rights will be forfeited without compensation to their holders and the subscriptions for and allocation of Offer Shares that have been made will be disregarded<br><br>• In case the Rump Offering, if any, is unsuccessful, the Managers may obtain a significant interest in Royal Imtech and their interests may conflict with the interests of other shareholders<br><br>• Issuance of additional equity by issuing new ordinary shares could lead to a dilution of shareholders' stakes<br><br>• Shareholders in certain jurisdictions are excluded from the Offering. This may have a negative impact on the market price of the Ordinary Shares and may negatively influence the development of a trading market<br><br>• Shareholders may be subject to exchange rate risk as a result of adverse movements in the value of their local currencies against the euro<br><br>• The Articles contain provisions that may prevent, slow down or complicate unwanted takeover attempts and resist unwanted influence on and pressure to amend the strategy of the Company by holders of Ordinary Shares that may be favourable to the holders of Ordinary Shares. In addition, the Company has granted a call option to Stichting Imtech to subscribe for up to 180 million Cumulative Preference Shares<br><br>• The rights and responsibilities of a holder of Ordinary Shares are governed by Dutch law and will differ in some respects from the rights and obligations of holders of Ordinary Shares under the laws of other jurisdictions and the shareholder rights under Dutch law may not be as clearly established as the rights of a holder of Ordinary Shares established under the laws of some other jurisdictions<br><br>• If securities or industry analysts do not publish research or reports about the Group's business, or if they adversely change their recommendations regarding the Ordinary Shares, the market price and trading volume of the Ordinary Shares could be affected<br><br>• Shareholders may be unable to effect service of process on the Company, members of the Supervisory Board, Board of Management and senior management in the United States or enforce judgments obtained in United States courts for United States securities laws violations |
| **Section E – Offer** | | |
| **E.1** | Net proceeds and expenses | The Company expects that the Offering will raise net proceeds of approximately EUR 480 million (after deducting estimated expenses, |

| | | |
|---|---|---|
| | | commissions and taxes related to the Offering of approximately EUR 20 million). |
| **E.2a** | Reasons for the issue and use of proceeds | At the date of this Prospectus, an amount of EUR 125 million is outstanding under the Bridge Loan Facility. The net proceeds of approximately EUR 480 million of the Offering will be used to first repay the Bridge Loan Facility (as defined in "Use of Proceeds and Background to the Offering – Use of Proceeds"). The remaining proceeds will be used to repay the total outstanding amount of EUR 25 million under one of the Company's bilateral, senior, unsecured and uncommitted credit facility agreements. Any residual proceeds remaining after the repayments set out above will be used to prepay, on a pro rata basis, calculated on the basis of the exposures as of 28 February 2013, part of the outstanding amounts under the RCF (as defined in " – E.4) and part of the outstanding amounts under the Bilateral Committed Agreements (as defined in "Operating and Financial Review – Liquidity and capital resources – External Sources of Funding, Financing and Indebtedness – USPPs") (without reduction or cancellation of any headroom). |
| **E.3** | Terms and conditions of the Offering | **Issue Price**<br><br>EUR 1.40 per Offer Share<br><br>**Pre-emptive rights**<br><br>The statutory pre-emptive rights (*wettelijke voorkeursrechten*) of holders of Ordinary Shares in respect of the Offering have been excluded.<br><br>**Record Date**<br><br>The Record Date for determining the holders of Ordinary Shares who will receive Rights is immediately on the close of trading in the Ordinary Shares on NYSE Euronext Amsterdam at 17:40 hours CEST on 4 July 2013 (the Record Date). Until the close of trading in Ordinary Shares on NYSE Euronext Amsterdam on the Record Date, Ordinary Shares will trade with Rights (cum-Rights). As from 9:00 hours CEST on 5 July 2013, Ordinary Shares will trade without the Rights (ex-Rights).<br><br>**Rights**<br><br>Subject to applicable securities laws, existing holders of Ordinary Shares (excluding the Company in respect of the shares it holds in treasury) as at the Record Date are being granted Rights in registered form to subscribe for the Offer Shares at the Issue Price. Eligible Persons may, subject to applicable securities laws, subscribe for Offer Shares by exercising Rights during the Exercise Period. Each Ordinary Share held immediately after the close of trading in the Ordinary Shares on NYSE Euronext Amsterdam at 17:40 hours CEST on the Record Date will entitle its holder to one (1) Right.<br><br>Eligible Persons will be entitled to subscribe for 4 Offer Shares for every Right held until the end of the Exercise Period.<br><br>**Exercise Period**<br><br>The Exercise Period is from 9:00 hours CEST 5 July 2013 up to 17:00 hours CEST on 18 July 2013. The time until which notification of exercise instructions may be validly given may be earlier, depending on the financial intermediary through which the Rights are held.<br><br>Any rights not exercised by an Eligible Person by the end of the Exercise Period, may no longer be exercised. Once an Eligible Person has validly exercised his Rights, that exercise cannot be revoked or modified, except for certain circumstances.<br><br>After the Exercise Period has ended, the Offer Shares that were issuable upon the exercise of Rights but that have not been subscribed for during the Exercise Period (the Rump Shares) may be offered through private placements to institutional investors in the Netherlands and certain other jurisdictions by the Joint Global Coordinators, subject to the terms and |

| | | |
|---|---|---|
| | | conditions of the Underwriting Agreement and subject to applicable securities laws. The Rump Offering and the Rights Offering are collectively referred to as the Offering.<br><br>**Rump Offering**<br><br>After the Exercise Period has ended, the Joint Global Coordinators may, subject to the terms and conditions of the Underwriting Agreement start the Rump Offering. In such Rump Offering, the Joint Global Coordinators will, subject to the terms and conditions of the Underwriting Agreement, use their reasonable efforts to procure subscribers for any Rump Shares through private placements to institutional investors in the Netherlands and certain other jurisdictions. The price per Rump Share must be at least equal to the Issue Price, plus any expenses related to procuring such subscribers (including any non-recoverable value added tax).<br><br>The Rump Offering, if any, is expected to commence at 7:30 hours CEST on 19 July 2013 and to end no later than 17:30 hours CEST on 19 July 2013.<br><br>**Unexercised Rights Payment**<br><br>If, upon completion of the Rump Offering, if any, the aggregate proceeds for the Rump Shares offered and sold in the Rump Offering, minus the selling expenses and any applicable taxes, exceed the aggregate Issue Price for such Rump Shares, such amount will constitute the excess amount (the "**Excess Amount**"). Each holder of a Right that was not exercised at the end of the Exercise Period will be entitled to receive, except as noted below, a part of the Excess Amount in cash *pro rata* to the number of unexercised Rights reflected in each such holder's securities account (the "**Unexercised Rights Payment**"). If the Excess Amount divided by the total number of unexercised Rights is less than EUR 0.01, no Unexercised Rights Payment will be made to the holders of any unexercised Rights, and instead, any such Excess Amount will be retained by the Joint Bookrunners for their own benefit.<br><br>The Unexercised Rights Payment, if any, will be paid to holders of unexercised Rights as soon as practicable after the Settlement Date and will be credited to those holders through the facilities of Euroclear Nederland.<br><br>Royal Imtech, the Managers and the Subscription, Listing and Paying Agent cannot guarantee that the Rump Offering, if any, will be successfully completed. If the Rump Offering takes place, neither Royal Imtech nor the Managers, nor the Subscription, Listing and Paying Agent, nor any other person procuring purchases for the Rump Shares, will be responsible for any lack of Excess Amount arising from any placement of the Rump Shares.<br><br>**Payment and delivery**<br><br>A holder of Rights that exercises his Rights should pay the Issue Price for the Offer Shares subscribed for in accordance with the instructions he receives from the financial intermediary through which he holds the Rights. The financial intermediary will pay the Issue Price to the Subscription, Listing and Paying Agent, who will in turn pay it to Royal Imtech after deduction of applicable fees and expenses. Payment for the Offer Shares must be made at the office of the Subscription, Listing and Paying Agent no later than the Settlement Date, which is expected to be on 24 July 2013. Accordingly, financial intermediaries may require payment to be provided by holders of Rights exercising such Rights prior to the Settlement Date. Payment for and delivery of the Offer Shares is expected to take place on 24 July 2013. Delivery of the Offer Shares will take place through the book-entry system of Euroclear Nederland.<br><br>**Joint Global Coordinators**: ING and Rabobank.<br><br>**Co-Lead Manager**: Commerzbank. |

| | | |
|---|---|---|
| | | **Managers**: ING, Rabobank and Commerzbank.<br><br>**Subscription, Listing and Paying Agent**: ING Bank N.V. acting through its Commercial Banking Securities Services Division in its capacity as subscription, listing and paying agent<br><br>**Conditions to the Offering**<br><br>The obligations of the Joint Global Coordinators, the Joint Bookrunners and the Managers under the Underwriting Agreement are subject to the fulfilment, or discretionary waiver by the Joint Global Coordinators (for themselves and on behalf of the Managers), of customary conditions. For a selection of these conditions, see "Plan of Distribution – Conditions to the Offering". |
| **E.4** | Interests material to the Offering (including conflicts of interests) | The Joint Global Coordinators, the Joint Bookrunners (and/or their respective affiliates), the Managers and the Subscription, Listing and Paying Agent have from time to time been engaged, and may in the future engage, in commercial banking, investment banking and financial advisory and ancillary transactions in the course of their business with Royal Imtech (or any parties related to Royal Imtech) for which they have received or may receive customary compensation. In respect of the above, the sharing of information is generally restricted for reasons of confidentiality, by internal procedures or by rules and regulations (including those issued by the AFM). As a result of these activities, the Subscription, Listing and Paying Agent, the Joint Global Coordinators and the Joint Bookrunners (and/or their respective affiliates) may have interests that may not be aligned, or could potentially conflict, with the interests of (prospective) holders of Ordinary Shares, holders of Rights or with the interests of the Group.<br><br>The Managers and their respective affiliates may provide services to Royal Imtech and Royal Imtech's respective affiliates in the future. Additionally, the Managers or their respective affiliates may, in the ordinary course of their business, hold, have held and in the future may hold Royal Imtech's securities for investment. Also, ING Bank N.V. acts as liquidity provider for the trade in Ordinary Shares. ING AM Insurance Companies B.V., acting as manager of ING Dochterfonds (the "**Committed Shareholder**") is one of Royal Imtech's major shareholders holding 5.42% and an affiliate of ING. See "Major shareholders and related party transactions – Major Shareholders". The Joint Bookrunners (and/or their respective affiliates) and the Subscription, Listing and Paying Agent are currently financial advisers, lenders under bilateral agreements with members of the Group and (i) lenders, (ii) coordinator (an affiliate of ING) and (iii) agent (an affiliate of Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A.) under a EUR 700 million multicurrency revolving credit facility agreement dated 1 November 2010, which Royal Imtech and Imtech Capital B.V. entered into with a syndicate of lenders (the "**RCF**"). Furthermore, the Joint Bookrunners (and/or their respective affiliates) acted as original lenders, mandated lead arrangers, bookrunners and coordinators and an affiliate of Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. as agent under the bridge loan agreement among, inter alia, Royal Imtech and Imtech Capital B.V. dated 5 March 2013 (the "**Bridge Loan Agreement**") and consisting of (i) a EUR 350 million revolving equity bridge loan facility (the "**Bridge Loan Facility**") and (ii) a EUR 150 million revolving guarantee bridge facility (the "**Bridge Guarantee Facility**"). The Co-Lead Manager is part of the syndicate of lenders under the RCF and furthermore a guarantee provider, hedge counterparty, cashpool provider and bilateral credit provider to the Company or its affiliates. In such capacities, they have received and may continue to receive customary fees related to such services. The net proceeds of the Offering will be used to repay the Group's indebtedness under the Bridge Loan Agreement and a portion of the Group's indebtedness under one of the Company's uncommitted bilateral credit facilities. Any residual proceeds remaining after the repayments set out above will be used to prepay, on a pro rata basis part of the outstanding |

| | | |
|---|---|---|
| | | amounts under the RCF and part of the outstanding amounts under the Bilateral Committed Agreements. Accordingly, the Managers and their respective affiliates are expected to receive a portion of the net proceeds of the Offering. As a result of acting in the capacities described above, the Joint Global Coordinators, the Joint Bookrunners, the Managers, the Subscription, Listing and Paying Agent, and their respective affiliates may have interests that may not be aligned, or could potentially conflict, with (prospective) investors' and Royal Imtech's interests. |
| **E.5** | Person or entity offering to sell the securities and lock-up arrangements | The Company will be issuing and offering the Rights and the Offer Shares.<br><br>The Company has agreed with the Joint Global Coordinators on certain lock-up arrangements for a period of 180 days after the Settlement Date, subject to customary carve-outs, pursuant to which the lock-up arrangements do not apply to the granting of any options under the Company's senior management incentive plans, and any hedging activities for such plans and the issuance of Cumulative Preference Shares, in accordance with the terms of the Underwriting Agreement. The Company has undertaken that it will not, and will procure that its subsidiaries and each of the members of Board of Management and the Supervisory Board will not without the prior written consent of the Joint Global Coordinators (for themselves and on behalf of the Managers), not to be withheld without reason:<br><br>(a) issue, offer (in any public offering or private placement other than the Offering), sell, contract to issue or sell, grant any option, right or warrant to purchase or otherwise transfer or dispose of,<br><br>(b) enter into any swap or any other agreement or any transaction that transfers in whole or in part, directly or indirectly, any of the economic consequences of ownership of, or<br><br>(c) create any charge or security interest over (other than contemplated by the waiver and amendment agreements),<br><br>any shares in the capital of the Company or any securities convertible or exchangeable into shares in the capital of the Company or warrants or other rights to purchase or acquire any such securities or any debt instruments or other instruments with a similar effect to the foregoing. |
| **E.6** | Dilution | Shareholders who transfer, or who do not, not timely or not validly, or are not permitted to, exercise, any of their Rights granted under the Rights Offering will suffer a substantial dilution of their proportionate ownership and voting rights of approximately 80% as a result of the issue of the Offer Shares |
| **E.7** | Estimated expenses charged to the investors by the Company | Not applicable; no expenses have been or will be charged to investors by Royal Imtech in relation to the Offering. |

# RISK FACTORS

*Investing in the Offer Securities involves a high degree of risk. In addition to the other information contained in this Prospectus, prospective investors should carefully consider all of the following risk factors and uncertainties, before purchasing the Offer Securities. The risks and uncertainties the Company describes below are not the only ones the Company and the Group Companies face. Additional risks and uncertainties of which Royal Imtech is not aware or that Royal Imtech currently believes are immaterial may also adversely affect the Company's or the Group's business, results of operations, financial condition and prospects. If any of the possible events described below were to occur, the Company's or the Group's business, results of operations, financial condition and prospects could be materially and adversely affected and/or such events could adversely affect the price of the Offer Securities. If that happens, investors could lose all or part of their investment. All of these risk factors and events are contingencies which may or may not occur. The Group may face a number of the risks described below simultaneously and one or more of the risks described below may be interdependent. The risks and uncertainties described are not necessarily presented in the order of likelihood that a risk will materialise and/or seriousness of the consequences if a risk should materialise.*

*The Prospectus also contains forward-looking statements that involve risks and uncertainties. The Company's or the Group's actual results may differ materially from those anticipated in these forward-looking statements as a result of various factors, including the risks described below and elsewhere in the Prospectus.*

## Risks relating to the Group's business and markets

***The Group's business, results of operations, financial condition and prospects are likely to continue to be adversely affected by the current economic downturn.***

Royal Imtech believes that demand for the Group's services generally correlates with macro-economic conditions, including the development of the gross domestic product of countries in which the Group operates. The current economic downturn in the European buildings and infrastructure markets, in particular in the Spanish buildings market and the Benelux buildings and infrastructure markets, has resulted, and is expected to continue to result, in customers delaying, limiting or cancelling proposed and existing projects. In general, during periods of economic downturn, the Group's customers significantly decrease their capital expenditures, which has a negative impact on the Group's ability to sell services that support the construction or expansion of new operations, facilities and infrastructures.

The poor economic conditions in Europe have impacted, and continue to affect, government budgets, which may also threat the continuation of certain public investments that have historically benefited the Group's business, in particular in the European buildings and infrastructure markets. Continued reductions in government budgets are likely to have an adverse impact on the Group's business, results of operations, financial condition and prospects as the Group generates a significant portion of its revenues from services it provides as a contractor or subcontractor on various projects with governmental entities, including state-owned companies.

During periods of economic downturn, the Group may also experience additional difficulties maintaining favourable pricing and payment terms and customers may take longer to pay the Group's invoices. Any inability to collect invoices in a timely manner may lead to increased write-offs of uncollectible invoices. A decreased demand for the type of services provided by the Group, may lead to competitors competing more heavily to provide such services to the same customers, which may put additional pressure on prices. These factors may impact the Group's business, results of operations, financial condition and prospects.

***If the recovery of the Group's performance and cash development aimed for by the performance recovery measures does not or does not timely take place, a breach of the financial covenants in the Group's main financing agreements may occur.***

There is a risk that the Company's performance recovery measures will not secure sufficient working capital leading to a breach of the financial covenants included in the Group's main financing agreements due to deteriorating market conditions, delay in order intake or the measures not being effective as planned, e.g. if the Cost and Efficiency Programme does not take effect as planned (see " – Risks relating to the Group's business and markets – The Group may not be successful in achieving its target financial structure (including reducing its level of indebtedness) in accordance with its plans" and " – The Group may not be successful in its strategy to improve operational excellence, including strengthening of its GRC policy, or the measures to improve its operational excellence may have a lesser impact than anticipated" and "Operating and Financial Review – Liquidity and Capital Resources – Working Capital Statement"). Furthermore, this may result in impairments (see " – Risks relating to the Group's business and markets – Deteriorating markets and other causes could result in the impairment of goodwill which may adversely affect the Group's results and financial condition.").

If the recovery of the Group's performance and cash development aimed for by the performance recovery measures, does not or does not timely take place, a breach of the financial covenants in the Group's main financing agreements (see "Operating and Financial Review – Liquidity and Capital Resources – Working Capital Statement") may occur. If such lack of timely recovery should occur and would exceed the safety margins that the Company applies, the Group has various options available that if realised timely, are sufficient to mitigate such risks and remedy a financial covenant breach. These options include, but are not limited to, temporary additional working capital measures, accessing the capital markets to attract additional equity or debt (see " – Risks relating to the Group's business and markets – The Group may need additional funding in the future to pursue its strategy or carry out its operations and such funding may not be available.") and disposal of assets, business units or even divisions. Some of these options available to the Group are subject to approval of the financiers. See "Operating and Financial Review – Liquidity and Capital Resources – Working Capital Statement". However, there can be no assurance that such approval would be obtained, that the options can be timely realised or at all or that a financial covenant breach can be remedied.

A breach of financial covenants may lead to an acceleration of the Group's financing arrangements. If the debt under the financing agreements or any other future financing arrangement that the Group enters into were to be accelerated, the Group's assets may be insufficient to repay in full the Group's outstanding indebtedness. For other consequences of a breach of covenants in the Group's financing agreements see " – The Group is subject to significant restrictive covenants, which limit the Group's operating, strategic and financial flexibility and there can be no assurance that the Group will meet these covenants".

***The Group faces intense competition and a failure of the Group to maintain its competitive position would have an adverse impact on its business, results of operations, financial condition and prospects.***

The markets in which the Group operates are highly competitive. The Group's competitors include large international companies with greater resources than the Group, whose other businesses may provide a readily available customer base for their technical services activities or who may deploy other strategies than the Group that prove to be more effective. In the European buildings and infrastructure markets, in particular in the Spanish buildings market and the Benelux buildings and infrastructure markets, the Group also faces competition from smaller competitors operating at local level, many of whom have a strong market presence and strong local relationships. In addition, there could be a consolidation in the currently fragmented markets in which the Group operates (and the Group does not foresee that it will participate in such consolidation until 2015). The diversified service offerings or increased synergies of such consolidated businesses could increase competition. In addition, forward integration by suppliers increases competition.

Because of this intense existing and potential competition, the Group must make constant efforts to remain competitive, adapt the quality and cost value of its service offerings to the needs and requirements of its existing and potential customers and respond to technological innovations and developments in industry standards and products. The Group competes on a variety of factors, including the depth and breadth of the Group's services, the Group's technical expertise, its health, safety and environment track record and price (which is an important factor for securing renewal of contracts, particularly multi-year contracts). The Group also needs to continue to develop new services and processes in order to maintain or improve the Group's competitive position.

If the quality and cost value of the Group's services does not correspond to customers' demands, if there is insufficient demand for the Group's new services or processes or if the Group does not succeed in pricing contracts successfully to win new projects, the Group's business, results of operations, financial condition and prospects would be adversely affected.

***Deteriorating markets and other causes could result in the impairment of goodwill which may adversely affect the Group's results and financial condition.***

Over the past years the Group has made a large number of acquisitions. See "Business – History". In many acquisitions a material part of the purchase price was made up of goodwill. As at 31 December 2012 the Group's balance sheet shows a considerable amount of goodwill, i.e. EUR 1,081.6 million. Under International Financial Reporting Standards as adopted in the European Union ("**IFRS**"), goodwill is subject to impairment if an asset's recoverable value is below its carrying value. The Group has impaired goodwill in its financial statements for the year ended 31 December 2012. See "Operating and Financial Review – Principal Factors Affecting Results of Operations and Comparability of Results – Acquisitions and divestments".

To the extent that the current economic downturn worsens or the current economic environment in which the Group operates does not recover, the Group may need to record goodwill impairment charges relating to its acquired businesses. In addition, apart from the effects of the economic conditions, there can be no assurance that, following integration into the Group, an acquired company will be able to maintain its customer base consistent with expectations or generate the expected growth, margins or cash flows. Although the Group analysed each acquisition target and often made use of earn-out arrangements, its assessments are subject to a number of assumptions concerning elements such as profitability and growth. There can be no assurance that its assessments of and assumptions regarding acquisition targets will prove to be correct and actual developments may differ significantly from expectations.

These and other factors may mean that the Group must record goodwill impairment charges. Such charges would have an adverse effect on the Group's results and financial condition.

***The Group is exposed to the risk of damage to its brands and reputation, particularly as a result of the recent events.***

The Group's success and its results depend in part on the strength of its brands and reputation. The Group attracts and retains business partly as a result of its customers' confidence in the Group. The recent events set out in "Use of Proceeds and Background to the Offering – Background to the Offering; recent events" may lead to existing customers withdrawing their business from the Group or not awarding the Group future business, to an inability to attract new customers, to employees leaving the Group, to business partners terminating existing, or refusing to enter into new, cooperations with the Group and more generally to damage to the brands and reputation of the Group.

Damage to the brands and reputation of the Group may also result from other factors such as mistakes in projects, non-compliance with regulations or business principles, health and safety issues, customer and supplier issues, litigation, employee misconduct, difficulties in operational or financial management, or negative publicity.

A materialisation of these risks may adversely affect the Group's results of operations, financial condition and prospects.

***In connection with the recent events or otherwise, the Group may become party to legal proceedings and become subject to regulatory or criminal investigations, which could have a material adverse effect on the Group's business, results of operations, financial conditions and prospects.***

The Group may face (significant) claims and/or litigation by shareholders, employees, financiers, customers and/or other third parties, in connection with the recent events. For the recent events, see "Use of Proceeds and Background to the Offering – Background to the Offering; recent events". Significant, actual and/or threatened legal proceedings are described in "Business – Legal and arbitration proceedings". In addition the Group may in connection with those events become subject to regulatory and/or criminal investigations. The Company may for instance face claims, litigation and/or regulatory investigations: (i) in respect of the corrections to the financial information in the annual accounts 2011, as reflected in the consolidated financial statements as at 31 December 2012, in which the comparative figures for the year 2011 are restated and the opening balance sheet for 2011 is corrected; and (ii) following its confirmation that financial statements in relation to financial years ended prior to 1 January 2011, and interim financial statements previously published by the Company, may contain material inaccuracies and can therefore no longer be relied upon. See "Operating and Financial Review – Accounting Restatement" and "Important Information - Adjustment of 2011 figures and opening balance sheet 2011".

The Group intends to fully cooperate with such investigations and intends to defend any civil lawsuits filed against it. However, the Company cannot predict when these investigations or legal proceedings will be completed or the likely outcome of any of the investigations or legal proceedings. It is possible that they could lead to criminal charges, civil or regulatory enforcement proceedings, additional civil lawsuits, settlements, judgments and/or consent decrees against the Group, and that, as a result, the Company or any other member of the Group will be required to pay (substantial) fines and damages, consent to injunctions on future conduct, lose the ability to conduct business with government instrumentalities or suffer other penalties, each of which could have a material adverse effect on the Group's business, results of operations, financial condition and prospects. In addition such legal proceedings, if initiated, could severely distract the Group's management, result in significant legal defence and other costs, and lead to additional negative publicity.

Also, the Group is and may in the future become, party to legal proceedings arising from the operation of the Group business. Many of the actions against the Group arise out of the normal course of performing services on project sites, and include claims for workers' compensation, personal injury, property damage and contract disputes with customers. Furthermore, the Group is, and is likely to continue to be, a plaintiff in legal proceedings against customers seeking to recover payment of contractual amounts due to the Group. Such claims or litigation could result in substantial damages, divert management's attention and create negative publicity.

The Company has made provisions in its financial statements in relation to certain of these legal proceedings and claims. See "Business – Legal and arbitration proceedings". The Company has currently not made any provisions for claims, litigation and/or regulatory investigations in connection with the recent events, and although the Company believes that the assessment of the claims and related liabilities on which the provisions have been made, or not, as the case may be, is appropriate, the recorded provisions, and any provisions that may be recorded in respect of future claims if these would materialise, may prove too low or otherwise inadequate. Also, the Group carries insurance of various types, including fraud and general liability coverage. While it seeks to maintain appropriate levels of insurance, not all risks are insurable and not all claims may be reimbursable, including in respect of the legal proceedings, claims and investigations set out above. See " – Risks relating to the Group's business and markets – The Group may incur material liabilities that are not covered by the Group's insurance"

Such legal proceedings, claims and investigations, inadequate provisioning and the absence of insurance coverage could have a material adverse effect on the Group's business, results of operations, financial condition and prospects.

***Under Dutch corporate law, shareholders could initiate proceedings leading to an investigation of the Company's management policies or bring other legal actions against the Company that could have a material adverse effect on the Company's business and financial condition.***

Shareholders representing at least 1% of the Company's issued share capital, or in the aggregate holding shares with a market value of EUR 20 million or more (determined by reference to the closing price on the day preceding the day before initiating such proceedings), could initiate proceedings with the Enterprise Chamber (*Ondernemingskamer*) of the Amsterdam Court of Appeals (the "**Enterprise Chamber**") to investigate the Company's management policies and the conduct of its business. If the Enterprise Chamber determines that there are good reasons to doubt the proper management of the Company's affairs, it may appoint experts to conduct investigations and prepare reports at the Company's expense. If, on the basis of these reports, the Enterprise Chamber should render a finding of corporate misconduct, it may order, at the request of the petitioners of the investigation proceedings, the advocate-general to the Enterprise Chamber, or, if the report has been made available by the Enterprise Chamber to the public at large, any interested party, that one or more measures be taken. These measures may include suspension or annulment of resolutions of the Board of Management, the Supervisory Board and the General Meeting, the suspension or dismissal of members of the Board of Management or Supervisory Board, the temporary appointment of one or more persons to the Board of Management or Supervisory Board, the temporary deviation from certain provisions of the Articles and the temporary transfer of shares to a nominee. In addition, the Enterprise Chamber may order a wide range of temporary measures during the proceedings. Investigations or legal proceedings, if initiated against the Company, could severely distract management, result in significant legal defence and other costs, and may lead to additional negative publicity. Any finding of corporate misconduct could result in further civil claims being brought against the Company, the Board of Management, or the Supervisory Board. Investigations by competent authorities and other legal proceedings could have a material adverse effect on the Company's financial condition and results of operations.

***The Company has identified certain weaknesses in its financial reporting procedures. Failure to timely address these weaknesses may cause financial information provided to the Company by its operating companies to be unreliable, impair effective management of the Group's operations and cause delays in the Group's financial reporting.***

A review of the Company's reporting procedures and its governance, risk and compliance ("**GRC**") approach indicated, inter alia, a number of weaknesses in the Group's financial reporting procedures. The Group has taken steps to improve and align its internal reporting and operational and financial key performance indicators across the Group, with a special focus on financial consolidation and forward-looking cash analysis. See "Use of Proceeds and Background to the Offering – Background to the Offering; recent events – 3. Measures adopted by and changes to the Company – II. Changes in the Company's governance, risk and compliance ("GRC") policy – Strengthened GRC policies" and "Business – The Group's strategy – Operational Excellence".

There can be no assurance that these measures will fully have the desired effect, and as a result there is a risk of the Company being unable to accurately monitor its operational and financial performance or to take timely, appropriate and adequate management action. Also, any inadequacy of these measures may affect the Company's ability to timely obtain and correctly consolidate financial and performance related information from its operating companies and thus could cause delays or errors in its reporting. Such failures could have a material adverse effect on the Group's business, results of operations, financial condition and prospects.

***The Group's decentralised management structure requires Royal Imtech to maintain effective internal controls, and if Royal Imtech does not do so the Group's business could be harmed.***

The Group has a decentralised management structure, and the Group's business strategy emphasises local decision making and responsibility in order to adapt to regional and local conditions and enhance contact with local customers. However, such a decentralised management structure also involves the risks of difficulties in the implementation of, and compliance with, corporate policies, a possible lack of common corporate culture and less effective controls.

Measures have been identified and have been and will be implemented by the Company to strengthen its GRC policy and increase control over the Group whilst leaving in place an important degree of local autonomy. See "Use of Proceeds and Background to the Offering – Background to the Offering; recent events – 3. Measures adopted by and changes to the Company – II. Changes in the Company's governance, risk and compliance ("GRC") policy – Strengthened GRC policies". Given the extent of the Group's international operations and the autonomy Royal Imtech grants, and intends to continue to grant, to local management, there can be no assurance that these measures will be successfully implemented or that, if implemented, they will prevent substantial problems from arising and that such measures will allow Royal Imtech to identify and address them before they negatively affect Royal Imtech's business, results of operations, financial condition and prospects.

***The Company cannot assure that no further or other irregularities have taken place nor that they will not take place in the future, which could lead to additional write-offs or impairments.***

The Company has recently established that certain irregularities have taken place within the Group. See "Use of Proceeds and Background to the Offering – Background to the Offering; recent events". There can be no assurance that no further or other irregularities have taken place which may not have been discovered with respect to any projects or other matters and if they have this could lead to additional write-offs or impairments that could negatively affect Royal Imtech's business, reputation, results of operations, financial condition and prospects (e.g. in relation to the X Group. See "Use of Proceeds and Background to the Offering – Background to the Offering; recent events – 2. Findings – (B) Germany – (iii) X Group"). Also, although measures have been identified and have been and are being implemented by the Company to increase control over the Group (see "Use of Proceeds and Background to the Offering – Background to the Offering; recent events – 3. Measures adopted by and changes to the Company – II. Changes in the Company's governance, risk and compliance ("GRC") policy"), there can be no assurance that such measures will prevent irregularities from arising in the future and will allow Royal Imtech to identify and address them before they negatively affect Royal Imtech's business, results of operations, financial condition and prospects.

***The Group is restricted by its high level of indebtedness, which could materially adversely affect its business, results of operations, financial condition and prospects and its ability to pay dividends in the future.***

The Group has a high level of indebtedness and this will remain so even after the settlement of the Offering. See "Operating and Financial Review – Liquidity and Capital Resources – Working Capital Statement", "Capitalisation and Indebtedness" and "Use of Proceeds and Background to the Offering – Background to the Offering; recent events – 3. Measures adopted by and changes to the Company – I. Financial measures and restructuring". On 31 March 2013, the Group had a total consolidated gross indebtedness of EUR 1,337 million, total consolidated assets of EUR 3,826.8 million and total net cash position of EUR 143.2 million. The net debt of the Group amounted to EUR 1,220.7 million at 31 March 2013 compared to EUR 773.1 million at 31 December 2012.

The Group's high levels of indebtedness will require it to dedicate a substantial portion of its cash flow from operations to make interest and principal payments on its indebtedness. This reduces the available liquidity and therefore the availability of the Group's cash to fund working capital and make capital expenditures and limits the Group's flexibility in acquisitions and other growth possibilities and its ability to pay dividends. In addition the Group's high levels of indebtedness increases the Group's vulnerability to general adverse economic and industry conditions and limits the Group's ability to obtain future financing.

Furthermore, a deterioration of the Group's liquidity or an increase of its leverage may affect the Group's ability to attract business, to enter into partnership agreements, to procure materials, services and products from suppliers and to retain services from subcontractors on favourable terms. As a result, such deterioration or increase could have a material adverse effect on the Group's business, results of operations, financial condition and prospects.

***The Group depends on generating and up-streaming sufficient cash flow to fund the Group's debt obligations, capital expenditures and on-going operations, which can be negatively impacted by significant fluctuations in working capital.***

Royal Imtech is a holding company with no material, direct business operations. The principal assets of Royal Imtech are the equity interests it directly or indirectly holds in its operating subsidiaries. As a result, Royal Imtech is dependent on loans, dividends and other payments from its subsidiaries to generate the funds necessary to meet its financial obligations and for the payment of dividends.

Royal Imtech's and the Group's ability to service its debt and fund the Group's on-going operations will depend on the Group's ability to continue to generate and grow cash flow and Royal Imtech's and the Group's access to additional liquidity sources. The Group monitors its cash flow forecasts to ensure it has sufficient cash available on demand to meet expected operational expenses, including the servicing of financial obligations. However, these cash flow forecasts are based on assumptions and expectations that may not prove valid. The Group's ability to continue to generate and grow cash flows is dependent on many factors, some of which are beyond the Company's control, including the Group's ability to offer added-value services to the Group's customers and to maintain and expand the Group's customer base (particularly in the face of increasingly aggressive competition and in light of current difficult economic conditions in the countries in which the Group operates).

Furthermore, cash flow generation is significantly dependent on working capital fluctuations and working capital management. The working capital available to the Group fluctuates due to a number of factors, including but not limited to delayed or failed payments by customers, increasing inventory, adjustment of payment terms, seasonality in rewarding orders, seasonality in payment behaviour of customers, in particular customers in the public sector, and any changes in such payment behaviour, weather conditions and seasonality in general. A significant and/or continuous increase in working capital requirements could create liquidity problems and could result in additional financing being required, which would increase indebtedness and result in additional financing costs.

If the Group is unable to generate and upstream sufficient cash flow or the Group or Royal Imtech is unable to access additional liquidity sources, the Group may not be able to operate its business, hire and train qualified personnel, adapt the Group's technical expertise in response to technological innovations, grow the Group's business or respond to competitive challenges, which would negatively impact the Group's ability to service or repay the Group's debt or fund the Group's other liquidity and capital needs. The Group's inability to accomplish any of the foregoing could have a material adverse effect on its business, results of operations, financial condition and prospects.

***The Group may not be successful in its strategy to improve operational excellence, including strengthening of its GRC policy, or the measures to improve its operational excellence may have a lesser impact than anticipated.***

As part of its strategy, the Group focuses on the improvement of its operational excellence, which includes strengthening of its GRC policy. See "Business – The Group's strategy" and "Use of Proceeds and Background to the Offering – Background to the Offering; recent events – 3. Measures adopted by and changes to the Company – II. Changes in the Company's governance, risk and compliance ("GRC") policy – Strengthened GRC policies". The targeted improvements and initiatives are based on assumptions and expectations that may not prove valid. Also, the effects and impact of the operational excellence measures that the Group has implemented and is implementing could fall short of what the Company envisages. In addition, the Group may not succeed in successfully implementing the operational excellence performance measures. The occurrence of either circumstance may adversely impact the Group's ability to effectively manage its operations and adversely affect the Group's business, results of operations, financial condition and prospects.

***The Group may not be successful in achieving its target financial structure (including reducing its level of indebtedness) in accordance with its plans.***

The Group has communicated a net debt/EBITDA (as defined in "Important Information – Non-IFRS information") target level of 1.5-2.0 by the end of 2015. See "Business – The Group's strategy – Operational excellence – Cash and working capital management" and "Operating and Financial Review – Consolidated Results of Operations – External Sources of Funding, Financing and Indebtedness – Target financial structure". There can be no assurance that the Group will reach this target in a timely manner, or at all. This will be dependent on several factors, including the Offering succeeding, envisaged effects of the Cost and Efficiency Programme occurring (see "Business – Operating clusters"), operational results which are amongst others driven by general economic conditions, and the Group's future cash flows and cash management. Recently the Group has resolved to revise and reinforce its treasury policies, including measures to manage working capital, or other operational excellence See "Use of Proceeds and Background to the Offering – Background to the Offering; recent events – 3. Measures adopted by and changes to the Company – II. Changes in the Company's governance, risk and compliance ("GRC") policy – Strengthened GRC policies". However, this revision and reinforcement may take longer than expected or may not have the envisaged effect at all, which may impact the Group's ability to reach the targeted financial structure. See " – Risks relating to the Group's business and markets – The Group may not be successful in its strategy to improve operational excellence, including strengthening of its GRC policy, or the measures to improve its operational excellence may have a lesser impact than anticipated".

***The Group is subject to significant restrictive covenants, which limit the Group's operating, strategic and financial flexibility and there can be no assurance that the Group will meet these covenants.***

The Group's financing agreements (including credit facilities, note purchase agreements and bank guarantee facility agreements) contain covenants which impose significant restrictions on the Group's operations, including restrictions on the Group's ability to, among other things, incur or guarantee additional debt, grant security, dispose assets, cash collateralise guarantee facilities, repurchase share capital, make certain payments, including dividends or other distributions and make certain investments or acquisitions, including participating in joint ventures and restrictions on the Group's capital expenditure. See "Operating and Financial Review – Liquidity and Capital Resources – External Sources of Funding, Financing and Indebtedness – Syndicated Bank Loans".

These restrictive covenants could limit the Group's ability to finance future operations and capital needs and its ability to pursue acquisitions and other business activities that may be in the Group's or its shareholders' interests. In addition, the financing agreements contain, and any future indebtedness may contain, other and more restrictive affirmative and negative covenants and may also prohibit the Group from prepaying certain other indebtedness prior to the discharge of those other obligations. The Group's ability to comply with these covenants and restrictions may be affected by events or factors beyond its control, including prevailing economic, financial and industry conditions. The financing agreements also require the Group to maintain specified financial ratios and satisfy specified financial tests. The Group's future indebtedness may contain similar or other financial ratios set at levels to be determined by the Group and its future lenders. The Group's ability to meet those financial ratios and tests could be affected by deterioration of the Group's operating results, as well as by events beyond its control, such as unfavourable economic conditions.

If the Group breaches any of the covenants, ratios, tests or restrictions in its existing financing agreements (including credit facilities, note purchase agreements and bank guarantee facility agreements), it could be in default under the terms of the financing agreements or its future indebtedness, and (subject to applicable cure periods and other limitations on acceleration or enforcement) the relevant lenders could elect to declare the debt, together with accrued and unpaid interest and other fees, if any, immediately due and payable. In addition, any default under the financing agreements could lead to an event of default and acceleration under other debt instruments that contain cross-default or cross-acceleration provisions. If the debt under the financing agreements or any other future financing arrangement that the Group enters into were to be accelerated, the Group's assets may be insufficient to repay in full the Group's outstanding indebtedness.

In addition, over the shorter or longer term, adverse changes in the value of Royal Imtech's and the Group's commercial assets could cause the amount of any proceeds of any disposals, if available, to be insufficient to repay existing debt in full, and Royal Imtech and/or the Group may be unable to fund the payment of any shortfall out of other funds. If over the shorter or longer term Royal Imtech is unable to dispose of sufficient assets to fund repayment of debt due in the event of an acceleration of maturity, Royal Imtech risks becoming insolvent or otherwise ceasing its operations. As a result, any failure by the Group to make interest and principal payments on its indebtedness could have a material adverse effect on the Group's business, results of operations, financial condition and prospects.

In addition the financing agreements have been entered into with a large number of financiers, requiring a greater number of parties to cooperate in case waiver or amendments are required. The Company cannot ensure that all financiers will cooperate in case amendments or waivers are required or that they will not enforce their rights under or accelerate their financing agreements.

***The Group may need additional funding in the future to pursue its strategy or carry out its operations and such funding may not be available.***

The Group may need to raise additional capital to pursue its strategy or carry out its operations in the future, or in case the Offering does not succeed, or if the Group's future performance and cash flow developments, as a result of the mitigating action plan, does not or does not timely take place or improve, a breach of the financial covenants in the Group's main financing agreements (see "Operating and Financial Review – Liquidity and Capital Resources – Working Capital Statement") may occur. Additional funds may not be available when the Group needs them on terms that are acceptable, or at all. If adequate funds are not available on a timely basis, the Group may be required to delay, scale back, sell or eliminate certain of its assets and/or activities, which may have a material adverse effect on the Group's business, results of operations, financial condition and prospects.

***Cancellation or reduction of credit insurance facilities may have a negative impact on the Group's working capital.***

Further to the Company's announcements on the recent events, certain credit insurers have cancelled or reduced the limits on their credit insurance facilities on the Group. A (further) cancellation or reduction of credit insurance facilities on the Group could have a negative impact the working capital of the Group, as suppliers may for instance shorten payment periods and demand (additional) advance payments and security (usually in the form of parent guarantees or bank guarantees), which could adversely affect the Group's business, results of operations, financial condition and prospects.

***The uncommitted nature of certain of the Group's credit, bank guarantee, surety and bonding facilities may result in non-availability of sufficient credit, guarantee and bonding facilities for Royal Imtech and the Group.***

In the technical services industry bank guarantees, bonding facilities and performance and/or surety bonds are used to secure contractual obligations towards customers and other third parties and the Group must therefore have sufficient bank guarantee, surety and bonding facilities available. These facilities are often agreed on a bilateral basis with a bank, bonding facility provider or surety provider and (i) often permit the relevant financier to request cash collateral and (ii) can be terminated at any time. The same is true for part of the Group's credit facilities, at Company as well as at local level. Further to the Company's announcements on the recent events, certain of the Group's banks, bonding facility providers and surety providers have reduced or cancelled (part of) the facilities granted to the Group. There can be no assurance that the Group will have sufficient available credit, bank guarantees, bonding facilities and surety and credit lines in the future and unavailability of the same could have a negative impact on the Group's funding and winning new projects, which could adversely affect the Group's business, results of operations, financial condition and prospects.

***If the Offering is not completed, there may be consequences for the Group which could have a material adverse effect on its financial condition, results of operations and prospects.***

As of the date of this Prospectus, the Group had EUR 125 million of borrowings under the Bridge Loan Facility. The termination date in relation to the Bridge Guarantee Facility means the date on which the proceeds of the Offering (pursuant to the Bridge Loan Agreement, these are gross proceeds of approximately EUR 500 million) have been applied in prepayment of the loans under Bridge Loan Facility in accordance with the terms of the Bridge Loan Agreement (the "**Equity Issue Settlement Date**"). The Bridge Loan Agreement contains a condition that the Equity Issue Settlement Date occurs on 1 August 2013 at the latest (unless such period is extended by the majority lenders, including the original lenders, under the Bridge Loan Agreement). Non-compliance with that condition, will constitute an event of default under the Bridge Loan Agreement, which will result in a cross default under the waiver and amendment agreements and the underlying other financing arrangements, unless waived. See "Operating and Financial Review – Consolidated Results of Operations – External Sources of Funding, Financing and Indebtedness –Syndicated Bank Loans". Also, the waiver and amendment agreements require that the Offering is completed on or before 31 October 2013.

If the Offering is not completed (for example, if any of the conditions of the Underwriting Agreement are not fulfilled nor waived) and, as a result, the Group is unable to satisfy this condition of the Bridge Loan Agreement (including to repay borrowings under the Bridge Loan Facility), the Group will be required to raise capital from alternative sources, which may not be available or may not be available on commercially acceptable terms.

As a result, the Group may be required to reduce investments in its business, including reductions in its workforce, which may be detrimental to its competitiveness and impair its ability to respond quickly and effectively to any recovery in its markets and/or dispose of assets at less than their book value. The Group could furthermore be required to seek additional debt financing which may increase the debt service obligations of the Company, require the payment of additional fees, or result in the Company being subject to additional or more onerous covenants, or its subsidiaries being required to pledge additional security. Furthermore, the Company may be required to dispose of any of its assets in order to repay the Bridge Loan Facility and its other financing arrangements where a cross default will be triggered if the 1 August date is not extended in such event. Any of the aforementioned risks could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

***Failure to comply with laws and regulations, in particular those relating to competition, anti-bribery and health and safety, may have a material adverse effect on the Group's business, results of operations, financial condition and prospects.***

The Group is subject to laws and regulations relating to several areas such as competition, anti-bribery, health and safety, construction, procurement, administrative, accounting, corporate governance, market disclosure, tax, employment, data protection, money laundering and economic sanctions laws and regulations. Such laws and regulations are subject to interpretation and to change over time. The technical services industry, in which the Group is active, is in particular exposed to the risk of non-compliance with rules relating to competition, anti-bribery and health and safety. Any failure to comply with applicable laws and regulations (and in particular those relating to competition, anti-bribery and health and safety) by any of the Group's employees, Group Companies or business partners may lead to heavy fines, to damage to the Group's brands and reputation and to exclusion from participation in public tenders. In addition such failures may lead to disciplinary, administrative, civil and criminal enforcement actions and civil liability. The precautions the Group takes to prevent and detect non-compliance with these rules may not always have the desired effect.

Failure by any Group Company or the Group's employees or business partners to comply with laws or regulations or acts of misconduct may have a material adverse effect on the Group's business, results of operations, financial condition and prospects.

***Execution of large scale and long-term technically complex projects exposes the Group to the risk of significant losses on such projects.***

The Group bids for and executes technically complex projects in various sectors. These projects may require significant expertise, such as design, technical and construction expertise, and are typically performed over a lengthy time period that could last from several months to several years. The contracts for these projects carry an increasing degree of risk for the Group because of the Group being increasingly required by its customers to assume substantially all of the risks associated with completing the project and because of ensuing post-completion warranty obligations. Under these contracts, the Group typically assumes the project's technical risk, meaning that it must tailor mechanical and electrical engineering design to satisfy the technical requirements of a project even though, at the time the Group is awarded the project, it may not have previously developed a similar design.

A significant proportion of the Group's profitability depends on costs being accurately calculated and correct estimates being made of the overall risks of a project. In case of inaccurate calculations or estimates, either at the start of a project or with respect to additional costs incurred during the course of a project (see " – Risks relating to the Group's business and markets – The Group may incur significant costs in providing services in excess of original project scope without having an approved change order."), the profitability of the project will generally be affected and the Group may even incur contractual penalties if it does not perform as scheduled. The same will be true if conditions on the basis of which the calculations and estimates were made, should change or prove to be different than assumed or estimated.

These risks are exacerbated if the duration of the project is long-term because there is more time for, and an increased risk that, the conditions upon which the Group originally bid and developed a price will change in a manner that increases its costs in a way that it may not be able to pass on to its customers. In addition, the Group may bear the risk of delays or defects caused by unexpected conditions or events. The Group's long-term projects often make the Group subject to penalties if it cannot complete portions of the project in accordance with agreed-upon time limits. The risks inherent in such long-term projects could if they materialise have a material adverse effect on the Group's business, results of operations, financial condition and prospects.

***The Group's success depends on efficient execution and effective project and site management, which could be impaired by various factors.***

For most projects, the Group provides a broad range of services with a highly technical content. In order to ensure that the projects the Group undertakes to perform are executed effectively and in a profitable manner, the Group needs to deploy a high degree of project and site management expertise to maximise efficiency in providing the contracted services throughout the term of the project. Even though operational excellence is one of the pillars of the Group's strategy (see "Business – The Group's strategy – Operational Excellence"), it cannot be excluded that due to ineffective contract planning, inefficiencies, lack of control in project execution, lack of cost control, or other reasons, the Group is unable to efficiently and render its services in a profitable manner. The Group could then experience increased project execution costs and difficulty in obtaining (timely) payment for its services. It could then also be faced with an adverse effect on its reputation. A materialisation of each of these risks could materially adversely affect the Group's business, results of operations, financial condition and prospects.

***The Group may incur significant costs in providing services in excess of original project scope without having an approved change order or it may incur cost overruns for other reasons.***

When commencing a project, the Group first agrees a scope of work and an initial contract price. After commencement, the Group may perform additional services requested by the customer that were not contemplated in the Group's contract price for various reasons, including changes by the customer or incomplete or inaccurate engineering, project specifications and other similar information provided by the customer to the Group. Generally, before performing such additional services or cost overruns, the Group will seek to agree an approved change order and a revised contract price. From time to time, however, it may be that the Group agrees to perform or performs such additional services without the benefit of an approved change order from the customer. Even though the Group's contracts generally require the customer to compensate the Group for additional work or expenses incurred under these circumstances, it may fail to obtain adequate compensation for these additional services. In addition, the Group could in case of such a failure under IFRS be required to report in the financial year an adjustment to profit recognised in prior periods under the percentage-of-completion accounting method.

Furthermore there can be cost overruns in a project due to, amongst other things, cost overruns by business partners, changes in the costs of materials or labour, difficulties in obtaining required governmental permits or approvals and changes in conditions. The Group will generally not be able to fully or partially pass on unforeseeable cost overruns to the customer.

Such failures to obtain adequate compensation for additional services and such cost overruns could have a material adverse effect on the Group's results of operations, financial condition and prospects.

***The Group's order book is not necessarily indicative of its actual or future revenue or results due to possible cancellations, delays or scope adjustments of projects or maintenance assignments in the order book.***

The Group cannot assure that the amounts of the Group's order book are a reliable indication of its actual or future revenue or results related to the performance of the projects and maintenance contracts included in the order book. See "Operating and Financial Review – Use of Certain Non-IFRS Measures – Order book". Cancellations, delays and scope adjustments occur from time to time. As a result, there can be no assurance that the Group's order book will result in revenue in the future and that any cancellations, delays or scope adjustments will not have an adverse effect on the Group's business, results of operations, financial condition and prospects.

***The Group has engaged in acquisitions, strategic investments, strategic partnerships and alliances that may not be successful, and may, in the future, engage in transactions that do not have the desired effect. The Group may not be able to successfully complete transactions. The Group may experience difficulties integrating acquired businesses.***

Over the past years, the Group has expanded its business through organic growth and through acquisitions. As a result of contractual arrangements with certain of its financiers (including under the USPPs, the RCF and the Bridge Loan Agreement and the amendment and waiver agreements (see "Operating and Financial Review – Liquidity and Capital Resources"), the Group is restricted to make acquisitions, except that specific acquisitions are permitted, until the Second Amendment Date (as defined in "Operating and Financial Review – Liquidity and Capital Resources – External Sources of Funding, Financing and Indebtedness – Syndicated Bank Loans"), which it does not foresee to occur before the end of 2015. However, the Company intends to resume its acquisition activities as of the Second Amendment Date. The Group may not be able to engage in or complete those transactions on terms that it finds commercially acceptable, or at all. The inability to engage in or to complete such transactions may adversely affect its competitiveness and growth prospects.

If the Group acquires a company, it may have difficulty in integrating that company's personnel, operations, technology and software and in implementing its business model, reporting systems and GRC framework within an acquired company due to various factors, including corporate culture. Although the Group generally seeks to sign up the target's employees to an employment contract with the Group, key personnel of the acquired company may decide to resign instead of working for the Group. In some cases, the Group may have difficulty in integrating the acquired products, services or technologies into its operations. These difficulties could disrupt the on-going business, provide the Group's management with suboptimal information, distract the Group's management and employees and increase its expenses.

There can be no assurance that, following integration into the Group, an acquired company will be able to maintain its customer base consistent with expectations or generate the expected growth, margins or cash flows. Although the Group thoroughly analyses each acquisition target and often makes use of earn-out arrangements, its assessments are subject to a number of assumptions concerning profitability, growth, interest rates and company valuations. There can be no assurance that its assessments of and assumptions regarding acquisition targets will prove to be correct and actual developments may differ significantly from expectations.

A materialisation of these risks could have a material adverse effect on the Group's business, results of operations, financial condition and prospects.

***The Group often does not immediately integrate certain acquired businesses due to "earn out" arrangements.***

When making acquisitions the Group often makes use of "earn out" arrangements as part of the consideration paid, among other things as a means of bridging a gap between the expectations of the Group and those of the seller as to growth, margins and cash flows of the business to be acquired. In order for an "earn out" arrangement to be effective, the seller and the Group typically agree to delay integration of the acquired business into the Group for certain aspects (such as GRC, procurement, training and sharing of know-how) for the duration of the "earn out" period. This is currently the case, for instance, in respect of AE Arma Elektropanç Elektromekaník Sanayí Mühendislik Taahhüt ve Ticaret A.Ş. ("**AE Arma**") in Turkey, Qbranch in Nordic, and Capula and Smith Group UK in the United Kingdom of Great Britain and Northern Ireland (the "**UK**"). See "Business – Operating clusters".

Such delays of integration into the Group could mean that the Board of Management is not able to exercise full control over the business, receives suboptimal information and/or that realisation of synergies (including cost reduction) may be delayed or otherwise materialise later than was expected or not at all. This could have an adverse effect on the Group's business, results of operations, financial condition and prospects.

***The Group may not be able to successfully manage future growth.***

Over the past years, the Group has expanded its business through organic growth and through acquisitions. While the Group is restricted to make acquisitions, except that specific acquisitions are permitted, until the Second Amendment Date, which it does not foresee to occur before the end of 2015, the Group expects to continue organic growth as a key pillar of the Group's business model and intends to resume its acquisition activities as of the Second Amendment Date.

In order to compete effectively and to grow its business (whether organically or through acquisitions), the Group will need, on a timely basis, to maintain and improve its financial and management controls, reporting systems and procedures, implement new systems as necessary, attract and retain adequate management personnel, and hire, retain and train a highly qualified workforce.

A failure or delay of the Group's management in responding to these challenges could have a material adverse effect on the Group's business, results of operations, financial condition and prospects.

***Royal Imtech may incur unforeseen liabilities from former and future acquisitions that are not covered by effective warranties or indemnities.***

Over the past years, the Group has expanded its business through organic growth and through acquisitions. While the Group currently is restricted to make acquisitions, except that specific acquisitions are permitted, until the Second Amendment Date, the Group intends to resume its acquisition activities as of the Second Amendment Date, which it does not foresee to occur before the end of 2015.

Acquisitions of companies expose the Group to the risk of unforeseen, expenses, losses, or obligations with respect to employees, customers and business partners of acquired businesses, public authorities and other parties. Before making an investment in a company or business, the Group assesses the value or potential value of such company or business and the potential return on such an investment. In making the assessment and otherwise conducting due diligence, the Group relies on the resources available and, in some cases, an investigation by third parties. However, there is no assurance that due diligence examinations carried out by the Group or by third parties in connection with stakes in companies or businesses that the Group has acquired or will acquire are sufficient or reveal all of the risks associated with such companies and businesses, or the full extent of such risks. In addition, acquired companies or businesses may have hidden liabilities that are not apparent at the time of acquisition. Although the Group normally obtains certain warranties and indemnities from the seller, these warranties and indemnities may not cover all of the liabilities that may arise following the acquisition and any indemnification may not fully compensate the Group for any diminution in the value of its interest in such companies or businesses. The Group may also encounter difficulties enforcing warranties and/or indemnities against a seller for various reasons, including the insolvency of the seller or expiry of claim periods for such warranties and/or indemnities.

A materialisation of such unknown liabilities that are not covered by effective warranties or indemnities, or inability to enforce indemnities, could have a material adverse effect on the Group's results of operations, financial condition and prospects.

***With respect to the Group's defined benefit pension plans, disappointing performance, adverse interest movements and longevity risks, as well as changes to the Group's pension plans, may adversely affect the Group's operations, profit and financial condition.***

The Group has a diverse pension plan portfolio with a variety of pension plans, which includes contributions by the Group towards a number of defined benefit pension plans on the basis of which employees receive pension payments after their retirement. Such plans are applicable in the Netherlands, Germany, Belgium, Sweden, Norway, Austria, Turkey, and the UK. Defined benefit plans are all plans related to post-retirement payments other than defined contribution plans. See "Operating and Financial Review – Critical Accounting Policies and Estimates – Employee Benefits". For defined benefit plans, the Group is sensitive to such pension plan's performance as the Group is liable to make up for any short-fall. Disappointing performance may adversely affect the Group's profit and financial condition.

Longevity risks and an increase in the number of retirees may lead to additional obligations of the Group in respect of its pension plans, which may adversely affect the Group's profit and financial condition.

The Group's net obligation in respect of each of its defined benefit pension plans is calculated by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value. The discount rate is the yield at the balance sheet date on AA credit rated corporate bonds with maturity dates approximate to the terms of the Group's obligations. In countries where there are no deep markets in AA credit rated corporate bonds, government bonds with maturity dates approximate to the terms of the Group's obligations are used as the basis for determining discount rates. See "Operating and Financial Review – Critical Accounting Policies and Estimates – Employee Benefits". Adverse interest movements may adversely impact the Group's net obligations in respect of its defined benefit pension plans and may adversely affect the Group's profit and financial condition.

The Group aims to move towards defined contribution plans to the extent possible. However, the Group evaluates its pension portfolio on a continuous basis and, in consultation with the participants in such pension plans, may therefore change the current pension arrangements when and if considered necessary or desirable. Such changes could (i) lead to disputes with and claims from individual current and former employees in case of disagreement with such revised plans and (ii) lead to changes in the pension expenses going forward, which could have an adverse effect on the Group's operations, profit and financial condition.

***The Group is exposed to liabilities from projects operated in joint ventures and does not have full control in many of its joint ventures (including joint ventures used in acquisitions), which may limit the conduct of the Group's business.***

As is customary in the Group's industry, some of the Group's large projects and services are taken on in the form of partnerships (in the Netherlands frequently in the form of *vennootschappen onder firma*) with other companies, resulting in joint and several liability for each of the partners and hence the risk to the Group of being held liable for the misconduct of others. See "Business – Project joint ventures". Accordingly, if the joint venture is found liable and one or more of the joint venture partners is unable or unwilling to pay its proportional share, the Group may be liable for more than its proportional share in the joint venture. In individual cases, the Group may provide guarantees or financing commitments for the benefit of the joint venture in a proportion exceeding the Group's ownership share in the joint venture

Containing such risks at the level of the legal entity that is the partner in these partnerships may not be possible as a result of existing statements of joint and several liability issued by the Group in connection with the consolidated financial reporting of the Group or other factors. As a result, the Group may be subject to material liability in connection with its joint ventures, which may have a material adverse effect on the Group's business, results of operations, financial condition and prospects.

In addition, the Group will in project joint ventures or joint ventures used in acquisitions typically not have full control over the joint venture's conduct of business, for instance because certain topics are reserved matters for which decision making requires unanimity of the joint venture participants. Such lack of control may mean that the Group cannot implement its strategy or otherwise have a material adverse effect on the Group's business, results of operations, financial condition and prospects.

***The Group's projects expose it to potential professional liability, product liability, warranty and other claims, which could be costly, damage the Group's reputation and harm its business.***

The Group may encounter difficulties in meeting contractual performance obligations. The Group performs technical services at large industrial facilities where accidents or system failures can be disastrous and costly. In addition, the Group relies on business partners to complete some of its contracts. Any significant occurrence not covered by insurance or in excess of the Group's insurance limits at locations where the Group performs its services could result in significant professional liability, warranty and other claims against the Group, including claims for failure of the project to meet contractually specified milestones or performance standards. The claims and back charges can involve actual damages, as well as contractually agreed upon liquidated sums.

These claims, as well as claims the Group may make against customers or other third parties, if not resolved through negotiation, could result in lengthy and expensive litigation or arbitration proceedings. Expenses associated with claims, or the Group's failure to recover sufficient damages and/or liquidated sums in connection with claims the Group brings against third parties, could materially adversely affect the Group's business, results of operations, financial condition and prospects.

The Group's employees deliver services within buildings and at locations owned or operated by its customers. As a result, the Group may be subject to claims in connection with damage to property, business interruptions, unauthorised use of the customer's property or wilful misconduct or other tortious acts by the Group's employees or people who have gained unauthorised access to premises through the Group's business operations. Such claims may be substantial and may result in adverse publicity for the Group. Accordingly, these claims could have a material adverse effect on the Group's business, results of operations and financial condition and prospects.

***Any failure of the Group's business partners to satisfactorily perform their obligations may affect the Group's reputation, business, results of operations, financial condition and prospects.***

The Group offers certain of its services to its customers through subcontractors and other business partners, who are generally engaged to perform these services on its behalf. In the financial year ended 31 December 2012 a substantial portion of the Group's revenues was derived from operations performed by subcontractors.

Poor performance or defaults by a (major) business partner may lead to project delays, unanticipated additional costs and, possibly, penalties incurred by the Group and claims against the Group. The Group retains responsibility for the work performed by its business partners.

In addition, the Group is exposed to the operational controls of the Group's business partners, also with respect to the qualifications of their personnel (including in the areas of health, safety and environment) and their compliance with labour and immigration laws. The Group's business partners may maintain inadequate insurance coverage or inadequate financial resources to honour claims resulting from damages or losses inflicted by such business partners on the Group's customers.

If any of these circumstances were to occur in connection with a major project or in relation to several projects at the same time, the Group's reputation, business, results of operations, financial condition and prospects could be materially adversely affected.

***The Group's success is dependent on the ability to retain and recruit technical personnel.***

The Group's future success depends on its ability to continue to retain, train and motivate and identify and attract a sufficient number of highly skilled technical personnel. Competition for such personnel is intense and the Group may be unable to successfully attract, integrate or retain sufficiently qualified personnel. A failure to do so could harm the Group's business, results of operations, financial condition and prospects.

***A departure of one or more well-performing members of senior management of the Group could have an adverse effect on its business.***

The Group's success is dependent, to a large degree, upon the continued service and skills of well-performing members of its senior management (which for these purposes includes the top 150 persons within the organisation and the members of the Board of Management), particularly because of its decentralised managing structure. The Group may not be able to retain all of these members. If one or more of the Group's well-performing senior managers are unable or unwilling to continue in their present positions, the Group may not be able to replace them easily. Competition for senior management is intense, and the pool of qualified candidates is limited. If any of such senior managers should join a competitor or forms a competing company, the Group may lose customers, know-how and other key personnel. The Group does not generally maintain any "key man" insurance for members of the Group's senior management. Thus a discontinuation by one or more of the Group's well-performing senior managers or other key personnel of their services for the Group could materially adversely affect the Group's business, results of operations, financial condition and prospects.

***If the Group fails to ensure safe work environments for its employees, the Group's reputation may be adversely affected and the Group could be exposed to financial losses, as well as civil and criminal liabilities, which could have an adverse effect on the Group's business, results of operations and financial condition and prospects.***

As a service company, labour laws and HSE regulations may have an important impact on the Group's business and operations. New technology and the implementation of new work processes, services, tools and machinery may have unforeseen effects on the working conditions of the Group's employees. In addition, the Group's employees may be exposed to materials that, although not currently considered harmful, could in the future be deemed health hazards, as was the case with asbestos. Unsafe work sites also have the potential to increase employee turnover, increase project costs for the Group's customers and raise its operating costs. In addition to generating increased costs and liabilities, serious accidents may negatively impact the Group's safety record and subject the Group to negative publicity, which could adversely affect the Group's reputation and its ability to retain current customers and attract new customers. Thus the Group's failure, or the failure of one of the Group's subcontractors, to comply with applicable regulations or to maintain a safe work environment could result in substantial fines, claims relating to violations of social and working environment legislation or revocation of licenses. Any such claims, or increased costs resulting from such claims or regulatory changes, could have a material adverse effect on the Group's business, results of operations, financial condition and prospects.

***The business of the Group may be adversely affected by a change of the outsourcing trend observed by the Group.***

The Group has recently observed a trend that more customers outsource a substantial part or all of their technical services as a whole to external providers such as the Group. Customers who find themselves less equipped to perform the services internally opt to outsource their technical services to providers such as the Group instead. See "Business – Industry trends". Growth in demand for technical services is to an important extent influenced by, inter alia, this outsourcing trend. However there can be no certainty that this outsourcing trend will continue as outsourcing developments are affected by political decisions, public opinion, positive and negative experiences with outsourcing and demand by customers. Certain customers may decide to become more selective in what activities they outsource, e.g. whether these will be the more profitable services that the Group provides for such customers, such as consultancy.

Such a negative change of the outsourcing trend could affect the Group's business, profitability, results of operations, financial condition and prospects.

***The Group is party to public sector contracts, which may be affected by political and administrative decisions, and the success and profitability of such contracts may be influenced by political considerations.***

Public sector customers account for a significant portion of the Group's revenues. The success and profitability of the Group's public sector business may be influenced by political considerations. It may also be affected by political and administrative decisions concerning levels of public spending. In certain cases, due to applicable regulations, such as European Union tender rules, certain terms of public sector contracts, such as pricing terms, contract period, use of business partners and ability to transfer receivables under contract, provide the Group with less flexibility than comparable private sector contracts do. Moreover, decisions to decrease public spending may result in the termination or downscaling of public sector contracts, which could have a material adverse effect on the Group's business, results of operations, financial condition and prospects.

Contracts in the public sector are also subject to review and monitoring by authorities to ensure compliance with applicable laws and regulations, including those prohibiting anti-competitive practices. The Group believes that it complies with these laws and regulations. However, regulatory authorities may nevertheless deem a Group Company to be in violation of such laws or regulations, and the Group or the relevant Group Company could be subject to fines, penalties and other sanctions, including exclusion from participation in tenders for public contracts. Any such event would have a material adverse impact on the Group's business, results of operations, financial condition, prospects and reputation.

***The Group is exposed to a risk of default by and lack of funds and credit of its customers.***

Under the terms of the Group's contracts, at times the Group commits resources to customer projects prior to receiving payments from customers in amounts sufficient to cover expenditures on these projects as they are incurred. Delays in customer payments require an investment in working capital. Recently the Group has seen many of its customers seek to manage their own working capital by imposing less favourable payment terms on service providers, which can lead to longer intervals between when the Group performs services and actually receives payment for those services. Less favourable payment terms of customers, or lack of funding for certain projects of customers which result in delays of projects, could lead to pressure on the working capital level of the Group.

Furthermore, the Group's customers may experience financial difficulties, including bankruptcies or restructurings, which could require the Group to assume more credit risk or limit the Group's ability to collect payments owed to it.

This risk has been exacerbated by the current economic downturn, which has led to an overall lack of availability of credit and funds in the market, or, where credit and funds are available, made borrowing conditions more onerous. This lack of availability, or the more onerous conditions, of credit and funds may impair the ability of customers of the Group to honour their pre-existing arrangements and fulfil their contractual obligations. The Group is dependent on the recovery of the Group's result. See " – Risks relating to the Group's business and markets – If the recovery of the Group's performance and cash development aimed for by the performance recovery measures, does not or does not timely take place, a breach of the financial covenants in the Group's main financing agreements may occur".

If customers delay or default in making payments on projects, this could have an adverse effect on the Group's business, results of operations, financial condition and prospects.

***Changes in tax laws or challenges to the Group's tax position could adversely affect its business, results of operations, financial condition and cash flow.***

The Group is subject to tax laws and regulations in each of the jurisdictions in which the Group operates, which are complex and are subject to varying interpretations. The Group cannot be certain that the relevant tax authorities are in agreement with the Group's interpretation of these laws. Changes in tax laws and regulations could adversely affect the Group's tax position, including its effective tax rate or tax payments. The Group often relies on generally available interpretations of tax laws and regulations in the jurisdictions in which the Group operates. If tax laws or their interpretations change, or if the Group's tax positions are challenged by relevant tax authorities, the imposition of additional taxes could require the Group to pay taxes that the Group currently does not collect or pay or increase the costs of the Group's products or services to track and collect such taxes, which could increase the Group's costs of operations and have a negative effect on the Group's business, results of operations, financial condition and cash flows.

***The Group may incur material liabilities that are not covered by the Group's insurance.***

The Group carries insurance of various types, including employment practices, fraud, pension-related and general liability coverage. While it seeks to maintain appropriate levels of insurance, not all risks are insurable and not all claims are reimbursable and there can be no assurance that the Group will not experience major incidents that are not covered by its insurance. Furthermore, the occurrence of several events resulting in substantial claims for damages may have a material adverse effect on the Group's business, results of operations, financial condition and prospects. In addition, the Group's insurance costs may increase over time in response to negative developments in its claims history or due to material price increases in the insurance market in general. There can be no assurance that the Group will be able to maintain the Group's current insurance coverage or do so at a reasonable cost.

***The Group's information technology systems may fail or be interrupted, which could have an adverse effect on its business, results of operations, financial condition and prospects.***

The Group relies on information technology systems that allow the Group to gather information upon which the Group's management makes decisions regarding the Group's business, track and bill its services, communicate with its customers and manage its employees. The administration of the Group's business is increasingly dependent on the use of these systems. As a result, system failures or disruptions resulting from disasters, computer viruses, hackers or other causes could have a material adverse effect on the Group's business. In addition, pursuant to contracts with third-party vendors, the Group outsources the operation and maintenance of certain of the Group's information technology systems to seek to ensure effective management of the Group's information technology resources, as well as to improve the cost efficiency of the Group's information technology infrastructure, systems and applications. The Group relies on the ability of the Group's business partners to deliver agreed services. Their failure to perform satisfactorily could have a material adverse impact on the Group's business, results of operations, financial condition and prospects.

***The Group could be subject to information technology theft or misuse, which could result in third party claims and harm its business, reputation, results and financial condition.***

The Group could face attempts by others to gain unauthorised access to the Group's information technology systems, which could threaten the security of the Group's information and stability of its systems. These attempts could arise from industrial or other espionage or actions by hackers that may harm the Group or its customers. Although the Group seeks to detect and prevent such theft and attacks, it may not be successful in doing so. Theft, unauthorised access and use of trade secrets or other confidential business information as a result of such an incident could disrupt the Group's business and adversely affect its reputation and competitive position, which could adversely affect the Group's business, results of operation or financial condition.

***The Group is exposed to interest rate risk and any fluctuations in the interest rate that are not adequately hedged may adversely affect the Group's business, results of operations and financial condition.***

Part of the Group's borrowings and financial assets carry floating interest rates. The Group uses interest rate swaps to hedge the interest rate risk exposure resulting therefrom, where considered necessary. If interest rates increase and the interest rate risks are not adequately hedged, the increased interest burden may adversely affect the Group's business, results of operations and financial condition. On the other side, if the interest rates are hedged, the Group may not benefit from lower interest rates. There can be no assurance that such hedging will be fully effective or beneficial in protecting the Group from the consequences of higher interest rates.

***Fluctuations in foreign currency exchange rates may affect the Group's results of operations and financial condition.***

The Group's financial statements are presented in euros. Accordingly, when the Group prepares consolidated financial statements, the Group must translate its foreign currency-denominated assets, liabilities, income and expense items into euros at applicable exchange rates. The Group is exposed to foreign currency translation risks by means of investments in and long-term loans to foreign subsidiaries. The translation risk relates primarily to the Swedish and British subsidiaries.

In an attempt to reduce the impact of currency fluctuations and the volatility of returns that may results from its currency exposure, the Group attempts to (partially) hedge this foreign currency translation risk by loans in corresponding foreign currencies. There can be no assurance that such hedging will be fully effective or beneficial in protecting the Group from adverse foreign currency exchange rate movements or that any resets will not result in additional cash outflows before maturity, which could affect the Group's results of operations and financial condition.

***Catastrophic events, terrorist attacks, acts of war, hostilities, riots, civil unrest, pandemic diseases and other unpredictable events may adversely affect the Group.***

Catastrophic events, terrorist attacks, acts of war or hostilities, riots, civil unrest, pandemic diseases and other similarly unpredictable events, and responses to those events or acts, may reduce the number of workable days and therefore prevent the Group and its employees from being able to provide services to its customers, in particular in respect of projects executed by the Group in countries outside Europe. Those events and acts may also create economic and political uncertainties which may have an adverse effect on the economic conditions in such countries or decrease the demand for or increase the costs of the Group's services. Such events and acts are difficult to predict and may also affect employees, including key employees. If the Group's business continuity plans do not fully address such events or cannot be implemented under the circumstances, it may incur losses. Unforeseen events can also lead to lower revenue or additional operating costs, such as fixed employee costs not recovered by revenue due to inability to deliver services, higher insurance premiums and the implementation of redundant back-up systems. Insurance coverage for certain unforeseeable risks may also be unavailable. A materialisation of these risks may have an adverse effect on the Group's business, results of operation or financial condition.

## Risks relating to the Offer Securities and the Offering

***The market price of the Ordinary Shares may fluctuate and may decline below the Issue Price.***

The market price of the Ordinary Shares may decline or may fluctuate widely in the future. Therefore, the Issue Price of the Offer Shares at the time of the Offering may not be indicative of the market price for the Offer Shares after the Offering will have been completed. The market price of the Ordinary Shares may fluctuate widely, depending upon many factors beyond Royal Imtech's control. The market price of the Offer Securities may be significantly affected by, among others the following factors: (i) Royal Imtech's actual or anticipated operational results, (ii) the level of the Group's debt, (iii) future issues of ordinary shares or rights to acquire ordinary shares in the capital of Royal Imtech or (iv) general market conditions. The market price of the Offer Securities is also subject to fluctuations in response to the Offering and the investor perception of the success and impact of the Offering. Royal Imtech cannot assure that the market price of its Offer Securities will not decline. Should this occur after an Eligible Person exercises its Rights, which exercise cannot be revoked or modified except as provided for in "The Offering", that Eligible Person will suffer an immediate unrealised loss as a result. Moreover, Royal Imtech cannot assure that an Eligible Person following the exercise of its Right will be able to sell the Offer Shares at a price equal to or greater than the Issue Price.

***Royal Imtech cannot assure that a trading market will develop for the Rights and, if a market does develop, the Rights may be subject to greater volatility than the Ordinary Shares. If the Offering fails or is terminated, Rights will become worthless.***

Royal Imtech intends to set a trading period for the Rights on NYSE Euronext Amsterdam from 9:00 hours CEST on 5 July 2013 until 15:00 hours CEST on 18 July 2013. Royal Imtech cannot assure, however, that an active trading market in Rights will develop on NYSE Euronext Amsterdam during that period. Royal Imtech does not intend to apply for the Rights to be traded on any other exchange. Additionally, because the market price of the Rights depends on the market price of the Ordinary Shares, the existing volatility of the Ordinary Shares could magnify the volatility of the Rights. If the Offering were to fail or is terminated for whatever reason, the Rights would lose all value and purchasers of Rights will have lost the money they paid for their Rights without being able to buy Offer Shares with these Rights.

***Royal Imtech's dividend may fail to be restored in a timely manner, or at all.***

No dividend will be paid out for the financial year 2012. As a result of contractual arrangements with certain of its financiers (including under the USPPs, the RCF and the Bridge Loan Agreement and the amendment and waiver agreements), the Company may not pay any dividends until the date on which the Company confirms the Leverage Ratio is not exceeding 2.0 and it expects that the Leverage Ratio shall not exceed 2.0 on the date of the distribution, which combination the Company does not foresee to occur before the end of 2015. See "Operating and Financial Review – Liquidity and Capital Resources – External Sources of Funding, Financing and Indebtedness – Syndicated Bank Loans".

Whether dividends are restored, and the declaration, timing and payment of future cash dividends, if any, will be subject to the Company's operational performance and financial position, and will be at the absolute discretion of the Board of Management, with the approval of the Supervisory Board, and is subject to relevant Dutch law and a number of factors, including the level of the Company's distributable reserves and factors such as the Company's business prospects and conditions, cash requirements, earnings and cash flow, capital resources, financial performance and conditions and expansion and capital expenditure or investment plans.

In addition, as Royal Imtech itself is a holding company and does not perform any operating activities, its ability to pay a dividend and the level of any dividends in respect of the Ordinary Shares is subject to the extent to which Royal Imtech receives funds, directly or indirectly, from its operating subsidiaries in a manner which creates funds from which dividends can be legally paid. However, each subsidiary's ability to pay dividends will depend on the law of the jurisdiction in which such subsidiary is organised or incorporated. Under Dutch law, the Company may make distributions to its shareholders and other persons entitled to distributable profits only up to the amount of the part of the Company's equity which exceeds the nominal value of the issued share capital of the Company and its reserves that must be maintained by law and the Articles. Any failure to restore dividends or any delay in doing so could have a material adverse effect on the price of, and returns on, Ordinary Shares.

***If Eligible Persons do not, not timely or not validly exercise their rights, they may not be able to subscribe for Offer Shares at the Issue Price and they may not receive a compensation for their unexercised Rights.***

The Exercise Period for the Rights commences at 09:00 (CEST) on 5 July 2013 and expires at 17:00 (CEST) on 18 July 2013. Eligible Persons and, if applicable, financial intermediaries acting on their behalf, must act promptly to ensure that all required exercise instructions are actually received by the Subscription, Listing and Paying Agent before the expiration of the Exercise Period. If Eligible Persons or their financial intermediaries fail to timely or correctly follow the procedures that apply to the exercise of their Rights, Royal Imtech may, depending on the circumstances, reject their exercise of Rights. If Eligible Persons fail to timely or validly exercise their Rights, such Rights will continue to be reflected in their securities account only for the purpose of the payment of the Excess Amount (as defined in "The Offering—Excess Amount"), if any. Royal Imtech cannot assure Eligible Persons, however, that there will be an Excess Amount for distribution to holders of unexercised Rights.

In addition, if an Eligible Person neither exercises his Rights nor sells his unexercised Rights, the Joint Bookrunners have agreed with Royal Imtech to use reasonable endeavours to procure subscribers for the Ordinary Shares underlying the Rights. There is no assurance that the Joint Bookrunners will be able to procure subscribers at a price per Ordinary Share that exceeds the sum of the Issue Price per Ordinary Share and the Offering expenses. The Joint Bookrunners may also cease their endeavour to procure subscribers at any time. Even if the Joint Bookrunners are able to procure subscribers for the Ordinary Shares underlying the Rights, the consideration a Shareholder who neither exercises Rights nor sells unexercised Rights will receive, may not be sufficient to compensate him fully for the dilution of his percentage ownership of Royal Imtech's share capital which will result from the Offering. See "The Offering – Dilution".

***If a holder of Ordinary Shares does not, not timely or not validly exercise all of his Rights, his percentage ownership of Ordinary Shares will be significantly diluted. Shareholders in certain jurisdictions are excluded from the Offering and may thus suffer dilution.***

The Offering is designed to enable Royal Imtech to raise capital in a manner that gives the opportunity to existing holders of Ordinary Shares to subscribe for the Offer Shares pro rata to their shareholding at the Record Date (calculated as the number of Ordinary Shares held divided by the total number of issued Ordinary Shares less the Ordinary Shares that the Company holds in treasury), subject to applicable securities laws. The Joint Bookrunners have agreed, subject to certain conditions, to subscribe for, or to use their reasonable efforts to procure subscribers for any Rump Shares through private placements to institutional investors in the Netherlands and certain other jurisdictions. The price per Rump Share must be at least equal to the Issue Price, plus any expenses related to procuring such purchasers (including any non-recoverable value added tax). The Managers, severally and not jointly, will subscribe and pay for (i) any Offer Shares subscribed for in the Rights Offering but not paid for by such subscribers on the Settlement Date, and (ii) any Rump Shares not sold in the Rump Offering, if any, or sold but not paid for on the Settlement Date*, pro rata* to their respective underwriting commitments, at the Issue Price, in accordance with the terms and subject to the conditions of the Underwriting Agreement. To the extent that a holder of Ordinary Shares does not, not timely or not validly exercise his Rights, his proportionate ownership and voting interest in Royal Imtech will be reduced. If an existing holder of Ordinary Shares elects to sell his Rights, or if he decides to hold his Rights through the end of the Exercise Period and is entitled to receive any Unexercised Rights Payment, the consideration he will receive, if any, may not be sufficient to fully compensate him for the dilution of his percentage ownership of Ordinary Shares that may be caused as a result of the Offering.

Shareholders from or in certain jurisdictions are excluded from the Offering. These shareholders thus risk being diluted.

***In case closing of the Offering does not take place on the Settlement Date and the Offering is withdrawn, whether or not as a result of a termination of the Underwriting Agreement by the Joint Global Coordinators (for themselves and on behalf of the Managers), both the exercised and the unexercised Rights will be forfeited without compensation to their holders and the subscriptions for and allocation of Offer Shares that have been made will be disregarded.***

It is expected that the closing of the Offering will take place on or about 24 July 2013. With respect to the Offer Securities, Royal Imtech has entered into the Underwriting Agreement. The Joint Global Coordinators (for themselves and on behalf of the Managers) are entitled to terminate the Underwriting Agreement under certain circumstances. If the closing of the Offering does not take place on the Settlement Date or at all, whether or not as a result of a termination of the Underwriting Agreement by the Joint Global Coordinators, the Offering may be withdrawn.

In such event, both the exercised and the unexercised Rights will be forfeited without compensation to their holders and the subscriptions for and allocation of Offer Shares that have been made will be disregarded. Any subscription payments received by Royal Imtech will be returned without interest. Any such forfeiture of Rights will be without prejudice to the validity of any settled trades in the Rights. There will be no refund for any Rights, including Rights purchased in the market. All trades in Rights prior to the Settlement Date are at the sole risk of the parties concerned. None of the Group Companies, the Joint Global Coordinators, the Subscription, Listing and Paying Agent, the Joint Bookrunners, the Managers and Euronext Amsterdam N.V. accepts any responsibility or liability to any person as a result of the withdrawal of the Offering or (the related) annulment of any transactions in Rights on NYSE Euronext Amsterdam. Withdrawal of the Offering might have a material adverse effect on the market price of the Ordinary Shares.

In addition, the value of the Rights is largely dependent on the market price of the Ordinary Shares. A significant drop in the market price of the Ordinary Shares could therefore also adversely affect the value of the Rights.

***In case the Rump Offering, if any, is unsuccessful, the Managers may obtain a significant interest in Royal Imtech and their interests may conflict with the interests of other shareholders.***

If any Rights have not been exercised by the end of the Exercise Period, the Rump Shares may be offered through private placements to institutional investors in the Netherlands and certain other jurisdictions by the Joint Global Coordinators, subject to the terms and conditions of the Underwriting Agreement and subject to applicable securities laws. The Joint Global Coordinators, subject to the terms and conditions of the Underwriting Agreement, have agreed to use their reasonable efforts to procure subscribers for any Rump Shares through private placements to institutional investors in the Netherlands and certain other jurisdictions. The price per Rump Share must be at least equal to the Issue Price, plus any expenses related to procuring such purchasers (including any non-recoverable value added tax). If such Rump Offering proves to be unsuccessful, any remaining Rump Shares will be acquired by theManagers in accordance with and subject to the terms and conditions of the Underwriting Agreement. See "The Offering – Rump Offering – Rump Shares" and "Plan of Distribution – Underwriting Agreement".

An unsuccessful Rump Offering combined with a significant number of Rights not being exercised may result in the (indirect) ownership and shareholder control to be concentrated with the Managers. These parties may exercise significant influence over corporate matters requiring shareholders' approval after the closing of the Offering. Each of the Managers may vote in a way with which other shareholders would not agree and this concentration of ownership could adversely affect the market price and trading volume of the Ordinary Shares. Any Offer Shares acquired by the Managers may after completion be sold by each of them at a price below the Issue Price.

***Issuance of additional equity by issuing new ordinary shares could lead to a dilution of shareholders' stakes.***

Royal Imtech may in the future require additional capital to fund its business operations or its growth. Both the raising of additional equity through the issuance of new ordinary shares and the potential exercise of conversion and option rights by the holders of convertible bonds or bonds with warrants that may be issued in the future could lead to a dilution of shareholders' stakes. The acquisition of or participation in other companies in return for newly issued ordinary shares or the issuance of ordinary shares to employees under future employee stock option plans could also lead to such dilution.

***Shareholders in certain jurisdictions are excluded from the Offering. This may have a negative impact on the market price of the Ordinary Shares and may negatively influence the development of a trading market.***

Shareholders residing in the United States, other than QIBs, Australia and Japan are, among shareholders in or from other jurisdictions, excluded from participation in the Offering. These persons may decide to sell their Ordinary Shares or, if they can validly do so, their Rights. This could have a negative effect on the market price of the Ordinary Shares, the value of the Rights and a market in the Rights developing, and, in the extreme case, on the success of the Offering.

***Shareholders may be subject to exchange rate risk as a result of adverse movements in the value of their local currencies against the euro.***

The Rights and the Offer Shares are priced in euro, and will be quoted and traded in euro. In addition, any dividends that Royal Imtech may pay will be declared and paid in euro. Accordingly, Shareholders resident in non-euro jurisdictions may be subject to risks arising from adverse movements in the value of their local currencies against the euro, which may reduce the value of the Rights and Offer Shares, as well as that of any dividends paid.

***The Articles contain provisions that may prevent, slow down or complicate unwanted takeover attempts and resist unwanted influence on and pressure to amend the strategy of the Company by holders of Ordinary Shares that may be favourable to the holders of Ordinary Shares. In addition, the Company has granted a call option to Stichting Imtech to subscribe for up to 180 million Cumulative Preference Shares.***

The Articles contain protection provisions that may have the effect of preventing, slowing down or complicating an unwanted takeover bid or an unwanted concentration of Ordinary Shares and resist unwanted influence on and pressure to amend the strategy of the Company by holders of Ordinary Shares that may be favourable to the holders of Ordinary Shares. In addition, the Company has granted a call option to Stichting Imtech (the "**Foundation**"). Under this call option, the Foundation is entitled to subscribe for up to 180 million Cumulative Preference Shares. The Cumulative Preference Shares can be issued in case of (the threat of) an undesired acquisition of the majority of the Ordinary Shares by one party or several parties acting in concert, in case of (the threat of) an undesired concentration of Ordinary Shares with one party or several parties acting in concert and to prevent any undesired disruption of independent management of the Group.

The issue of Cumulative Preference Shares in this manner would substantially dilute the interest of holders of Ordinary Shares, including voting power. This may have the effect of slowing down or complicating an unwanted takeover bid or an unwanted concentration of Ordinary Shares that may otherwise be in the best interest of the holders of Ordinary Shares or have otherwise resulted in an opportunity for the holders of Ordinary Shares to sell the Ordinary Shares at a premium to the then prevailing market price. These provisions, the consequence of their application or the issue of Cumulative Preference Shares may have an adverse effect on the market price of the Offer Securities.

***The rights and responsibilities of a holder of Ordinary Shares are governed by Dutch law and will differ in some respects from the rights and obligations of holders of Ordinary Shares under the laws of other jurisdictions and the shareholder rights under Dutch law may not be as clearly established as the rights of a holder of Ordinary Shares established under the laws of some other jurisdictions.***

The Company is incorporated and exists under the laws of the Netherlands. Accordingly, the Company's corporate structure as well as the rights and obligations of the holders of Ordinary Shares may be different from the rights and obligations of shareholders of companies under the laws of other jurisdictions. The exercise of certain shareholders' rights by holders of Ordinary Shares outside the Netherlands may be more difficult and costly than the exercise of rights in a company organised under the laws of other jurisdictions. Resolutions of the General Meeting may be taken with majorities different from the majorities required for adoption of equivalent resolutions in companies organised under the laws of other jurisdictions. Any action to contest any of the Company's corporate actions must be filed with, and will be reviewed by, a Dutch court, in accordance with Dutch law.

***If securities or industry analysts do not publish research or reports about the Group's business, or if they adversely change their recommendations regarding the Ordinary Shares, the market price and trading volume of the Ordinary Shares could be affected.***

The market for the Offer Securities will be influenced by the research and reports that industry or securities analysts publish about the Group and its industry. If one or more of the analysts who cover the Group or its industry downgrade the Ordinary Shares, the market price of the Offer Securities may decline. If one or more of these analysts ceases coverage of the Group or fails to regularly publish reports about the Group, it may lose visibility in the financial markets which may adversely affect the market price and trading volume of the Offer Securities and the Ordinary Shares.

***Shareholders may be unable to effect service of process on the Company, members of the Supervisory Board, Board of Management and senior management in the United States or enforce judgments obtained in United States courts for United States securities laws violations.***

Royal Imtech is organised under the laws of the Netherlands. None of the members of the Supervisory Board or the Board of Management are residents of the United States and all or a majority of their assets will be located outside the United States. As a result, it may not be possible for investors to effect service of process within the United States upon Royal Imtech or members of its Supervisory Board or Board of Management, or to enforce any judgments obtained in United States courts predicated upon civil liability provisions of the United States securities laws. In addition, Royal Imtech cannot assure shareholders that civil liabilities predicated upon the federal securities laws of the United States will be enforceable in the Netherlands. See "Important Information – Enforcement of civil liabilities".

## IMPORTANT INFORMATION

### General

Potential investors should only rely on the information contained in this Prospectus and any supplement to this Prospectus within the meaning of Section 5:23 of the FMSA, should such supplement be published.

This Prospectus contains the information required under the proportionate disclosure regime referenced in Section 7 paragraph (2) subparagraph (g) of the Prospectus Directive and Section 21 paragraph (3) of the Prospectus Regulation. Under the proportionate disclosure regime, a prospectus does not need to contain all of the items of information that would otherwise under the Prospectus Directive and the Prospectus Regulation need to be disclosed in a prospectus for a public offering of shares other than through rights to subscribe for shares. For example, this Prospectus does not need to contain (and does not contain) three years of audited historical financial information of the Company.

Royal Imtech does not undertake to update this Prospectus, unless required pursuant to Section 5:23 of the FMSA and therefore potential investors should not assume that the information in this Prospectus is accurate as of any date other than the date of this Prospectus. No person is or has been authorised to give any information or to make any representation in connection with the Offering, other than as contained in this Prospectus. If any information or representation not contained in this Prospectus is given or made in connection with the Offering, that information or representation may not be relied upon as having been authorised by or on behalf of Royal Imtech, the Joint Global Coordinators, the Joint Bookrunners, the Managers or any of their respective affiliates. The delivery of this Prospectus at any time after the date of this Prospectus will not, under any circumstances, create any implication that there has been no change in the Group’s affairs since the date of this Prospectus or that the information in this Prospectus is correct as of any time since its date.

No representation or warranty, express or implied, is made or given by or on behalf of the Joint Global Coordinators, the Joint Bookrunners, the Managers, the Subscription, Listing and Paying Agent or any of their respective affiliates or any of their respective directors, officers or employees or any other person, as to the accuracy, completeness or fairness of the information or opinions contained in this Prospectus, or incorporated by reference herein, and nothing in this Prospectus, or incorporated by reference herein, is, or shall be relied upon as, a promise or representation by the Joint Global Coordinators, the Joint Bookrunners, the Managers, the Subscription, Listing and Paying Agent or any of their affiliates as to the past or future.

None of the Joint Global Coordinators, the Joint Bookrunners, the Managers, and the Subscription, Listing and Paying Agent, each in any of their respective capacities in connection with the Offering, accepts any responsibility whatsoever for the contents of this Prospectus nor for any other statements made or purported to be made by either itself or on its behalf in connection with Royal Imtech, the Offering, the Rights or the Offer Shares (including, for the avoidance of doubt, the Rump Shares). Accordingly, the Joint Global Coordinators, the Joint Bookrunners, the Managers and the Subscription, Listing and Paying Agent disclaim all and any liability, whether arising in tort or contract or otherwise in respect of this Prospectus and/or any such statement.

Although the Joint Global Coordinators, the Joint Bookrunners, the Managers and the Subscription, Listing and Paying Agent are party to various agreements pertaining to the Offering and each of the Joint Global Coordinators, the Joint Bookrunners, the Managers, and the Subscription, Listing and Paying Agent has or might enter into a financing arrangement with Royal Imtech, this should not be considered as a recommendation by any of them to invest in the Rights or the Offer Shares.

### Responsibility statement

This Prospectus is made available by Royal Imtech. Royal Imtech accepts sole responsibility for the information contained in this Prospectus. Royal Imtech declares that, having taken all reasonable care to ensure that such is the case, the information contained in this Prospectus is, to the best of its knowledge and beliefs, in accordance with the facts and contains no omission likely to affect its import.

### Adjustment of 2011 figures and opening balance sheet 2011

The Company performed and ordered several forensic investigative measures (see “Use of Proceeds and Background to the Offering – Background to the offering; recent events – 1. Corrective Actions”), which did not only lead to certain write-offs in its 2012 consolidated annual figures, but also to an adjustment of the Company’s 2011 figures and an adjusted opening balance sheet 2011. See “Operating and Financial Review – Accounting Restatement” and the F-pages of this Prospectus. The net result of 2011 has been adjusted by EUR 54.6 million. The correction to the shareholders equity on the 2011 opening balance sheet amounts to EUR 54.7 million. The financial information 2011 includes three categories of restatements:

- Germany and Poland write-offs

- other restatements amounting to EUR 28 million in connection with material prior period errors (an amount of EUR 13 million has been charged to the profit and loss account of 2011 and EUR 15 million has been adjusted in the opening balance sheet 2011. These amounts are before tax. No tax credits have been recognised on these restatements.

- certain balance sheet reclassifications predominantly in the area of cash and gross debt

The annual accounts 2011 published the previous year therefore no longer present the required true and fair view and therefore had to be corrected in accordance with International Accounting Standards ("**IAS**") 8.41 et seqq. These corrections are reflected in the consolidated financial statements as at 31 December 2012, in which the comparative figures for the year 2011 are restated and the opening balance sheet for 2011 is corrected. In regards to the annual accounts 2011, the Company deposited announcements and an auditor's report pursuant to Section 2:362 paragraph 6 DCC. Also financial statements in relation to financial years ended prior to 1 January 2011, interim financial statements previously published by the Company (including the interim financial statements in relation to the six months ended 30 June 2012, and trading updates published by the Company in 2012 and previous years) may contain material inaccuracies and can therefore no longer be relied upon. Also, as a consequence, the comparability of the results for the 2012 financial year to the 2011 financial year and the results for Q1 2013 to Q1 2012, for the segment Germany & Eastern Europe as well as on a consolidated basis, is limited. See also "Operating and Financial Review – Principal Factors Affecting Results of Operations and Comparability of Results – Write-offs in the 2012 financial year".

**Adoption of the Company's consolidated financial statements for the financial year ending 31 December 2012**

The Company's consolidated financial statements for the financial year ending 31 December 2012 have been drawn up (*opgesteld*) by the Board of Management, signed by the members of the Board of Management and the Supervisory Board and have been published on 18 June 2013. Adoption (*vaststelling*) of these financial statements is on the agenda of the extraordinary General Meeting which is to be held on 2 August 2013.

The auditor's report on the Company's consolidated financial statements for the financial year ending 31 December 2012 was unqualified, but included an emphasis of matter relating the existence of material uncertainties which may cast significant doubt about the Company's ability to continue as a going concern as set out in note 4 to the consolidated financial statements for the financial year ending 31 December 2012. See also "Operating and Financial Review – Critical Accounting Policies and Estimates – Going Concern Basis for the Preparation of the Financial Statements", "Operating and Financial Review – Working Capital Statement" and "Risk Factors – Risks relating to the Group's business and markets – If the recovery of the Group's performance and cash development aimed for by the performance recovery measures, does not or does not timely take place, a breach of the financial covenants in the Group's main financing agreements may occur."

**References to the Company's issued share capital; treasury shares**

As per 1 July 2013 the total number of issued Ordinary Shares was 94,059,916 and of these issued Ordinary Shares the Company held 4,910,419 Ordinary Shares in treasury. These treasury shares were held as a hedge for employee stock options, which hedge is to a large extent ineffective now. As a result, the Company may, in the ordinary course and without further notification, sell any treasury shares, subject to compliance with the lock-up arrangement. See "Plan of Distribution – Lock-up arrangements". Royal Imtech, as holder of Ordinary Shares in treasury, will not be granted any Rights. In this Prospectus references to relative holdings of Ordinary Shares are to holdings measured against the total number of issued Ordinary Shares (from time to time), without subtraction of Ordinary Shares held in treasury by the Company.

**Presentation of financial and other information**

***IFRS information***

The historical consolidated financial information contained in, or incorporated by reference in, this Prospectus, including the audited consolidated financial statements for the year ended 31 December 2012 and the unaudited consolidated interim financial statements prepared in accordance with IAS 34 as of and for the three months ended 31 March 2013 and, except where stated otherwise, the financial information contained in "Selected Historical Financial Information", in "Operating and Financial Review" and in "Business" have been prepared in accordance with IFRS, including IFRS interpretations issued by the International Financial Reporting Interpretation Committee.

***Corrections in accordance with IAS***

The prior period errors have been corrected in accordance with IAS 8 in the consolidated financial statements of the Group as at and for the year ended 31 December 2012. In determining whether the adjustments were a prior period error or a change in an accounting estimate, the available information has been taken into account. Adjustments only qualified as prior period errors when an objective determination whether the adjustment was a prior period error could be made. When this was not the case, the adjustment was accounted for as a change in estimate in 2012.

Due to the incomplete information available, the Group encountered difficulties in the determination of the write-offs in the 2012 financial year to the correct quarters of the 2012 financial year. In accordance with IAS in such a case the adjustment should be accounted for as a change in estimate in the fourth quarter of 2012, which in view of the Group would have resulted in an overstatement of the revenues and results during the first, second and third quarter of 2012. In order to arrive at comparative adjusted 2012 quarterly results, the Group has decided to deviate from the approach mentioned above and to include the adjustment in the quarters in four approximately equal parts.

As a consequence, the comparability of the results for the 2012 financial year to the 2011 financial year and the results for Q1 2013 to Q1 2012, for the segment Germany & Eastern Europe as well as on a consolidated basis, is limited. See also "Operating and Financial Review – Principal Factors Affecting Results of Operations and Comparability of Results—Write-offs in the 2012 financial year".

***Non-IFRS information***

This Prospectus uses certain measures that are not measures defined by IFRS. These measures include earnings before interest, taxes, and amortisation ("**EBITA**"), organic revenue growth, earnings before interest, taxes, depreciation and amortisation ("**EBITDA**"), cash conversion, net debt, order book and working capital. See "Operating and Financial Review – Description of Key Profit and Loss Account Items – Use of certain non-IFRS Measures" and "Business – The Group's strategy".

***Audited/unaudited financial information***

The financial information in this Prospectus for:

- Q1 2013 and Q1 2012 is unaudited and has been extracted from the unaudited consolidated interim financial statements for Q1 2013 which are included elsewhere in this Prospectus and which also contain comparative financial information for Q1 2012, except for the Q1 2012 consolidated balance sheet which is extracted from the Company's accounting records.
- the 2012 financial year has been extracted from the audited financial statements for the 2012 financial year included elsewhere in this Prospectus,
- the 2011 financial year has been extracted from the audited financial statements for the 2012 financial year and has been restated in accordance with IAS 8 and included as a comparative in the audited financial statements for the 2012 financial year included elsewhere in this Prospectus
- the opening balance sheet 2011, extracted from the audited financial statements for the 2012 financial year, has been corrected in accordance with IAS 8

Where other financial information in this Prospectus (other than in "Operating and Financial Review") is audited, this is indicated by a footnote. Where there is no such footnote, financial information is unaudited.

***Adjustment of Q1 2013 financial information***

The Q1 2013 information included in this prospectus differs from the Q1 information in the Company's press release published on 18 June 2013, with respect to i) the effects of the application of IAS 19R[10], ii) a reclassification between two line items in the balance sheet[11] and iii) a reclassification between two line items in the profit- and loss account[12].

The application of IAS19 Revised has resulted in a decrease of the Employee benefits and an increase of equity (net of tax).

The reclassification in the balance sheet as at 31 March 2013 relates to additional netting of cash pools, resulting in lower cash and cash equivalents respectively Bank overdrafts for the same amounts, without effects on the Group's net debt position.

The reclassification in the profit and loss account for the three months ended 31 March 2013 relates to a shift between share in results of associates, joint venture's and other investments on the one hand and finance expenses on the other hand, without effects on the Group's result before income tax.

[10] 'Employee benefits' EUR 52.2 million, 'Equity' (EUR 35.9 million), and 'Deferred taxes' (EUR 16.3 million).
[11] 'Cash and cash equivalents' EUR 21.8 million.
[12] 'Finance expense' EUR 2.5 million.

***Rounding and negative amounts***

Certain figures contained in this Prospectus, including financial information, have been subject to rounding adjustments. Accordingly, in certain instances the sum of the numbers in the text or a column or a row in tables contained in this Prospectus may not conform exactly to the total figure given for that column or row.

In tables, negative amounts are shown between brackets. Otherwise, negative amounts are shown by "-" or "negative" before the amount.

***Currency***

All references in this Prospectus to "EUR", "euro", or "€" are to the currency introduced at the start of the third stage of the Economic and Monetary Union, pursuant to the Treaty establishing the European Economic Community, as amended by the Treaty on the European Union. All references to "U.S. dollars" or "USD" are to the lawful currency of the United States. All reference to "Swedish Krona" or "SEK" are to the lawful currency of Sweden.

***Exchange rates***

The Group's financial statements are presented in euros. Accordingly, when the Group prepares consolidated financial statements, the Group must translate its foreign currency-denominated assets, liabilities, income and expense items into euros at applicable exchange rates. The group is exposed to foreign currency translation risks by means of investments in and long-term loans to foreign subsidiaries. The translation risk relates primarily to the Swedish and British subsidiaries. Depending on the EUR:GBP or the EUR:SEK exchange rate, this can result in higher or lower contributions to Royal Imtech's result in euro. In 2012, revenue and result contributions from Royal Imtech's UK and Swedish subsidiaries benefited as a result of the positive development of the pound sterling and Swedish Krona respectively versus the euro in comparison to 2011. In 2011, revenue and result contributions from Royal Imtech's UK subsidiaries suffered from the negative development of the pound sterling versus the euro in comparison to 2010, whereas the Swedish subsidiaries benefited as a result of the positive development Swedish Krona versus the euro in comparison to 2010. The group attempts to (partially) hedge this foreign currency translation risk by loans in corresponding foreign currencies.

**Market and industry information**

All references to market data, industry statistics and industry forecasts in this Prospectus consist of estimates compiled by industry professionals, organisations, analysts, publicly available information, or Royal Imtech based on its own knowledge of its sales and markets.

Industry publications generally state that their information is obtained from sources they believe reliable but that the accuracy and completeness of such information is not guaranteed and that the projections they contain are based on a number of significant assumptions. Although Royal Imtech believes that these sources are reliable, Royal Imtech cannot guarantee their accuracy and completeness as it does not have access to the information, methodology and other bases for such information and has not independently verified the information. The market and industry information on which the sources used by Royal Imtech state to have based themselves and on which Royal Imtech has based itself for its own analysis, date back to 2010 and earlier, as more recent information is either not available yet or cannot be used in isolation because this would distort the overall result of the analysis.

In this Prospectus, Royal Imtech makes certain statements regarding its competitive and market position. Royal Imtech believes these statements to be true, based on market data, industry statistics and publicly available information. All assumptions, estimates and expectations of Royal Imtech underlying its statements have been based on careful analysis and are honestly held. Royal Imtech cannot guarantee that a third party using different methods to assemble, analyse, or compute market data, would obtain or generate the same results.

The information in this Prospectus that has been sourced from independent sources has been accurately reproduced and, as far as Royal Imtech is aware and able to ascertain from the information published by that independent source, no facts have been omitted that would render the reproduced information incomplete, inaccurate or misleading. Royal Imtech has not independently verified these data or determined the reasonableness of the assumptions used by their compilers, nor have data from independent sources been audited in any manner.

**No incorporation of website**

The contents of Royal Imtech's website (http://www.imtech.com), including any websites accessible from hyperlinks on Royal Imtech's website, do not form part of, and are not incorporated by reference into, this Prospectus.

**Potential conflicts of interest**

The Joint Global Coordinators, the Joint Bookrunners, the Managers and the Subscription, Listing and Paying Agent, which are regulated in the Netherlands by the Dutch Central Bank (*De Nederlandsche Bank N.V.*, "**DNB**") and the AFM, are acting exclusively for Royal Imtech and for no one else in relation to the Offering and the listing and trading of the Offer Shares and the trading of Rights and will not be responsible to anyone other than to Royal Imtech for giving advice in relation to, respectively, the Offering and the listing and trading of the Offer Shares and the trading of Rights.

The Joint Global Coordinators, the Joint Bookrunners, the Managers (and/or their respective affiliates) and the Subscription, Listing and Paying Agent have from time to time been engaged, and may in the future engage, in commercial banking, investment banking and financial advisory and ancillary transactions in the course of their business with Royal Imtech (or any parties related to Royal Imtech) for which they have received or may receive customary compensation. In respect of the above, the sharing of information is generally restricted for reasons of confidentiality, by internal procedures or by rules and regulations (including those issued by the AFM). As a result of these activities, the Subscription, Listing and Paying Agent, the Joint Global Coordinators, the Joint Bookrunners and the Managers (and/or their respective affiliates) may have interests that may not be aligned, or could potentially conflict, with the interests of (prospective) holders of Ordinary Shares, holders of Rights or with the interests of the Group.

The Managers and their respective affiliates may provide services for Royal Imtech and Royal Imtech's respective affiliates in the future. Additionally, the Managers, or their respective affiliates may, in the ordinary course of their business, hold, have held and in the future may hold Royal Imtech's securities for investment. Also, ING Bank N.V. acts as liquidity provider for the trade in Ordinary Shares. The Committed Shareholder is one of Royal Imtech's major shareholders and an affiliate of ING (see "Major shareholders and related party transactions – Major Shareholders"). ING and Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. (and/or their respective affiliates) are currently financial advisors, lenders under bilateral agreements with members of the Group, with respect to the RCF: (i) lender, (ii) one of them is a coordinator and (iii) the other agent to Royal Imtech, and in addition also lead arrangers under the Bridge Loan Agreement. One of them is Subscription, Listing and Paying Agent. In such capacities, they have received and may continue to receive customary fees related to such services. The Co-Lead Manager is part of the syndicate of lenders under the RCF and furthermore a guarantee provider, hedge counterparty, cashpool provider and bilateral credit provider to the Company or its affiliates. The net proceeds of the Offering will be used to repay the Group's indebtedness under the Bridge Loan Agreement and a portion of the Group's indebtedness under one of the Company's uncommitted bilateral credit facilities. Any residual proceeds remaining after the repayments set out above will be used to prepay, on a pro rata basis part of the outstanding amounts under the RCF and part of the outstanding amounts under the Bilateral Committed Agreements. Accordingly, the Managers and their respective affiliates are expected to receive a portion of the net proceeds of the Offering. As a result of acting in the capacities described above, the Joint Global Coordinators, the Joint Bookrunners, the Managers, the Subscription, Listing and Paying Agent and their respective affiliates may have interests that may not be aligned, or could potentially conflict, with (prospective) investors' and Royal Imtech's interests.

**Notice to investors**

The distribution of this Prospectus and the offer, acceptance, delivery, transfer, exercise, purchase of, subscription for, or trade in the Offer Securities may be restricted by law in certain jurisdictions. Persons in possession of this Prospectus are required to inform themselves about and to observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of the securities law of any such jurisdiction. This Prospectus may not be used for, or in connection with, and does not constitute, any offer to sell, or an invitation to purchase, any of the Offer Securities offered under the Offering in any jurisdiction in which such offer or invitation is not authorised or would be unlawful. Neither this Prospectus, nor any related materials, may be distributed or transmitted to, or published in any jurisdiction except under circumstances that will result in compliance with any applicable laws and regulations.

The contents of this Prospectus are not to be considered or interpreted as legal, commercial, investment, financial or tax advice. Each prospective investor should consult his own stockbroker, bank manager, auditor or other financial, legal or tax advisers before making any investment decision with regard to the Offer Securities, to consider such investment decision in light of the prospective investor's personal circumstances, and in order to determine whether or not such prospective investor is eligible to subscribe for the Offer Shares or to trade in the Rights.

As a condition to accept, deliver, transfer, exercise, purchase, subscribe for or trade in Offer Securities, each purchaser in order to be an Eligible Person will be deemed to have made, or, in some cases, be required to make, certain representations and warranties which will be relied upon by Royal Imtech, the Joint Global Coordinators, the Joint Bookrunners, the Managers and others. Royal Imtech, the Joint Global Coordinators and the Joint Bookrunners reserve the right, in their sole discretion, to reject any purchase or subscription of Offer Securities that Royal Imtech, the Joint Global Coordinators or the Joint Bookrunners believe may give rise to a breach or violation of any law, rule or regulation. A more detailed description of restrictions relating to the Offering is contained in "Selling and Transfer Restrictions".

**Notice to investors in the United States**

The Offer Securities have not been and will not be registered under the U.S. Securities Act, or with any securities regulatory authority of any state or other jurisdiction in the United States, and may not be offered, sold, pledged, delivered or otherwise transferred except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and in compliance with any applicable state securities laws. Accordingly, the Offering is being extended (i) in the United States, to QIBs pursuant to Rule 144A or another exemption from, or in a transaction not subject to, the registration requirements under the U.S. Securities Act and applicable state securities laws, and (ii) outside the United States, in offshore transactions within the meaning of and in accordance with Regulation S. Any Offer Securities offered and sold in the United States will be subject to certain transfer restrictions as described in this Prospectus. By accepting delivery of this Prospectus or exercising Rights or purchasing the Offer Shares, prospective investors will be deemed to have made the acknowledgements, representations and warranties set out in "Selling and Transfer Restrictions – United States". The Offer Securities have not been approved or disapproved by the United States Securities and Exchange Commission or any state securities commission or regulatory authority. Furthermore, the foregoing authorities have not confirmed the accuracy or determined the adequacy of this Prospectus. Any representation to the contrary is a criminal offence in the United States

**Notice to New Hampshire residents only**

**NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENSE HAS BEEN FILED UNDER CHAPTER 421-B OF THE NEW HAMPSHIRE REVISED STATUTES ("RSA") WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE OF NEW HAMPSHIRE THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT ANY EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.**

**Enforcement of civil liabilities**

The ability of Shareholders in certain countries other than the Netherlands to bring an action against the Company may be limited under law. The Company is a public limited liability company (*naamloze vennootschap*) incorporated in the Netherlands and has its statutory seat (*statutaire zetel*) in Rotterdam, the Netherlands. All of the members of the Board of Management and Supervisory Board named herein are non-residents of the United States. All or a substantial proportion of the assets of these non-resident persons and of the Company are located outside the United States As a result, it may not be possible for investors to effect service of process upon such persons or the Company or to enforce against them in United States courts a judgment obtained in such courts.

The United States and the Netherlands are currently not party to a treaty providing for reciprocal recognition and enforcement of judgments, other than arbitration awards, in civil and commercial matters. Accordingly, a judgment rendered by a court in the United States will not be recognised and enforced by the Dutch courts (or *vice versa*). However, if a person has obtained a final and conclusive judgment for the payment of money rendered by a court in the United States which is enforceable in the United States and files his claim with the competent Dutch court, the Dutch court will generally give binding effect to the foreign judgement insofar as it finds that the jurisdiction of the foreign court has been based on grounds which are internationally acceptable and that proper legal procedures have been observed and except to the extent that the foreign judgment contravenes Dutch public policy.

## FORWARD LOOKING STATEMENTS

This Prospectus contains forward-looking statements that reflect the Company's intentions, beliefs or current expectations and projections. Forward-looking statements include statements regarding the Group's future result of operations, financial condition, liquidity, performance, prospects, anticipated growth, strategies and opportunities and the market in which the Group operates as well as other statements that are not historical facts. The Company has tried to identify forward-looking statements by using words such as "may", "will", "would", "should", "expect", "intend", "estimate", "anticipate", "project", "believe", "could", "hope", "seek", "plan", "foresee", "aim", "objective", "potential", "goal" "strategy", "target", "continue" and similar expressions or their negatives. Forward-looking statements may be found principally in sections in this Prospectus entitled "Risk Factors", "Use of Proceeds and Background to the Offering", "Dividends and Dividend Policy", "Operating and Financial Review", "Business" and elsewhere.

The forward-looking statements are based on the Company's beliefs, assumptions and expectations regarding future events and trends that affect the Group's future performance, taking into account all information currently available to the Group, and are not guarantees of future performance. These beliefs, assumptions and expectations can change as a result of possible events or factors, not all of which are known to the Group or are within the Group's control. If a change occurs, the Group's business, financial condition, liquidity, results of operations, anticipated growth, strategies or opportunities may vary materially from those expressed in, or suggested by, these forward-looking statements. Important events and factors that could cause those differences include, but are not limited to:

- general economic conditions affecting the markets in which the Group operates
- competition in the markets in which the Group operates and the Group's inability to effectively maintain its competitive position
- recovery of the Group's performance and cost development and its ability to comply with the financial covenants and ensure sufficient working capital
- the Group's ability to efficiently execute and effectively manage projects and sites
- cancellations, delays or scope adjustments of projects in the Group's order book
- the Group's exposure to losses resulting from the execution of large scale and long-term technically complicated projects
- the Group's ability to remedy weaknesses in and to strengthen its internal controls, GRC framework and financial reporting procedures
- impairment of goodwill associated with the Group's previous or future acquisitions
- limitations on the Group's operating, strategic and financial flexibility imposed by restrictive covenants
- the Group's ability to generate sufficient cash flow to fund its debt obligations, capital expenditures and on-going operations
- the Group's ability to achieve the target financial structure
- cancellation or reduction of the Group's credit insurance or credit facilities
- the Group's ability to obtain additional funding when needed in the future
- the Group's ability to comply with competition, anti-bribery and health and safety laws and regulations
- the Group's ability to retain and recruit technical and other key personnel
- the departure of key personnel or senior management of the Group
- the Group's incurrence of unforeseen liabilities from former and future acquisitions
- write-offs or impairments
- legal proceedings and regulatory and criminal investigations to which the Group may be subject, including an investigation of the Company's management policies
- the Group's ability to achieve anticipated results of acquisitions and difficulty integrating acquired businesses
- the Group's ability to successfully manage future growth
- adverse changes in tax law or challenges to the Group's tax position

- force majeure occurrences, and
- other factors described in this Prospectus, including those set forth under "Risk Factors", "Operating and Financial Review" and "Business"

Investors or potential investors should not place undue reliance on the forward-looking statements in this Prospectus. The Company urges investors to read the sections of this Prospectus entitled "Risk Factors", "Operating and Financial Review" and "Business" for a more complete discussion of the factors that could affect the Group's future performance and the market in which the Group operates. In light of the possible changes to the Company's beliefs, assumptions and expectations, the forward-looking events described in this Prospectus may not occur. Additional risks not known to the Company or that the Company has not considered material as of the date of this Prospectus could also cause the forward-looking events discussed in this Prospectus not to occur. Except as otherwise required by applicable securities laws and regulations, the Company undertakes no obligation to update publicly or revise publicly any forward-looking statements, whether as a result of new information, future events, changed circumstances or any other reason after the date of this Prospectus.

## USE OF PROCEEDS AND BACKGROUND TO THE OFFERING

### Use of proceeds

After deducting the estimated expenses related to the Offering that will be paid at or around the settlement date of approximately EUR 20 million, the Group anticipates receiving approximately EUR 479 million from the issue of the Offer Shares. These estimated expenses of approximately EUR 20 million include, amongst other things, the fees due to the AFM, Euronext Amsterdam N.V., the commission of the Joint Global Coordinators, Joint Bookrunners, the Managers, legal and administrative expenses and publication costs.

On 5 March 2013, the Company entered into the Bridge Loan Agreement. See " – Background to the Offering; recent events – 3. Measures adopted by and changes to the Company – I. Financial measures and restructuring – Bridge Loan Agreement" below. At the date of this Prospectus, an amount of EUR 125 million is outstanding under the Bridge Loan Facility. The net proceeds of approximately EUR 479 million of the Offering will be used to first repay the Bridge Loan Facility. The outstandings under the Bridge Loan Facility may be higher than the amount outstanding on the date hereof. Thereafter, the remaining proceeds will be used to repay the total outstanding amount of EUR 25 million under one of the Company's bilateral, senior, unsecured and uncommitted credit facility agreements. This agreement, providing for a current account overdraft facility and short term advances up to an amount of EUR 25 million in aggregate, was entered into by Royal Imtech in December 2012. Repayment out of the proceeds of the Offering has been agreed in the waiver and amendment agreements upon after cancellation by the relevant bank during the waiver and amendment process.

The residual proceeds remaining after the repayments set out above will be used to prepay, on a pro rata basis, calculated on the basis of the exposures as of 28 February 2013, part of the outstanding amounts under the RCF and part of the outstanding amounts under the Bilateral Committed Agreements (as defined in "Operating and Financial Review – Liquidity and capital resources - External Sources of Funding, Financing and Indebtedness – USPPs"). These prepayments do not lead to reductions or cancellations of the available headroom under the RCF and the Bilateral Committed Agreements, which means that the Company can make new drawdowns under those agreements, effectively "reborrowing" those prepaid amounts. As included in the "Operating and Financial Review – Liquidity and capital resources - External Sources of Funding, Financing and Indebtedness – Additional Credit Facilities" there is a second bilateral uncommitted lender that announced cancellation and repayment of its EUR 50 million senior, uncommitted, unsecured credit facility granted to the Company in December 2012 Royal Imtech will make the necessary (new) drawdowns under the RCF and / or the Bilateral Committed Agreements (partially repaid in accordance with the above) to repay the total outstanding amount of up to EUR 50 million under that second agreement.

The total estimated expenses fees and out-of-pocket expenses in connection with the recent events are EUR 110 million, including the direct estimated expenses related to the Offering that will be paid at or around the settlement date of EUR 20 million. See "Operating and Financial Review – Liquidity and capital resources - External Sources of Funding, Financing and Indebtedness – Cost of refinancing".

### Background to the Offering; recent events

In its press release dated 4 February 2013, Royal Imtech reported an unexpected write-off of at least EUR 100 million on projects carried out by the Group in Poland, and possible irregularities in connection with Polish projects. Upon discovery of the events described in that press release, the Company immediately took actions (i) to investigate those events in more detail and (ii) actions aimed at limiting the financial and operational impact of those events as much as possible and mitigating the risk of such events reoccurring in the future.

As the size of the write-off on Polish projects and the potential impact of possible irregularities could not be assessed with sufficient precision at the time, Royal Imtech postponed the publication of its 2012 preliminary financial figures scheduled for 5 February 2013. Subsequently, after new management replaced the existing management of Imtech Germany[13], it became clear that financial information from Imtech Germany (through which Imtech Poland reports) had been considerably inflated and that this might have had spread more widely within the countries for which Imtech Germany bore managerial responsibility. For those reasons, Royal Imtech dedicated substantial resources to produce reliable financial information for 2012 as quickly as possible, as set out in more detail below.

Eventually, the actions referred to above led to substantial write-offs in respect of the Group's business in Poland and Germany. Furthermore, write-offs for the Netherlands and write-offs resulting from irregularities in relation to certain other matters were made, the most material of which involve the Group's operating entities in

[13] The operating cluster Germany & Eastern Europe is the same as the division Germany & Eastern Europe (see "Operating and Financial Review"). This operating cluster and this division have the same management team as Imtech Germany. In line with the shareholders report of 18 June 2013, this chapter will refer to the management of Imtech Germany (but this includes it acting in the other capacities).

Spain and Turkey. Mainly due to these write-offs, Royal Imtech's audited consolidated financial statements 2012 include a loss of EUR 226.3 million.[14] Also, prior period errors have been identified in the divisions Germany & Eastern Europe, Benelux and Spain. See "Operating and Financial Review – Accounting Restatement".

On 18 June 2013, the Company published a 'Report to Shareholders', in which the Board of Management and the Supervisory Board account for the events leading up to and following Royal Imtech's press release of 4 February 2013. The purpose of that report is to provide shareholders with an open and transparent picture of these events, all actions taken by the Board of Management and the Supervisory Board in relation to the events and the further actions that they aim to take to reduce the Group's risk profile going forward. This 'Report to Shareholders' is publicly available, also to other stakeholders. On the basis of the investigations and other corrective and other actions described below (and in greater detail in the 'Report to Shareholders'), the Company has concluded that the events set out below can predominantly be explained by fraudulent actions, the Group's business controls that were not adequate and have not operated effectively in all respects and the Group's corporate culture which was suboptimal in some respects (including that the "tone from the top" from the Former Board of Management (as defined below) over the past years had been to focus on "good news"). There is evidence that the Former Board of Management was not receptive to downward adjustments of forecasts compared to budgets as proposed by operational management, and that with the involvement of the Former Board of Management the management of Imtech Netherlands under pressure upwardly adjusted Imtech Netherlands' forecasts and interim results for 2012 to a level which the management of Imtech Netherlands considered overly optimistic.

To provide more background on these events, write-offs and actions taken, below the following aspects are described (although in less detail than in the 'Report to Shareholders'):

(1) the Corrective Actions (as defined below) taken by the Group and external parties engaged by the Company (including the commencement of forensic investigations), as well as the Group's priorities in the period after discovery of the irregularities.

(2) the findings from the various forensic investigative measures and the Group's internal review, commencing with Poland (including the remedial actions taken), then Germany (including the remedial actions taken) and lastly the remaining countries (the Netherlands, Spain and Turkey).

(3) the measures and changes adopted by the Company taking into account the outcome of the Corrective Actions.

(4) changes to the Board of Management, Supervisory Board and senior management of the Group.

**1. Corrective Actions**

The investigations and other actions described here were triggered following indications from KPMG Accountants N.V. in its capacity as the Company's auditor ("**KPMG**", which term includes, where the context requires, other firms of the international KPMG network) about possible irregularities in connection with the AWW Project (as defined under " – 2. Findings – (A) Poland (i) AWW Project"). On 28 January 2013, the Board of Management was informed that potential losses in connection with the AWW Project amounted to EUR 70 million, which considerably exceeded expectations of the Board of Management at the time. Following the first actions the Company took in relation to the AWW Project and Imtech Poland generally, financial derailments and irregularities were discovered at Imtech Germany. These derailments and irregularities led to detailed reviews of various aspects within the Group and its business.

Considerable work was done by Imtech staff, including new staff members engaged following the discovery of the events described herein, and by the Board of Management and Supervisory Board. The work done by Imtech internally was supported by, but also built on and provided input for, substantial external assistance from expert advisers. In addition, KPMG performed its audit of Royal Imtech's 2012 consolidated annual financial statements in accordance with applicable audit regulations and with the assistance of its forensic auditors. The various actions performed by external expert advisers and by the Group internally are jointly referred to as the "**Corrective Actions**" and include, without limitation, the following:

- *Royal Imtech conducted a substantive review of financial information*

  Upon discovery of the events that gave rise to the 4 February 2013 press release, Royal Imtech immediately dedicated substantial resources to review and correct available financial information and produce a set of financial information which could be reliably reported on in Royal Imtech's 2012 financial statements. As explained below, the Company's overall priority has been to produce reliable financial information for 2012 and to provide such information and assistance required by KPMG as Royal Imtech's auditor to enable it to provide its auditor's opinion in respect of the 2012 annual financial statements. This also required Royal Imtech to revisit its financial information for 2011 including its

[14] Extracted from the audited financial statements for the 2012 financial year included elsewhere in this Prospectus.

opening balance sheet for 2011.[15] For that purpose, the Group's staff performed a substantial internal review of the Group's financial information, in particular the financial information from Imtech Germany and Imtech Poland. The review in Germany and Poland was supported by experts seconded by a big four accounting firm on a "loaned staff" basis. For the work performed by those experts see " – 2. Findings – (B) Germany – (ii) Projects Conducted by Imtech Germany".

In relation to the other countries in which the Group operates, the Group applied additional procedures in respect of the 2012 closing of its books, which had already been completed earlier in 2013. These additional review procedures covered those financial statement captions which could potentially be susceptible to irregularities. The Group also required all local managers to reconfirm their representations made in relation to the relevant local 2012 financial information as reported on earlier. It was made clear to all local managers that if any corrections were to be made, or anything new needed to be reported, this was the one and only opportunity for them to do so. Also, although the accounting policies continued to be applied on a basis consistent with prior periods, appropriate conservatism has been observed. The additional procedures were performed in relation to the Netherlands, the UK, Ireland, Spain, Turkey, Sweden, and other European countries including Austria, Hungary, Romania and Russia. See " – 2. Findings – (C) The Netherlands, Spain and Turkey".

These reviews ran parallel with KPMG's audit of Royal Imtech's 2012 annual financial statements in accordance with applicable audit regulations and with the assistance of its forensic auditors. KPMG's audit has been based partly on forensic investigative measures by De Brauw Blackstone Westbroek N.V. ("**De Brauw**") and by a German law firm and a Polish law firm and E&Y FIDS (as defined below) acting on De Brauw's instruction.

- *De Brauw and others applied several forensic investigative measures*

  De Brauw and other external expert advisers on De Brauw's instruction, including legal counsel in Germany and Poland and Ernst & Young Fraud Investigation and Dispute Services, a part of Ernst & Young Accountants LLP ("**E&Y FIDS**"), applied several forensic investigative measures. The primary focus of the forensic investigative work was to provide the information which KPMG required for the purpose of its audit of Royal Imtech's 2012 annual financial statements. For this purpose, KPMG prepared so-called forensic work lists, which identified matters that required the use of forensic investigative measures.

- *Royal Imtech, assisted by Ernst & Young Accountants LLP, enhanced its cash flow forecasting by setting up a short term cash flow forecasting system*

  When the events as described came to light at the end of January 2013, it quickly became clear that, the Group would need to make additional drawings under its existing financing arrangements. Although Royal Imtech did have a system to assess cash flows for the coming three months, this system did not reliably predict the Group's short term cash flow and, on that basis, size and timing of its future financing needs. To remedy the foregoing, Royal Imtech put substantial efforts in setting up a short term cash flow forecasting system, assisted by Ernst & Young Accountants LLP. As a result thereof, the Group has reached a stage where it can produce weekly cash flow forecasts for 13 week periods. See "3. Measures adopted by and Changes to the Company – II. Changes in the Company's governance, risk and compliance ("GRC") policy – Strengthened GRC policies". The quality of these forecasts is tested and validated by regularly comparing forecasts to actual cash flow over the relevant period.

- *Royal Imtech conducted a substantive review of the Group's GRC framework, supported by a risk and control framework assessment (the "**RCFA**") performed by Ernst & Young Risk Advisory Services, a part of Ernst & Young Accountants LLP ("**E&Y RAS**") acting on the instruction of De Brauw*

  The Company reviewed the Group's existing GRC policies. This review was supported by the RCFA which confirmed the initial findings of the Board of Management in relation to the Group's GRC framework, namely that the development of the risk management and internal control infrastructure had not been commensurate with the increase in complexity and size of the Group that resulted from the rapid growth of the Company over the last years and that existing policies were not always complied with. The RCFA was taken into account in the Group's decision to strengthen its financial and business controls by enhancing its GRC framework. See " – 3. Measures adopted by and Changes to the Company – II. Changes in the Company's governance, risk and compliance ("GRC") policy – Strengthened GRC policies".

[15] In connection with irregularities identified, investigations revealed that the results in 2012 and in previous years were overstated. To the extent that prior years have been affected, the prior period errors were corrected in the 2012 financial statements in accordance with IAS 8. See "Operating and Financial Review – Financial Statements".

*Priorities and restrictions*

In connection with the Corrective Actions, the Company set the following priorities with the aim of reaching a stable situation:

*(i) Reliable financial information*

The Company's overall priority has been to produce reliable financial information and to provide such information and assistance required by KPMG to enable it to provide its auditor's opinion in respect of the 2012 annual financial statements. See "Royal Imtech conducted a substantive review of financial information" above.

*(ii) Prevent unwarranted cash outflows*

In the course of the Corrective Actions, it became clear that unwarranted cash outflows without proper business justification had occurred in the past and, without proper action, might continue to occur, in particular in relation to (i) the AWW Project (particularly in respect of the two bank guarantees amounting to EUR 120 million. See " – 2. Findings – (A) Poland – (i) The AWW Project") (ii) dealings with two Estonian companies" and "2. Findings – (B) Germany – (iii) X Group". It was a priority to prevent further unwarranted cash outflows.

*(iii) Identify structural and personal shortcomings and take appropriate action (including disciplinary action)*

The write-offs in Poland and Germany raised doubts about the effectiveness of the Group's financial and business control framework. Also, there were indications that individuals in Poland and Germany had engaged in improper and possible criminal behaviour. See " – 2. Findings". It was a priority to identify structural and personal shortcomings to provide a basis for strengthening the Group's GRC framework. See " – 3. Measures adopted by and changes to the Company – II. Changes in the Company's governance, risk and compliance ("GRC") policy – Strengthened GRC policies". Furthermore, the Corrective Actions may provide a basis to take disciplinary action where appropriate (taking into account the interests of the Group), including dismissals of members of local management and employees involved in wrongdoing see " –2. Findings".

*(iv) Recovery from third parties*

Based on the outcome of the investigations in relation to the X Group (see " – 2. Findings – (B) Germany – (iii) X Group") and the two Estonian companies (see " – 2. Findings – (A) Poland – (iii) Two Estonian companies"), the Group may have claims against these entities, although further investigations may be necessary in this regard. The Group also has a EUR 22 million claim in relation to the AWW Project. See " – 2. Findings – (A) Poland – (i) AWW Project". The Group aims to recover damages under insurance policies taken out by the Group. In addition, based on the information available from the Corrective Actions, the Group may have legitimate claims for damages against other companies or individuals involved in irregularities. However, substantiating such claims may require further extensive investigations, potentially at substantial cost. Whether such investigations are to be performed will be decided on a case-by-case basis, also taking into account the costs involved and the chances of recovery.

*(v) Criminal proceedings where appropriate and advisable.*

The findings in the investigation performed in Poland and Germany were sufficiently serious to support a preliminary conclusion that criminal offences may have been committed. In May 2013 Royal Imtech notified the public prosecutor's office in Hamburg, Germany and Warsaw, Poland, that criminal offences may have been committed. The Group has instructed German and Polish legal advisers to take all action necessary to ensure that the Group is in a position to file criminal complaints in Germany and Poland at the appropriate time.

The 'Report to Shareholders' (and the same applies to this chapter of the Prospectus ) was based on the Group's then current knowledge, based exclusively on the findings from the Corrective Actions, which were applied within a limited amount of time. In addition, restrictions apply in the following areas:

- To avoid unnecessary harm to entities outside the Group, and to protect the privacy of individuals, as a starting point, no names or other details of companies and individuals are mentioned. To respect limitations inherent to investigations such as those described in this chapter findings are reported with appropriate restraint.
- In some cases, findings from the Corrective Actions might expose the Group to civil, tax, administrative or criminal liability or indicate legal uncertainties surrounding claims the Group may have against third parties or vice versa. To protect the Group's position in this regard, some of those findings are not addressed in this chapter, or are addressed in abstract terms only.

## 2. Findings

In the course of the forensic investigations and the Group's internal review of parts of its business several irregularities were uncovered in (A) Poland, (B) Germany and (C) The Netherlands, Spain and Turkey.

*(A) Poland*

Following discovery of derailments and possible irregularities at Imtech Poland during the last week of January 2013, on 1 February 2013 the former CEO of Imtech Poland (the "**Former Polish CEO**") and on 2 February 2013 the former second board member of Imtech Poland (the "**Former Polish Second Board Member**") were suspended (with effect as of 4 February 2013) and dismissed for cause on 7 February 2013. On 4 February 2013, Royal Imtech received the Whistle-Blowers Letter (as defined below). The Whistle-Blowers Letter sets out several alleged irregularities in respect of Imtech Germany (and is further described in "2. Findings – (B) Germany – (i) Whistle-Blowers Letter), but also in relation to Imtech Poland, which aggravated the concerns about possible irregularities at Imtech Poland. When the new acting CEO of Imtech Poland started on 5 February 2013, he was confronted with a serious and worrying situation:

- during the weekend of 2-3 February 2013, the Former Polish CEO and the Former Polish Second Board Member concluded termination agreements on behalf of Imtech Poland with 31 key staff members, including all financial and IT staff and the majority of legal staff (as a result of which the central business functions of Imtech Poland effectively ceased to operate). The termination agreements were predated to 28 January 2013;
- there is clear evidence that during that weekend the Former Polish CEO, the Former Polish Second Board Member and some of the employees referred to above, removed parts of Imtech Poland's physical books and records, which to date have not been retrieved in full; also, all passwords for Imtech Poland's central IT systems were known only to Imtech Poland's IT staff (who had left following conclusion of the termination agreements), making the IT systems inaccessible to a large extent, until Imtech Poland ultimately accessed the IT systems with the help of external experts.

In the course of the Corrective Actions, several irregularities were uncovered at Imtech Poland, including in relation to (i) the AWW Project, (ii) projects conducted by Imtech Poland generally, (iii) dealings with two Estonian companies and (iv) (other) claims from third parties that were not included in Imtech Poland's available books and records. In addition, Imtech Poland has made suspected irregular payments involving the X Group. See " – 2. Findings – (B) Germany – X Group". Some irregularities were referred to in the Whistle-Blowers Letter. See " – 2. Findings – (B) Germany – (i) Whistle-Blowers Letter".

*(i) AWW Project*

The AWW Project consisted of four projects of Imtech Poland, two for Adventure World Warsaw and two for biological waste treatment plants (together the "**AWW Project**") with Adventure World Warsaw Sp. z o. o. ("**AWW**") and affiliated entities of AWW as counterparties. The AWW Project was the largest project ever contracted by the Group, with an aggregate contract value of EUR 814 million. Imtech Poland was to act as principal contractor for the AWW Project by providing the complete project management for the entire Adventure World Warsaw, thereby stepping up from the Group's usual role as contractor for the technical services it specialises in. At the level of Royal Imtech, the AWW Project had been subject to limited scrutiny under risk and control procedures. In its role as principal contractor, Imtech Poland had to make considerable upfront investments in relation to various planning, engineering and design activities. Some of such activities were subcontracted to third parties, which resulted in substantial costs which Imtech Poland was primary liable for, although there was a contractual obligation for AWW to reimburse Imtech Poland. To cover the costs to be made by Imtech Poland in relation to the AWW Project, AWW and its affiliates had a contractual obligation to make considerable advance payments to Imtech Poland. However, in order to make sufficient advance payments, AWW first needed to obtain sufficient financing, which it never did.

As set out above, following indications from KPMG about possible irregularities in connection with the AWW Project, on 28 January 2013 it became clear that the estimated costs of the AWW Project to that date amounted to about EUR 70 million (excluding an additional loan of EUR 7 million which Imtech Poland had provided to AWW), which considerably exceeded expectations of the Board of Management at the time. In addition to the amount as such, these costs were a cause for concern as many cost items seemed inconsistent with the phase the AWW Project was in, subcontractors had invoiced an aggregate amount of EUR 12 million to Imtech Poland although the nature and scope of the services performed was unclear and there were charges from other entities of the Group for which there was no obvious explanation.

On 30 January 2013, a meeting among the Board of Management, Mr P.J. Mulder, an investor in and director of AWW (the "**AWW Director**") and another investor in AWW (the "**AWW Investor**" which term includes the company through which he made his investment, and certain affiliated entities, as the context may require, took place. From that meeting it became clear that (i) AWW had not been able to secure financing for the AWW Project as it had not been able to obtain a building permit, (ii) the EUR 12 million that was invoiced by subcontractors, were subcontractors controlled by the AWW Director and it was alleged that the amount was not an invoice but constituted a 'loan' by Imtech Poland for the start-up phase of the AWW Project which the AWW Director agreed to repay and (iii) the AWW Director agreed to repay the EUR 7 million loan.

After that meeting AWW entered into another loan agreement with Imtech Poland (represented by the Former Polish CEO and the Former Polish Second Board Member) for an amount of EUR 6 million and a legal service agreement pursuant to which Imtech Poland would pay EUR 12 million into an account of a Polish law firm (and Imtech Poland instructed that law firm separately to release EUR 6 million to AWW to make the EUR 6 million loan available; the remaining EUR 6 million was returned to Imtech Poland on 30 January 2013).

Furthermore, on 2 February 2013, the Company's current CEO became aware that on 14 January 2013 on the instruction (and for the account of) Imtech Germany two German banks had issued two bank guarantees to AWW for an aggregate amount of EUR 120 million under credit facilities between those banks and Imtech Germany and secured by guarantees from Royal Imtech. The bank guarantees were provided as security for the return of any unused portions of advance payments that AWW was required to make to Imtech Poland under a contract for the AWW Project, but legally they were considered to be payable on demand. Imtech Germany demanded the return of the bank guarantees as AWW had not made any advance payments, which AWW initially refused. As the bank guarantees were payable on demand, the banks indicated that they saw little or no room to refuse to honour the bank guarantees in case a request for payment was made. Legal advice to Imtech Germany confirmed that Imtech Germany would likely not be able to prevent a drawing under the bank guarantees. Because of the financial impact which payment under the bank guarantees could have (potentially up to EUR 120 million) and the banks' position, Royal Imtech listed the return of the bank guarantees as an absolute priority.

On 12 March 2013, the Group, AWW, the AWW Director, the AWW Investor and certain other entities and individuals affiliated with the AWW Director or AWW entered into a settlement agreement (the "**AWW Settlement**"), which included (i) AWW's return of the two bank guarantees, (ii) termination of the contracts for the AWW Project; (iii) waiver by AWW, the AWW Investor, the AWW Director and certain affiliated entities and individuals of all claims they had or might have against the Group, including a claim of EUR 10.5 million which the AWW Investor alleged having against Imtech Poland; and (iv) waiver by the Group of all claims against AWW, the AWW Investor, the AWW Director and these affiliated entities and individuals, save for a claim against AWW for repayment of an amount of EUR 22 million (recovery of which amount is subject to a sharing arrangement with the AWW Investor), for which claim AWW and its affiliated entities (but not the AWW Director and certain individuals affiliated with him) accepted joint and several liability. This amount fell short of the aggregate amount of the alleged "loan" of about EUR 12 million and the two loans of EUR 7 million and EUR 6 million made to AWW, but the Company believes that this outcome of the settlement negotiations was in the best interest of the Group, particularly because of the size of the bank guarantees and the fact that the risk that the bank guarantees would be drawn was eliminated. The AWW Settlement does not restrict the Group in instigating criminal investigations or proceedings against AWW, the AWW Director or the other parties to the AWW Settlement. Imtech Poland has had to write-off an amount of EUR 50 million[16], excluding write-offs in relation to entities affiliated with the AWW Directors, on the AWW Project. Although an argument can be made that AWW and possibly the AWW Director or entities or individuals affiliated with him or AWW might be held liable for part of this amount, investigations showed that the financial position of AWW and other potentially liable parties is such that any substantial claim is unlikely to be (fully) recoverable in practice.

With hindsight, a primary reason for the failure of the AWW Project and the damage it has caused to the Group is (i) AWW's inability to obtain financing, which meant that it could not make the considerable advance payments required to be made under the four contracts of the AWW Project, and (ii) the Group's decision to start the project even though financing had not been obtained. AWW had maintained that financing would be forthcoming and even presented Imtech Germany with two letters from a reputable British bank suggesting that the bank might be involved in underwriting financing for AWW. There is evidence from the Corrective Actions that these letters may have been falsified. Also, the management of Imtech Poland, Imtech Germany and AWW set up two structures which could create an impression that AWW had made an advance payment of EUR 147.6 million:

- First a structure was used where AWW issued promissory notes for advance payment under one of the AWW Project contracts. Under the promissory note, AWW was required to pay an amount of EUR 147.6 million to Imtech Poland before 19 July 2012. As AWW had not secured the financing and could not pay under the promissory note, in July 2012 it proposed that the promissory note be replaced by a new promissory note with a maturity date of 16 August 2012.
- When the note was not paid at its term, management of Imtech Germany together with Imtech Poland, AWW and an Austrian bank set up a structure involving a EUR 147.6 million loan by the bank to AWW, maturing 31 January 2013. The structure was implemented on 28 December 2012, when the loan was paid into a blocked bank account of Imtech Poland, which account was pledged by Imtech Poland to the Austrian bank and to which account Imtech Poland did not have access. At maturity the bank enforced the pledge. A similar structure was implemented for an amount of EUR 37.3 million and an amount of EUR 21 million, which had to be paid by an affiliate entity of AWW, respectively AWW under the AWW Project.

[16] Extracted from the audited financial statements for the 2012 financial year included elsewhere in this Prospectus.

The promissory note as well as a pledged account structure involving EUR 21 million and EUR 37.3 million similar to the one described above but implemented in December 2011, had been classified as "cash and cash equivalents" in Royal Imtech's 2012 semi-annual financial statements. In the course of its audit of Royal Imtech's 2012 financial information, KPMG raised questions about this classification. After further research it was concluded that the pledged accounts and the promissory note should have been classified as "current financial assets" because the cash credited to the pledged account and represented by the promissory note was not readily available to Imtech Poland as a result of AWW's financial position (and during KPMG's intensified audit of Royal Imtech's 2012 annual financial statements, KPMG became aware that that pledged account had been classified the same way in the 2011 annual financial statements and needed to be reclassified).

*(ii) Projects Imtech Poland generally*

On 29 January 2013, following the discovery of possible irregularities in relation to the AWW Project, KPMG informed the Board of Management that it had signals about peculiar transactions with two Estonian companies (see " – (iii) Two Estonian companies"), doubts about the substance of a project carried out by Imtech Poland (other than the AWW Project) and that it had trouble obtaining information from Imtech Poland. It was decided that KPMG, as part of its audit, would follow up on these matters with a review with the help of its forensic auditors.

Upon the arrival of the new management at Imtech Poland on 5 February 2013, it became clear to new management that Imtech Poland's financial information, as reported to the Company, did not reflect the actual situation correctly. Some projects on Imtech Poland's order book appeared to be non-existent. Other projects carried costs which had not been incurred for the purpose of the relevant project. However, as a large part of the contract documentation in respect of completed and on-going projects was missing (as many books and records had been removed in the weekend of 2 and 3 February 2013), it was difficult to correctly assess contingent liabilities of Imtech Poland. Losses on finalised projects had been carried over to new projects to avoid having to be recognised. In addition, receivables on several projects were considerably overstated. In response the following actions were taken:

- New management at Imtech Poland (and whenever relevant E&Y FIDS participated) discussed all projects in Imtech Poland's order book with the project managers responsible to assess, inter alia, whether (i) the project was an actual project, (ii) the costs booked on the project were related to the project and (iii) at what amount, on a correct and prudent valuation, work in progress should be set and at what amount, on a correct and prudent basis, profits or losses on a project should be estimated. These discussions were held with clear instructions to the project managers that this was the one and only opportunity to clear their projects from all unwarranted costs and expectations.
- On the basis of all information available to it, Imtech Poland's new management also assessed all outstanding claims payable and claims receivable by Imtech Poland. New management discovered that since December 2012 no invoices had been booked and claims payable and receivable had not been processed.
- E&Y FIDS performed forensic investigative measures on De Brauw's instruction, which included (but were not limited to) (i) a detailed review of certain projects of Imtech Poland in accordance with the criteria submitted by KPMG for the purpose of its audit of the Company's 2012 financial statements, (ii) an analysis of receivables recorded in connection with certain projects selected by KPMG, (iii) an analysis of the accounting treatment of recorded guarantees, (iv) a verification of payments in excess of EUR 100,000 made after 1 January 2013 and an analysis of movements on bank accounts held by Imtech Poland with an Austrian bank between 1 January 2011 and 28 February 2013 and (v) an analysis of balances in accounts payable selected in agreement with KPMG.
- De Brauw (and where appropriate a Polish law firm acting on the instruction of De Brauw) performed certain legal analyses, including (i) a review of material agreements and project minutes in connection with certain projects selected by KPMG (ii) a legal assessment of the validity and recoverability of receivables relating to certain projects selected by KPMG, (iii) investigated dealings between Imtech Poland and two Estonian companies (see " – (iii) Two Estonian companies" below) and (iv) investigated certain possible irregularities referred to in the Whistle-Blowers Letter. See " – (B) Germany – (iii) Whistle-Blowers Letter".

These actions provided clear evidence that the financial information provided by Imtech Poland to Royal Imtech was materially incorrect. The actions confirmed that certain projects on Imtech Poland's order book did not exist, that projects carried costs which had not been incurred for the purpose of the relevant project and that losses on finalised projects had been carried over to new projects to avoid having to be recognised. The actions furthermore confirmed that valuations of work in progress had been aggressively optimistic and that overdue and in some cases disputed receivables had been recognised as an asset without appropriate deductions for non-collectability.

*(iii) Two Estonian companies*

As a result of Royal Imtech's investigations, invoices from two Estonian companies to Imtech Poland for an aggregate amount of approximately EUR 37.5 million came to light (out of which an amount of about EUR 0.3 million was paid by Imtech Poland). Further to KPMG's notification that it had received signals of peculiar transactions with these two companies, De Brauw and E&Y FIDS investigated these invoices and the dealings between those companies and Imtech Poland and concluded that there was no valid basis for Imtech Poland to pay these invoices (e.g. although purchase orders and delivery notes relating to the invoices exist, it appears that no materials were delivered or services rendered). One of the Estonian companies sent invoices for an aggregate amount of EUR 23 million (out of which Imtech Poland paid about EUR 0.3 million), which invoices were all booked on the same day and allocated to various projects, including a project which did not exist. The other company sent invoices in an amount of EUR 14.5 million. These invoices were also all booked on the same day and were allocated to projects that did not exist.

As stated above, Imtech Poland paid an aggregate amount of about EUR 0.3 million in respect of these invoices to one of the Estonian companies. Royal Imtech believes that Imtech Poland has a claim against one of the companies for that same amount and aims to seek to recover this amount from the company concerned, subject to a further analysis of the litigation costs involved and the recovery which the Estonian company is expected to offer once litigation has been successfully completed. Imtech Poland received a document from the owner of the two companies which allegedly would evidence an agreement between Imtech Poland and the companies and form the basis for the invoices referred to above. Imtech Poland has also received a claim of EUR 1.9 million from one of the companies on the basis of the alleged agreement. The Company believes that no actual agreement has been concluded and that, accordingly, Imtech Poland has no obligation to pay any claim or invoice submitted by the companies.

*(iv) Claims without reference in Imtech Poland's books and records*

In the first half of May 2013, Imtech Poland received claims for an aggregate amount of about EUR 6.5 million from three companies for services allegedly taken out by Imtech Poland. Imtech Poland's available books and records do not contain any reference to services taken out from the three companies. This matter is currently under investigation.

*Remedial actions in respect of Imtech Poland*

The following remedial actions were taken further to the developments and discoveries described above:

- The Former Polish CEO and the Former Polish Second Board Member were initially suspended and later dismissed for cause on 7 February 2013 (litigation about these dismissals is currently pending)
- Imtech Poland has sought to renegotiate the termination agreements concluded in the weekend of 2 and 3 February 2013, as the Company believes that they were (also in the light of the possible involvement of such employees in the irregularities) too generous for the employees. Out of the 27 termination agreements (four employees returned), 21 agreements have been replaced. Where there are indications that employees who have remained with Imtech Poland have been involved in irregularities, appropriate remedial actions will continue to be taken, taking into account labour law restrictions.
- The actions set out above lead to the preliminary conclusion that criminal offences may have been committed in Poland. Imtech Poland notified the Polish prosecutor's office in Warsaw that criminal offences may have been committed. In the meantime, the Group will remain in contact with the Polish prosecutor's office as appropriate and will fully cooperate with the competent authorities. Furthermore the Group has been advised by a legal adviser to the Former Polish CEO and the Former Polish Second Board Member that they have filed criminal complaints in Poland. To date Polish authorities have not clarified the nature and scope of these complaints. At its request, Royal Imtech has been added as an injured party to the criminal notifications so that it and the Group will be informed of the investigation.
- The findings show that companies and persons not related to the Group played an important role in irregularities that may constitute criminal offences. The Group aims to press charges in relation to those irregularities that may have constituted criminal offences.
- Although it cannot be excluded that management or employees of Imtech Poland have acted alone in some respects and although the findings from the Corrective Actions do not evidence a definite link between Imtech Poland and Imtech Germany in respect of each and every irregularity, there are clear indications that incidents in Germany and Poland have not occurred in isolation, e.g. management of Imtech Germany also bore management responsibility for Imtech Poland. Remedial actions in relation to Imtech Germany and its management and employees are set out below.

*(B) Germany*

In the course of the Corrective Actions, irregularities were uncovered at Imtech Germany, including in relation to (i) the Whistle-Blowers Letter, (ii) projects conducted by Imtech Germany and (iii) dealings with the X Group. The Company and De Brauw have received various letters from a person (referred to in the 'Report to Shareholders' as "Mr Y"), who alleged that he knows of other irregularities that have taken place in Imtech Germany without clarifying or substantiating these other irregularities that according to him had taken place. However, his allegation lacked coherence and provided little substance or grounds to the allegations made. Royal Imtech has invited Mr Y to meet in order for him to substantiate and elaborate on the alleged irregularities referred to by him. He has replied that he will consider the invitation, but so far he has not accepted the invitation.

*(i) Whistle-Blowers Letter*

On 4 February 2013, the Group received a 'Report made under the rules for whistle-blowers on irregularity' (the "**Whistle-Blowers Letter**"). These rules do not permit the Group to disclose the identity of the whistle-blowers. The allegations made therein have generally been the subject of the Corrective Actions and can be summarised as follows:

- Imtech Poland allegedly made certain payments to third parties without proper business justification.
- Two employees of Imtech Germany allegedly assisted in manipulation of Imtech Germany's balance sheet through manipulation of the electronic bookkeeping system at Imtech Germany's Hamburg offices.
- Bank statements, contracts, invoices and other documents at Imtech Germany's Hamburg offices were allegedly manipulated.
- On the instruction of Imtech Germany's headquarters in Hamburg receivables in connection with the National Stadium project and the Wroclaw Stadium project in Poland were allegedly overstated.
- Imtech Germany allegedly secured debts owed by an entity within the X Group (as defined below) by way of a bank guarantee issued on instructions of the former CEO of Imtech Germany (the "**Former German CEO**") and the former chief controller of Imtech Germany (the "**Former German Chief Controller**").
- On the instruction of the Former German CEO (a) financial support was allegedly provided in connection with the AWW Project by payment of parts of financing costs and fees; (b) an amount of EUR 12 million was allegedly paid into an escrow account held by a Polish law firm to provide security for payment of financing costs for the AWW Project; and (c) various loans were allegedly made to AWW without adequate security. In addition, in relation to the AWW Projects: (x) three security rights were allegedly created in connection with the AWW Project to present a more positive image of Imtech Germany's 2012 year-end balance sheet and (y) a side agreement was allegedly concluded in respect of a cheque given by AWW. For more information on the AWW Project and the Corrective Actions in this respect see " – 2. Findings – (A) Poland – (i) AWW Project".
- Costs were allegedly moved between projects performed by Imtech Poland. The moving of costs between projects was investigated as part of the Corrective Actions performed in relation to Polish projects generally, see " – 2. Findings – (A) Poland – (ii) Projects Imtech Poland generally".

*(ii) Projects conducted by Imtech Germany*

When new management started at Imtech Germany in the beginning of February 2013, as one of their first actions, it made a round of all German regional offices to discuss financial performance and operations generally. During those discussions, it became clear to management that financial information produced by Imtech Germany, as reported to the Company, had been substantially inflated. The findings of management during those discussions were the basis of Royal Imtech's press release of 27 February 2013, in which it announced that it had reached a preliminary conclusion that a write-off on German projects of about EUR 150 million was necessary due to a write-off on overdue debtors, a lower estimate of work in progress and losses which were passed on to the future without proper justification.

Furthermore, it became clear that Imtech Germany had knowingly produced considerably inflated financial information, which it presented to the Former Board of Management for reporting purposes and to KPMG for the purposes of its annual audit and its semi-annual reviews. According to the findings, at the beginning of each year financial information would be collected from Imtech Germany's six operating regions (each with its own management consisting of two directors). For this purpose, regional management would produce information which it believed to be accurate. However, throughout the year, regional management was instructed by the former German central management, predominantly by the Former German CEO and the Former German Chief Controller, to make unjustified alterations to that financial information. This resulted in a separate set off financial information which was presented to the Former Board of Management and KPMG. The alterations were not visible to Royal Imtech because they were made on an IT-system which was accessible only for Imtech Germany. Alterations made consisted of aggressively optimistic valuations of work in progress, valuations of outstanding receivables without proper provisioning, incorrect cost allocations between projects and carrying over losses on finalised projects to new projects to avoid these losses having to be recognised. The Former German CEO and the Former German Chief Controller claim that the financial information presented to the Former Board of Management and KPMG was accurate and the first set reflected a "worst case" scenario, but the evidence obtained by the Group to date does not support that claim. Furthermore, although there has been large scale cooperation between multiple regional managers and central management of Imtech Germany to produce inflated financial information for the respective regions, regional managers did not necessarily have the full picture of the inflation throughout Germany.

To produce a reliable set of financial information on a non-inflated basis, the Group has undertaken a substantive review of the financial information for Imtech Germany (which included an analysis of payments, work in progress, outstanding receivables and projects). To assist with that review, employees of a big four accounting firm were engaged on a "loaned staff basis", where such employees worked at the Group as if they were employees of the Group. Also, other consultants and advisers were engaged.

The actions set out above were supported by the findings from the forensic investigative actions, including the findings in relation to the X Group (as described in more detail below). There was clear evidence that the financial information provided by Imtech Germany to Royal Imtech had been substantially overstated. Valuations of work in progress had been aggressively optimistic and that overdue and in some cases disputed receivables had been recognized as an asset without appropriate deductions for non-collectability. The actions furthermore confirmed that projects on Imtech Germany's order book carried costs which had not been incurred for the purpose of the relevant project and that losses on finalised projects had been carried over to new projects to avoid having to be recognised.

*(iii)* *X Group*

The X Group includes three companies which are active in the technical services industry (these are for purpose of the Prospectus jointly defined as the "**X Group**"), controlled by a person ("**Mr X**"). Over the years, the X Group has occasionally cooperated with Imtech Germany on projects. Findings early in the Corrective Actions suggested that irregularities might have occurred in relation to the X Group and individuals connected with it. In accordance with the forensic works list for Imtech Germany provided by KPMG (as referred to above), extensive forensic investigative actions were applied to uncover these irregularities. Based on the findings from these actions and other Corrective Actions taken, Royal Imtech believes that the following irregularities have or may have occurred in dealings between Imtech Germany and Imtech Poland and the X Group or individuals connected with it.

*(1) Liquidity support – unwarranted payments*

Between 2007 and 2013, Imtech Germany and Imtech Poland made several payments to entities within the X Group and individuals who appear to be connected to the X Group (including a former director of Imtech Germany), for which there appeared not to be a proper business justification in an aggregate amount of about EUR 29.7 million. In addition, payments with an aggregate amount of about EUR 3.3 million have been identified, which entities within the X Group made to Imtech Germany between 2008 and 2010. There are indications that some of these payments served as repayment of amounts paid by Imtech Germany in favour of entities within the X Group. There is substantial evidence that the payments referred to above for the most part did not serve any business purpose, although certain payments might have related to advisory contracts between the former director of Imtech Germany (referred to above) and Imtech Germany. The Company believes that Imtech Germany may have made other payments to third parties in respect of obligations of entities within the X Group, but on the basis of information available the Company has no reason to assume that the amounts involved are material.

*(2) Liquidity support – liability for obligations of X Group entities*

In addition, Imtech Germany accepted liability for obligations incurred by entities within the X Group. Such acceptance of liability came in different forms, including:

(a) guarantees for which Royal Imtech has not been able to establish that they were issued in relation to joint projects conducted by Imtech Germany and the X Group or otherwise with a proper business justification for Imtech Germany; a number of these guarantees have been drawn since February 2013, with an aggregate amount of EUR 7.2 million.

(b) debt assumption; Royal Imtech has not been able to establish a clear reason for Imtech Germany's entry into a debt assumption agreement (pursuant to which it assumed joint and several liability for claims under an overdraft facility of EUR 2 million granted by a German bank to the X Group entity), although some evidence suggests that the agreement may have been concluded in connection with a then contemplated acquisition of assets of the relevant X Group entity (as described under "Acquisition of assets of X Group entities" below) and was part of financing provided by Imtech Germany to entities within the X Group. As the German bank exercised its rights under the agreement and demanded Imtech Germany to pay to it the EUR 2 million amount, the Group had paid the German bank in order to avoid litigation

(c) third party security for loans taken out by Mr X with a German insurance company; there is evidence that the sole purpose of securing the loans was to financially support Mr X and the X Group, without any proper business justification for Imtech Germany.

*(3) Liquidity comfort*

Imtech Germany has provided various comfort letters to German banks promising to secure liabilities of the X Group. In addition, there is correspondence implying that Imtech Germany considered providing, or may have provided, comfort letters in relation to the liquidity of these entities within the X Group to other German banks. To what extent the comfort letters and correspondence may result in legal obligations for Imtech Germany to make payment to the German banks concerned in case the relevant entities of the X Group suffer liquidity shortfalls, is the subject of continuing legal analysis.

*(4) Acquisition of assets of X Group entities*

There is evidence that at some time the liquidity support and comfort described above had reached such substantial amounts that the Former German CEO apparently took the view that it was advisable to purchase all or part of the assets of an entity in the X Group in order to secure the repayment of the liquidity support granted to the X Group and also because the business of the X Group was deemed to constitute a good fit for Imtech Germany. There is evidence that some discussions between Imtech Germany and Mr X took place in this regard and certain preparations for a possible acquisition were made. However, the Former German CEO and certain other employees of Imtech Germany have categorically stated that the discussions between Imtech Germany and Mr X never advanced to the stage of negotiation (including regarding the purchase price). There is evidence that, in addition to discussions about an acquisition of assets of a X Group entity referred to above, negotiations were conducted on the purchase by Imtech Germany from a third party owner of certain business premises of an entity within the X Group. There are no indications from the Corrective Actions that Imtech Germany informed the Former Board of Management or Royal Imtech's headquarters of any preparation for or discussions about any acquisition of any assets of the X Group.

As follows from the explanations above, the dealings between Imtech Germany and the X Group which should or possibly should be qualified as irregularities have been extensive. Although the Corrective Actions taken in this regard, including the forensic investigative measures, have been equally extensive, Royal Imtech cannot provide definite assurance that no further irregularities in connection with the X Group will come to light. In particular, further irregularities may be uncovered by criminal law authorities (e.g. as Royal Imtech has notified the German prosecutor office in Hamburg, see " – Remedial actions in respect of Imtech Germany" below) applying instruments which are not available to private entities such as Royal Imtech or to any external expert advisers engaged by it. Also, it cannot be excluded that Imtech Germany may be exposed to further financial risks in relation to the X Group. In addition, in case the X Group were to become insolvent, Imtech Germany and Imtech Poland may under German law be exposed to significant liabilities as a result of the liquidity support and comfort described above.

*Remedial actions in respect of Imtech Germany*

The following remedial actions were taken further to the developments and discoveries described above:

- As set out in Royal Imtech's press release of 5 February 2013, the Former German CEO and the former CFO of Imtech Germany (the "**Former German CFO**") stepped down on 5 February 2013. A third board member stepped down on 6 February 2013. The Former German Chief Controller was suspended on 6 February 2013. The fourth board member of Imtech Germany has continued in his office. During the Corrective Actions no indications were found that he has been involved in any irregularities. The Board of Management appointed two experienced managers from the Group in the Netherlands as acting CEO and acting CFO of Imtech Germany while permanent replacements were sought.
- On the basis of the findings from the Corrective Actions, on the Company's instruction, Imtech Germany subsequently dismissed the Former German CEO, the Former German CFO and the third board member of Imtech Germany for cause on 6 May 2013. On the same day, the Former German

Chief Controller was also dismissed for cause. Litigation about these dismissals is pending in the German courts.)]

- The findings referred to above support that criminal offences may have been committed in Germany. On 6 May 2013, Royal Imtech has notified the German prosecutor's office in Hamburg that criminal offences may have been committed. In the meantime, the Group will remain in contact with the German prosecutor's office as appropriate and will fully cooperate with the competent authorities and is building a file to substantiate a possible future criminal complaint.

It is clear from the findings from the Corrective Actions that the production of inflated financial information for Imtech Germany was not an isolated action of the Former German CEO and other responsible members of Imtech Germany's central management, but that this happened on a large scale. Multiple members of German regional management were involved, as well as certain staff members, although their involvement and knowledge is likely to have been limited to certain aspects involving their respective areas of responsibility, without knowledge of the full scope and impact. Appropriate remedial actions require a balanced approach (with the aim that Imtech Germany's operation can be conducted in a controlled and uninterrupted manner), also taking into account labour law restrictions. However, considerable steps have already been taken in this regard, including concluding employment termination agreements and implementing changes in positions.

To the extent that managers and employees involved in, or aware of, certain irregularities continue to work with Imtech Germany (whether in their original or in a new position), Royal Imtech believes that the Group's tightened set of controls (as part of the enhanced GRC approach), combined with the Group's shift in financial focus from revenue and operational EBITA growth to healthy working capital and cash generation (as referred to below), should assist to avoid inflation of financial information and substantive further irregularities generally in the future.

*(C) The Netherlands, Spain, Turkey*

In this paragraph the irregularities in the Group's business in the Netherlands, Spain and Turkey will be set out.

*(a) The Netherlands*

It is customary for entities within the Group to work together and, where appropriate, to invoice each other for work performed. However, following the discovery of possible irregularities in relation to projects carried out by Imtech Germany and Imtech Poland, questions were raised about certain invoices from Imtech Netherlands to Imtech Germany and Imtech Poland. These invoices were investigated as part of the Corrective Actions. For some of the invoices a proper business justification could be established. Others, however have been reversed for the following reasons:

- Imtech Germany and Imtech Netherlands together worked on a project for which Imtech Netherlands made out invoices in 2009, 2010 and 2011 in an aggregate amount of EUR 12 million. That project had resulted in a loss for Imtech Netherlands and a profit for Imtech Germany. The Former CEO argued that the loss for Imtech Netherlands was also, if not mainly, attributable to Imtech Germany because of its role in the execution of the project and because Imtech Germany participated in the main consortium for the project, and not Imtech Netherlands. Therefore, the Former CEO instructed Imtech Netherlands to charge on part of the loss to Imtech Germany in separate tranches in 2009, 2010 and 2011. However, parts of the invoices were made out with reference to another project which Imtech Netherlands had not worked on. Also, the amounts to which the invoices related were accounted for as revenues by Imtech Netherlands and recorded as work in progress (and not as costs) by Imtech Germany. These revenues and work in progress should have been eliminated for the purpose of Royal Imtech's consolidated financial statements. This however did not happen. As a result, the profits of Royal Imtech were inflated by the amount of the invoices, with EUR 2 million for 2009, EUR 7 million for 2010 and EUR 3 million for 2011. On the basis of the findings from the Corrective Actions, the Company accepts that the Former CEO may have had business reasons to instruct Imtech Netherlands to invoice Imtech Germany for part of its loss, as there are indications that part of the loss for Imtech Netherlands was indeed attributable to Imtech Germany. However, the Company considers these reasons insufficient as the amount of the invoices was not determined at an arm's length. Therefore, it has determined to reverse the decision.
- In 2011 and 2012, Imtech Netherlands made out several invoices to Imtech Germany and Imtech Poland with an aggregate amount of EUR 14 million. According to the findings from the Corrective Actions, this amount related to contracts which were part of the AWW Project. According to the Former CEO, the AWW Project was acquired by the Group through Imtech Netherlands from contacts between Imtech Netherlands and the AWW Director. Although Imtech Netherlands initially intended to carry out the AWW Project itself, the Former CEO decided that it would be carried out by Imtech Germany through Imtech Poland but that as a compensation Imtech Netherlands could invoice an acquisition fee. Part of this fee was invoiced to Imtech Germany, and part of it was

invoiced to Imtech Poland directly. Part of the documentation backing up the invoices was backdated. The Corrective Actions have not produced evidence that the Former Board of Management was aware of the back-dating. Also, in November 2012 two invoices with a total amount of EUR 5 million were made out with reference to another project, which Imtech Netherlands had not worked on. According to the Former CEO, by the time these invoices were to be made out, he no longer considered it prudent to charge the acquisition fee as the financing of the AWW Project had become uncertain (as set out above). However, according to the Former CEO, the Former German CEO insisted that the acquisition fee be paid, so that invoices needed to be sent, and informed the Former CEO that the invoices were to be charged to another project. Also, the amounts which the invoices related to were accounted for as revenues by Imtech Netherlands and recorded as work in progress by Imtech Germany. These revenues and work in progress should have been eliminated for the purpose of Royal Imtech's consolidated financial information. This, however, did not happen. As a result, over the years the profits of Royal Imtech were inflated by the amount of the invoices, with EUR 4 million in 2011 and EUR 5 million for the first half year of 2012. On the basis of the findings from the Corrective Actions, the Former CEO may have had business reasons for his decision to instruct Imtech Netherlands to charge an acquisition fee for the AWW Project to Imtech Germany and Imtech Poland, but the Company considers these reasons to be insufficient. In any event, to the extent that the fee was charged to another project, it is obvious that this needed to be corrected. More generally, taking into account that the AWW Project has failed, the Company has determined to reverse the decision in its entirety.

The reversal of the invoices referred to above accounts for EUR 26 million.

*(b) Spain*

In April 2013, the local management of Imtech Spain informed Royal Imtech that irregularities had occurred at one of its local business units. These irregularities had come to light initially at the beginning of 2012. Local Spanish management had investigated the matter and taken action but failed to inform the Former Board of Management. When Spanish management informed the current Board of Management in April 2013, Royal Imtech immediately engaged a team of external forensic experts to further investigate the irregularities and ordered a substantive audit of the financial statements of Imtech Spain. The findings from these actions were that the suspected business unit of Imtech Spain had sought to disguise declining results as a consequence of weak market circumstances by overstating results and understating operating expenses for an aggregate amount of about EUR 6 million, of which EUR 5 million was attributable to 2011 and the remainder to 2012.

*(c) Turkey*

In April 2012, Royal Imtech acquired 80% of AE Arma. During the preparation of AE Arma's 2012 financial statements, after KPMG had encountered difficulties in completing its audit, its management informed the Board of Management that irregularities had been identified which might result in an additional exposure for Royal Imtech of EUR 4.7 million in relation to the period following the acquisition of AE Arma by Royal Imtech. It is uncertain whether the sellers of AE Arma are under an obligation to indemnify Royal Imtech to the extent that the exposure is related to that period.

**3. Measures adopted by and changes to the Company**

In response to these events and findings the Company has developed measures to adapt and strengthen (i) the Group's financial structure and (ii) the Group's GRC framework. Most of such measures have been implemented or are in the course of being implemented and the remaining measures will be implemented in due course.

**I. Financial measures and restructuring**

The events resulted in foreseeable events of default under most of the Group's existing debt financing arrangements. Therefore, in response to the recent events, Royal Imtech immediately took steps to enter into discussions with its financiers (lenders, noteholders and guarantee and bond providers). See "Threatened events of default" below.

Furthermore, the events, together with increased financing needs as a result of the growth of the Group's business (as a consequence of acquisitions and autonomous growth) and market circumstances, resulted in a foreseeable shortfall of the financing available to the Group under its existing debt financing arrangements compared to the Group's financing needs. See " – Background to the Offering; recent events – 3. Measures adopted by and changes to the Company – I. Financial measures and restructuring – Bridge Loan Agreement" below.

Also, the write-downs made in respect of Polish and German business and additional write-downs and restatements in respect of Group Companies outside Germany and Poland which were necessitated by findings from the Corrective Actions as set out above, substantially reduced the Company's shareholders' equity relative to its debt to a level which would not be sustainable in the long term. See “Financial restructuring and Offering” below.

Moreover, the Company introduced measures relating to cash and working capital management and reporting and forecasting requirements. See “Changes in the Company’s governance, risk and compliance (“GRC”) policy” below.

***Threatened events of default***

The events described above affected the Group’s existing financing arrangements in three ways:

- The main financing arrangements include financial covenants. At the time when on 4 February 2013 Royal Imtech announced that possible irregularities had occurred at Imtech Poland, under these financial covenants, Royal Imtech was required to maintain, on a consolidated and rolling 12 month basis:

  - a “average senior net debt to EBITDA ratio” of 3.00 at maximum (and an additional total net debt ratio under the USPP of 3.50 was required), and
  - an “interest coverage ratio” of 4.00 at minimum

  The impact of the events described above or Royal Imtech’s financial figures for 2012 resulted in a foreseeable breach of these financial covenants when Royal Imtech’s 2012 annual financial statements would become available. They have been waived in the waiver and amendment agreements. See “Operating and Financial Review – Liquidity and Capital Resources – External Sources of Funding, Financing and Indebtedness”.

- In addition, the Group’s financing arrangements included various representations and other covenants. The main financing arrangements include a provision to the effect that Royal Imtech’s annual and semi-annual financial statements must fairly represent its financial position and results of operations at the end of, and for, the relevant financial period in accordance with IFRS.

  The corrections in Royal Imtech’s 2011 annual financial statements (see “Operating and Financial Review – Accounting restatement”) and 2012 semi-annual financial statements (due to the reclassification in Royal Imtech’s 2012 semi-annual financial statement of a promissory note and pledged account from “cash and cash equivalents” to “financial assets”, see above) resulted in a breach of these representations and obligations in relation to those financial statements. These were remedied or waived under the waiver and amendment agreements referred to below.

- In addition to this breach of representation, the events described above resulted or, if not remedied, could result in certain other breaches of representations and undertakings under the Group’s financing arrangements. However, these breaches generally are of a more technical nature. They have also been waived in the waiver and amendment agreements.

The announcement in Royal Imtech’s press release of 4 February 2013, of an expected write-off of at least EUR 100 million on projects carried out by Imtech Poland and the subsequent announcements and developments, caused acute and understandable concern with the Group’s financiers. Some financiers froze the undrawn part of their facilities. Some financiers considered refusing standard roll-overs of maturing drawdowns under their facilities into new drawdowns. Some financiers providing uncommitted facilities also considered terminating those facilities altogether.

One of the Company’s first priorities following the publication of that press release has been to give comfort to all financiers that the Group’s future was not in jeopardy and to ensure the continued availability of the funding required by the Group to operate its business. The extensive negotiations with financiers were conducted as part of a two-step process, outlined as follows:

- As announced in Royal Imtech’s press release of 20 March 2013, as a first step Royal Imtech on 19 March 2013 concluded an agreement with its main financiers on the provisional continuation of their outstanding facilities. See “Continuation agreement” below.
- As announced in Royal Imtech’s press release of 17 June 2013, as a second and final step, Royal Imtech concluded waiver and amendment agreements with its main financiers. See “Amendments and waivers of existing facilities” below.

*Continuation agreement*

In order to stabilise its relationship with its financiers and to obtain access to the additional EUR 200 million under the Bridge Loan Agreement (and thus be able to drawdown loans under the Bridge Loan Facility and draw guarantees under the Bridge Guarantee Facility, see “ – Background to the Offering; recent events – 3. Measures adopted by and changes to the Company – I. Financial measures and restructuring – Bridge Loan

Agreement" below), the Company entered into a temporary continuation agreement with its main financiers. The parties to this continuation agreement include the eleven banks that form the syndicate of the RCF, the holders of the USPP notes, the Group's main bilateral lenders and main guarantee providers, as well as the Group's main cashpool providers and hedging counterparties. Pursuant to the continuation agreement, the relevant financiers agreed not to terminate or suspend their financing arrangements on the basis of events related to Imtech Germany or Imtech Poland and to continue to keep these financing arrangements open up to the amounts outstanding on 28 February 2013, provided that the aggregate write-off in relation to Imtech Germany and Imtech Poland would not exceed EUR 375 million and certain other conditions (including compliance with additional information obligations and operational restrictions) would be satisfied.

*Amendment and waivers of existing facilities*

As set out above, the continuation agreement was a temporary measure. In order to stabilise its relationships with its main financiers more permanently, the Company entered into various amendment and waiver agreements. The waiver and amendment agreements secured the continued availability of the Group's main financing arrangements, subject to their terms and subject to the uncommitted character of those arrangements where applicable. See "Operating and Financial Review – Liquidity and Capital Resources – External Sources of Funding, Financing and Indebtedness".

***Bridge Loan Agreement***

The Group has a seasonal cash flow pattern. The Group's overall increase in financing needs results from the growth of the Group's business (including acquisitions and autonomous growth), changes in working capital and market circumstances. When reviewing the Group's financial position following the discovery of the derailments and possible irregularities in Poland and subsequently in Germany, the Company concluded that there was a distinct possibility that the Group's existing financing arrangements, also taking into account the foreseeable breach of financial covenants, the freezing of certain financing arrangements and the uncommitted nature of some financing arrangements (all as described under "Threatened events of default" above), would be insufficient to cater for the Group's financing needs.

To cater for this the Company entered into the Bridge Loan Agreement, which it announced on 27 February 2013. See "Operating and Financial Review – Liquidity and Capital Resources – External Sources of Funding, Financing and Indebtedness – Bridge Loan Agreement and continuation agreement". An amount of EUR 300 million was made available immediately and an amount of EUR 200 million became available after entering into the continuation agreement described below. See "Operating and Financial Review – Liquidity and Capital Resources – External Sources of Funding, Financing and Indebtedness – Bridge Loan Agreement and continuation agreement".

***Financial restructuring and Offering***

As a result of the loss incurred by Royal Imtech in 2012 and the prior period errors identified, Royal Imtech's shareholders' equity has been reduced from EUR 926.1 million[17] on 31 December 2011 (as reported in Royal Imtech's 2011 annual financial statements, before taking account of the corrections made to those financial statements referred to in "Operating and Financial Review – Accounting restatement") to EUR 456.7 million on 31 March 2013. To enhance its capital base and enable it to reduce its debt financing, as announced in Royal Imtech's press release of 27 February 2013, Royal Imtech intends to strengthen its equity by attracting additional capital in an amount of EUR 500 million through the Offering.

Furthermore, the Offering is required pursuant to the Bridge Loan Agreement (which contains a condition that the Equity Issue Settlement Date shall occur on 1 August 2013 at the latest (unless extended)). Non-compliance with that condition will constitute an event of default under the Bridge Loan Agreement, which will result in a cross default under the waiver and amendment agreements and the underlying other financing arrangements, unless the 1 August 2013 period is extended by the majority lenders (including the original lenders) under the Bridge Loan Agreement.

As the proceeds of the Offering will be used for purposes of debt reduction (see "Use of proceeds" above), the Company expects to decrease its Leverage Ratio and the Company's balance sheet to be strengthened. See "Operating and Financial Review – Liquidity and Capital Resources – External Sources of Funding, Financing and Indebtedness – Bridge Loan Agreement and continuation agreement".

**II. Changes in the Company's governance, risk and compliance ("GRC") policy**

***Strengthened GRC policies***

In February – April 2013 the Company reviewed, with the assistance of E&Y RAS who conducted the RCFA, the Group's existing GRC policies. It concluded that the development of the risk management and internal control infrastructure had not been commensurate with the increase in complexity and size of the Group that

[17] Extracted from the audited financial statements for the 2012 financial year included elsewhere in this Prospectus.

resulted from the rapid growth of the Company over the last years (see "Business – History") and that existing policies were not always complied with. The Company was in the process of strengthening and improving its GRC policies, but, due to the recent events, the Company decided to accelerate this process under the direct responsibility of the Company's group director GRC (the "**Group Director GRC**"). The Group Director GRC, a new position within the Company, was appointed in March 2013 and reports to the Company's CFO.

Strengthened GRC policies are part of Royal Imtech's new management model, which is aimed at reducing the risk profile of the Company. Royal Imtech will continue to employ a decentralised management model as the basis of its organisation, but with strengthened quality of its business controls.

<u>Tender procedures and approval</u>

- Under the Group's existing policy before tendering for a project, an assessment was made of the possible risks and other consequences of the project. This process has been strengthened as described below.
- A Tender Review Board will be set up, which will oversee the tender procedures for new projects. The Tender Review Board will consist of a member of the Board of Management, the Group Director GRC, a seasoned project manager, a seasoned engineer and an in-house legal counsel. The composition of the Tender Review Board may vary subject to characteristics of the tender proposal to be reviewed. All projects with a contract value above EUR 15 million or with a high-risk profile (determined by the Group Director GRC in accordance with the Riskmaster tool set out below) will require Tender Review Board approval. The EUR 15 million threshold may be adjusted from time to time by the Board of Management and may be differentiated for the various clusters and/or divisions, based on risk profile and competences. For projects with a value above EUR 75 million, approval by the entire Board of Management will be required and in addition such projects must be submitted for prior approval by the Supervisory Board. Also, the Tender Review Board will evaluate projects after completion.
- As an interim measure effective immediately since 20 March 2013 and applicable until such time as the Tender Review Board shall have been fully operational, (A) all projects (i) with a contract value of at least EUR 15 million or (ii) with a lower value but with a high risk profile, require the prior written approval by the Company's CEO or CFO and (B) the responsible head of a division or operating cluster of the Group will need to timely and in person present a proposal for project approval. Should approval not be granted by the CEO or CFO of Royal Imtech, either the project will not be tendered for or new negotiations will need to take place regarding pricing and/or risk profile. The assessment of whether a project is deemed to have a high risk profile is, inter alia, based on the Group's own project risk analysis method, an in-house software tool to assess the overall risk profile of a project during the bid phase (the "**Riskmaster tool**"). Should the Group Director GRC, based on the output of the Riskmaster tool and/or a (Group's) risk manager's assessment, consider a project with a contract value lower than EUR 15 million to have a higher risk profile than 'ordinary business', he will further review such project. Should he not be satisfied based on the answers received and review he performed he shall submit such project for approval to the Company's CEO or CFO or, once in place, the Tender Review Board.

<u>Rules Board of Management</u>

- Rules have been introduced governing the functioning of the Board of Management (see "Management, Employees & Corporate Governance – Board of Management – Board of Management rules".

<u>Authorisation</u>

- Internal controls have been reinforced by enhancing the Group's authorisation matrix, including a refined system of approvals for specific categories of business decisions (including financing, guarantees, payments and projects)
- As part of the new authorisation process the role of the Supervisory Board was amended and enhanced, so that the Supervisory Board is more involved in important operational matters (e.g. projects and guarantees with a value above EUR 75 million (as amended from time to time) and investments above a certain threshold will require the Supervisory Board's prior approval.)

<u>Internal Audit, Accounting and Reporting</u>

- An internal audit department was set up. This audit department directly reports to the Group Director GRC. Furthermore, it has direct access to the Board of Management and the Supervisory Board, in case it considers such access necessary or desirable (to ensure the internal audit department's independence). The internal audit department among other things reviews valuation of work in progress and of overdue receivables. It also promotes and oversees the sharing of best practices throughout the Group. Furthermore, when designated by the Board of Management, the internal audit department will carry out special investigations and tasks for the Board of Management and oversee compliance with and promote an adequate functioning of the GRC policies (including the reinforced accounting principles set out below). A chartered accountant was brought in from outside the Group to lead the department. He started with the Group on 1 April 2013.

- The Group's accounting principles in accordance with IFRS comprise the principles relating to the valuation of assets and liabilities, determination of the results from operations and the principles relating to the presentation of financial information. These accounting principles and their application are in the process of being tightened and clarified and have been and will continue to be implemented within the Group. As a result of developments in IFRS and other factors, this is an on-going process. The application of these tightened accounting principles not only extends to monthly historical reporting of actual results, but also to elements such as budgets and forecasts.

Charter Audit Committee

- The charter of the audit committee of the Supervisory Board (the "**Audit Committee**") was amended to more accurately reflect its risk monitoring function.

Compliance

- The Company has adopted a reinforced focus on compliance and introduced measures to enhance and enforce existing and new internal rules and regulations. Also, the financial and legal function as well as the internal audit department within the Group will monitor compliance with these internal rules and regulations.

Dual reporting for the financial and legal discipline; enhancement of the legal function

- (i) A dual reporting line has been introduced for the financial discipline and (ii) the dual reporting line for the legal discipline has been reinforced:

  - As to (i), divisional controllers are required to report not only to their divisional manager, but also to the Company's CFO. Decisions regarding hiring, appraisals, terms of employment and dismissal will need to be taken by the relevant manager together with the Company's CFO.

  - As to (ii), divisional in-house counsel are required to report not only to their own divisional manager, but also to the Group Director GRC. Decisions regarding hiring, appraisals, terms of employment and discharging will need to be taken by the relevant head at a cluster or division level acting together with the Group Director GRC. This will lead to a strengthening of the legal function. To further enhance the legal function, the role of the Group councils for legal as well as risks and insurance will be reinforced (inter alia to exchange best practices). Furthermore, a quarterly review by the Group Director GRC of projects and litigation was introduced.

Treasury

- In order to better monitor the Group's financial position (including cash flows and working capital), the Company has resolved to revise and reinforce its existing treasury policies and procedures. Also, the Company has an increased focus on cash and working capital. The focus on working capital was not new to the Company; the negative development in the Group's working capital (see "Operating and Financial Review – Consolidated Results of Operations – Cash Flow Analysis for the Group for the 2012 and 2011 Financial Years and Q1 2013 and Q1 2012 – Working capital") was discussed in many meetings of the Former Board of Management and the Supervisory Board. With hindsight, working capital was significantly inflated due to manipulation of financial information, in particular at Imtech Germany. See " – 2. Findings – (B) Germany – (ii) Projects conducted by Imtech Germany". As an interim measure, the Company strengthened reporting obligations for all divisions and business units and restrictions and requirements for clusters, divisions and business units on entering into their own credit and guarantee facilities, opening bank accounts and granting guarantees. On a more permanent basis, the Company will include such reporting obligations and restrictions and requirements in a revised treasury manual, which will be implemented throughout the Group.

- Management reporting obligations for all operating entities have been enforced and new reporting obligations have been introduced (e.g. (i) weekly 13-week cash flow forecasting and (ii) monthly and fortnightly reporting on exposure of facilities (e.g. local overdrafts and loans, guarantees and leases)), and restrictions have been put on operating entities entering into their own credit and guarantee facilities, opening bank accounts and granting guarantees.

- (Interim) measures to enhance working capital management have been introduced, which include:

  (i) imposing stricter rules relating to working capital and cash targets, including requirements on reporting cash flow forecasts on a weekly (13-week forecast) basis;

  (ii) billing customers for work in progress at an earlier stage;

  (iii) shortening terms of payment of customers;

(iv) enhancing the Group's management of ageing debtor and creditor positions including targeting collecting outstanding invoices within a shorter time period; and

(v) optimising supplies.

- A daily cash balance system throughout the Group has been implemented to enhance cash management reporting and control.
- Use of local cash and guarantee facilities has been restricted by imposing stricter rules relating to such use, including requirements on reporting such use fortnightly and monthly.
- Going forward the Company's control and management of guarantees and cash of the Group will be further improved by:

(i) restructuring existing cash management and cash pool arrangements, including by reducing the number of cash pools and bank accounts. The Group will develop a strategy for cash management at operating entity level;

(ii) implementing a treasury management system. This will be a central system reflecting all cash positions within, and payments to and by the Group, and will serve as a basis for cash flow forecasting; and

(iii) introducing a guarantee management system. This will be a central system in which all outstanding bank guarantees and sureties will be recorded, also to ensure that necessary approvals have been granted in accordance with the Group's enhanced authorisation matrix referred to above.

Further design and implementation of GRC framework; company culture and training

- An expert consultancy firm has been engaged to assist with the further design and implementation of the Group's GRC framework. To encourage a high level of GRC-awareness within the Group, including internal rules and regulations and the need for strict compliance, and to stimulate an appropriate company culture, intensive training programmes for employees of the Group on these topics will be set up. The Company believes that the Group's culture should develop towards the right balance of integrity, loyalty and critical thinking. The Board of Management has published practical do's and don'ts providing visible support for the Groups GRC framework. Also, the financial and legal function as well as the internal audit department within the Group will monitor compliance with revised internal policies, guidelines, procedures and instructions.
- To support the above and to encourage a high level of awareness in respect of GRC and stimulate the appropriate company culture, the Company will also organise intensive business ethics training programmes for staff on these topics.

***Revised senior management incentive plans***

The Group used to have in place a share scheme for the Board of Management and a stock option plan for senior management (consisting of the top 150 managers). In addition there was a bonus scheme for its senior management and a separate bonus scheme for the Board of Management, entirely or partially based on the growth of the relevant division measured by EBITA and a predetermined budget and which often included yearly growth targets. There was no uniform bonus system, the bonuses awarded and the calculation thereof varied from one person to another.

*Revised incentive plans*

The Group has, with the assistance of an external consultant, revised its remuneration policy and the incentive plans for senior management and the Board of Management. The redesigned incentive plans aim to (i) align the remuneration with the Company's strategy, targets and incentives (greater focus on generation of cash and less focus on growth), (ii) fit within the decentralised organisation model (i.e. encourage local entrepreneurship and encourage building and strengthening the relationships with customers and other stakeholders) and (iii) fit with the reinforcement of business controls and governance.

The new remuneration policy for the Board of Management was approved in the General Meeting of 28 June 2013 and the incentive plans are currently being revised. They consist of a short term incentive plan and a long term incentive plan which are summarised below. See "Management, Employees and Corporate Governance – Revised Senior Management Incentives Plans" for a more detailed description.

**4. Changes to Board of Management, Supervisory Board and senior management of the Group**

*Board of Management*

In August 2012, Royal Imtech announced that Mr Gerard van de Aast would be appointed as the Company's CEO as of April 2013, when the Former CEO was scheduled to retire. As of 1 January 2013, Gerard van de Aast became a member of the Board of Management. Gerard van de Aast took over as CEO and Chairman of the Board of Management as of 27 February 2013, while the Former CEO continued as member of the Board of Management until his retirement date in April 2013.

On 8 February 2013, the Company announced that as of that day the Former CFO stepped down as CFO and member of the Board of Management. With effect from 11 February 2013, Mr Hans Turkesteen was appointed as new CFO and nominated as member of the Board of Management. The General Meeting appointed Hans Turkesteen as member of the Board of Management on 28 June 2013.

Royal Imtech intends to strengthen and expand the Board of Management to four members. On 19 June 2013, Royal Imtech issued a press release in which it published that Mr Paul van Gelder would become a member to the Board of Management as of 16 September 2013 and on 2 July 2013, Royal Imtech issued a press release in which it published that Mr Felix Colsman would become a member of the Board of Management as of 1 October 2013. Both appointments are subject to approval and appointment by the General Meeting. The appointment of Paul van Gelder is a voting item at the General Meeting scheduled for 2 August 2013 and the appointment of Felix Colsman will be a voting item at the next General Meeting that will be scheduled in due course. After their appointment, whilst the Board of Management will remain collectively responsible for the management of the Group, it is intended to apply the following internal division of focus areas, although such division may be reviewed and amended from time to time:

- CEO: direct operational responsibility and focus on clusters Nordic, UK & Ireland and the Benelux
- CFO: will primarily have an internal focus, including on management of working capital and cash flow, management of the Group's financing structure, the implementation of the enhanced GRC policies, and the control and treasury departments of Royal Imtech
- Felix Colsman will be responsible for the operating cluster Germany & Eastern Europe
- Paul van Gelder will focus on the divisions IT, Marine and Traffic & Infra and the operating cluster Spain & Turkey

*Changes to the Supervisory Board*

Mr Van der Meer, the former chairman of the Supervisory Board, decided not to seek re-election as chairman or member of the Supervisory Board. As a result, in accordance with the rotation scheme, he retired from the Supervisory Board on 28 June 2013. Mr Baan, the former vice-chairman of the Supervisory Board, deceased in April 2013. On 18 June 2012, Royal Imtech issued a press release in which it published that Mr Van Lede (as chairman) and Mr Cremers (as vice-chairman) would become members of the Supervisory Board, subject to approval and appointment by the General Meeting. This General Meeting is scheduled for 2 August 2013. Mr Van Lede has agreed to be a member of the Supervisory Board until and including the annual General Meeting in 2015. After the annual General Meeting in 2015, it is intended that Mr Cremers will become the chairman of the Supervisory Board. In the press release, it was also announced that Mr Van Amerongen and Mr van Tooren will retire from the Supervisory Board at the General Meeting which is scheduled for 2 August 2013. In the interest of the desired continuity within the Supervisory Board, Mrs Van Andel and Mr De Rooij have agreed to continue their role as members of the Supervisory Board.

Following the approval and appointments by the General Meeting, as per 2 August 2013, the Supervisory Board of Royal Imtech will consist of Mr Van Lede (chairman), Mr Cremers (vice-chairman), Mrs Van Andel and Mr De Rooij. There will remain one vacancy, for the number of members of the Supervisory Board as set by the articles of association. See "Management, Employees and Corporate Governance – Supervisory Board – Appointment and removal". The Supervisory Board will consider a further appointment in due course. Between 28 June 2013 and 2 August 2013 there will be no formal chairman of the Supervisory Board. When necessary, the Supervisory Board will designate a member to chair the relevant meeting. It is intended that the General Meeting of 2 August 2013 will be chaired by Mr Van Amerongen.

*Other changes to senior management of the Group*

As stated above, the CEO and CFO of the cluster Germany & Eastern Europe stepped down in February 2013 and were replaced by members of senior management of other clusters of the Group on an interim basis. Also, certain other senior managers of the Group were or may be replaced.

Furthermore, three new roles were created at Royal Imtech: (i) the Group Director Corporate Finance (who is responsible for the treasury, tax, M&A and investor relations departments of the Group and who reports directly to Royal Imtech's CFO), (ii) the Group Director GRC (see above) and (iii) the head of the internal audit department (see above). Furthermore a new Group Director Corporate Communication and Corporate Social Responsibility has been appointed and an additional legal counsel was hired.

## DIVIDENDS AND DIVIDEND POLICY

### General

The Company may only make distributions to Shareholders in so far as the Company's shareholder equity exceeds the sum of the paid up and called part ("*gestorte en opgevraagde deel*") of the issued share capital plus the reserves that must be maintained by Dutch law or the Articles. The Company's current Articles contain no statutory reserves. Profits are distributed after the adoption by the General Meeting of the annual accounts from which it appears that said distributions are permitted. Pursuant to the Articles, the Board of Management, with the approval of the Supervisory Board, decides how much of the remaining profit (remaining after due observance of section 24 paragraph 3 up to and including paragraph 10 of the Articles in relation to distribution and reservation on Cumulative Preference Shares and Cumulative Financing Preference shares) will be reserved, whilst taking into account any contractual restrictions of the Company in respect of payment of dividend. After reservation by the Board of Management of any profit, the remaining profit shall be at the free disposal of the General Meeting in accordance with the Articles. No Cumulative Preference Shares or Cumulative Financing Preference Shares are currently issued. The Board of Management may, with due observance of the Articles, and with the approval of the Supervisory Board, resolve upon the distribution of interim dividend to the extent the profits so permit.

### Dividend policy

No dividend will be paid out for the financial year 2012. As a result of contractual arrangements with certain of its financiers (including under the USPPs, the RCF and the Bridge Loan Agreement and the amendment and waiver agreements), the Company may not pay any dividends until the date on which the Company confirms the Leverage Ratio is not exceeding 2.0 and it expects that the Leverage Ratio shall not exceed 2.0 on the date of the distribution, which combination the Company does not foresee to occur before the end of 2015. See "Operating and Financial Review – Liquidity and Capital Resources – External Sources of Funding, Financing and Indebtedness – Syndicated Bank Loans". Thereafter, the Company aims to pay out dividend of 40% of the net result.

### Manner and time of dividend payments

Payment of cash dividend on Ordinary Shares will be made in euro. Dividends will be paid to Shareholders through Euroclear Nederland and credited automatically to the Shareholders' accounts. The Company may give Shareholders the choice to receive their dividend either in cash or in Ordinary Shares. Typically, Shareholders will then need to record their choice by the date announced in the dividend payment advertisement.

Dividends and other distributions (irrespective of their form) on Shares will typically be paid to those in whose name the Shares are registered on the day on which the decision to pay the dividend or other distribution is taken. Dividends and other payments are payable as from a day determined by the Board of Management with the approval of the Supervisory Board. The day for payment on Ordinary Shares may differ from payment on Cumulative Preference Shares and on Cumulative Financing Preference Shares.

### Dividend history

The table below provides information on the dividends paid out or to be paid per Ordinary Share for the years ended on 31 December 2012 and 2011.

| Financial year | Number of Ordinary Shares[1] | Dividend per Ordinary Share (EUR per Share) |
|---|---|---|
| 2011 | 87,943,977 | 0.70 |
| 2012 | 89,106,689 | 0 |

1. Excluding treasury shares.

In 2012 (relating to the financial year 2011) 48% of shareholders opted for a payout in shares for which 1,313,134 shares have been issued. In 2011 (relating to the financial year 2010) 54% of shareholders opted for a payout in shares for which 1,172,942 shares have been issued.

### Uncollected dividends

A Shareholder's claim to dividends and other payments lapses five year after the second day after the day which the claim became payable. Any payment that is not collected within this period reverts to the Company.

**Withholding tax on dividend**

Dividends are subject to Dutch withholding tax. See "Taxation – Taxation in the Netherlands – Withholding tax".

**Dividend ranking of Offer Shares**

Offer Shares issued in the Offering will, upon issue, rank equally in all respects with the Ordinary Shares. The Offer Shares will be eligible for any dividend payment which Royal Imtech may declare on its Ordinary Shares in the future.

## CAPITALISATION AND INDEBTEDNESS

The table below sets forth the Group's unaudited consolidated capitalisation and indebtedness as of 31 March 2013 and on an adjusted basis to give effect to the receipt of the estimated net proceeds (assuming full placement of the Offering and after deducting the Offering expenses) of EUR 479 million from this Offering, at an issue price of EUR 1.40 per Offer Share, and the application of the net proceeds from this Offering as described under "Use of Proceeds and Background to the Offering – Use of Proceeds". These tables should be read in conjunction with the Operating and Financial Review, the audited consolidated financial statements 2012 included in the F-pages of this Prospectus and the unaudited consolidated financial information for the three month period ended 31 March 2013, which is derived from Royal Imtech's unaudited condensed consolidated interim financial statements included in the F-pages of this Prospectus. There have been no material changes to the Group's capitalisation and indebtedness since 31 March 2013, except that the line item "Syndicated bank loans (including Bridge Loan Facility)" has been increased by EUR 50 million as, on the date of this Prospectus, an amount of EUR 125 million is outstanding under the Bridge Loan Facility (which was EUR 75 million on 31 March 2013).

The adjusted capitalisation and indebtedness table below is unaudited and has been prepared for illustrative purposes only and, because of its nature, does not provide an accurate representation of Royal Imtech's capitalisation and indebtedness following completion of the Offering.

**Capitalisation**
**(EUR million)**

| | **Actual as of 31 March 2013** | **As adjusted for the Offering** |
|---|---|---|
| **Total current debt** | **1,334.2** | **854.2** |
| (thereof) recourse | 328.4 | 328.4 |
| (thereof) non-recourse | 1,005.8 | 525.8 |
| *Syndicated bank loans (including Bridge Loan Facility)* | *694.8* | *310.3* |
| (thereof) non-recourse | 694.8 | 310.3 |
| (thereof) non-secured | 694.8 | 310.3 |
| *USPPs* | *328.4* | *328.4* |
| (thereof) recourse | 328.4 | 328.4 |
| (thereof) non-secured | 328.4 | 328.4 |
| *Other bank loans (bilateral facilities)* | *176.9* | *81.4* |
| (thereof) non-recourse | 176.9 | 81.4 |
| (thereof) secured | 5.8 | 5.8 |
| (thereof) non-secured | 171.1 | 75.6 |
| *Bank overdrafts* | *134.1* | *134.1* |
| (thereof) non-recourse | 134.1 | 134.1 |
| (thereof) non-secured | 134.1 | 134.1 |
| **Total non-current debt (excluding current portion of long-term debt)** | **2.7** | **2.7** |
| (thereof) non-recourse | 2.7 | 2.7 |
| *Syndicated bank loans (including Bridge Loan Facility)* | - | - |
| *USPP notes* | - | - |
| *Other bank loans (bilateral facilities)* | 2.7 | 2.7 |
| (thereof) non-recourse | 2.7 | 2.7 |
| (thereof) secured | 1.1 | 1.1 |
| (thereof) non-secured | 1.6 | 1.6 |
| *Bank overdrafts* | - | - |
| **Equity attributable to shareholders of Royal Imtech N.V.** | **467.9** | **947.9** |
| Share capital | 75.2 | 75.2 |
| Share premium reserve | 208.6 | 688.6 |
| Other reserves | 184.1 | 184.1 |
| **Total capitalisation** | **1,804.9** | **1,804.9** |

**Indebtedness**
**(EUR million)**

| | **Actual as of 31 March 2013** | **As adjusted for the Offering** |
|---|---|---|
| A. Bank balances | 141.0 | 141.0 |
| B. Deposits available on demand | 1.5 | 1.5 |
| C. Other cash and cash equivalents | 0.7 | 0.7 |
| **D. Cash and cash equivalents (A+B+C)** | **143.2** | **143.2** |
| **E. Current financial receivable** | **-** | **-** |
| F. Bank overdrafts | 134.1 | 134.1 |
| G. Current portion of non-current debt | | |
| Syndicated bank loans (including the Bridge Loan Facility) | 694.8 | 310.3 |
| USPPs | 328.4 | 328.4 |
| H. Other bank loans | 176.9 | 81.4 |
| **I. Current financial debt (F+G+H)** | **1,334.2** | **854.2** |
| **J. Net current financial indebtedness (I – D)** | **1,191.0** | **711.0** |
| K. Syndicated bank loans (including the Bridge Loan Facility) | - | - |
| L. USPPs | - | - |
| M. Other bank loans (bilateral facilities) | 2.7 | 2.7 |
| **N. Non-current financial indebtedness (K+L+M)** | **2.7** | **2.7** |
| **O. Net financial indebtedness (J+N)** | **1,193.7** | **713.7** |

As at 31 December 2012, the financial covenants as included in the Group's main financing agreements were not met. On or around15 June 2013, the Group reached waiver and amendment agreements with its main financiers. See "Operating and Financial Review – Liquidity and Capital Resources – External Sources of Funding, Financing and Indebtedness – Syndicated Bank Loans".

Due to not meeting the covenant requirements as at 31 December 2012 and taking into account the waiver and amendment agreements signed on or around 15 June 2013, the Company as at 31 March 2013 did not have the unconditional right to defer settlement of the liability for at least 12 months after that date with respect to the RCF, the Bridge Loan Agreement and the USPPs. Accordingly, the carrying value of the RCF and Bridge Loan Facility of EUR 694.8 million and the USPPs of EUR 328.4 million have been reported as current debt.

With respect to the terms and conditions of the loans included in the schedule above, see "Operating and Financial Review – Consolidated Results of Operations – External Sources of Funding, Financing and Indebtedness – Existing Borrowings".

Various types of securities have been provided with respect to the other bank loans, mainly consisting of mortgages and pledges of underlying assets (cars and buildings).

The table above does not include finance lease liabilities, for which a total amount of EUR 26.9 million was outstanding as at 31 March 2013. The finance lease liabilities are secured with the underlying assets of the finance lease contracts.

In addition to the loans included in the table above, the Company has a loan facility regarding land and buildings developed for a data centre in Germany. As at 31 March 2013, an amount of EUR 21.9 million was outstanding on this facility, which is included in liabilities held for sale in the condensed consolidated interim balance sheet as at 31 March 2013. This facility was secured by a pledge on the equipment of the data centre for an amount of EUR 18.2 million as at 31 March 2013.

Besides from the loans included in the schedule above, the Group has guarantee facilities in place for an amount of EUR 1,612 million as at 31 March 2013. See "Operating and Financial Review – Liquidity and Capital Resources – External Sources of Funding, Financing and Indebtedness – Additional Guarantee Facilities". Furthermore, the Group has contingent considerations payable in respect of past acquisitions ("earn out" obligations), for an amount of EUR 45.4 million as at 31 March 2013. The total amount of the contingent considerations payable as at 31 March 2013 ranges between zero and EUR 115 million.

## SELECTED HISTORICAL FINANCIAL INFORMATION

The following selected consolidated financial information for the years ended 31 December 2012 and 2011 (as adjusted, see "Operating and Financial Review – Accounting Restatement") is derived from Royal Imtech's audited consolidated financial statements 2012 included in the F-pages of this Prospectus. The unaudited consolidated financial information for each of the three month periods ended 31 March 2013 and 2012 is derived from Royal Imtech's unaudited condensed consolidated interim financial statements included in the F-pages of this Prospectus. The data should be read in conjunction with "Use of Proceeds and Background to the Offering", "Capitalisation and Indebtedness", "Operating and Financial Review", and the consolidated financial statements and the related notes that have been incorporated in the F-pages of this Prospectus.

**Consolidated profit and loss account**
**(EUR million)**

| | Three months ended 31 March 2013 | Three months ended 31 March 2012[1] | Year ended 31 December 2012 | Year ended 31 December 2011[2] |
|---|---|---|---|---|
| Revenue | 1,209.1 | 1,215.1 | 5,414.3 | 5,048.5 |
| Other income | 1.4 | 5.0 | 18.6 | 16.3 |
| **Total revenue and other income** | 1,210.5 | 1,220.1 | 5,432.9 | 5,064.8 |
| Raw and auxiliary materials and trade goods | 405.0 | 427.2 | 1,869.9 | 1,690.3 |
| Work by third parties and other external expenses | 263.1 | 283.1 | 1,316.1 | 1,209.6 |
| Personnel expenses | 440.6 | 414.8 | 1,705.5 | 1,525.4 |
| Depreciation of property, plant and equipment | 11.9 | 9.9 | 39.9 | 35.3 |
| Amortisation of intangible assets | 11.3 | 9.0 | 43.6 | 29.0 |
| Impairment property, plant and equipment and intangible assets | - | - | 23.3 | - |
| Other expenses | 127.4 | 143.0 | 593.1 | 382.4 |
| Total operating expenses | 1,259.3 | 1,287.0 | 5,591.4 | 4,872.0 |
| **Result from operating activities** | (48.8) | (66.9) | (158.5) | 192.8 |
| Finance income | 2.2 | 3.5 | 18.2 | 14.8 |
| Finance expenses[3] | (23.7) | (17.4) | (84.1) | (66.8) |
| Net finance result | (21.5) | (13.9) | (65.9) | (52.0) |
| Share in results of associates, joint ventures and other investments (net of tax)[3] | 0.3 | 0.2 | 2.9 | - |
| **Result before income tax** | (70.0) | (80.6) | (221.5) | 140.8 |
| Income tax expense | 10.4 | 1.2 | (4.8) | (41.3) |
| **Result for the period** | (59.6) | (79.4) | (226.3) | 99.5 |
| Attributable to: | | | | |
| Shareholders of Royal Imtech (net result) | (60.9) | (80.5) | (233.0) | 95.8 |
| Non-controlling interests[3] | 1.3 | 1.1 | 6.7 | 3.7 |
| **Result for the period** | (59.6) | (79.4) | (226.3) | 99.5 |
| Basic earnings per share (euro) | (0.68) | (0.92) | (2.64) | 1.09 |
| Diluted earnings per share (euro) | (0.68) | (0.92) | (2.64) | 1.08 |

1. Restated for comparison purposes.
2. Restated in accordance with IAS 8.

3. As compared to the Company's press release dated 18 June 2013, a reclassification has been made in 'Finance expenses' and in 'Share in results of associates, joint ventures and other investments (net of tax)', without effects on the Group's result before income tax. See "Important Information – Presentation of financial and other information – Adjustment of Q1 2013 financial information".

**Consolidated balance sheet**
**(EUR million)**

| | Three months ended 31 March 2013 | Three months ended 31 March 2012[4] | Year ended 31 December 2012[5] | Year ended 31 December 2011[6] |
|---|---|---|---|---|
| **Assets** | | | | |
| Property, plant and equipment | 170.9 | 191.8 | 170.8 | 192.4 |
| Goodwill | 1,104.9 | 1,005.8 | 1,081.6 | 998.0 |
| Other intangible assets | 215.1 | 185.6 | 218.1 | 189.5 |
| Investments in associated companies and joint ventures | 3.3 | 2.8 | 3.7 | 2.0 |
| Non-current receivables and other investments | 31.4 | 29.6 | 28.8 | 24.8 |
| Deferred tax assets | 38.6 | 19.2 | 34.0 | 11.8 |
| **Total non-current assets** | 1,564.2 | 1,434.8 | 1,537.0 | 1,418.5 |
| | | | | |
| Inventories | 94.5 | 76.8 | 80.0 | 75.5 |
| Due from customers | 636.9 | 597.6 | 572.8 | 604.1 |
| Trade and other receivables | 1,350.4 | 1,164.8 | 1,322.6 | 1,272.3 |
| Income tax receivables | 10.0 | 8.8 | 13.3 | 5.4 |
| Cash and cash equivalents[7] | 143.2 | 325.3 | 385.1 | 425.8 |
| | | | | |
| Assets held for sale | 27.6 | - | 27.6 | - |
| **Total current assets** | 2,262.6 | 2,173.3 | 2,401.4 | 2,383.1 |
| | | | | |
| **Total assets** | 3,826.8 | 3,608.1 | 3,938.4 | 3,801.6 |
| | | | | |
| **Equity** | | | | |
| Share capital | 75.2 | 74.2 | 75.2 | 74.2 |
| Share premium reserve | 208.6 | 209.6 | 208.6 | 209.6 |
| Other reserves | 233.8 | 532.0 | 496.1 | 437.2 |
| Unappropriated result | (60.9) | (80.5) | (233.0) | 95.8 |
| **Equity attributable to shareholders of Royal Imtech** | 456.7 | 735.3 | 546.9 | 816.8 |
| Non-controlling interests | 11.2 | 6.8 | 9.7 | 6.3 |
| **Total equity** | 467.9 | 742.1 | 556.6 | 823.1 |
| | | | | |
| **Liabilities** | | | | |
| Loans and borrowings | 40.5 | 748.5 | 42.7 | 680.3 |
| Employee benefits | 217.5 | 145.6 | 164.5 | 169.1 |
| Provisions | 14.1 | 9.3 | 13.0 | 8.1 |
| Deferred tax liabilities | 57.5 | 86.8 | 76.1 | 69.0 |
| **Total non-current liabilities** | 329.6 | 990.3 | 296.3 | 926.5 |
| | | | | |
| Bank overdrafts[7] | 134.1 | 295.1 | 314.3 | 214.3 |
| Loans and borrowings | 1,208.6 | 240.8 | 825.9 | 110.1 |
| Due to customers | 295.2 | 198.0 | 308.0 | 297.8 |
| Trade and other payables | 1,297.1 | 1,107.0 | 1,543.7 | 1,388.2 |
| Income tax payables | 34.7 | 22.0 | 30.8 | 33.5 |
| Provisions | 34.5 | 12.8 | 37.7 | 8.1 |
| Liabilities held for sale | 25.1 | - | 25.1 | - |
| | | | | |
| **Total current liabilities** | 3,029.3 | 1,875.7 | 3,085.5 | 2,052.0 |
| **Total liabilities** | 3,358.9 | 2,866.0 | 3,381.8 | 2,978.5 |
| **Total equity and liabilities** | 3,826.8 | 3,608.1 | 3,938.4 | 3,801.6 |

4. Restated for comparison purposes.
5. Excluding restatement following IAS 19 revised; impact YE 2012 employee benefits EUR 52.2 million, equity (EUR 35.9 million), deferred taxes (EUR 16.3 million).
6. Restated in accordance with IAS 8.

7. As compared to the Company's press release dated 18 June 2013, a reclassification has been made relating to netting of cash pools, resulting in changes to 'Cash and cash equivalents' and in 'Bank overdrafts', without effects on the Group's result before income tax. See "Important Information – Presentation of financial and other information – Adjustment of Q1 2013 financial information".

| **Consolidated statement of cash flows (EUR million)** | **Three months ended 31 March 2013** | **Three months ended 31 March 2012** | **Year ended 31 December 2012** | **Year ended 31 December 2011[8]** |
|---|---|---|---|---|
| Cash flow from operating activities | (408.2) | (308.6) | 116.5 | 206.4 |
| Interest paid | (19.0) | (12.7) | (64.8) | (45.3) |
| Income tax paid | 9.0 | (8.7) | (43.4) | (20.2) |
| **Net cash flow from operating activities** | 418.2 | (330.0) | 8.3 | 140.9 |
| Net cash flow from investing activities | (11.1) | (22.8) | (156.4) | (221.6) |
| Net cash flow from financing activities | 365.1 | 174.0 | 7.8 | 182.8 |
| **Net decrease/increase of cash, cash equivalents and bank overdrafts** | (64.2) | (178.8) | (140.3) | 102.1 |
| Cash, cash equivalents and bank overdrafts on 1 January | 70.8 | 211.5 | 211.5 | 107.8 |
| Effect of exchange rate differences on cash, cash equivalents and bank overdrafts | 2.5 | (2.4) | (0.4) | 1.6 |
| **Cash, cash equivalents and bank overdrafts on 31 December** | 9.1 | 30.3 | 70.8 | 211.5 |

8. Restated in accordance with IAS 8.

## BUSINESS

### History

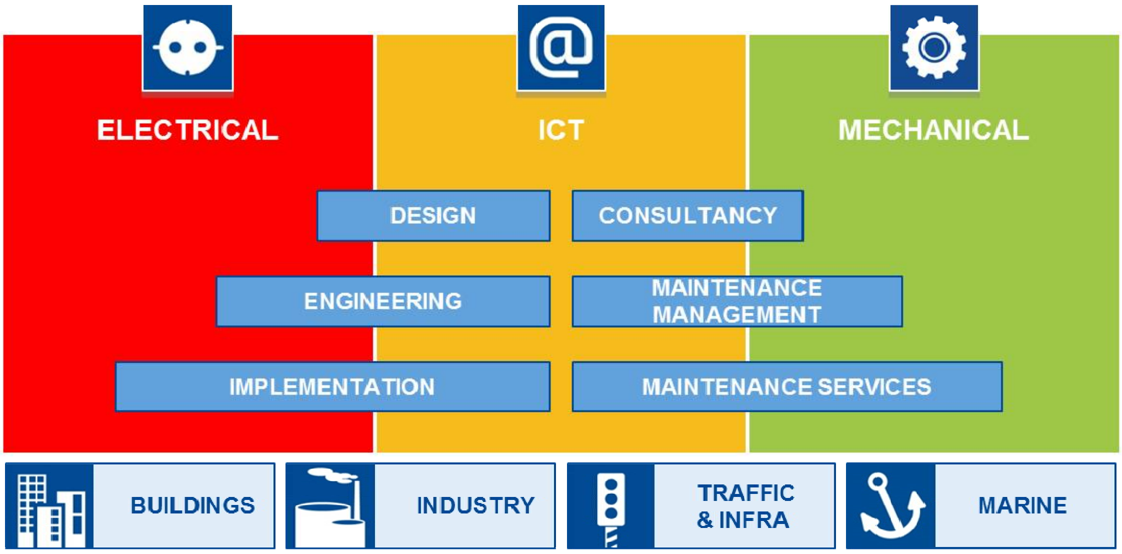
Royal Imtech and the Group in its current form were created in 1993 when 35 technical companies (with a combined revenue in 1993 of around EUR 536 million) were clustered as a separate division with its own management within the Internatio-Müller conglomerate of which they formed part. This was a novelty as electrical engineering and mechanical engineering were until then separated worlds. In 1993 the Group had operations in the Benelux, Spain and in the marine market. In 2001 Royal Imtech obtained a listing on NYSE Euronext Amsterdam. From 2001 the Group expanded rapidly, principally through acquisitions. It acquired 85 businesses with an average revenue of approximately EUR 30 million (ranging from around EUR 1 million to around EUR 350 million). The Group now has operations mainly in the Benelux, Spain, Germany, Eastern Europe, the UK, Ireland, Turkey and in the Nordic region.

### The Group's businesses

Royal Imtech is an independent technical services provider, delivering technical solutions to a diverse range of customers in the buildings, industry, traffic & infra and marine market in Europe and selected other countries. Royal Imtech believes it is a leading independent technical services provider in Europe in terms of revenue. See table in "Competition" below. As at 31 December 2012, the Group had 29,473 employees, measured in full-time equivalents ("**FTEs**"). In the financial year ended 31 December 2012 Royal Imtech achieved a revenue and other income of EUR 5,432.9 million, an EBITDA of EUR (51.7) million and a net result of EUR (226.3) million.

The Group combines its three technical competences (electrical, ICT and mechanical) to offer an entire range of services (from consultancy and design to implementation, maintenance and management) to its customers in four end-markets (buildings, industry, traffic & infra and marine).

The graph below shows how the Group combines its technical competences, to provide its services in the end-markets, as further set out below.




***Technical competences***

The Group combines the following three technical competences to offer its services.

• *Electrical competences*

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

• *ICT competences*

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

• *Mechanical competences*

In mechanical, the Group's competences cover air, climate and energy solutions (including heating, ventilation and air conditioning ("**HVAC**")), cold and heat storage, clean-room technology, energy management, energy contracting, energy technology, dehumidifier technology, incineration technology, heat technology, sprinkler technology, piping, process technology, fire-extinguishing technology and mechanical (process) installations.

***Services***

The Group combines the above-mentioned technical competences to provide the following services to its customers:

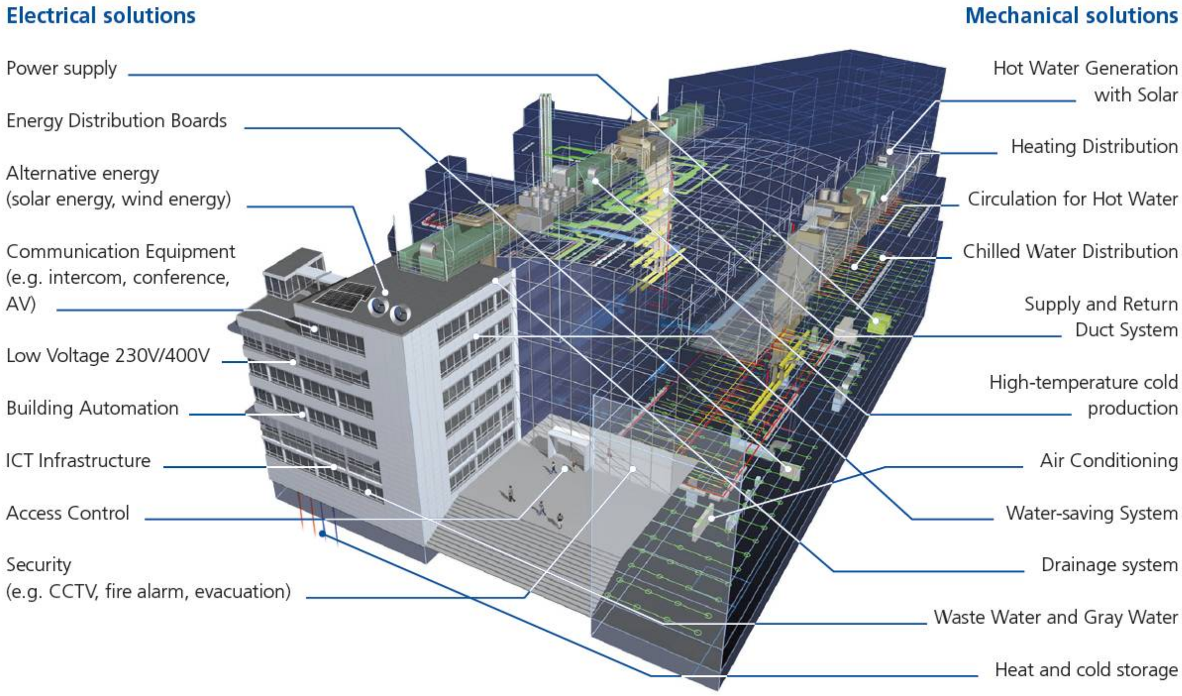
- *design and consultancy*: includes advisory services, feasibility studies and training
- *engineering*: includes general engineering, detail engineering and system integration
- *maintenance management*: includes monitoring and managing technological and organisational maintenance, including cost and process monitoring and QHSE (quality, health, safety and environment) maintenance processes
- *implementation*: includes the installation and renovation of projects, assembly and system implementation
- *maintenance services*: maintenance, repair and service activities

***Markets***

The Group provides its services to the following end-markets:

• Buildings

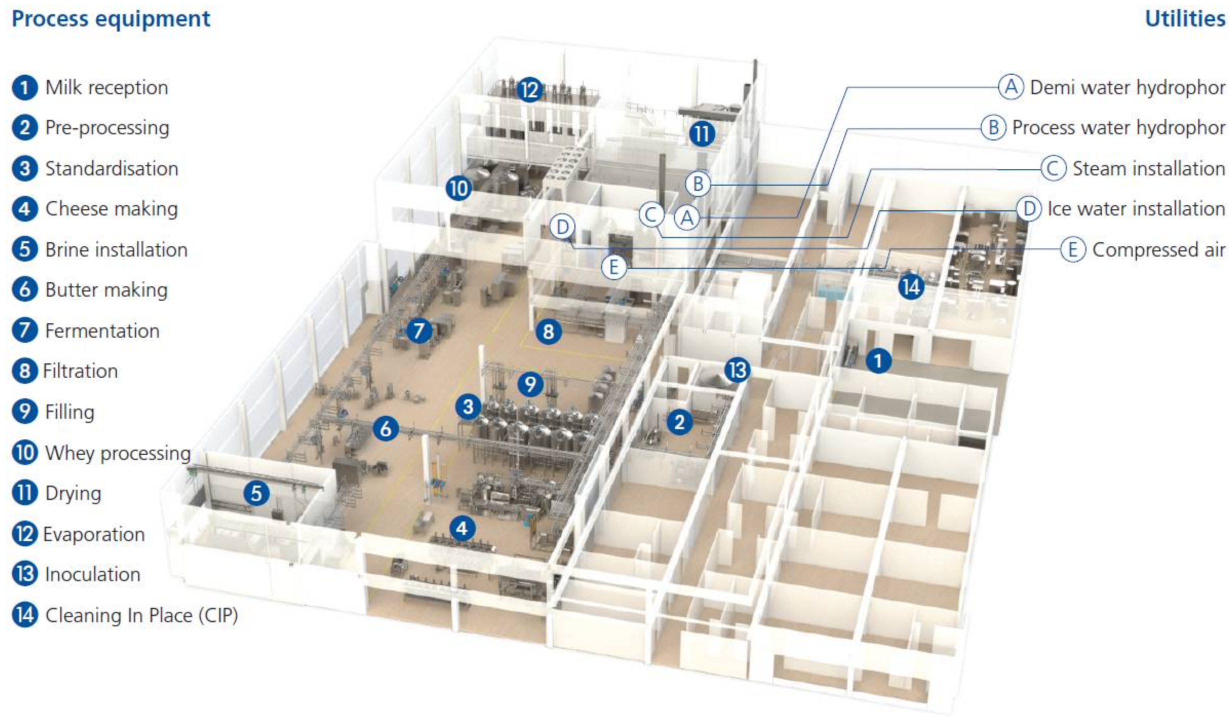
All types of buildings including data centres, distribution centres, offices, government buildings, laboratories, airports, museums, parking garages, penal institutions, leisure centres, stadiums, stations, universities and colleges, shopping centres, hospitals and care institutions ('care & cure'). The figure below gives an example of how the Group may use various competences and provide various services in the buildings end-market.




*Buildings: multi-disciplinary technology*

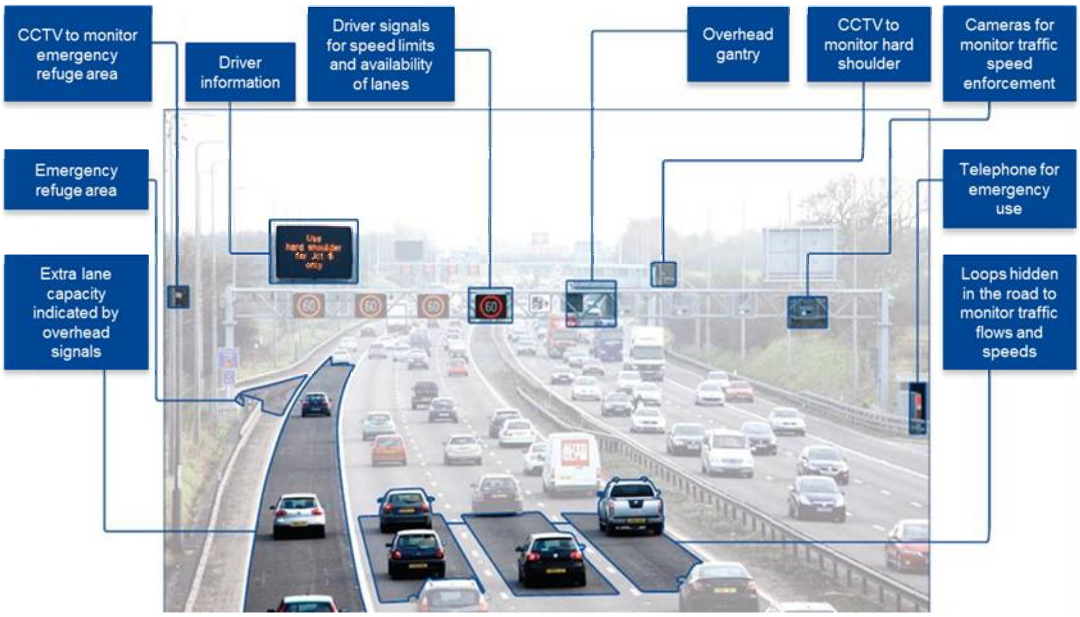
• Industry

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




• Traffic & Infra

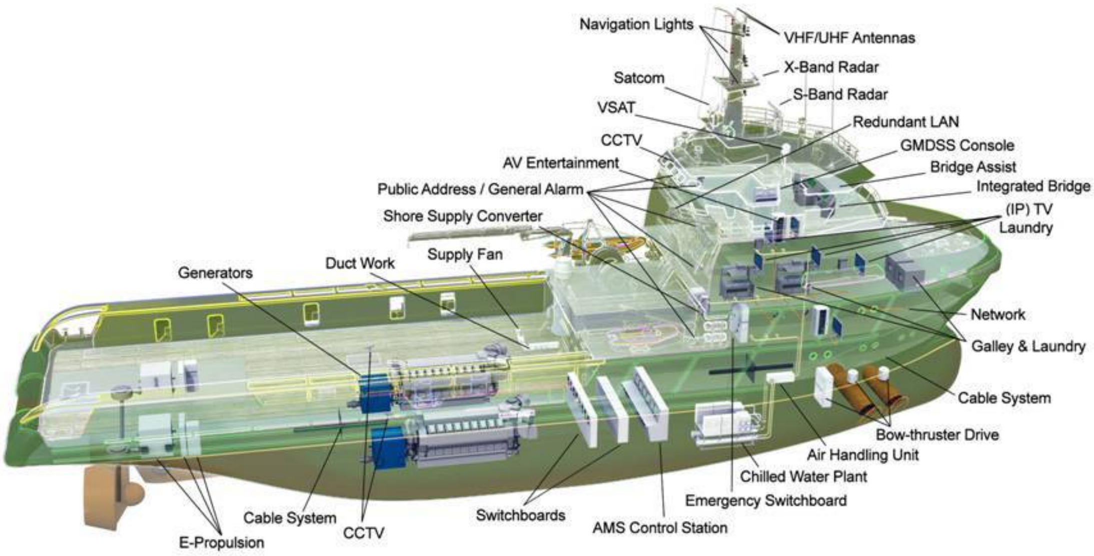
This end-market concerns the measurement, analysis and improvement of traffic flow, (dynamic) traffic management (on the road and water) and traffic infrastructure, traffic safety, airport infrastructure, public transport, parking systems, rail (railway, tram and metro), tunnels, bridges and locks, transport and distribution networks, (public) lighting, (waste) water treatment and management and drinking water. The figure below gives an example of the services and areas of expertise of the Group in this end-market.




*Traffic: integrated inter-urban solutions*

• Marine

In this end-market the Group has a focus on special purpose ships (dredgers, offshore support ships, crane ships and FPSOs – Floating Production, Storage and Offloading ships), naval vessels (logistic support ships, frigates, corvettes, patrol vessels and submarines), offshore platforms, cargo vessels (container ships, bulk carriers and other cargo ships), passenger liners, luxury yachts and inland waterways vessels. The figure below shows the focus on whole ship solutions of the Group in this end-market.




*Marine: focus on whole ship solutions*

**Industry trends**

Royal Imtech has identified the following trends in the industry it operates in:

*Growing need for increasingly complex technical services*

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

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

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

*Customers require one-stop-shopping*

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

*Increasing importance of 'green technologies'*

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

The Company believes that the following factors have contributed to the importance of 'green technologies':

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

*Further consolidation in the European technical services market*

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

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

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

**Competition**

The geographical and product/services markets in which the Group competes are highly fragmented and the Group's competition ranges from smaller local competitors to large, multi-national companies. Royal Imtech believes that no market leader in the respective geographic markets has a significant or dominant market share. This fragmentation offers opportunities for further consolidation in the market.

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

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

Royal Imtech believes the following are the largest companies in the different geographical markets (where the Group is active in the buildings and industrial markets) and technology divisions (where the Group is active in the ICT, traffic and marine market):

| Competitor | Revenue *(EUR million)* [18] | Part of | Benelux | Germany & Eastern Europe | UK & Ireland | Spain & Turkey | Nordic | ICT | Traffic | Marine |
|---|---|---|---|---|---|---|---|---|---|---|
| Cegelec (Vinci Energies, Europe) | 8,476 | Vinci | ● | ● | | | | | | |
| Cofely (GDF Suez Energy Services, Europe)* | 7,757 | GDF Suez | ● | ● | | ● | | | | |
| Royal Imtech | 5,433 | | ● | ● | ● | ● | ● | ● | ● | ● |
| Bilfinger Berger (excl. construction) | 5,384 | | | ● | | | | | | |
| Spie * | 4,141 | | ● | | ● | | | | | |
| Caverion | 2,803 | YIT | | ● | | | ● | | | |
| Stork Technical Services | 1,418 | | ● | | | | | | | |
| Bravida * | 1,184 | | | | | | ● | | | |
| Balfour Beatty Engineering Services * | 602 | Balfour Beatty | | | ● | | | | | |
| SSE Contracting * | 540 | SSE | | | ● | | | | | |
| Anel * | 155 | | | | | ● | | | | |
| Grupo Cobra * | 911 | | | | | ● | | | | |
| Grupo Navec | 135 | | | | | ● | | | | |
| CGI | 3,916 | | | | | | | ● | | |
| Bechtle | 1,432 | | | | | | | ● | | |
| Tieto | 1,825 | | | | | | | ● | | |
| Siemens | n/a | | | | | | | | ● | ● |
| Swarco | 478 | | | | | | | | ● | |
| Telvent | 737 | Schneider Electric | | | | | | | ● | |
| Wärtsila Ship Power | 1,323 | Wärtsila | | | | | | | | ● |
| Rolls Royce Marine | 2,586 | Rolls Royce | | | | | | | | ● |
| GE-Converteam | n/a | GE | | | | | | | | ● |

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

**The Group's key competitive strengths**

The Company believes that the Group's key competitive strengths are the following:

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

The Group believes that it has a leading position with a strong reputation for having in-depth knowledge to handle complex technical services projects. While Royal Imtech's competition in the technical services industry is mostly fragmented, Royal Imtech has the benefit of extensive knowledge and experience in various end-markets which enable Royal Imtech to successfully complete complex technical services projects. Given this knowledge and experience, Royal Imtech believes it is well-positioned to benefit from cross-selling opportunities and to provide its services in all phases of project execution, i.e. "design, build, maintain and operate".

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

The Group believes that its multi-disciplinary know-how helps to position itself as a 'one-stop-shop' for its customers, who are increasingly seeking providers that can offer more complex and integrated technical

[18] Source is each company's 2012 annual accounts, save for Grupo Navec and Telvent, where 2010 annual accounts are the source and save for the entities with an asterisk where year-end 2011 annual accounts are the source.
The revenue for Cegelec is based on the European revenue of Vinci Energies. For Cofely, the revenue is based on GDF Suez Energy Services in Europe. Bilfinger Berger's revenue is based on the total global revenue excluding the construction business. The revenue of CGI is only for their European activities. The revenue of both Siemens and GE-Converteam are not included as the Company believes that the revenue of the relevant business units is much lower than the reported revenue of the relevant divisions of these companies.

services solutions. The Group constantly adapts its service offering to meet its customers' ever-changing needs and the Group rolls out new and technological integrated services on an on-going basis.

For example, one of the current areas of focus is to provide solutions for improving energy efficiency and energy savings in the markets of buildings, industry and marine, areas that the Group believes present attractive opportunities in 'green technologies'. The integration of sustainable energy solutions in the Group's total approach resulted in around 30% of the Group's total revenue coming from this sector in 2012 (2011: also around 30%). The Group is active in:

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

Integrating these applications into the technical infrastructure leads to reduced energy consumption and lower CO2 emissions. This makes a major contribution towards meeting the Group's customers' and society's sustainability targets.

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

The technical services industry is a 'face-to-face' business, in which the Group deems close proximity to customers to be essential. The Group therefore developed extensive branch networks in each of its core markets, with 64 branches in the Benelux, 90 in Germany, 39 in the UK & Ireland and 156 in the Nordic countries (including the branches of ICT, Traffic & Marine). The geographical proximity to its customers' facilities allows the Group to be reactive to its customers' needs. The Company believes that due to its extensive presence throughout certain countries in Europe, it is well situated to provide localised services within the agreed time frames/deadlines to its customers. Its dense local network further allows the Group to respond to the perceived growing trend among its large customers to outsource technically complex non-core service operations across their facilities over multiple sites.

• *Long-term customer relationships and high customer retention*

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

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

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

• *Award winning innovative solutions*

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

- The Group is active in the green buildings sector and realised the greenest office building in Germany (head office of Deutsche Bank) by means of a total revitalisation of the technical infrastructure. The Company believes that this building is now deemed to be an iconic reference project in the European buildings market for green building solutions

- The Group offers total solutions for data centres in order to have such data centres operate in an undisturbed and optimal energy-efficient manner. The Group can realise this by providing emergency generators, advanced building management systems, high-tech camera systems, a state-of-the-art 'control room', fire detectors and protection, evacuation systems and lightning rods
- Imtech Traffic & Infra (see "ICT, Traffic & Marine" below) developed and implemented an Intelligent Transportation Systems (ITS), which is an information and communication system for interaction between traffic control systems and vehicles for maximum fuel efficiency to minimise congestion and vehicle stops at signal-controlled intersections and roundabouts
- An average ship's fuel consumption amounts to one third of the total costs. Ship owners focus more and more on reduction of fuel consumption, not only to reduce costs but also to get a higher ranking on the international "Environmental Ship Index" reflecting the environmental performance of ocean going vessels to, among other things, receive a discount on harbour dues in ports. Imtech Marine offers amongst others (diesel) electric propulsion systems, temporary energy storage systems and energy recovering systems to reduce the fuel consumption and polluting emissions

**The Group's strategy**

The Group aims to become the preferred technical services partner of its customers through delivering integrated technical total solutions, which assist its customers in reducing the total cost of ownership of their facilities.

Royal Imtech will continue to employ a decentralised management model as the basis for the organisation. Historically, this model has proven to be successful for the growth of the Group as it supports optimal relationships with its customers by being responsive to customers' needs and stimulating local entrepreneurship. The Company believes that its decentralised business model will be a significant driver of growth for the Group.

The strategy of the Group is based on three pillars: operational excellence, organic growth and acquisitions.

***Operational excellence***

Operational excellence focuses on how the Group can better use its resources, plan matters better and avoid mistakes. The Group is currently assessing the best practices of operational excellence that exist within the Group and intends to implement them across the Group, whilst still taking into account the differences among the various operating clusters.

The Group's operational excellence strategy has been divided in six main components:.

- Project management and project execution

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

- Cash and working capital management

Within project businesses, cash and working capital management are of great importance. Since 2010 the Group's working capital requirements have been increasing.

During the coming years the Company will focus on achieving a more conservative financial structure. The Company targets a Leverage Ratio of 1.5–2.0 no later than at the end of 2015. See "Operating and Financial Review – Consolidated Results of Operations – External Sources of Funding, Financing and Indebtedness – Target financial structure" and "Risk Factors – Risks relating to the Group's business and markets – The Group may not be successful in achieving its target financial structure (including reducing its level of indebtedness) in accordance with its plans". The Company intends to use the proceeds of the Offering for debt reduction as set out in "Use of Proceeds and Background to the Offering – Use of Proceeds", which will assist the Company in bringing down its

Leverage Ratio. The Company believes that it will have a more robust financing structure in case it achieves the targeted Leverage Ratio.

The Group will also focus on operational cash flow and cash conversion. Cash conversion (defined as operational cash flow divided by operational EBITA) reflects the Company's ability to generate cash. The Company targets a 90% cash conversion. Operational cash flow is defined as operational EBITDA plus (or minus) organic movements in working capital minus capex and plus (or minus) changes of operational provisions and accruals. Operational EBITA is defined as EBITA adjusted for non-operational items in EBITA. Operational cash flow and the cash conversion are not measures defined by IFRS.

The Group will enhance its working capital and cash management also with particular attention to customer billing and invoice payment procedures. In general, also following the recent events (see "Use of Proceeds and Background to the Offering – Background to the Offering; recent events") the Company adopted a greater focus on generation of cash and less focus on growth. Further, the Group requires and strengthened monthly cash and working capital reporting and forecasting and improved working capital management in each of the Group's clusters, divisions and business units, with increased monitoring by the Company. Moreover, the Company will revise its treasury manual, implement a treasury management system and restructure its existing cash management and cash pooling arrangements. See "Use of Proceeds and Background to the Offering – Background to the Offering; recent events – 3. Measures adopted by and changes to the Company – II. Changes in the Company's governance, risk and compliance ("GRC") policy – Strengthened GRC policies".

- Procurement processes

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

- Tender processes

The Group's former tender processes included making a risk analysis (essentially aimed at assessing the possible risks and other consequences of the activities) before tendering for work on a project and used the Riskmaster tool. See "Use of Proceeds and Background to the Offering – Background to the Offering; recent events – 3. Measures adopted by and changes to the Company – II. Changes in the Company's governance, risk and compliance ("GRC") policy – Strengthened GRC policies". Since March 2013, the Company has reinforced its tender procedures and approval of tenders, and (i) introduced an immediately effective measure as per 20 March 2013 that prior approval of the CEO or CFO of the Company is required for projects with a value above EUR 15 million and (ii) will introduce a Tender Review board, which will be set up to oversee the tender procedures for new projects. It is considering upgrading the Riskmaster tool so that projects can be monitored at corporate level throughout the duration, instead of only at the commencement of the project. See "Use of Proceeds and Background to the Offering – Background to the Offering; recent events – 3. Measures adopted by and changes to the Company – II. Changes in the Company's governance, risk and compliance ("GRC") policy – Strengthened GRC policies".

- Risk management

Risk management is an important element in the daily business of a project driven company. Since 2011, the Group's risk & insurance council (see "Governance and control" below), is operational. Both the central and decentralised risk managers are members of the risk & insurance council. This council, on the basis of the priorities determined by the Group's executive council (consisting of the members of the Board of Management, the company secretary, the general managers of the divisions and the Group's director personnel & organisation, the "**Executive Council**"), formulates the risk policy. This risk policy requires the Executive Council's approval. The objective is to meet the central risk management objectives while reinforcing the decentralised risk management function in order to embed risk awareness at a low level in the organisation.

Due to the recent events, the Company decided to accelerate its process of strengthening and improving its GRC policy under the direct responsibility of the Group Director GRC. Early 2013, the Company, with the assistance of Ernst & Young RAS, started a review of the Company's existing risk management procedures and systems. That review indicated that the development of the risk management and internal control infrastructure had not been commensurate with the increase in complexity and size of the Group that resulted from the growth of the Company over the last years. The Group is therefore strengthening its risk management policy, e.g. by enhancing its tender procedures and by its appointment of a Group Director GRC who will also be directly responsible for risk management. See “Use of Proceeds and Background to the Offering – Background to the Offering; recent events – 3. Measures adopted by and changes to the Company – II. Changes in the Company’s governance, risk and compliance (“GRC”) policy – Strengthened GRC policies”.

- Governance and control

The Group already had several internal rules and regulations in place in the fields of governance and compliance. In November 2010 the Company announced that it would to refine its governance model, aiming at increasing compliance whilst maintaining decentralised entrepreneurship. As part of this refinement, in 2011 the Group introduced eight functional councils, comprising human resources (“**HR**”), HSE, control, information management, IT, corporate social responsibility, risk & insurance and procurement.

Since March 2013, the Company has reinforced the quality and effectiveness of its governance and control mechanisms, changed the role of the Board of Management and Supervisory Board, adopted other governance measures and strengthened the financial and legal function. See “Use of Proceeds and Background to the Offering – Background to the Offering; recent events – 3. Measures adopted by and changes to the Company – II. Changes in the Company’s governance, risk and compliance (“GRC”) policy – Strengthened GRC policies”.

***Organic growth***

The Group envisages realising organic growth through the following four components:

- Focus on recurring revenue streams

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

- Multi-site/multi-service solutions

As set out above, the Group perceives an increasing trend among its customers to outsource a wide range of technical services and seek multi-site/multi-service solutions, due to increasing technical complexity of their systems, cost pressures and a desire to devote more attention to their core businesses. See “Industry trends – Customers require one-stop-shopping”. The Group believes that these outsourcing trends create attractive growth opportunities. It believes it has positioned itself to benefit from these trends through using its wide range of multi-technology competences, logistical expertise and its dense local network in key geographies. This allows the Group to provide a local or multi-national ‘one-stop-shop’ service offering to its customers for multi-site/multi-service offerings.

- Capitalising past acquisitions

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

- Scaling technologies across the Group

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

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

The Company aims to make a difference with sustainable technology. The Company now defines ‘green technologies’ as GreenTech to mean ‘projects that help reduce the customer’s environmental impact’. In

2012 such projects accounted for around 30% of the Company's total revenue (2011: around 30%). GreenTech focuses include:

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

***Acquisitions***

The Group operates in very fragmented markets, which provides growth opportunities through consolidation. Historically, the Group actively pursued a buy-and-build strategy and over the past years has made a large number of acquisitions. See " – History".

As a result of contractual arrangements with certain of its financiers (including under the USPPs, the RCF and the Bridge Loan Agreement and the amendment and waiver agreements), the acquisition of assets (including companies or shares) is restricted until the Second Amendment Date, which it does not foresee to occur before the end of 2015, except that specific acquisitions are permitted. See "Operating and Financial Review – Liquidity and Capital Resources – External Sources of Funding, Financing and Indebtedness – Syndicated Bank Loans".

***New medium-term targets***

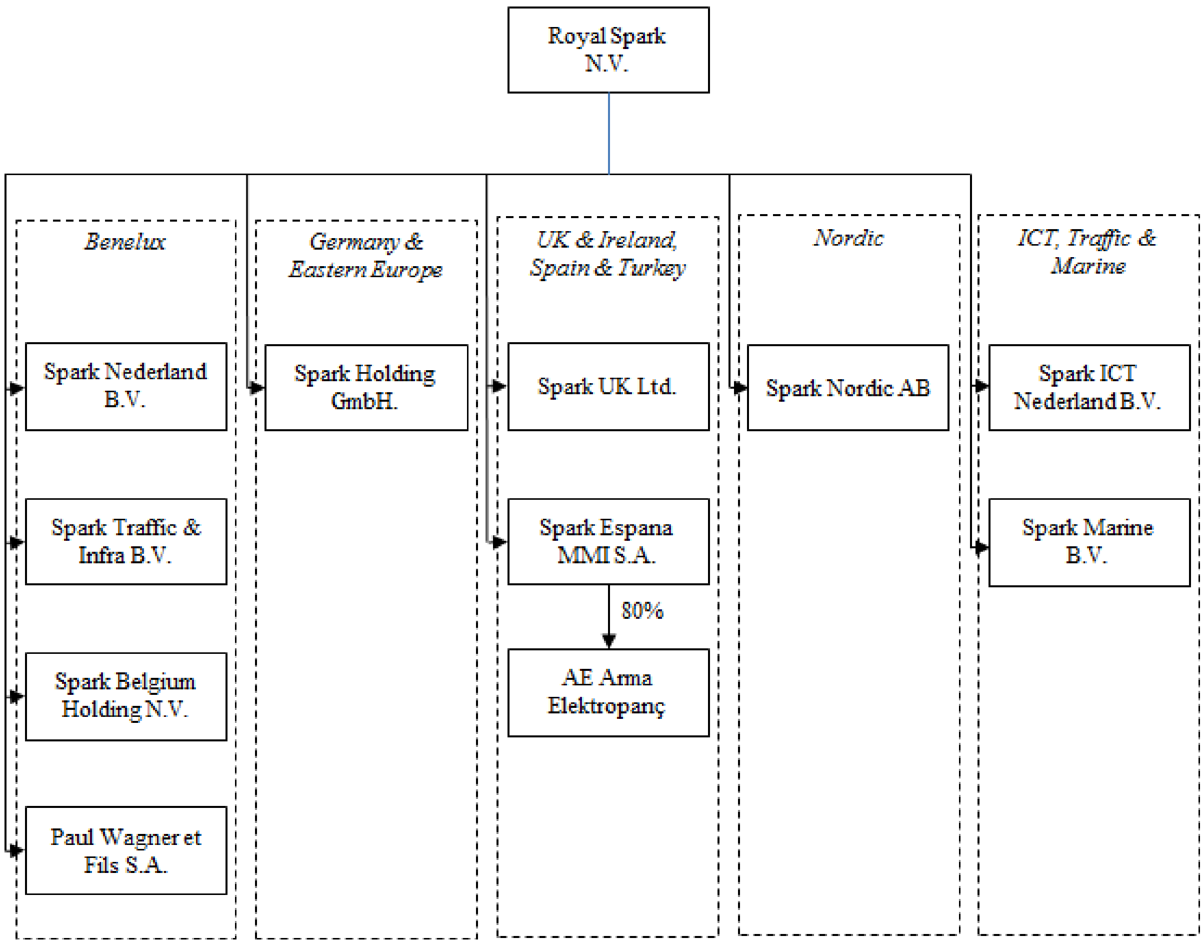
The Company has set new medium term targets including:

- The Company targets organic growth in excess of GDP plus, and additional growth through acquisitions in fragmented markets when the Leverage Ratio is below 2.0
- The Company aims for an operational EBITDA margin range of 4.0% to 6.0%
- The Company targets a cash conversion ratio, based on operational cash flow as percentage of operational EBITA, of 90%.
- The Company targets a Leverage Ratio of 1.5 – 2.0 by the end of 2015. See "Business – The Group's strategy – Operational excellence – Cash and working capital management" and "Operating and Financial Review – Consolidated Results of Operations – External Sources of Funding, Financing and Indebtedness – Target financial structure" and "Risk Factors – Risks relating to the Group's business and markets – The Group may not be successful in achieving its target financial structure (including reducing its level of indebtedness) in accordance with its plans"
- The dividend pay-out will be 40% of the net result for shareholders as soon as the Leverage Ratio is below 2.0, which combination the Company does not foresee to occur before the end of 2015. See "Dividends and Dividend Policy – Dividend policy"

**Corporate structure**

Royal Imtech is a holding company with no material, direct business operations. The principal assets of Royal Imtech are the equity interests it directly or indirectly holds in its operating subsidiaries. As a result, Royal Imtech is dependent on loans, dividends and other payments from its subsidiaries to generate the funds necessary to meet its financial obligations, including the payment of dividends.

The Group provides its services principally through 11 regional and technology subsidiaries. The regional subsidiaries are: Imtech Netherlands, Imtech Belgium, Paul Wagner et Fils, Imtech Germany, Imtech UK & Ireland, Imtech Spain, AE Arma and Imtech Nordic. The technology subsidiaries are: Imtech ICT, Imtech Traffic & Infra and Imtech Marine. All of these subsidiaries provide their services either directly or through their own subsidiaries. The following diagram is a summary of the Group's regional and technology organisational structure.




***Material associates and joint ventures***

Besides subsidiaries, the Company and other Group Companies hold interests in associates and joint ventures. The most important one is AE-Arma Elektropanç in which the Group owns 80% of the share capital (it has a contractual obligation to purchase the remaining 20% in 2015). See "Operating clusters – Spain & Turkey – Turkey". This share interest was acquired in March 2012. The Group uses numerous other associates or joint ventures in projects and otherwise. None of these other associates or joint ventures are of a material nature individually.

**Operating clusters**

The Group provides its services through a dense regional network organised in six operating clusters. The Company also reports in clusters, but for reporting purposes the way the clusters are split differs somewhat from the operating clusters division. See "Operating and Financial Review – Reporting segments". Operating clusters are generally split into divisions, and some divisions are split into business units.

Five operating clusters are the local-for-local clusters (i.e. clusters which are based on geography and operate in a context of local standards, rules and regulations and local customers, suppliers and subcontractors, albeit that they may follow customers abroad, e.g. Imtech Ireland has worked on installations for its customers in Kazakhstan and Saudi Arabia). These five operating clusters have local presence in: (i) Benelux, (ii) Germany & Eastern Europe, (iii) UK & Ireland, (iv) Spain & Turkey, and (v) Nordic respectively. The sixth operating cluster is the international technology cluster ICT, Traffic & Marine. The ICT and Traffic divisions operate in the European market and the Marine division in the global market. The majority of the business of the Group has historically been conducted in the Benelux and Germany. In recent years, Royal Imtech expanded its presence in other key European countries through the acquisition of competitors, adding bolt-on acquisitions and organic growth.

***Benelux***

*General*

In the Benelux the Group generated a revenue of EUR 958 million in the year ended 31 December 2012. In terms of revenue, Royal Imtech believes it is one of the leading technical services providers in the Benelux. The

Benelux delivers its services through a regional network of 64 branches spread over four divisions, which are each managed through a division head office: (i) Imtech Netherlands (EUR 562 million revenue and 3,664 FTEs in 2012) and (ii) Imtech Belgium (EUR 156 million revenue and 904 FTEs in 2012) are active in the buildings and industry markets, (iii) Imtech Infra (EUR 191 million revenue and 1,237 FTEs in 2012) is active in the infrastructure market and (iv) Paul Wagner et Fils (EUR 49 million revenue and 317 FTEs in 2012) is active in the buildings market in Luxembourg. As of 31 December 2012, the Group had 6,122 FTEs in the Benelux. No material acquisitions have taken place in the past two years.

*Imtech Netherlands*

Imtech Netherlands is divided into three business units (Building Services, Industrial Services and Industry International) and focuses on delivering integrated technological solutions by combining the competences electrical, mechanical and ICT in the buildings and industry markets. Imtech Netherlands' key customers include (amongst others) Shell, British Telecom and the Dutch Government Buildings Agency.

- *Building Services*

This business unit focuses on delivering technological solutions and maintenance services for buildings such as energy solutions, building management and installation technology. It distinguishes four different market segments: real estate, care & cure, data centres and building maintenance and service. Building Services is the largest business unit within Imtech Netherlands in terms of revenue (54% year of the total revenue of Imtech Netherlands in 2012). However, for the last couple of years it has made losses due to (i) adverse market conditions and (ii) lack of focus on margins, (needs of) customers and projects. To address this, this business unit was restructured in 2012. Management aims to tighten operational management and project control and to introduce a clear operational structure with strict rules and procedures in respect of accepting new projects. The restructuring has been accompanied by a large reduction of the employee base in 2012, which was completed in 2013. A new restructuring was announced in April 2013. See " – Operating clusters – Germany & Eastern Europe – Significant changes since 31 December 2012".

- *Industrial Services*

This business unit focuses on delivering technological solutions for the industrial market. Solutions are aimed at a continuous improvement of the customers' production process. Disciplines of the business unit are mainly project management for (maintenance) engineering, industrial automation, installation technology and inspections for maintenance. The markets in which this business unit operates all show a competitive playing field and a stable investment level by the customers in those markets.

- *Industry International*

The focus of the business unit Industry International is on the market segments oil & gas, power electronics and energy. The business unit aims to be involved in the entire DBFMO project cycle (Design, Build, Finance, Maintain and Operate). It has customers all over the world (e.g. Shell, Total) in accordance with its strategy to follow customers abroad. Activities in the oil & gas segment include metering & analyser systems and desuper-heaters (heaters to spray cooling water to ensure stable temperature and to prevent thermal shocks in the connecting pipes of a production plant). In respect of power electronics, the business unit is active in the field of engineering and delivering power supply for uranium plants. In the energy segment, Industry International focuses on renewable energy projects and sustainable energy production units.

*Imtech Belgium*

The division Imtech Belgium comprises three business units: Projects, Building Services and Design. The division specialises in the areas of electronics, HVAC, sanitary, special piping, industrial automation, telematics and a complete package for technical management and maintenance. Imtech Belgium is active in all stages of the project lifecycle, from design and development over the realisation and start-up to the technical maintenance of installations and systems. Imtech Belgium's key customers include (amongst others) BNP Paribas Fortis, Johnson & Johnson and bpost Group.

- *Projects*

This business unit is divided in four regions and implements all stages of a project, from design and development to the realisation and start-up of installations and systems. It integrates climate control, ventilation, heating, sanitation, sprinkler systems, electricity, data networks, voltage panels, automation and piping techniques. The majority of business activities relates to installation projects for general contractors in the construction market or projects for local governments which are subject to public tendering. Both market segments are characterised by fierce competition and pricing pressure. In order to preserve the margins for this business activity, Imtech Belgium aims to reposition itself in markets where it can provide integrated total technical solutions (e.g. care & cure) and become a strategic partner which offers multidisciplinary solutions throughout the project lifecycle directly to end-customers.

- *Building Services*

  Building Services comprise Imtech Belgium's technical maintenance activities. These services include the entire maintenance process, from design up to quality control. Imtech Belgium aims to increase and expand its operations and profitability by increasingly offering integrated 'Build and Maintain' solutions.

- *Design*

  The Belgian design operations are carried out by the Van Looy Group, which is a consultancy and engineering company in the area of architecture, construction and installation technology and which is mainly specialised in the design of laboratories, logistics centres and data centres. As a consultant, the Van Looy Group is employed to become responsible for, amongst others, the supervision of tendering processes, design, monitoring and project management during implementation. Besides acting as a consultant, Van Looy Group also serves as part of a construction team for the comprehensive realisation of projects. Going forward, the Van Looy Group will increasingly focus on 'Design and Build' projects.

*Imtech Infra*

Imtech Infra's activities mainly consist of installation and maintenance projects in basic infrastructure, public lighting, tunnel technical installations, high voltage, rail security & safety, and water treatments plants. Imtech Infra delivers its services in the Netherlands and Belgium. Imtech Infra's business is largely dependent on governmental budgets and its customers include, amongst others, the Dutch Ministry of Public Works and certain Dutch and Belgian municipalities.

The activities of Infra are highly dependent on government spending on infrastructure projects in the Netherlands. The division Imtech Infra is currently in the process of integrating with Imtech Traffic into Imtech Traffic & Infra and will longer be part of the Benelux operating cluster, but of the ICT, Traffic & Marine operating cluster.

*Paul Wagner et Fils*

Paul Wagner et Fils operates in Luxembourg. Its activities are engineering, implementation and maintenance of mechanical and electrical solutions in the buildings market.

*Example projects of Imtech Benelux*

In April 2013, Imtech Netherlands reached agreement with Shell regarding the extension of the maintenance and project contract at the Shell Pernis and Shell Moerdijk sites for a period of five years. The type of work includes regular service and maintenance but also customer scheduled (major) plant shutdowns for major overhaul of its refinery and chemical installations. Service and maintenance activities include inspections, scans and process automation. The Group has worked at these Shell sites for more than twenty years.

In 2012, Imtech Netherlands realised electrical and instrumentation solutions for Vopak, a tank storage provider, at their newly built terminal in Eemshaven, the Netherlands. This project started with a pilot project for the high voltage technology followed by a large contract for all electrical and instrumentation solutions. After realisation, Imtech Netherlands was awarded the maintenance of these solutions.

In July 2011, Imtech Netherlands and Imtech Infra were awarded the realisation of the rail and track systems and related technical infrastructure, as well as finalisation of all metro stations in Amsterdam. This includes installations such as escalators and elevators, lighting, and several other technical solutions. The execution started in 2012 and is expected to finish at the end of 2015. Total project value for the Group is around EUR 100 million.

*Significant changes since 31 December 2012*

As a result of structural underperformance due to the challenging market conditions in both the buildings services and the infrastructure market, the Group announced a far-reaching restructuring in October 2012, pursuant to which the workforce was reduced by 730 jobs and which led to costs relating to redundancy payments. This restructuring was completed in the beginning of 2013. See "Operating and Financial Review – Consolidated Results of Operations – Comparison of the Financial Results for the 2012 and 2011 Financial Years by Segment – Benelux".

All divisions within the Benelux operating cluster suffered from difficult market conditions. Taking the on-going difficult market conditions in the Netherlands into account, the Company decided to implement a cost-savings and efficiency programme in order to strengthen the competitiveness and profitability of the Group's companies in the Netherlands, Germany and in some other Group Companies (the "**Cost and Efficiency Programme**"). The Cost and Efficiency Programme was announced on 23 April 2013 and will lead to an loss of approximately 1,300 jobs in aggregate. The Cost and Efficiency Programme in the Netherlands mainly concerns capacity reductions in the office buildings market and the Infra business in response to the changed market conditions and will lead to a loss of approximately 550 jobs. See "Operating and Financial Review – Consolidated

Results of Operations – Comparison of the Financial Results for Q1 2013 and Q1 2012 by Segment – Benelux". The Company will closely monitor whether any further cost-savings and/or efficiency programmes in addition to the Cost and Efficiency Programme are required or appropriate.

***Germany & Eastern Europe***

*General*

Royal Imtech entered the German market in 1997 by acquiring the mechanical services company Rud. Otto Meyer (revenue at that time:[19] around EUR 545 million) followed by the acquisition in 2001 of the electrical services company Rheinelektra (revenue at that time: around EUR 330 million). The Eastern European activities mainly cover Poland, Hungary, Austria, and Russia on a project basis.

In the operating cluster Germany & Eastern Europe, the Group generated a revenue of EUR 1,372.1 million in the year ended 31 December 2012. As of 31 December 2012 Germany & Eastern Europe had 5,479 FTEs. In terms of revenue, the Group believes that it is a leading technical services provider in Germany and Eastern Europe. Imtech Germany & Eastern Europe provides a variety of services around the buildings and industry market focusing on energy contracting, clean-room technology, fire protection, stadium technology, (decentralised) power plants and systems, care & cure, data centres, airports and test solutions for the automotive industry.

The Group delivers its services in Germany through a regional network of 90 branches. In Germany it is organised in three business units based on skills (see as set out below) and six business units determined by geography: (i) North (managed from Hamburg), (ii) West (managed from Düsseldorf), (iii) Centre (managed from Frankfurt), (iv) East (managed from Berlin), (v) Southwest (managed from Stuttgart) and (vi) Southeast (managed from Munich). In terms of revenue, the regions Southwest and Southeast are traditionally the larger parts of the Group's German business. The Company believes that this can be explained, because of those regions' position in the local based international industrial markets and because of the Group Companies' long term customer relationships. No material acquisitions have taken place during the last two years.

Its three business units based on skills are: Imtech Automotive Testing Solutions, Imtech Contracting and Imtech Brandschutz. The German part of the operating cluster constitutes the vast majority in terms of revenue, as such being the key driver of the operating cluster's result.

Imtech Germany & Eastern Europe has been actively penetrating the German market focusing on both large and mid-scale customers in the following services in the buildings and industrial market segments:

- Electrical services: advising, planning, buildings, operating and servicing cost-effective power supply facilities and optimising electrical engineering systems
- Mechanical services: plan, integrate systems, construct and provide maintenance service in the field of air, climate and energy solutions
- ICT: advise, plan, integrate systems, construct and provide maintenance service in the field of data, voice and security
- Buildings market: providing electrical, ICT and mechanical solutions for all types of buildings
- Industrial market: providing services across a wide range of industries, such as power plants, automotive and energy

The Company believes that Imtech Germany & Eastern Europe has developed into one of the prominent energy implementation partners offering various services in the field of energy efficiency, energy management, and decentralised power plants. This position has been given an extra dimension because of the German government's decision to close existing nuclear power plants, which has put sustainable energy high on the political agenda. The Group also has a research and development centre in Hamburg. The combination of specific technological competencies and research makes it possible to offer fully integrated technical solutions. The Group is increasingly following its German key customers outside of Germany for specific projects to deliver its technical solutions.

*Key customers*

Germany & Eastern Europe's key customers include, amongst others, Audi, Berlin Brandenburg Airport, BMW, Caterpillar, Daimler and Infineon.

*Example projects*

In October 2012, Imtech Germany won a 10 years contract with Airbus for the implementation of new drying technology in Airbus' drying halls worldwide. The division's innovative drying technology allows several

[19] Where there is a reference in this chapter to "revenue at that time", this refers to the revenue as shown in the most recent audited annual audited consolidated financial statements of such entity at the time of acquisition.

types of Airbus aircrafts to be dried twice as fast, which reduces aircraft production time. The Company believes that the Imtech Smart Drying System© meets exact requirements to allow the heating and drying process to take place in the shortest possible time and as energy-efficiently as possible. Compared to the conventional technology used by all aircraft manufacturers until now, this has many advantages, as far as production time as well as operating costs, the environment and energy saving are concerned.

In June 2011, Imtech Germany was awarded a 15-year energy management contract for 800 buildings in Germany, mainly used by a leading German logistics company. On the basis of an energy-contracting model, Imtech Germany will take the total responsibility for the optimum supply, maintenance and management of the complete energy-related infrastructure in every building. Imtech Germany will also be optimising the energy performance by integrating the entire energy process in every operational system and process. Additional energy-saving measures will be taken, such as the implementation of innovative co-generation (combined heat and power) technology and photovoltaic cells. The total estimated value of the contract is around EUR 400 million.

*Significant changes since 31 December 2012*

On 4 February 2013, the Company announced by way of a press release that it had ordered a forensic investigation into possible irregularities with respect to projects in Poland. During the investigation and other Corrective Actions it became clear that the amount of the expected write-offs in Poland would need to be increased and that write-offs were also expected in Germany with respect to overdue debtors, a lower estimation of work in progress and losses which were passed on to the future without proper justification. See "Use of Proceeds and Background to the Offering – Background to the Offering; recent events".

The Cost and Efficiency Programme in Germany has commenced. The planned personnel and cost reductions will further support the Group's German and Eastern European operations' effectiveness and profitability. The Cost and Efficiency Programme will lead to a workforce reduction of approximately 550 jobs in Germany. The Company will closely monitor whether any further cost-savings and/or efficiency programmes in addition to the Cost and Efficiency Programme are required or appropriate.

***UK & Ireland***

In 2003 the Group acquired the UK mechanical and electrical engineering services company Meica (revenue at that time: around EUR 87 million) followed by several other acquisitions in the UK to increase the nation-wide presence. In 2007 Royal Imtech acquired the Irish electrical engineering services company Suir Engineering (revenue at that time: around EUR 63 million). In 2011, the Group acquired the nationwide technical maintenance company Inviron (revenue at that time: around EUR 140 million) and the mechanical and electrical engineering services company Smith UK Group (revenue at that time: around EUR 70 million). With the acquisition in 2012 of the system integrator Capula (revenue at that time: around GBP 40 million) the Group's portfolio of technical services it offered in the UK market became more balanced.

In the division UK & Ireland, the Group generated a revenue of EUR 751 million in the year ended 31 December 2012. In terms of revenue, the Group is one of the leading technical services providers in the UK and Ireland in the markets for buildings, industry and infrastructure.[20] In the division UK & Ireland the Group delivers its services through a regional network of 39 branches. As of 31 December 2012, the Group had 3,598 FTEs in UK & Ireland. In the UK the division is mainly active in the buildings, industrial and infrastructure industries and in Ireland the division is mainly active in the pharmaceutical and energy industries (and followed many customers to countries outside of Ireland, e.g. Kazakhstan and Saudi Arabia).

In 2011, the Group acquired two companies in the UK. The first acquisition was Inviron, a nationwide technical maintenance company. The second acquisition was Smith Group UK, a technical and electrical engineering services company in the north of the UK which resulted in a broader and wider geographical spread in order to become less dependent on the greater London area economic developments. In 2012, the Group acquired Capula, a system integrator in the power and utility market.

Through various acquisitions, the UK & Ireland division diversified its business and now this operating cluster has the following five business units:

- Engineering Services includes design, engineering and implementation. This is the traditional core of the UK business, typified by large-scale, long-term construction contracts. Growth within this segment is weak with engineering services impacted by the fragile UK construction sector and an increase in competition.
- Technical Maintenance includes maintaining, installing and managing the systems and services that support the operations of buildings and other infrastructures. The acquisition of Inviron has strengthened the division's offering in this segment, complementing similar non-core services offered across other parts of the UK & Ireland division. These activities are characterised by a large volume of low-margin contracts across a wide spread customer base

[20] Source: Construction News, September 2012.

- Infrastructure, in particular the water, waste, energy and transport sector. Typically large-scale projects through joint venture agreements with construction firms working for large utility companies to provide engineering solutions (i.e. design, construction and commissioning services). These are often performed under three - to five - year framework agreements providing longer term revenue streams. Waste to energy projects represents a new market and a key strategic opportunity for the division due to the relatively higher margins.
- The International Operations, the division recently expanded its global activity providing mechanical and electrical installation services in Kazakhstan, Saudi Arabia and Europe, in some instances partnering with other divisions of the Group.
- System Integration is a new offering of the division through the acquisition of Capula in May 2012. This business specialises in advanced automation control and real-time IT solutions for energy and utility companies. This business unit, typified by relatively strong margins, is viewed by division management as having high growth potential with an aim to leverage existing customer relationships across Europe.

*Key customers*

Imtech UK & Ireland's key customers include, amongst others, Greater London Authorities, Heathrow Airport and Thames Water.

*Example projects*

Imtech UK & Ireland is developing two new advanced digestion plants at Crossness and Beckton in London for Thames Water. The project comprises the design, construction, commissioning and optimisation of two new advanced digestion plants. By sustainably treating and enhancing sewage sludge – a process known as advanced anaerobic digestion – it is possible to convert sewage sludge into sustainable energy in biogas power plants. This contributes to both the environmental and financial performance. The total value of the project amounts to EUR 75 million.

Imtech UK & Ireland worked on the infrastructure for the Olympic Games in London that took place in 2012. Imtech UK & Ireland was responsible for the engineering and implementation of the technical infrastructure, amongst others, within the Olympic Stadium and the Olympic Velodrome. Imtech UK & Ireland did not only win these contracts by having the required technical competences, but also as it has a long track record of other sporting arenas the Group realised in the UK, the Netherlands and Germany.

***Spain & Turkey***

Spain and Turkey each have their own management team and they are therefore discussed separately below.

*Spain*

In 2005, the Group acquired the Spanish industrial technical services company Mavisa (revenue at that time: around EUR 100 million).

In Spain, the Group generated a revenue of EUR 156.7 million in the year ended 31 December 2012. The Group offers technical services provision in the industry and buildings markets. Imtech Spain is organised in three business units and is comprised of 31 branches. Each of the business units is managed through a business unit head office. As of 31 December 2012 the Group had 1,809 FTEs in Spain.

The three business units of Imtech Spain are Industry, Building Projects and Building Services:

- Industry is divided in projects (e.g. construction, repairs and shutdowns) and maintenance (related to pipes and electrical installations of refineries, petrochemical and steel plants). The customer base of Imtech Spain contains large companies operating in the oil and gas, energy, steel and harbour infrastructure. The current Spanish economic downturn has increased competition of small/medium companies which resulted in erosion of margins. Division's management's focus is on: (i) increasing maintenance activities, (ii) reducing the operating and production costs to improve the competitive position and (iii) exploring the Latin American market, with a focus on Peru and Chile, by following some of its key customers.
- Building Projects acts a manager and coordinator of projects and is offering mechanical (HVAC, plumbing and fire protection installations) and electrical services (low and medium voltage). Recently, the business unit started with data centres, which are seen as an attractive market for the business unit. Current main customers are large and medium-sized Spanish construction groups, replacing real estate companies and other end-customers (who used to be the main customers). This has had an impact on margins and cash flows as construction groups offer lower margins and longer payment terms. The business unit does not have public entities as customers. The objective is to change the customer mix to real estate and other end-customers, although the current economic context makes it difficult,

- Building Services is offering (i) traditional maintenance of electrical and mechanical installations of buildings (usually hospitals and shopping centres), (ii) maintenance of medical equipment and recently added (iii) energy efficiency services. Around 58% of revenue is related to public entities (mainly hospitals) and around 42% to private customers including shopping centres and plants (not related to the production process). The focus is (i) increasing the multi-year maintenance contracts with public entities nationwide, (ii) increasing the medical maintenance and energy efficiency services and (iii) exploring the Latin American market to offer energy efficiency services.

*Key customers*

Imtech Spain's key customers include, amongst others, Cepsa and Acciona Infrastructuras.

*Turkey*

In April 2012, Imtech Spain acquired 80% of the shares in the Turkish mechanical and electrical engineering services company AE Arma. It has a contractual obligation to purchase the remaining 20% (currently held by six minority shareholders, three of whom are also a member of the managing board of the company) in 2015 under an earn-out arrangement based on business performance. The shareholders agreement among AE Arma's shareholders includes a clause that the managing board of the company shall consist of eight persons, which includes three 'representatives' of the 20% shareholders and five 'representatives' of the Group. Furthermore, the shareholders agreement contains reserved matters for which resolutions can only be adopted by a unanimous decision of the managing board. These reserved matters are major strategic or financial board decisions, such as acquisitions, divestments, credit or bank facilities and contracts with third parties exceeding USD 50 million.

The main reason for the acquisition was that it would enable the Group to acquire a strong position in Turkey as well as a stepping stone in emerging markets such as the Middle East, Russia, Kazachstan, Azerbaijan and various other countries in the region. Royal Imtech believes that AE Arma is one of the leading players in the Turkish building market for mechanical and electrical engineering services measured by revenue. AE Arma provides a comprehensive range of technical services, including high and low voltage, energy generation, power distribution, communications networks, HVAC (air and climate solutions), sanitation, water treatment, sprinkler services, fire alarm and security systems safety. Besides the activities in Turkey, the Group is increasingly active outside Turkey by following its Turkish construction companies (Group Companies act as subcontractors) into Russia, Abu Dhabi and Azerbaijan. AE Arma has a centralised management structure: all locations are managed from the head office in Turkey. As of 31 December 2012, the Group had 1,451 FTEs in Turkey divided among 10 branches.

AE Arma provides the following solutions:

- Electrical solutions such as medium and low voltage, communication networks, fire alarm, security systems
- Automation solutions like home automation systems and building automation systems
- Mechanical solutions including HVAC, fire protecting systems, sanitary, water and waste water treatment systems
- City lighting solutions such as street, motorway and tunnel lighting

The nature of AE Arma's business is based on non-recurring construction work. AE Arma does not provide maintenance services. There are initial plans and discussions around this topic but the current workforce is not sufficient to undertake significant maintenance projects. Know-how transfer and qualified personnel is needed to add maintenance solutions to AE Arma's services portfolio. AE Arma's management aims to add maintenance solutions to its portfolio to create recurring business.

*Key customers*

Imtech Turkey's key customers include, amongst others, the Turkish construction companies Kontek, Ant Yapi and Mondep.

*Example projects*

Imtech Spain carried out the manufacturing and assembly works of pipes and supports, and the assembly of equipment of one of the biggest storage terminals and distribution of hydrocarbons in Spain, located in the Port of Algeciras Bay (Cádiz). The terminal, owned by Vopak, has 22 storage tanks of various capacities, from 2,000 to 40,000 cubic meters for fuel oil, diesel and gasoline. Imtech Spain carried out the equipment assembly of the various areas, such as the pump room, the jetty area, the pumping area, driving lines to jetty, the DKL area, or berth and loading bay of vessels.

AE Arma acts as subcontractor in the Mercury city tower project in Moscow, Russia. Situated in the nascent Moscow International Business Center, Mercury city tower will contain 70 floors, with five floors below ground, comprising mixed-use commercial offices and residential units. AE Arma is responsible for all electro technical solutions in the 339 meters high Mercury city tower. The project started in 2010 and is scheduled to be completed in 2013.

*Reorganisation*

The Spanish economy is in a challenging condition which has also impacted the Group's growth and profitability in Imtech Spain. Given these tough market conditions, the Group reduced its cost base in 2012 with a restructuring in which the workforce was reduced by 196 jobs in the buildings segment. This restructuring was completed in the second half of 2012.

*Significant changes since 31 December 2012*

On 19 June 2013, Royal Imtech issued a press release in which it published that Mr Van Gelder will become a member to the Board of Management as of 16 September 2013, subject to approval and appointment by the General Meeting. Mr Van Gelder will focus on the divisions IT, Traffic & Infra and Marine and operating cluster Spain & Turkey. See "Use of Proceeds and Background to the Offering – Background to the Offering; recent events – 4. Changes to Board of Management, Supervisory Board and senior management of the Group – Board of Management" and "Management, Employees and Corporate Governance – Board of Management – Members of the Board of Management".

***Nordic***

*History*

The Group entered the Nordic market in 2008 by acquiring the Swedish and Norwegian mechanical engineering services company NVS (revenue at that time: around EUR 350 million) followed in 2010 by the acquisition of the Swedish electrical engineering services company NEA (revenue at that time: around EUR 250 million). In 2011, the Group acquired the Swedish mechanical engineering services company Sydtotal (revenue at that time: around EUR 80 million) and in 2012 the Group completed four add-on acquisitions with a combined revenue of around EUR 11 million. In December 2012, the Group announced its acquisition of the Finnish mechanical and electrical engineering services company EMC Talotekniikka (revenue at that time: around EUR 100 million), which was completed in January 2013.

*General*

In the Nordic operating cluster, the Group generated a revenue of EUR 805 million in the year ended 31 December 2012. In terms of revenue, Royal Imtech believes that it is a leading technical services providers in Nordic in the markets of buildings and industry. Around 85% of the revenue 2012 for Nordic is generated in Sweden. As of 31 December 2012, the Group had 4,937 FTEs in the Nordic region. The operating cluster performs installations and services within three areas: heating & sanitation, ventilation and electricity. The majority of installations that Imtech Nordic carries out have been designed by other parties, such as technical consultancy firms and architects.

Imtech Nordic delivers its services through a dense regional network of 156 branches and is organised in three business units. Each of the business units is managed through a business unit head office. Until 2012, the level of integration between the various business units had been low (there used to be five business units). In order to provide for a better integration, a new strategy was launched. This new strategic direction included:

(i) Rebranding of the business units by adopting the brand name "Imtech Nordic"

(ii) Co-location of smaller branches in order to facilitate coordination and reduce costs through economies of scale

(iii) Setting up new sales organisation for nation-wide service customers

Imtech Nordic consists of the following three business units:

*Imtech Sweden*

This business unit offers mechanical and electrical services for both the buildings and industrial markets. The Group's offering in Sweden comprises amongst others HVAC, pipework, heating, fire protection, industrial installation, power solutions, energy optimisation, security and ICT. The target customer groups are industrial companies, the public sector and construction companies. Approximately 84% of revenue refers to installation projects and the remaining percentage relates to maintenance services contracts.

*Imtech Norway*

This business unit provides a combination of mechanical and electrical services such as installation of piping, electricity and ventilation. Three quarters of its revenue is derived from installation projects and a quarter from maintenance services contracts.

*EMC*

This Finnish business unit offers mechanical and electrical services within the areas of heating, piping, air conditioning and electricity. The principal customer groups are private real estate companies, industrial companies, construction companies and the public sector. EMC is to the largest extent focused on installation projects (approximately 75% of revenue) and less on maintenance services contracts (approximately 25% of revenue).

*Key customers*

Imtech Nordic often acts as subcontractor of building construction companies such as Skanska, NCC Peab and AF Gruppen.

*Example projects*

In January 2011, Imtech Nordic was awarded the order for the New Karolinska Hospitals with a contract value of EUR 75 million. The activities within the project include installation of heating, cooling and water piping as well as overall installation of sprinklers, systems for medical gases and culverts.

As spin-off of a multi-year managed services contract with paper manufacturer Korsnäs in Gävle, in 2012 Imtech Nordic was selected as a technology partner for a part of the technical infrastructure in a biomass power plant that will be built. The 150 MW of electricity that will be generated by this power plant will lead to the customer's production process becoming, to a great extent, energy neutral.

***ICT, Traffic & Marine***

*General*

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

*ICT*

In 1996, Royal Imtech acquired its first ICT company, named Turnkiek, in order to build the third technical pillar of the Group: ICT. Since then, the Group acquired several ICT companies, e.g. the German company Fritz und Macziol in 2006 (revenue at that time: around EUR 115 million), the Austrian company ILS in 2008 (revenue at that time: around EUR 65 million), UK company REAL Solutions in 2008 (revenue at that time: around EUR 46 million) and the Swedish company Qbranch in 2011 (revenue at that time: around EUR 60 million).

In ICT the Group generated a revenue of EUR 667 million in the year ended 31 December 2012. Imtech ICT delivers its services through a network of 43 branches in its key countries Germany, the Netherlands, Austria, Sweden, Belgium, Switzerland and the UK. Each of the countries is managed through a country head office. As of 31 December 2012, Imtech ICT had 2,422 FTEs.

The activities of ICT can be split in:

(i) Infrastructures, mainly relating to sale of hardware and cloud solutions.

(ii) Business support, mainly relating to:

   a. Managed services: sale of licenses as well as services and maintenance. The contracts have a duration of 3-5 years

   b. ERP solutions

   c. Business intelligence solutions and business analytics: software to generate and assess data

   d. Collaboration solutions: software solutions for social media

(iii) General ICT consultancy activities

Of the ICT division's revenue, approximately 73% of revenue is related to ICT infrastructures activities with corresponding lower margins. Strategic business partners of the ICT division are IBM, Cisco and Microsoft. Historically, Imtech ICT sells products of the strategic business partners and provides services on these products as part of its total solution set. The current focus is more on business support aimed at long-term relationships with customers for attractive recurring revenue streams, which creates opportunities to improve the margin mix, also for the infrastructures activities.

The division's strategy is to build a leading ICT services company in Europe based on a strong coherent portfolio, the partnership with technology leaders as Cisco, IBM and Microsoft as well as realising cross-selling opportunities for the capabilities of the acquired ICT companies. Key portfolio items in the division strategy are (i) cloud solutions, (ii) managed services, (iii) customer services, (iv) business analytics and (v) business solutions. The aim is to change the product mix, meaning relatively higher contribution of the most profitable Business Support activities and lower contribution of the less profitable hard- and software sales resulting in a stabilisation of the business.

*Key customers*

Imtech ICT's key customers include, amongst others, the Dutch Ministry of the Interior and the Dutch Ministry of Safety and Justice, British Telecom and Hans Grohe. While most of its key customers are mid-size companies in various industries, the number of large-size customers is increasing.

*Traffic/Traffic and Infra*

In 2007, the Group acquired traffic technology specialist Peek Traffic (revenue at that time: around EUR 90 million), which was the start of the 'Traffic' division of the Group.

In Traffic the Group generated a revenue of EUR 155 million in the year ended 31 December 2012. In terms of revenue, Royal Imtech believes that the Group is a leading traffic technology provider in Europe. Traffic delivers its services through a network of 43 branches in its key markets the UK, the Netherlands, Sweden, Finland and on a project basis in other European countries. As of 31 December 2012 Traffic had 1,078 FTEs.

The Group built up its European traffic position through acquisitions in the UK and in the Netherlands plus a number of smaller add-ons to reinforce geographical positions, such as the acquisition of SSR and Polar (revenue of both companies at that time: EUR 15 million).

The activities of the Group in the traffic market are a mix of installation and maintenance projects and product development for dynamic traffic management, intelligent transport systems, and traffic safety and enforcement. Further, Royal Imtech is active in the parking market via its subsidiary WPS, which operates in eight countries. The parking activities mainly consist of production, sales and installation of parking systems.

The focus of Traffic is to integrate various technologies so that fewer systems need to be used, which leads to more efficiency and ultimately higher added value for its customers. This focused approach contributed to the stable performance that the Group has achieved in this market, despite lower government budgets. With an increasing focus on technology integration and a more focused market approach (i.e. activities that provide higher margins), the activities of Imtech Infra (which belongs to the operating cluster Benelux) and Imtech Traffic have become more similar and the Group has therefore resolved to integrate Imtech Infra and Imtech Traffic into Imtech Traffic & Infra, which will fall under the operating cluster ICT, Traffic & Marine.

Imtech Traffic's business is largely dependent on governmental budgets and its key customers include, amongst others, the Dutch Ministry of Public Works, UK Highways Agency and Transport for London.

*Marine*

Today's marine operations have been built up through acquisition of a worldwide maintenance and services network and companies in Turkey and Canada as well as through a number of smaller add-ons to reinforce geographical positions. These acquisitions included (but are not limited to) the acquisitions of the worldwide service centres network of Radio Holland Group in 2006 (revenue at that time: around EUR 100 million), the Turkish company Elkon in 2010 (revenue at that time: around EUR 15 million), the Canadian company Group Techsol Marine in 2011 (revenue at that time: around EUR 20 million), and Van Stappen & Cada (revenue at that time: around EUR 3 million).

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

In the marine market Imtech Marine operates across a number of market segments:

(i) *Offshore* is currently the largest market segment in terms of revenue. Current projects are mainly related to offshore construction and specialised vessels for oil & gas, renewable energy market and smaller workboats

(ii) *Naval projects* (largely comprising automation and electrical services) tend to be large and long-term projects with long lead times (time from opportunity to production). Opportunities exist particularly in Canada with large investment plans of the Canadian government

(iii) *Cargo* is the most important segment for the marine services business. Imtech Marine has increased focus on greener solutions and technologies.

(iv) *Yachts* is focused on luxury yachts with the delivery of entertainment and IT solutions.

(v) *Cruise market*, the Group specialises in HVAC and climate systems on board.

Imtech Marine aims to operate as a full-service provider and system integrator of tailor-made technology solutions covering the whole ship, including new-builds, refits, maintenance and services. As Imtech Marine focuses more on the total life cycle of a ship, it believes this will result in the development of more strategic partnerships with key customers and will link knowledge of the (new) build phase with the operational phase. The purpose is to support and advise customers, considering and balancing benefits, costs and risks over the ships entire life plan.

*Key customers*

Imtech Marine's key customers include, amongst others, Royal Navy in the UK, Meyer Werft in Germany and Seaspan in Canada.

*Example projects*

Imtech ICT is responsible for the outsourcing contract for maintaining and servicing the IT infrastructure at Swedavia, the operator of the main airports in Sweden. Total contract value is EUR 15 million for two years.

Imtech Traffic is implementing a traffic management system for the city of Copenhagen to connect 365 junctions to reduce carbon emissions and congestions. Total contract value in the first phase amounts to EUR 25 million.

Imtech Marine is responsible for engineering and implementation for the HVAC systems on board two new build cruise vessels for Norwegian Cruise Line at the Meyer Werft in Papenburg (Germany). The vessels are scheduled to be delivered in 2014 and 2015.

*Reorganisation*

In 2012, Imtech Marine executed a limited reorganisation for its Dutch and German operations. See "Operating and Financial Review – Principal Factors Affecting Results of Operations and Comparability of Results – Reorganisations, cost savings and efficiency improvements".

*Significant changes since 31 December 2012*

On 19 June 2013, Royal Imtech issued a press release in which it published that Mr Van Gelder will become a member to the Board of Management as of 16 September 2013, subject to approval and appointment by the General Meeting. Mr Van Gelder will focus on the divisions IT, Traffic & Infra and Marine and operating cluster Spain & Turkey. See "Use of Proceeds and Background to the Offering – Background to the Offering; recent events – 4. Changes to Board of Management, Supervisory Board and senior management of the Group – Board of Management" and "Management, Employees and Corporate Governance – Board of Management – Members of the Board of Management".

**Employees and Human Resources Policy**

*Overview*

The table below provides an overview of the employees of the Group and where they are located. These numbers are measured in FTEs.

| | At 31 December 2012 | At 31 December 2011 |
|---|---|---|
| Benelux | 6,122 | 6,433 |
| Germany & Eastern Europe | 5,479 | 5,326 |
| UK & Ireland, Spain & Turkey | 6,858 | 5,042 |
| Nordic | 4,937 | 4,746 |
| ICT, Traffic & Marine | 6,028 | 5,817 |
| Royal Imtech (corporate functions) | 49 | 48 |
| **Total** | **29,473** | **27,412** |

*Human Resources ("**HR**") Policy*

Three characteristics of the Group, which are the core of the Group's HR policy, are (i) its decentralised business model, (ii) it is a people business and (iii) operating in the technical services industry.

By having a decentralised business model, a strong focus on decentralised entrepreneurship is crucial as many responsibilities, duties and powers of authority are being delegated to local management levels. Stimulating local entrepreneurship is an important part in the management development programmes of the Group. The Group intends to develop its present and future management to realise continuous professional development, develop as an organisation and optimise business opportunities. Management development is in place to educate future managers, assist in preparing employees to succeed senior management and to ensure that employees showing potential are retained and given opportunities for personal and professional development.

At Group level several management development programmes are in place, e.g. a senior leadership programme and a senior programme on project management. The aim of these programmes is to develop senior managers as "leaders of their business", but also as "leaders of people". To attract young graduates, the Group offers management traineeships ("young capital programmes") and technical traineeships ("young professional programmes").

Team building and networking are essential to create more business activity and enhance business opportunities in both in content as well as in markets. The Group has set-up several councils to share best practices, encourage standards of excellence and provide a collaborative climate. Also, the development programmes, mentioned above, attribute to these goals.

In today's business environments, skilled people are essential. Attraction and retention of motivated and skilled people is one of the core elements of the Group's HR policy. To keep staff and workforce motivated, the Group (i) offers its employees an attractive and market competitive salary package, (ii) promotes and supports the health, safety and well-being of all employees, and (iii) educates, develops and motivates its employees to grow themselves.

**HSE**

Safety is one of the top priorities of the Group. The Group strives to keep its employees safe by focusing on tackling the cultural issues that can lead to unsafe behaviour. The Group aims to have zero fatalities and no incidents that harm people or put third parties at risk. To support this aim, the Group has various initiatives to strengthen its safety culture. These include improving the safety leadership skills of staff, sharing best-practices, rewarding successful performance and enforcing the Company's HSE principles through a HSE campaign.

*HSE campaign*

The Group's current HSE campaign was developed in the beginning of 2012 and promotes the eight HSE principles of the Group. The Group's employees are aware of the Group's eight HSE principles and are trained on them. The eight HSE principles are:

*1. I work safely... or not at all*

Before the Group starts a job, it makes sure that it is aware of all the possible HSE risks. See "Operational Excellence" above. Before the relevant division of business unit commences work, it investigates the conditions under which the work will be performed. This includes checking whether the Group's employees' safety and health, and that of others (including subcontractors), will be endangered in carrying out their tasks and whether these tasks will impact the environment negatively. Should these checks not lead to a feasible outcome for the Group, the Group will not perform the project.

*2. I act responsibly... I report unsafe situations*

The Group believes that if employees and subcontractors recognise dangerous situations at work at an early stage, this can help to prevent accidents and mitigate risks. For that reason, the Group aims to correct dangerous behaviour and dangerous situations immediately and report these.

*3. I take precautions... I use personal protective equipment*

It is important that all participants in a project receive good instructions about the measures to be applied in the workplace and that they act on these. Where necessary, personnel must use personal protective equipment (PPE). The Group aims to ensure that all people participating in a project know how to use and maintain their PPE.

*4. I promote order and tidiness… I keep my work area clean*

Within the Group, order and tidiness are conditions for HSE. A significant number of incidents are caused by materials left lying around. In this area, risks increase where several people work at the same time. Therefore, the Group's employees are trained to address each other about order and tidiness, not just on the construction site, but also in the office or company car. Tidiness is important; it makes working safer.

*5. I am proactive... I know what is expected of me*

Employees need to keep alert and above all take action if they see that something is wrong. The Group aims to keep its employees motivated to do their work in an HSE-compatible way and have the employees participate actively in HSE improvement processes. The employees need to know what is expected of them and be proactive.

*6. I respect my surroundings... I take care of the environment*

Safe working also means having attention for the Group's direct and indirect working environment. Its employees and subcontractors need to know what kind of materials they use, read the instructions, separate waste and take care with substances that are hazardous or harmful to the environment.

*7. I show integrity... I always keep my commitments*

The Group needs to be reliable and stand by its principles. Integrity is one of the Group's top priorities. The Group believes that it adheres to legislation, standards and procedures.

*8. I take responsibility... I lead by example*

If employees of the Group see a dangerous situation, they take action, giving the right example and introducing internal regulations. If someone is working in an unsafe way, the Group will take responsibility and will address the same. The Group aims to avoid accidents at all costs.

*Learning and competence*

A strong safety culture also depends on a competent workforce. The Group promotes that each employee responsible for tasks with a significant HSE risk has the necessary training and skills. Every six months, its employees receive an update based on investigations of incidents, including 'near misses' that could have resulted in a serious incident, and findings from audits. Any accident that does take place is recorded, the incident is investigated very thoroughly and, if necessary, structural changes and measures are implemented. The HSE council (see " – HSE council" below) aims to ensure that the lessons learned are incorporated in HSE communications by compiling and publishing 'Learning from Incidents'. Unfortunately, in 2012 there was a fatal accident in Spain. This accident was investigated thoroughly together with the involved parties.

*HSE Policy & organisation*

To deliver high HSE performance in all its businesses, the Group has a HSE policy in place. Its HSE policy focuses on continuous process improvement and continuously improved HSE performance. The Group has well-implemented and uniform management systems for measuring and monitoring its HSE performance. In senior management and Board of Management meetings, HSE is a standard agenda item.

*HSE council*

The Group established an international HSE council, with one person per country responsible for HSE policy development in that country. The international HSE council is responsible for the development of the HSE policy. The locally responsible persons implement the HSE policy in their own country and are responsible for research for individual companies and customers. The Group's international HSE council gives direction and also organises international HSE campaigns and actions. The HSE Council focuses on harmonising our HSE policy on the basis of an action plan with the following priorities:

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

**Management reporting systems and information technology**

The management reporting systems, as reinforced, are set out under "Use of Proceeds and Background to the Offering".

**Information technology**

The Group's information technology (IT) infrastructure and business applications are designed to support its business. The Group predominantly uses generic software which is available in the market. Navision (software developed by Microsoft) has been selected as the preferred ERP system and has been implemented in a number of divisions for financial administration, project preparation, and purchase and project control. Autocad (software developed by Autodesk) is the most important application used for drawing and project preparation.

The service and maintenance of the IT infrastructure is organised and managed internally. The wide area networks (WAN) and fixed and mobile telephone services are outsourced to international telecom providers such as KPN, Verizon and Vodafone.

Royal Imtech has a decentralised IT organisation. For companies operating in the Benelux a shared service centre is responsible for the operational management of common and corporate systems (reporting and consolidation, procurement, etc.). Furthermore, at the different divisions, IT staff is managing division specific systems.

**Material contracts**

The Company's main financing arrangements, which have been amended by way of amendment and waiver agreements (see "Use of Proceeds and Background to the Offering – Background to the Offering; recent events – I. Financial measures and restructuring – Amendment and waivers of existing facilities" and "Operating and Financial Review – Liquidity and Capital Resources – External Sources of Funding, Financing and Indebtedness") are:

- the RCF
- the USPPs
- the Bridge Loan Agreement. See "Use of Proceeds and Background to the Offering – Background to the Offering; recent events – 3. Measures adopted by and changes to the Company – I. Financial measures and restructuring – Bridge Loan Agreement"

Furthermore, the Company has several bilateral loan facilities, bilateral guarantee facility agreements and bonding facilities. Moreover, Royal Imtech's direct and indirect subsidiaries and Group Companies also have their own financing agreements (including guarantee facility agreements and bonding facilities). See "Operating and Financial Review – Liquidity and Capital Resources – External Sources of Funding, Financing and Indebtedness – Additional Credit Facilities" and "Operating and Financial Review – Liquidity and Capital Resources – External Sources of Funding, Financing and Indebtedness – Additional Guarantee Facilities".

Save as elsewhere disclosed in the Prospectus, the Company believes that there are no material contracts, other than contracts entered into in the ordinary course of business, to which it or any member of the Group is a party, for the twelve-month period immediately preceding publication of the Prospectus. Also, the Company believes that, save as elsewhere disclosed in the Prospectus, there are no other contracts, other than any contracts entered into in the ordinary course of business, entered into by any member of the Group which contains any provision under which any member of the Group has any obligation or entitlement which is material to the Group as at the date of the Prospectus.

**Project joint ventures**

As is customary in the Group's industry, some of the Group's large projects and services are taken on in the form of partnership companies (in the Netherlands frequently in the form of *vennootschappen onder firma*), resulting in joint and several liability for each of the partners and hence the risk to the Group of being held liable for the misconduct of others. Typically, the Group aims to get (proportionally) reimbursed by its partner in case it is confronted with any claims. However, if one or more joint venture partners are unable or unwilling to pay their proportionate share, the Group may be liable for more than its proportional share in the joint venture. Containing such risks at the level of the legal Group entity acting as partner in these partnerships may not be possible as a result of existing statements of joint and several liability issued by certain members of the Group in connection with the consolidated financial reporting of the Group or other factors. In individual cases, the Group may provide guarantees or financing commitments for the benefit of the joint venture in a proportion exceeding the Group's ownership share in the joint venture.

Project joint ventures are generally established to execute a single project. The reason for establishing such joint ventures is that certain projects (because of their size, complexity or scope), cannot be carried out on a standalone basis by one party as that would lead to the assumption of too many (operational and financial) risks. Another reason to execute a project by means of a joint venture could be to cooperate with a local business partner outside the home markets in order to benefit from local knowledge and experience of such business partner.

Occasionally, customers specifically require projects to be realised by different businesses operating in a joint venture in order to reduce the operational and financial risks. At Group level, the amount of revenue generated by individual joint ventures is not measured (neither is such revenue measured on an aggregate level). Revenue and profit recognition is on share interest base within the joint venture. The most relevant current project joint ventures are:

- Tamesis: a joint venture with the UK construction firm Laing O'Rourke for design and build the extension of the existing sewage treatment plants at Beckton and Crossness and two Advanced Digestion schemes also at Beckton and Crossness. The joint venture's customer is Thames Water Utilities. Total contract value for Imtech UK & Ireland is EUR 128 million and is expected to finish in 2015.
- Berlin Brandenburg Airport: a joint venture with the technical services company Caverion for design and build the electrical and mechanical solutions for amongst others fire protections systems. Total initial contract value for Imtech Germany & Eastern Europe is EUR 114 million.
- VIA NZL vof: a joint venture with the Volker Wessels for the installation of station and rail systems for the subway in Amsterdam. The joint venture's customer is the City of Amsterdam. Total contract value for Imtech Netherlands and Imtech Traffic & Infra is EUR 95 million and is expected to be delivered in 2016.
- Poseidon: a joint venture with the Belgian construction firm Denys for design, build, finance and maintain for a new tram route in Antwerp. Denys will provide the civil and construction activities and Imtech Traffic & Infra is responsible for all technical solutions. Total contract value for Imtech Traffic & Infra is EUR 30 million. The building part is expected to finish in 2015 and the maintenance component of the contract 25 years later.

**Subcontractors**

For the year ended 31 December 2012, approximately 24% of the Group's total revenue from operations was paid onwards to subcontractors and spend on other external charges. Thus, the Group is partially dependent on the services of subcontractors. It has a network of a large number of subcontractors and generally works with smaller parties so that its business is not adversely affected e.g. in case a subcontractor would cease its business or become insolvent.

The use of subcontractors is particularly prevalent in the implementation of large projects in all market segments. When employed, within a project, subcontractors are generally responsible for the installation of the general technical infrastructure, such as cabling and plumbing. The primary contractual obligation of a subcontractor usually consists of completing a specifically defined part of a project. The Group selects its subcontractors based on, inter alia, their financial soundness and their skills to perform their work efficiently and free of defects. The Group believes that it is successful in contracting qualified subcontractors for it projects. The Group aims to establish and maintain long-lasting relationships with its subcontractors.

**Intellectual property, licenses**

The Group relies primarily on trade secrets, confidentiality policies and other contractual agreements to protect intellectual property where the Group believes that copyright is not appropriate or obtainable. During the course of its work, the Group is often required to share its drawings and know-how and these are not always protected by an intellectual property right.

An important intellectual property asset is the brand name, "Imtech". The Group operates mainly under the trade name "Imtech", but also has certain other trade names. See "General Information – Legal name and trade names of the Company". The names of divisions and operating companies can be recognised by the name Imtech with the additional specification of the activity which they carry out.

**Property, plant and equipment**

The Group's main assets consist of land and buildings, and other property, plant and equipment, including vehicles and office furniture. Buildings are mostly rented, although some companies own their land and buildings. Most of the vehicles are leased, partially under finance lease (particularly in Sweden) which are recorded on-balance.

The Group's policy is to lease, rather than to own, its properties, preferably on short-term leases in order to maintain flexibility. The Group leases a fleet of light vehicles in all European countries in which it is operating. Leases for light vehicles typically average three to four years.

Most of the lease expenses relate to leases with terms of more than one year. As of 31 December 2012, the net value of property, plant and equipment on the Group's balance sheet was EUR 170.8 million. Royal Imtech believes that its properties are adequate for its present needs and that suitable additional or replacement space would be available to the extent required.

**Legal and arbitration proceedings**

Except as set out in this paragraph and in "Use of Proceeds and Background to the Offering – Background to the Offering; recent events", neither Royal Imtech, nor any of the other Group Companies, are, or during the 12 months preceding the date of this Prospectus have been, involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which Royal Imtech is aware), which may have, or have had in the recent past significant effects on Royal Imtech's and/or the Group's financial position or profitability.

From time to time, the Group is party to various legal and administrative proceedings in the ordinary course of business or otherwise. In accordance with IFRS, Royal Imtech makes a provision for a liability when it is both probable that payment will need to be made on an obligation arising from an obligating event and the amount of the payment can reasonably be estimated. As specified in IFRS, Royal Imtech considers an obligating event to be one that creates a legal or constructive obligation which leaves Royal Imtech with no realistic alternative but to settle the obligation. This is the case where the obligation can be enforced by law or where other parties have valid expectations that the Group will discharge the obligations. Royal Imtech considers a present obligation to exist at the end of a reporting period if, based on all available evidence, it is more likely than not that present obligation exists. If it is more likely than not that no present obligation exists at the end of a reporting period, Royal Imtech discloses a contingent liability, unless the possibility of an outflow of resources embodying economic benefits is remote.

These provisions are reviewed at least quarterly and adjusted to reflect the impacts of negotiations, settlements, rulings, advice of legal counsel, and other information and events pertaining to a particular case. Litigation is inherently unpredictable and it is possible that cash flows or results of operations could be materially and adversely affected in any particular period by the unfavourable resolution or disposition of one or more of these contingencies.

Various significant claims are made against the Group by customers relating to work performed by the Group. In addition, also inherently connected with the industry, there are often a number of smaller claims of different sizes and various kinds against the Group. All of these claims are being contested vigorously. When recognition criteria are met, the Group records a provision for the expected costs related to claims (2012 financial year: EUR 8.5 million; 2011 financial year: EUR 3.2 million). Although there a some exceptions, some of which are more significant, the Group applies a conservative approach as to the recognition of receivables with respect to customers. The provisions recorded and expenses incurred in connection with claims negatively impact the Group's margin.

In connection with the recent events certain investor interest groups have expressed that they may start litigation against the Group (for a description of the recent events, see "Use of Proceeds and Background to the Offering – Background to the Offering; recent events"). Media coverage suggests that other investor interest groups are also considering taking further actions against the Group. The Group intends to defend any civil lawsuits filed against it by or on behalf of shareholders in connection with the recent events. However the Group may where appropriate also engage in discussions with such shareholders to see whether, whilst disclaiming all liability, extended litigation can be avoided through an out-of-court settlement at reasonable terms. Below certain developments are set out, but it cannot be excluded that other investors will (also) hold the Company liable.

*VEB; APG*

The Dutch Association of Securities holders (*Vereniging van Effectenbezitters*) ("**VEB**") is a Dutch association that promotes the interests of (mainly retail) holders of securities. On 25 April 2013 it informed the Company in writing, that it has strong objections against the recent events on several grounds and that certain shareholders have suffered significant damages due to the decline in the share price, which the VEB claims is a result of misleading communication and mismanagement by the Company, the Board of Management and the Supervisory Board. Therefore, it held the (former) members of the Board of Management and the Supervisory Board liable for this damage and invited the members of the Board of Management and the Supervisory Board to discuss the expressed objections. In a letter dated 21 May 2013, the Company replied that it was investigating the recent course of events with due care, that the Board of Management as well as the Supervisory Board were available to discuss this matter with the VEB but that the Company denies any liability.

In its letter to the chairman of the Supervisory Board dated 23 May 2013 APG Algemene Pensioen Groep N.V. (which carries out collective pension schemes for participants in, amongst others, the education, government, and construction sectors; "**APG**") expressed that it was considering to hold the Company and some of its (former) officers liable in person for the damages caused by an alleged lack of oversight and internal control and apparent misconduct. APG also expressed that it was considering to join the VEB in its efforts. In its letter to the chairman of the Supervisory Board and to the Company's CEO dated 21 June 2013, APG has held the members of the Former Board of Management as well as all members of the Supervisory Board during the period in which the events set out in the 'Report to Shareholders' published on 18 June 2013 took place (see "Use of Proceeds and Background to the Offering – Background to the Offering; recent events") liable in person.

On 25 June 2013, the VEB sent a letter to the Company holding it as well as the members and former members of its Board of Management and Supervisory Board liable for damages suffered by shareholders in connection with the recent events (also referring to the 'Report to Shareholders'). In its letter, the VEB reserved its rights to initiate proceedings with the Enterprise Chamber to investigate the Company's management policies and the conduct of its business. See "Risk Factors – Risks relating to the Group's business and markets – Under Dutch corporate law, shareholders could initiate proceedings leading to an investigation of the Company's management policies or bring other legal actions against the Company that could have a material adverse effect on the Company's business and financial condition.

Furthermore, on the same date, the VEB sent a letter addressed to each of the members of the Supervisory Board holding them liable for the damages that have occurred due to the publication of the annual accounts 2010 and 2011 (restated in the opening balance sheet 2011 and the balance sheet 2011, respectively, as included in the audited financial statements 2012). It also invited the members of the Supervisory Board to enter into negotiations to discuss an out-of court-settlement.

On 26 June 2013, the VEB sent a letter to the Company referring to its previous letters. Therein, the VEB stated that, in the absence of a full recognition of liability and an offer to the investors of a reasonable compensation for the damages, it was considering commencing legal proceedings against the Company and the (former) members of its Board of Management, Supervisory Board and auditor. However, the VEB also suggested to explore the possibilities of reaching an out-of-court settlement that would respect the continuity of the Company and may consist of setting up a fund, which could make payment in various tranches to duped investors, consisting of various components including but not limited to:

- a payment by the members of the Former Board of Management of the full variable remuneration received by them in the years 2010-2012
- a substantial part of the insurance pay-outs relating to liability of former members of the Board of Management and Supervisory Board

- a settlement with the Company's auditor
- all proceeds from proceedings lodged against persons who have committed fraud as well as potential insurance proceeds from fraud insurances
- warrants which would grant the investors an option right to purchase shares in the Company's share capital
- a contribution by the Company that would not jeopardise the continuity of the Company

At this point in time the Company has indicated not to be in a position to enter into negotiations or express any views on such proposals. However, in accordance with its policy described above, the Company intends to engage in discussions with VEB and APG in due time after the Offering will have completed to see whether, whilst disclaiming all liability, extended litigation with a substantial number of shareholders can be avoided through an out-of-court settlement on reasonable terms.

*Deminor potential class action*

In March 2013, Deminor International S.C.R.L - C.V.B.A. ("**Deminor**") – a European company focusing on services in the field of shareholder engagement, investor protection, recovery of investment losses and corporate governance – put a notice on its website proposing investors to take action to recover losses incurred on their investment in the Company on the basis of the recent events and the resulting drop in share price. On 26 June 2013, Deminor sent a letter to the Company announcing that they would be present at the General Meeting which took place on 28 June 2013 (which Deminor indeed attended), that they are advising and representing several (former) shareholders of the Company and that Deminor and its clients are reserving all rights. The Company has not seen any developments since then and has therefore not taken any action.

# OPERATING AND FINANCIAL REVIEW

*The following operating and financial review is intended to convey management's perspective on the operating performance and financial condition of the Group during the periods under review. This disclosure is intended to assist readers in understanding and interpreting the consolidated financial statements of the Group prepared in accordance with IFRS included elsewhere in this Prospectus. The discussion should be read in conjunction with "Selected Financial Information", the consolidated financial statements of the Group and the accompanying notes included elsewhere in this Prospectus.*

*The financial information presented in this Operating and Financial Review has been compiled on the following basis:*

- *the financial information for Q1 2013 and Q1 2012 has been extracted from the unaudited consolidated interim financial statements for Q1 2013 which are included elsewhere in this Prospectus and which also contain comparative financial information for Q1 2012, except for the Q1 2012 consolidated balance sheet information which is extracted from the Company's accounting records;*
- *the financial information for the 2012 financial year has been extracted from the audited financial statements for the 2012 financial year included elsewhere in this Prospectus (the auditor's report on the audited financial statements for the 2012 financial year was unqualified but included an emphasis of matter relating to the existence of material uncertainties which may cast significant doubt about the entity's ability to continue as a going concern as set out in note 4 to the audited financial statements for the 2012 financial year); and*
- *the financial information for the 2011 financial year has been restated in accordance with IAS 8 and included as a comparative in the audited financial statements for the 2012 financial year included elsewhere in this Prospectus.*

*The following discussion contains forward-looking statements. The Group has based these forward-looking statements on its current expectations about future events. The Group's actual results may differ materially from those anticipated in these forward-looking statements as a result of many important factors, including those set forth under "Risk Factors" and elsewhere in this Prospectus. See also "Important Information".*

*In this operating and financial review, references to the "2012 financial year" and the "2011 financial year" refer to the financial years ended 31 December 2012 and 2011, respectively, and references to "Q1 2013" and "Q1 2012" are to the three months ended 31 March 2013 and 2012, respectively.*

*This Prospectus contains the information required under the proportionate disclosure regime referenced in Section 7 paragraph (2) subparagraph (g) of the Prospectus Directive and Section 21 paragraph (3) of the Prospectus Regulation. Under the proportionate disclosure regime, a prospectus does not need to contain all of the items of information that would otherwise under the Prospectus Directive and the Prospectus Regulation need to be disclosed in a prospectus for a public offering of shares other than through rights to subscribe for shares (including that it does not need to contain an operating and financial review and is required to contain financial information only for the last financial year). This Operating and Financial Review therefore contains a comparison only of the financial results of the Group for the 2012 and 2011 financial years and Q1 2013 and Q1 2012.*

**Financial Statements**

Unless otherwise indicated the financial information included in this document is based on International Financial Reporting Standards as adopted by the European Union ("IFRS").

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are discussed in "—Critical accounting policies and estimates".

In connection with irregularities identified, investigations revealed that the results in 2012 and in previous years were overstated. To the extent that prior years have been affected, the prior period errors were corrected in the 2012 financial statements in accordance with IAS 8.

The investigations revealed misappropriation of assets including payments to vendors without apparent underlying business rationale, payments to third parties and issuing bank guarantees for debt of these third parties. In 2012 an amount of approximately EUR 65 million was expensed in this respect. The AWW Projects was written-off in 2012 for a total amount of approximately EUR 50 million. Substantial impairments have been made to the trade receivables of Imtech Germany and Imtech Poland since the detection of the irregularities. These impairments amount to approximately EUR 75 million in 2012.

In determining whether the adjustments were a prior period error or a change in an accounting estimate, the available information has been taken into account. Adjustments only qualified as prior period errors when an objective determination could be made as to which period an adjustment was to be allocated. If such adjustment could be allocated to 2011 or earlier years, it was accounted for as prior period error and if such allocation could not be made, it was accounted for as change in accounting estimate in 2012. See also "Accounting restatement".

Due to the incomplete information available, the Group encountered difficulties in the determination of the write-offs in the 2012 financial year to the correct quarters of the 2012 financial year. In accordance with IAS in such a case the adjustment should be accounted for as a change in estimate in the fourth quarter of 2012, which in view of the Group would have resulted in an overstatement of the revenues and results during the first, second and third quarter of 2012. In order to arrive at comparative adjusted 2012 quarterly results, the Group has decided to deviate from the approach mentioned above and to include the adjustment in the quarters in four approximately equal parts.

As a consequence, the comparability of the results for the 2012 financial year to the 2011 financial year and the results for Q1 2013 to Q1 2012, for the segment Germany & Eastern Europe as well as on a consolidated basis, is limited. See also "Principal Factors Affecting Results of Operations and Comparability of Results—Write-offs in the 2012 financial year".

IAS 19 Employee benefits was amended in June 2011 (IAS 19R) and is applicable as from 1 January 2013. See "—Recent Accounting Pronouncements".

The unaudited consolidated interim financial statements for Q1 2013, which are included elsewhere in this Prospectus and which also contain comparative financial information for Q1 2012, and the financial information for Q1 2013 and Q1 2012 extracted therefrom and presented in this Operating and Financial Review, reflect the application of IAS 19R.

The audited financial statements for the 2012 financial year include elsewhere in this Prospectus and which also contain comparative financial information for the 2011 financial year, and the financial information for the 2012 and 2011 financial year extracted therefrom and presented in this Operating and Financial Review, do not reflect the application of IAS 19R.

**Background**

Royal Imtech is an independent technical services provider, delivering technical solutions to a diverse range of customers in the buildings, industry, traffic & infra markets in Europe and selected other countries and marine market worldwide. Royal Imtech believes it is one of the leading independent technical services providers in Europe in terms of revenue.

The following table sets out certain of the Group's key financial figures as of and for the 2012 and 2011 financial years and Q1 2013 and Q1 2012.

| | As of and for the year ended 31 December | | As of and for the three months ended | |
|---|---|---|---|---|
| | 2012 | 2011 (Restated) | 31 March 2013 | 31 March 2012 (Restated) |
| | EUR million (unless otherwise indicated) | | | |
| Total revenue and other income | 5,432.9 | 5,064.8 | 1,210.5 | 1,220.1 |
| Result for the year | (226.3) | 99.5 | (59.6) | (79.4) |
| EBITDA | (51.7) | 257.1 | (25.6) | (48.0) |
| Net interest-bearing debt | 773.1 | 576 | 1,220.7 | 949.9 |
| Working capital | 68.5 | 229.7 | 430.3 | 508.2 |
| Number of Employees (number of FTE) | 29,473 | 27,412 | 30,180 | 27,674 |

The Company manages and assesses the performance of its business through various means, with the primary financial measures including (i) EBITDA margin and revenue, (ii) working capital and (iii) order book.

- EBITDA margin and total revenue and other income. EBITDA margin (expressed as EBITDA as a percentage of total revenue and other income) reflects the Company's performance on contracts and ability to control costs. EBITDA is not a measure defined by IFRS. Please see "—Use of certain non-IFRS Measures". While the ratios of various elements of operating expenses as a percentage of total revenue and other income can shift as a result of changes in the mix of businesses with different cost profiles, a focus on maintaining and improving overall margins and total operating expenses as a percentage of total revenue and other income is intended to improve efficiencies and profitability. While the Company historically focused on revenue and EBITA growth, in 2013 the Company shifted its focus towards EBITDA margin in line with market practice.

- Working capital reflects the operational performance from a balance sheet perspective, and the Company's ability to control the funding of on-going projects. Working capital is not a measure defined by IFRS. Please see "—Use of certain non-IFRS Measures". The Company is taking steps to reduce working capital, in order to limit the amount of financing needed.
- Order book. In addition to being a driver of future revenue, order book also provides management an assessment of the Company's ability to compete. The order book tends to fluctuate from year to year as a result of contract wins and depending on the timing of contract execution, as well as numerous external factors. Order book is not a measure defined by IFRS. Please see " – Use of certain non-IFRS Measures".

Going forward, the Group also intends to focus on operational cash flow and cash conversion. See "Business – The Group's strategy – Operational Excellence – Cash and working capital management".

**Reporting segments**

The Group has six reporting segments for financial reporting purposes. The reporting segments comprise four segments relating to local-for-local business activities, divided into (1) Benelux, (2) Germany & Eastern Europe, (3) UK & Ireland and (4) Nordic, as well as (5) ICT and (6) Other operations, comprising Marine, Traffic, Spain and Turkey.

While ICT, Marine and Traffic comprise one operating cluster, for financial reporting purposes, ICT constitutes a single reporting segment, with Marine and Traffic forming part of the reporting segment Other. The reporting segment Other also includes Spain and Turkey. The reporting segment Benelux also includes the Infra business. See also "Business – Operating Clusters".

**Accounting Restatement**

***General***

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

The general principle in IAS 8 is that an entity must correct all material prior period errors retrospectively in the first set of financial statements authorised for issue after their discovery by:

- restating the comparative amounts for the prior period(s) presented in which the error occurred; or
- if the error occurred before the earliest prior period presented, restating the opening balances of assets, liabilities and equity for the earliest prior period presented.

However, if it is impracticable to determine the period-specific effects of an error on comparative information for one or more prior periods presented, the entity must restate the opening balances of assets, liabilities, and equity for the earliest period for which retrospective restatement is practicable (which may be the current period).

Further, if it is impracticable to determine the cumulative effect, at the beginning of the current period, of an error on all prior periods, the entity must restate the comparative information to correct the error prospectively from the earliest date practicable.

Based upon this principle:

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

In determining whether adjustments were a prior period error or a change in an accounting estimate, the available information has been taken into account. Adjustments only qualified as prior period errors when an objective determination could be made as to which period an adjustment was to be allocated. If such adjustment could be allocated to 2011 or earlier years, it was accounted for as prior period error and if such allocation could not be made, it was accounted for as change in accounting estimate in 2012.

As a consequence, although prepared on a consistent basis under IFRS, the comparability of the results for the 2012 financial year to the 2011 financial year, for the segment Germany & Eastern Europe as well as on a consolidated basis, is limited. See also " – Principal Factors Affecting Results of Operations and Comparability of Results – Write-offs in the 2012 financial year".

*Germany & Eastern Europe*

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

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

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

*Benelux*

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

*Spain*

In Spain irregularities have been identified in one of the division's business units, where management had overstated the 2011 results by overstating receivables and understating payables. The misstatement, for a total of EUR 5 million result before tax, has been adjusted in the profit and loss account 2011, without taking into account a tax credit due to uncertainty regarding the ability to offset against taxable profits in the near future.

***Profit and loss account 2011***

The following table sets out the adjustment of the consolidated profit and loss account for the year 2011:

| | **Adjustment of the consolidated profit and loss account for the year 2011** | | |
|---|---|---|---|
| | **2011 (as reported)** | **Adjustments IAS 8** | **2011 (restated)** |
| | **EUR million (unless otherwise indicated)** | | |
| Revenue | 5,099.3 | (50.8) | 5,048.5 |
| Other income | 14.5 | 1.8 | 16.3 |
| **Total revenue and other income** | 5,113.8 | (49.0) | 5,064.8 |
| Raw and auxiliary materials and trade goods | 1,690.3 | – | 1,690.3 |
| Work by third parties and other external expenses | 1,200.1 | 9.5 | 1,209.6 |
| Personnel expenses | 1,520.9 | 4.5 | 1,525.4 |
| Depreciation of property, plant and equipment | 35.3 | – | 35.3 |
| Amortisation of intangible assets | 29.0 | – | 29.0 |
| Impairment of intangible assets | – | – | – |
| Other expenses | 378.8 | 3.6 | 382.4 |
| **Total operating expenses** | 4,854.4 | 17.6 | 4,872.0 |
| Result from operating activities | 259.4 | (66.6) | 192.8 |
| Finance income | 14.8 | – | 14.8 |
| Finance expenses | (66.8) | – | (66.8) |
| Net finance result | (52.0) | – | (52.0) |
| Result before income tax | 207.4 | (66.6) | 140.8 |
| Income tax expense | (53.3) | 12.0 | (41.3) |
| Result for the year | 154.1 | (54.6) | 99.5 |
| Attributable to: | | | |
| Shareholders of Royal Imtech N.V. (net result) | 150.4 | (54.6) | 95.8 |

| | Adjustment of the consolidated profit and loss account for the year 2011 | | |
|---|---|---|---|
| | 2011 (as reported) | Adjustments IAS 8 | 2011 (restated) |
| | EUR million (unless otherwise indicated) | | |
| Non-controlling interests | 3.7 | – | 3.7 |
| Result for the year | 154.1 | (54.6) | 99.5 |
| Basic earnings per share (EUR) | 1.72 | (0.63) | 1.09 |
| Diluted earnings per share (EUR) | 1.70 | (0.62) | 1.08 |
| | | | |
| EBITDA | 323.7 | (66.6) | 257.1 |
| EBITDA margin (%) | 6.3% | (1.3)% | 5.1% |

Summarised, the restatements in the profit and loss account 2011 on a segmental basis are as follows:

| | Germany & Eastern Europe | Benelux | Spain & Other | Total |
|---|---|---|---|---|
| | EUR million | | | |
| Total revenue and other income | (38.1) | (7.0) | (3.9) | (49.0) |
| Total operating expenses | 15.4 | – | 2.2 | 17.6 |
| Result from operating activities | (53.5) | (7.0) | (6.1) | (66.6) |
| Income tax expense | 12.0 | – | – | 12.0 |
| Result for the year | (41.5) | (7.0) | (6.1) | (54.6) |

The adjustment of the result from operating activities relates to EBITDA. The effect of the adjustment on the Group's reported EBITDA margin in 2011 is 1.3% negative.

The adjustment of the (net) result of the year is fully attributable to shareholders of Royal Imtech N.V. As a result of the restatements, the basic earnings per share for the 2011 financial year decreased EUR 0.63 from EUR 1.72 to EUR 1.09 and the diluted earnings per share for the 2011 financial year decreased EUR 0.62 from EUR 1.70 to EUR 1.08.

***Opening balance sheet 2011 and balance sheet as at 31 December 2011***

The restatements in the balance sheets are summarised as follows:

| | Adjustment at 1 January 2011 | Impact (in) 2011 | Cumulative adjustments at 31 December 2011 |
|---|---|---|---|
| | EUR million | | |
| Due from customers | (38.0) | (47.4) | (85.4) |
| Trade and other receivables | (23.0) | (16.2) | (39.2) |
| Cash and cash equivalents | 193.0 | (45.3) | 147.7 |
| Total assets | 132.0 | (108.9) | 23.1 |
| Other reserves | (54.7) | – | (54.7) |
| Unappropriated profit | – | (54.6) | (54.6) |
| Bank overdrafts | 193.0 | 13.0 | 206.0 |
| Due to customers | – | (58.3) | (58.3) |
| Trade and other payables | 3.4 | 3.0 | 6.4 |
| Income tax payables | (9.7) | (12.0) | (21.7) |
| Total equity and liabilities | 132.0 | (108.9) | 23.1 |

The restatements in the opening balance sheet 2011 mainly relate to the irregularities in Germany and Poland in the amount of EUR 39.3 million (EUR 49 million less tax effect of EUR 9.7 million) and the reversal of Benelux revenue regarding intercompany transactions with Germany and Poland in the amount of EUR 14 million.

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

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

Please see note 3 to the audited financial statements included elsewhere in this Prospectus for additional information on the accounting restatement.

**Principal Factors Affecting Results of Operations and Comparability of Results**

The Group's operating and financial results, as well as the period-to-period comparability of the Group's financial results, are affected by a number of external and internal factors, including economic conditions in the markets in which the Group operates, acquisitions and divestments, reorganisations, cost savings and efficiency improvements, increased focus on EBITDA margin and cash generation, impairments, write-offs, seasonal fluctuations, project management, subcontractors, composition of operating expenses, currency exchange rate fluctuations, pricing and competition, and project tendering success. Some of the factors that have materially influenced the Group's financial condition and results of operations and comparability of results during the periods are under review, some of which are also expected to continue to influence the Group's financial condition and results of operations, are discussed in more detail below.

***Economic conditions in the markets in which the Group operates***

The Group's revenue, profit margin and EBITDA depend, in part, on economic conditions. In an economic downturn, the customers of the Group spend less on its services. This applies to all of the sectors that the Company is active in and all countries.

Market conditions have been challenging in many of the Group's key markets including the Netherlands, Belgium and Spain. Over-capacity, pricing pressures reducing margins and increasing competition reflect the difficult economic conditions in mature markets which are showing little or no growth, and in many cases are not expected to return to significant growth in the near future.

The markets in the Netherlands, Belgium and Spain are challenging. Despite the strategic reorientations, cost reductions and efficiency measures that have been implemented since 2010, the Group has had to cope with low production levels, under-utilisation and limited EBITDA contribution in these markets. In 2012, Marine also experienced the effects of a low order intake in the preceding years.

Over the past few years the overall economy in the Nordics has weakened leading to uncertainty and lengthened investment decision processes. The Group has achieved positive results despite the difficult market environment. Market conditions in the Nordics vary, with demand being higher in Norway and Northern Sweden than in Southern Sweden and Finland.

The German economy has performed reasonably well amidst the economic uncertainty prevailing in Europe, although the Group's operations were negatively impacted by the recent events described in "Background to the Offering and Use of Proceeds". Going forward, the profitability of the German and Polish activities on an EBITDA level is expected to be in line with the Group average and lower than the margin target for Germany & Eastern Europe in the preceding years.

In the UK, the market has been and continues to be affected by a lack of economic growth.

Revenue generated by the Group's public sector customers (central government, municipalities, governmental bodies and state-owned companies) was also adversely affected by the recent economic downturn. The Group generates part of its revenue from public sector customers. In response to the economic downturn the public sector, in most countries that the Group is active in, has implemented austerity measures. As a result, the Group's public sector revenue was affected by delays in decision-making on new projects and postponing or even cancelling existing projects. In addition, the continuing economic downturn caused public sector customers to apply longer payment terms, which affected the Group's working capital requirements.

***Acquisitions and divestments***

Historically, the Group actively pursued a buy-and-build strategy and over the past years has made a large number of acquisitions (see "Business – History"). Acquisitions and divestments have had a significant impact on the Group's revenue and profit during the periods under review. Through past acquisitions the Group increased its market share in its main markets, entered new markets and expanded its existing range of services.

In 2013, the Group completed the following significant acquisition:

- *Nordic*. In December 2012, the Group announced the acquisition of multidisciplinary technical services player EMC Talotekniikka in Finland completed in January 2013 (580 employees and an annual revenue of around EUR 100 million).

In 2012 the Group made the following significant acquisitions.

- *UK & Ireland*. In May 2012, the Group acquired Capula Limited (over 180 employees and an annual revenue of around GBP 40 million).

- *Other*. In February 2012, the Group acquired affiliated technical services providers SSR and Polar in Finland (total of 50 employees and an annual revenue of around EUR 15 million).

  In March 2012, the Group acquired 80% of the shares in multidisciplinary technical services provider AE Arma in Turkey (around 1,200 employees and approx. EUR 90 million annual revenue). The Group has a contractual obligation to purchase the remaining 20% in 2015 (see "Business – Operating clusters – Spain & Turkey – Turkey").

In addition, in 2012, the Group also completed a number of smaller acquisitions in the Benelux, Nordic, ICT, and Other (Marine and Traffic). The total acquisition costs recognised in the financial statements and charged to the result for the year 2012 amounted to EUR 3.8 million. All acquisitions were paid in cash and contingent consideration. The total cash outflow in 2012 for acquisitions, including earn-out payments, amounted to EUR 120.3 million. The acquisitions resulted in a recognition of goodwill of EUR 96.4 million. The acquisitions completed in 2012 also involve additional consideration contingent upon reaching specified results in 2013 and forthcoming years. The contingent consideration for the acquisitions made during the year 2012 depends on reaching certain results in the coming years. In general the contingent considerations are based upon targets with respect to (future) performance, mostly EBIT(A) related and in combination with multiples and thresholds.

The total of the actual contingent consideration outstanding at 31 December 2012 with respect to all past acquisitions ranges between nil and EUR 109 million (undiscounted). The recorded amount (discounted) of the fair value of the total contingent consideration relating to past acquisitions as at 31 December 2012 amounted to EUR 44.3 million (31 December 2011: EUR 54.0 million) and is recorded in the Group's loans and borrowings line item.

The acquisitions made in 2012 contributed EUR 116 million in revenue and a net loss of EUR (0.2) million to the net result in 2012.

The Group made no significant disposals during 2012.

In 2011, the Group made the following significant acquisitions:

- *UK & Ireland*. In February 2011, the Group acquired Inviron in the UK (with 1,100 employees and an annual revenue over EUR 140 million)).

- *Nordic*. In August 2011, the Group acquired Sydtotal in Sweden (with 300 employees and an annual revenue of around EUR 80 million).

- *ICT*. In September 2011, the Group acquired Qbranch (480 employees and an annual revenue of around EUR 60 million). In September 2011, the Group increased its minority stake in F&M Asia in the Philippines to 100% ownership (70 employees and around EUR 20 million annual revenue).

- *Marine*: In September 2011, the Group acquired Groupe Techsol Marine in Canada (100 employees and around EUR 20 million annual revenue).

In addition, in 2011, the Group also completed a number of smaller acquisitions in the Benelux, Germany & Eastern Europe, the Nordic, ICT, and Other (Marine and Traffic). The total acquisition costs recognised in the financial statements and charged to the result for the year 2011 amounted to EUR 3.7 million. The net cash outflow for the acquisitions in 2011, including earn-out payments, amounted EUR 164.5 million. The acquisitions resulted in a recognition of goodwill of EUR 186.5 million. In 2011, the acquisitions contributed EUR 284 million to the Group's revenue and EUR 14.8 million to the Group's net result.

In 2011, the Group disposed of the non-core activities in the field of technical wholesale in Sweden resulting in the deconsolidation of the NEA Elmateriel business unit with 140 employees and external annual revenue of around EUR 45 million. Furthermore the regional activities of Imtech Infra in Belgium and Deutsche van Rietschoten & Houwens in Germany were divested. The total consideration received by the Group in respect of disposals in 2011 was EUR 35 million.

***Reorganisations, cost savings and efficiency improvements***

In October 2012, the Group announced a reorganisation in the Benelux, Spain and Marine businesses resulting in total charges of EUR 50 million in 2012 relating to planned redundancies involving around 900 employees in those businesses. This step was intended to address the disappointing results from the Benelux and Spain as well as a relapse in the Marine division. Most of the affected employees were involved in new-build activities in the buildings markets in the Benelux, and in part in Spain. A smaller redundancy of employees in the Marine division, which in 2012 suffered from the effects of a lower order-intake in the preceding years, is also planned.

In April 2013, the Company announced the Cost and Efficiency Programme. In light of market conditions in the Netherlands, the Company intends to strengthen the competitiveness and profitability of the operations in the Netherlands mainly through capacity reductions in the office buildings market and the Infra business in response to the changed market conditions. The Cost and Efficiency Programme in Germany entails planned personnel and cost reductions to further support the Group's German operations' effectiveness and profitability. In addition, various smaller efficiency programmes will be implemented in parts of several other Group companies, depending on the market and company conditions. The total anticipated charges in 2013 in respect of the Cost and Efficiency Programme are expected to amount to approximately EUR 80 million and lead to a loss of 1,300 jobs, particularly in the Netherlands and Germany. A significant majority of the restructuring charge is expected to be recorded in the second quarter of the 2013 financial year. In addition, the Group expects charges of EUR 8.7 million relating to other pre-existing reorganisation activities planned in 2013.

Through the Cost and Efficiency Programme, cost savings and efficiency improvement initiatives to address the economic downturn and the ensuing decrease in demand, the Group is taking measures to reduce both costs that are directly attributable to customer-related work, as well as costs that are not directly attributable to customer-related work and include overhead costs such as marketing expenses, office space, lease payments and IT costs. These indirect costs are not affected by changes in revenue. The fluctuations in the demand for the Group's services result in fluctuating profitability as the Group's indirect costs are to a certain extent inflexible.

In 2011, the Group recorded reorganisation expenses of EUR 5 million.

***Increased focus on EBITDA margin and cash generation***

Historically, the Group's announced strategy had been to significantly grow revenue and EBITA with about half of the growth achieved through acquisitions. As a result of contractual arrangements with certain of its financiers (including under the Bridge Loan Agreement and the amendment and waiver agreements (see " – Liquidity and Capital Resources"), the Group is restricted to make acquisitions until the Second Amendment Date, which it does not foresee to occur before the end of 2015, and is increasing its focus on EBITDA margin, operational cash flow and cash conversion through improvements in project management, working capital management and cash generation.

***Impairments***

In October 2012, the Company announced an impairment of EUR 20 million relating to the goodwill of the Spanish division, resulting from a structural change of view on the Spanish medium and longer term market developments. In the Company's view, the Spanish division's activities will be at lower volumes and with lower profitability. In relation to this it was decided to restructure the division. In addition, the Group recorded other impairment charges of EUR 3.3 million during 2012 relating to a building and other smaller impairments.

***Write-offs in the 2012 financial year***

In connection with the recent events, the Group recorded significant write-offs in the 2012 financial year. In determining whether the adjustments were a prior period error or a change in an accounting estimate, the available information has been taken into account. Adjustments only qualified as prior period errors when an objective determination could be made as to which period an adjustment was to be allocated. If such adjustment could be allocated to 2011 or earlier years, it was accounted for as prior period error and if such allocation could not be made, it was accounted for as change in accounting estimate in 2012 in accordance with IAS 8. See also "—Accounting restatement".

Included in the total write-offs in the 2012 financial year are costs relating to Adventure World Warsaw and related projects for approximately EUR 50 million. The investigations also revealed misappropriation of assets including payments to vendors without apparent underlying business rationale, payments to third parties and issuing bank guarantees for debt of these third parties. In this respect, adjustments for an amount of approximately EUR 65 million were made in the 2012 financial year. The write offs also include impairments of trade receivables in Germany and Poland amounting to approximately EUR 75 million. The remainder of the write-offs primarily relates to valuation of work in progress.

As a consequence, although prepared on a consistent basis under IFRS, the comparability of the results for the 2012 financial year to the 2011 financial year, for the segment Germany & Eastern Europe as well as on a consolidated basis, is limited.

Due to the incomplete information available, the Group encountered difficulties in the determination of the above split to the correct quarters of the 2012 financial year. In accordance with IAS in such a case the adjustment should be accounted for as a change in estimate in the fourth quarter of 2012, which in view of the Group would have resulted in an overstatement of the revenues and results during the first, second and third quarter of 2012. In order to arrive at comparative adjusted 2012 quarterly results, the Group has decided to deviate from the approach mentioned above and to include the adjustment in the quarters in four approximately equal parts.

Due to this allocation, the Q1 2012 results for Germany & Eastern Europe as well as on a consolidated level, are of limited comparative use.

***Seasonal fluctuations***

In line with industry trends, the Group's revenue and operating income are subject to seasonal fluctuations as a result of weather conditions influencing the physical realisation of projects and holiday periods in Europe with the first and third quarters of the year normally producing somewhat weaker results than the second and fourth quarter.

***Project management***

A significant proportion of the Group's business depends on costs being accurately calculated and controlled, and projects being completed on time, such that costs are contained within the pricing structure of the contract. This is especially relevant for large scale and complex projects. In case of incorrect or inaccurate calculations or estimates, or a lack of adequate control, lower than anticipated profits may be achieved, or a loss may even be incurred. The Group may incur penalties if the performance schedule is not met. Deviations between estimates and actual costs of projects may have a significant (negative or positive) impact on the results of the Group. The Group aims to recognise and minimise these risks early through ongoing project control measures, both pre-contractual and during execution.

As part of its initiatives to improve operational excellence, the Group is focusing on improving project management and project execution, and will reinforce project management programmes and continue to assess and implement best practices. See "Business—The Group's strategy—I. Operational Excellence—a. Project management and project execution".

***Subcontractors***

The Group is dependent on the services of a large number of subcontractors. The primary contractual obligation of a subcontractor usually consists of completing a well-defined part of a project. Subcontractors not only have to be and remain financially sound to complete their share of the work, but they must also possess the skills and sophistication to perform their work efficiently and free of defects.

In a downturn it will frequently be possible to negotiate more favourable terms for subcontractor services. The resulting positive impact on the Group's projected margin is typically realised gradually and over time, as subcontractors on long-term projects are often hired at different times during the realisation of the project. In an upturn, the prices for subcontractor services tend to increase, especially if there is a shortage of subcontractors, negatively impacting the Group's projected margin. This negative impact will, for the same reasons, typically also manifest itself gradually and over time.

A number of factors determine the initial decision as to subcontracting as well as the choice of the specific subcontractor for a given project. These factors include the client's specific requirements, the quality standards to be complied with, the availability of subcontractors, the scope of work and the complexity of the project.

***Composition of operating expenses***

Raw and auxiliary materials and trade goods, work by third parties and other external expenses, and personnel expenses together account for most of the Group's operating expenses (90% of total revenue in financial year 2012, 87% of total operating expenses in financial year 2011). The relative composition of these line items within operating expenses reflects exogenous factors, as well as the degree to which the Group's services are subcontracted to third parties. For example, a decrease in subcontracting in a period (and a corresponding decrease of work by third parties and other external expenses) is associated with a higher proportion of services provided by the Group internally and may lead to higher expenses for raw and auxiliary materials and trade goods as well as personnel expenses.

***Currency exchange rate fluctuations***

The Group's financial statements are presented in euros. Accordingly, when the Group prepares consolidated financial statements, the Group must translate its foreign currency-denominated assets, liabilities, income and expense items into euros at applicable exchange rates. The Group is exposed to foreign currency translation risks by means of investments in and long-term loans to foreign subsidiaries. The translation risk relates primarily to the Swedish and British subsidiaries. Depending on the EUR:GBP or the EUR:SEK exchange rate, this can result in higher or lower contributions to Royal Imtech's result in euro. In 2012, revenue and result contributions from Royal Imtech's UK and Swedish subsidiaries benefited as a result of the positive development of the pound sterling and Swedish Krona respectively versus the euro in comparison to 2011. In 2011, revenue and result contributions from Royal Imtech's UK subsidiaries suffered from the negative development of the pound sterling versus the euro in comparison to 2010, whereas the Swedish subsidiaries benefited as a result of the positive development Swedish Krona versus the euro in comparison to 2010. The Group attempts to (partially) hedge this foreign currency translation risk by loans in corresponding foreign currencies.

***Pricing and competition***

The markets in which the Group operates are highly competitive. The Group's competitors include large international companies. In the European buildings and infrastructure markets, in particular in the Spanish buildings market and the Benelux buildings and infrastructure markets, the Group also faces competition from smaller competitors operating at local level. The intensity of competition varies strongly between sectors and regions. An increase in the level of competition leads to price pressure and reduces the number of orders the Group wins.

***Project tendering success***

The Group's contracts are often subject to competitive bidding. The Group's ability to win competitively awarded contracts is therefore a factor affecting its revenue and profitability. Inability to win competitively awarded results may also result in an underutilisation of the Group's workforce, adversely impacting the Group's profitability. In addition, the Group expends significant time and expenses in order to prepare bids and participate in bidding processes.

***Customer claims***

Various significant claims are made against the Group by customers relating to work performed by the Group. These claims are being contested vigorously. When recognition criteria are met, the Group records a provision for the expected costs related to claims (2012 financial year: EUR 8.5 million; 2011 financial year: EUR 3.2 million). Where appropriate, the Group does not recognise receivables with respect to the claiming customers. The provisions recorded and expenses incurred in connection with claims negatively impact the Group's margin.

**Recent Developments, Current Trading and Prospects**

In line with Q1 2013, trading continues to be difficult in particular in Germany, the Benelux and the Marine division. Better performing divisions are UK & Ireland, Nordics and ICT. Revenue for the first five months of 2013 totalled EUR 2.043 billion, approximately flat versus the first five months of 2012.

Results continue to be under pressure again particular in Germany, the Benelux and the Marine division. The Group expects the benefits of the previously announced restructuring program to start to kick in in the second half of the year. The bulk of these headcount reduction plans will be executed in the third quarter with the balance in the fourth quarter.

Net debt as per end of May amounted to EUR 1.233 billion (EUR 1.222 billion at 31 March 2013).

**Results of Operations**

The table below provides a summary of the Group's results of operation for the 2012 and 2011 financial years and for Q1 2013 and Q1 2012.

| | Year ended 31 December | | Three months ended 31 March | |
|---|---|---|---|---|
| | 2012 | 2011 (Restated) | 2013 | 2012 (Restated) |
| | EUR million | | | |
| **Total revenue and other income** | 5,432.9 | 5,064.8 | 1,210.5 | 1,220.1 |
| Raw and auxiliary materials and trade goods | 1,869.9 | 1,690.3 | 405.0 | 427.2 |
| Work by third parties and other external expenses | 1,316.1 | 1,209.6 | 263.1 | 283.1 |
| Personnel expenses | 1,705.5 | 1,525.4 | 440.6 | 414.8 |
| Depreciation of property, plant and equipment | 39.9 | 35.3 | 11.9 | 9.9 |
| Amortisation of intangible assets | 43.6 | 29.0 | 11.3 | 9.0 |
| Impairment of property, plant and equipment and intangible assets | 23.3 | – | – | – |
| Other expenses | 593.1 | 382.4 | 127.4 | 143.0 |
| Total operating expenses | 5,591.4 | 4,872.0 | 1,259.3 | 1,287.0 |
| **Result from operating activities** | (158.5) | 192.8 | (48.8) | (66.9) |
| Net finance result | (65.9) | (52.0) | (21.5) | (13.9) |
| Share in result of associates, joint ventures and other investments (net of tax) | 2.9 | – | 0.3 | 0.2 |
| **Result before income tax** | (221.5) | 140.8 | (70.0) | (80.6) |
| Income tax expense | (4.8) | (41.3) | 10.4 | 1.2 |

| | Year ended 31 December | | Three months ended 31 March | |
|---|---|---|---|---|
| | 2012 | 2011 (Restated) | 2013 | 2012 (Restated) |
| Result | (226.3) | 99.5 | (59.6) | (79.4) |
| **EBITDA** | (51.7) | 257.1 | (25.6) | (48.0) |

**Description of Key Profit and Loss Account Items**

*Total revenue and other income.* The Group's revenue arises from three main revenue flows:

- construction contracts;
- services rendered; and
- sale of goods.

The majority of the Group's revenue relates to construction contracts (2012: EUR 3,502.9 million). Contract revenue and expenses are, as soon as the outcome of construction contracts can be estimated reliably, recognised in profit or loss in proportion to the stage of completion of the contract. In general it is assumed that profit cannot be estimated reliably during the early stage, such early stage usually being determined as the period in which cost incurred do not exceed 15% of the expected total costs of the project. This is typically the case with projects exceeding a contract value of EUR 2 million. Costs incurred up to that moment are recognised in the period in which they are incurred and revenue is only recognised to the extent of contract costs incurred that it is probable will be recoverable. The stage of completion is determined on the basis of the costs incurred compared with the expected total costs. An expected loss on a contract is recognised immediately in profit or loss. The determination of the profit in proportion to the stage of completion and the provision for losses is based on estimates of the costs and revenues of the relating projects. These estimates are uncertain.

A significant part of the revenue relates to services rendered (2012: EUR 1,353.4 million) and a smaller part is derived from sale of goods (2012: EUR 558.0 million). Revenue from services rendered is recognised in profit or loss in proportion to the stage of completion of the transaction on the balance sheet date. The stage of completion is determined on the basis of the costs incurred compared with the expected total costs. Revenue from the sale of goods is recognised in profit or loss when the significant risks and rewards of ownership have been transferred to the buyer.

The following table sets out the breakdown of total revenue and other income for the 2012 and 2011 financial years:

| | Year ended 31 December | |
|---|---|---|
| | 2012 | 2011 (Restated) |
| | EUR million | |
| Construction contracts | 3,502.9 | 3,376.3 |
| Services rendered | 1,353.4 | 1,158.3 |
| Sale of goods | 558.0 | 513.9 |
| **Revenue** | 5,414.3 | 5,048.5 |
| Other income | 18.6 | 16.3 |
| **Total revenue and other income** | 5,432.9 | 5,064.8 |

Generally, the type of contract for the Group's services and products is negotiated with customers and may depend on certain factors, including the type and complexity of the work to be performed, degree and timing of the responsibility to be assumed by the contractor for the costs of performance, the extent of price competition and the amount and nature of the profit incentive offered to the contractor for achieving or exceeding specified standards or goals. The Group generates revenues under several types of contracts, including the following:

- *Cost-reimbursement contracts*. Cost-reimbursement contracts provide for the payment of allowable costs incurred during performance of the contract, up to a ceiling based on the amount that has been funded, plus a fee. The Group generates revenue under two general types of cost-reimbursement contracts: (1) cost-plus-fixed-fee and (2) cost-plus-award-fee. The fee under a cost-reimbursement contract is generally payable upon completion of services in accordance with the terms of the contract. Cost-plus-fixed-fee contracts offer no opportunity for payment beyond the fixed fee. Cost-plus-award-fee contracts also provide for an award fee that varies within specified limits based upon the client's assessment of the Group's performance against a predetermined set of criteria or key performance indicators ("**KPIs**"), such as targets for factors like cost, quality, schedule, and performance. This type of contract is generally used when uncertainties involved in contract performance do not permit costs to be estimated with sufficient accuracy to use a fixed-price contract. Cost-reimbursement contracts generally subject the Group to lower risk, but generally requires the Group to use its best efforts to accomplish the scope of the work within a specified time and amount of costs.

- *Fixed-price contracts*. Under a fixed-price contract, Royal Imtech agrees to perform the specified work or provide specified products, systems and/or services for a pre-determined price. This type of contract is generally used when the customer acquires products and services on the basis of reasonably definitive specifications and which have a determinable fair and reasonable price. To the extent the Group's actual costs vary from the estimates upon which the price was negotiated, the Group will generate more or less profit, or could incur a loss. Some fixed-price contracts have a performance-based component, pursuant to which the Group can earn incentive payments or incur financial penalties based on its performance if the Group meets or exceeds certain KPIs.

- *Unit-rate contracts*. Unit-rate contracts provide for a fixed price on agreed unit rates. To the extent the Group's actual costs vary from the estimates upon which the price was negotiated, the Group will generate more or less profit, or could incur a loss. Some unit-rate contracts have a performance-based component, pursuant to which the Group can earn incentive payments or incur financial penalties based its performance if the Group meets or exceeds certain KPIs.

The types of contracts are unevenly distributed among clusters, end markets and activities. The amount of risk and potential reward varies under each type of contract. Under cost-reimbursement contracts, there is limited financial risk, because the Group is reimbursed for all allowable costs up to a ceiling. However, profit margins on this type of contract tend to be lower than on fixed-price and unit-rate contracts. Under fixed-price and unit-rate contracts, the Group is required to deliver the objectives under the contract for a pre-determined price. Compared to cost-reimbursement contracts, fixed-price and unit-rate contracts generally offer higher profit margin opportunities because the Group receives the full benefit of any cost savings but generally involve greater financial risk because the Group bears the impact of any cost overruns. In the aggregate, the contract type mix in the Group's revenue for any given period will affect that period's profitability.

Incremental increases in revenue will not necessarily result in linear increases in costs, particularly overhead and other indirect costs, thus potentially improving profit margins.

*Total operating expenses* consists of raw and auxiliary materials and trade goods, personnel expenses, depreciation of property, plant and equipment, amortisation of intangible assets, impairment of property, plant and equipment and intangible assets, and other expenses.

*Raw and auxiliary materials and trade goods* consists of goods and materials used for the realisation of projects. On the one hand, the amount of these expenses fluctuates on the basis of factors that the Group does not completely control (for example, variations in commodity prices which the Group cannot offset). On the other hand, given the fact that they relate to Group's projects, they vary to a large extent with the volume of the Group's activities. Accordingly, the number, size and complexity of projects under execution during a particular reporting period is an important driver of these expenses. Also the amounts, quality and price of materials and consumables used - in accordance with specifications that may vary from project to project - influence the amount of these expenses.

*Work by third parties and other external expenses* consists of external labour costs and expenses for goods and materials used by third parties for the completion of projects. Work by third parties and other external expenses is also directly related to projects under execution and in part fluctuates on the basis of factors that the Group does not completely control. Work by third parties and other external expenses is to a large extent driven by the same factors described for raw and auxiliary materials and trade goods (number, size and complexity of projects, and amounts, quality and pricing of raw materials and consumables).

*Personnel expenses* consists of the costs of personnel employed by the Group, such as of wages and salaries, social security expenses, contributions to defined contribution plans, costs in respect of defined benefit plans, restructuring expenses, share-based payments and expenses in respect of jubilee benefits. Personnel expenses are related to the projects of the Group, either directly, in the form of personnel working on projects, or indirectly, in the form of support staff and management. Personnel expenses may broadly reflect the general level of activity in the Group and the extent to which work is subcontracted.

*Depreciation of property, plant and equipment* includes depreciation charges with respect to property, plant and equipment and other fixed assets used by the Group.

*Amortisation of intangible assets* relates mainly to intangibles that are recognised in respect of acquisitions.

*Impairment of property, plant and equipment and intangible assets* consists of impairments on goodwill and other intangible assets. Impairment tests are performed periodically as well as specifically, if circumstances indicate that the book value of a certain asset may need to be adjusted. Impairments are closely related to future (cash flow) expectations regarding the specific asset.

*Other expenses* consist of other indirect expenses (mainly relating to housing, IT, offices, company cars, marketing and communication), impairment loss on trade receivables, change in provisions and research and development costs.

*Net finance result* consists of finance income and finance expenses. Finance income includes, among other things, interest income, expected returns on pension plan assets, change in fair value of contingent consideration and other finance income. Finance expenses consists of interest expense on financial liabilities measured at amortised cost, interest on employee benefit obligations, net change in fair value of cash flow hedges transferred from equity, net currency exchange loss and other finance expenses.

*Share in results of associates, joint ventures and other investments* mainly relates to the results from a number of relatively small investments and shareholdings of the Group.

**Use of certain non-IFRS Measures**

This Prospectus uses certain measures that are not measures defined by IFRS. These measures include EBITDA and operational EBITDA, net interest-bearing debt, working capital and order book.

The Group uses these measures as an internal tool to assess the performance of the Group and its operating segments. While the amounts included in these measures are derived from the Group's consolidated financial statements, they are not financial measures determined in accordance with IFRS and accordingly each of these has its own limitations as an analytical tool and should not be considered in isolation from, or as a substitute for, analysis of the Group's results of operations as reported under IFRS. Other companies may define EBITDA and operational EBITDA, net interest-bearing debt, working capital and order book differently from the Group, which limits their use as a comparative measure.

These non-IFRS financial measures are not audited and are calculated using financial information extracted from the consolidated financial statements included elsewhere in this Prospectus.

*EBITDA and Operational EBITDA*

The Group defines EBITDA as result from operating activities before depreciation of property, plant and equipment, amortisation of intangible assets and impairment of property, plant and equipment and intangible assets.

Starting in Q1 2013, the Group also reports operational EBITDA. The Company defines operational EBITDA as EBITDA excluding items that are assessed to be of a non-operational character. Items assessed to be non-operational relate to expenses arising that given their size or nature, are clearly distinct from the ordinary activities of the group and are excluded from the comparable figures, such as restructuring costs, acquisition expenses and results from divestments of operations. As such, management believes operational EBITDA is a measure for operational performance.

EBITDA and operational EBITDA are not measures of operating performance in accordance with IFRS. EBITDA should not be considered a substitute for result from operating activities, profit before income tax, profit, total comprehensive income, cash flow from operating activities or other profit or loss account or cash flow statement data as determined in accordance with IFRS, or as a measure of profitability or liquidity. EBITDA and operational EBITDA are included herein as supplemental disclosures, because the Group believes that these measures, when considered in connection with cash flows from operating, investing and financing activities, provide useful comparative information to an investor and helps investors evaluate the performance of the underlying business as it removes the impact of (1) differences in capital structure, including the effects of finance income and expenses, (2) differences in the tax regimes to which the Group is subject, and (3) differences in the method of acquisition and approach to impairment testing of productive assets.

However, because other companies may calculate EBITDA and operational EBITDA differently than the Group does, they may be of limited usefulness as comparative measures. Some of these limitations are: (1) EBITDA and operational EBITDA do not reflect cash expenditures, or future requirements for capital expenditures or contractual commitments; (2) EBITDA and operational EBITDA do not reflect changes in, or cash requirements for, working capital needs for the Group; (3) EBITDA and operational EBITDA do not reflect the finance expenses, or the cash requirements necessary to service the principal payments on the Group's debt; (4) EBITDA and operational EBITDA do not reflect taxation or the cash requirements for any tax payments; and (5) although impairment is a non-cash charge, the assets being impaired will often have to be replaced in the future, and EBITDA and operational EBITDA do not reflect any cash requirements for such replacements.

The following table presents the reconciliation of result from operating activities to EBITDA for the 2012 and 2011 financial years and Q1 2013 and Q1 2012, as well as a reconciliation of operational EBITDA for Q1 2013 and Q1 2012.

| | Year ended 31 December | | Three months ended 31 March | |
|---|---|---|---|---|
| | 2012 | 2011 (Restated) | 2013 | 2012 (Restated) |
| | EUR million | | | |
| **Result from operating activities** | (158.5) | 192.9 | (48.8) | (66.9) |
| Adjustments for: | | | | |
| Depreciation of property, plant and equipment | 39.9 | 35.3 | 11.9 | 9.9 |
| Amortisation of intangible assets | 43.6 | 29.0 | 11.3 | 9.0 |
| Impairment of property, plant and equipment and intangible assets | 23.3 | – | – | – |
| **EBITDA** | (51.7) | 257.1 | (25.6) | (48.0) |
| Refinancing costs | | | 9.0 | – |
| Restructuring costs | | | 3.0 | – |
| **Operational EBITDA** | | | (13.6) | (48.0) |

For a reconciliation of EBITDA to result from operating activities for each of the reporting segments for 2012 and 2011 financial years, please refer to note 6 to the audited financial statements included elsewhere in this Prospectus. A reconciliation of EBITDA to result from operating activities for each of the reporting segments for Q1 2013 and Q1 2012 is presented in the table below.

| | Result from operating activities | Depreciation of property, plant and equipment | Amortisation of intangible assets | EBITDA |
|---|---|---|---|---|
| | EUR million | | | |
| **Q1 2013** | | | | |
| Benelux | (7.4) | 1.7 | 0.9 | (4.8) |
| Germany & Eastern Europe | (28.9) | 2.4 | 1.0 | (25.5) |
| UK & Ireland | 6.1 | 0.4 | 0.7 | 7.2 |
| Nordic | (2.1) | 2.5 | 2.7 | 3.1 |
| ICT | 3.3 | 1.3 | 2.7 | 7.3 |
| Other | (5.7) | 1.6 | 3.2 | (0.9) |
| Group management | (14.1) | 2.0 | 0.1 | (12.0) |
| Total | (48.8) | 11.9 | 11.3 | (25.6) |

| | Result from operating activities | Depreciation of property, plant and equipment | Amortisation of intangible assets | EBITDA |
|---|---|---|---|---|
| | EUR million | | | |
| **Q1 2012** | | | | |
| Benelux | (16.8) | 1.8 | 1.0 | (14.0) |
| Germany & Eastern Europe | (48.5) | 2.3 | 0.4 | (45.8) |
| UK & Ireland | 6.2 | 0.3 | 0.2 | 6.7 |
| Nordic | 4.0 | 2.1 | 2.5 | 8.6 |
| ICT | 5.8 | 1.2 | 2.0 | 9.0 |
| Other | (8.4) | 1.4 | 2.8 | (4.2) |
| Group Management | (9.2) | 0.8 | 0.1 | (8.3) |
| Total | (66.9) | 9.9 | 9.0 | (48.0) |

*Net interest-bearing debt*

Net interest-bearing debt is a non-IFRS financial measure and represents total interest-bearing loans and borrowings and other interest-bearing liabilities after deduction of cash and short-term deposits and long- and short-term interest-bearing assets. Management believes that it is a good reflection of the Group's net leverage. Because other companies may define net interest-bearing debt differently from the Group, it may be of limited usefulness as a comparative measure. Reconciliation of net interest-bearing debt to the line items in the consolidated balance sheet is presented below in "—Liquidity and Capital Resources—External Sources of Funding, Financing and Indebtedness".

*Working capital*

Working capital is a non-IFRS financial measure and is defined by the Company as current assets (excluding cash and cash equivalents) minus current liabilities (excluding bank overdrafts and current loans and borrowings). Because other companies may define working capital differently from the Group, it may be of limited usefulness as a comparative measure.

Reconciliation of working capital to the line items in the consolidated balance sheet is presented in "—Liquidity and Capital Resources—Cash Flow Analysis for the Group for the 2012 and 2011 Financial Years and Q1 2013 and Q1 2012—Working capital".

*Order book*

The order book is a non-IFRS financial measure indicating the total expected revenue from contracted work for (i) for current and future years as well as (ii) relating to work already performed and services already rendered in respect of current projects or contracts. The order book shows:

- Projects contracts: the order book shows the total estimated revenue value of existing signed contracts in respect of projects on which financing has been obtained, required permits have been obtained and any other contractual conditions have been fulfilled, from inception until the scheduled end of a project; and
- Maintenance contracts: the order book consists of the total estimated revenue value of the maintenance services already performed as well as services to be performed during the shorter of (i) the remaining duration of the contract or (ii) the next 12 months.

Because other companies may define order book differently from the Group, it may be of limited usefulness as a comparative measure.

**Consolidated Results of Operations**

Unless otherwise noted, the financial information in this section relates to the Group's results from continuing operations.

***Comparison of the Financial Results of the Group for Q1 2013 and Q1 2012***

The following table sets out the profit and loss statement of the Group for Q1 2013 and Q1 2012.

| | Three Months ended 31 March | | | |
|---|---|---|---|---|
| | 2013 | | 2012 (Restated) | |
| | EUR million | % of revenue | EUR million | % of revenue |
| Total revenue and other income | 1,210.5 | | 1,220.1 | |
| Raw and auxiliary materials and trade goods | 405.0 | 33.5% | 427.2 | 35.0% |
| Work by third parties and other external expenses | 263.1 | 21.7% | 283.1 | 23.2% |
| Personnel expenses | 440.6 | 36.4% | 414.7 | 34.0% |
| Depreciation of property, plant and equipment | 11.9 | 1.0% | 9.9 | 0.8% |
| Amortisation of intangible assets | 11.3 | 0.9% | 9.0 | 0.7% |
| Impairment of property, plant and equipment and intangible assets | – | – | – | – |
| Other expenses | 127.4 | 10.5% | 143.0 | 11.7% |
| Total operating expenses | 1,259.3 | 104.0% | 1,287.0 | 105.5% |
| Result from operating activities | (48.8) | | (66.9) | |
| Net finance result | (21.5) | | (13.9) | |
| Share in results of Associates, Joint Ventures and Other Investments | 0.3 | | 0.2 | |
| Result before income tax | (70.0) | | (80.6) | |
| Income tax expense | 10.4 | | 1.2 | |
| Result for the period | (59.6) | | (79.4) | |

As a result of the write-offs in the 2012 financial year and the allocation of the write-offs to individual quarters in the 2012 financial year based upon a basic, linear approach whereby write-offs are allocated approximately equally among the quarters of the 2012 financial year, the comparability of the results for Q1 2012 with Q1 2013, is limited both for the segment Germany & Eastern Europe as well as on a consolidated basis. See also "—Principal Factors Affecting Results of Operations and Comparability of Results—Write-offs in the 2012 financial year".

*Total revenue and other income*

Total revenue and other income for Q1 2013 was EUR 1,210.5 million, a decrease of EUR 9.6 million or 0.8% (Q1 2012: EUR 1,220.1 million). Acquisitions made after 31 December 2012 contributed EUR 19 million to revenue in Q1 2013. Total revenue and other income has decreased in the Benelux, Germany & Eastern Europe and ICT. Growth of revenue was realised by the UK & Ireland, Nordic and in the segment Other. Revenue for Q1 2012 reflects the impact of revenue reversals relating to Germany and Poland.

There were no customers in Q1 2013 or Q1 2012 that accounted for more than 10% of annual total revenue.

The following table sets out the segmental split of total revenue and other income for Q1 2013 and Q1 2012.

| | Three months ended 31 March | | | |
|---|---|---|---|---|
| | 2013 | 2012 (Restated) | Change | |
| | EUR million | | EUR million | Per cent |
| Benelux | 208.6 | 252.9 | (44.3) | (17.5)% |
| Germany & Eastern Europe | 253.0 | 287.8 | (34.8) | (12.1)% |
| UK & Ireland | 182.6 | 154.3 | 28.3 | 18.3% |
| Nordic | 211.2 | 192.9 | 18.3 | 9.5% |
| ICT | 140.6 | 155.0 | (14.4) | (9.3)% |
| Other | 214.5 | 177.2 | 37.3 | 21.0% |
| Total revenue and other income | 1,210.5 | 1,220.1 | (9.6) | (0.8)% |

*Order book*

The order book at 31 March 2013 and 31 March 2012 was approximately EUR 6.4 billion. The order book increased in the UK & Ireland, Nordic, Spain & Turkey and decreased in the Benelux, Germany & Eastern Europe and ICT, Traffic & Marine.

*Total Operating Expenses*

Total operating expenses for Q1 2013 was EUR 1,259.3 million, a decrease of EUR 27.7 million, or 2.2% (Q1 2012: EUR 1,287.0 million). As a percentage of total revenue, total operating expenses was 104.0% in Q1 2013 (Q1 2012: 105.5%).

*Raw and auxiliary materials and trade goods*

Raw and auxiliary materials and trade goods for Q1 2013 were EUR 405.0 million, a decrease of EUR 22.2 million, or 5.2% (Q1 2012: EUR 427.2 million). As a percentage of total revenue, raw and auxiliary materials and trade goods were 33.5% in Q1 2013 (Q1 2012: 35.0%).

*Work by third parties and other external expenses*

Work by third parties and other external expenses for Q1 2013 was EUR 263.1 million, a decrease of EUR 20.0 million, or 7.1% (Q1 2012: EUR 283.1 million). As a percentage of total revenue, work by third parties and other external expenses were 21.7% in Q1 2013 (Q1 2012: 23.2%).

*Personnel expenses*

Personnel expenses for Q1 2013 was EUR 440.6 million, an increase of EUR 25.9 million, or 6.2% (Q1 2012: EUR 414.7 million). As a percentage of total revenue, personnel expenses were 36.4% in Q1 2013 (Q1 2012: 34.0%).

The following table sets out the breakdown of personnel expenses for Q1 2013 and Q1 2012.

| | Three months ended 31 March | |
|---|---|---|
| | 2013 | 2012 (Restated) |
| | EUR million | |
| Wages and salaries | 354.2 | 331.6 |
| Social security expenses | 86.4 | 83.2 |
| Personnel expenses | 440.6 | 414.8 |

Wages and salaries for Q1 2013 amounted to EUR 354.2 million, an increase of EUR 22.6 million, or 6.8% (Q1 2012: EUR 331.6 million). The increase was primarily due to the increased number of employees of the Group mainly resulting from acquisitions in the 2012 financial year.

Social security expenses for Q1 2013 were EUR 86.4 million, an increase of EUR 3.2 million, or 3.8% (Q1 2012: EUR 83.2 million). The increase was primarily due to the increased level of wages and salaries.

*Depreciation of property, plant and equipment*

Depreciation of property, plant and equipment for Q1 2013 was EUR 11.9 million, EUR 2.0 million higher than Q1 2012 (EUR 9.9 million). As a percentage of total revenue, depreciation of property, plant and equipment was 1.0% in Q1 2013 (Q1 2012: 0.8%). The increase results from the shift in composition of the Group's property, plant and equipment from components with longer depreciation terms to components with relatively shorter depreciation terms.

*Amortisation of intangible assets*

Amortisation of intangible assets for Q1 2013 was EUR 11.3 million, an increase of EUR 2.3 million, or 25.6% (Q1 2012: EUR 9.0 million). As a percentage of total revenue, amortisation of intangible assets was 0.9% in Q1 2013 (Q1 2012: 0.7%) due to increased intangibles arising from acquisitions.

*Impairment of property, plant and equipment and intangible assets*

Impairment of property, plant and equipment and intangible assets was nil during Q1 2013 (Q1 2012: nil).

*Other expenses*

Other expenses for Q1 2013 was EUR 127.4 million, a decrease of EUR 16.4 million, or 10.9% (Q1 2012: EUR 143.0 million). As a percentage of total revenue, other expenses were 10.5% in Q1 2013 (Q1 2012: 11.7%). Included in Q1 2012 were the expenses of in total approximately EUR 30 million relating to write-offs relating to Germany and Poland, based on a linear allocation among quarters of the 2012 financial year write-offs. Other expenses in Q1 2013 were also impacted by costs relating to the internal investigation and costs of the refinancing activities.

*Result from Operating Activities*

The result from operating activities for Q1 2013 was EUR (48.8) million, an increase of EUR 18.1 million, or 27.1% (Q1 2012: EUR (66.9) million).

*EBITDA and EBITDA Margin*

The Group recorded an EBITDA of EUR (25.6) million for Q1 2013 (Q1 2012: EUR (48.0) million). EBITDA margin, expressed as the ratio of EBITDA to revenue, was (2.1)% in Q1 2013 (Q1 2012: (3.9)%). EBITDA for Q1 2012 reflects the negative impact of approximately EUR 70 million of write-offs relating to Germany and Poland, based on a linear allocation among quarters of the 2012 financial year write-offs.

*Net Finance Result*

Net finance result for Q1 2013 was EUR (21.5) million, a decrease of EUR 7.6 million (Q1 2012: EUR (13.9) million).

The following table sets out finance income, finance expenses and the net finance result of the Group for Q1 2013 and Q1 2012.

| | Three months ended 31 March | |
|---|---|---|
| | **2013** | **2012 (Restated)** |
| | **EUR million** | |
| Interest income | 1.3 | 0.9 |
| Expected return on plan assets (employee benefits) | 0.6 | 2.5 |
| Change in fair value of contingent consideration | 0.2 | - |
| Other finance income | 0.1 | 0.1 |
| Finance income | 2.2 | 3.5 |
| | | |
| Interest expense (on financial liabilities measured at amortised cost and net change in fair value of cash flow hedges transferred from equity) | (13.6) | (10.2) |
| Interest on employee benefit obligations | (2.3) | (4.7) |
| Net currency exchange loss | (2.2) | 0.2 |
| Other finance expenses | (5.6) | (2.7) |
| Finance expenses | (23.7) | (17.4) |
| Net finance result | (21.5) | (13.9) |

Finance income for Q1 2013 was EUR 2.2 million, a decrease of EUR 1.3 million, or 37.1% (Q1 2012: EUR 3.5 million). The decrease was primarily due to decreased expected return on defined benefit plan assets (employee benefits) following the termination of a Imtech pension fund in the Netherlands as per 1 June 2012 whereby the pensions have been transferred to an insurance company and an industry-wide pension fund resulting in a shift from defined benefits to defined contribution.

Finance expenses for Q1 2013 was EUR (23.7) million, an increase of EUR (6.3) million, or 21.8% (Q1 2012: EUR (17.4) million). The net increase is a combination of decreased interest on employee benefit obligations following the termination of a Imtech pension fund in the Netherlands as per 1 June 2012 (see "Major Shareholders and Related Party Transactions—Related party transactions—Stichting Pensioenfonds Imtech in liquidation"), increases due to the cost of refinancing, including one-off fees (e.g., continuation agreement) and increased interest payments relating to the funding of the Group.

*Share in Results of Associates, Joint Ventures and Other Investments*

Share in results of associates, joint ventures and other investments for Q1 2013 was EUR 0.3 million (Q1 2012: EUR 0.2 million).

*Result Before Income Tax*

As a consequence of the above, the Group recorded a loss before tax of EUR 70.0 million for Q1 2013 (Q1 2012: EUR 80.6 million loss).

*Income Tax Expense*

Income tax expense for Q1 2013 was a credit of EUR 10.4 million, an increase of EUR 9.2 (Q1 2012: EUR 1.2 million credit). The Group's effective tax rate for Q1 2013 was 14.9% (Q1 2012: 1.6%). The relatively low tax credit (rates) reflects the limitations of available compensating tax profits, as a consequence of the losses in 2011 and 2012.

*Result for the Period*

As a consequence of the above, the net loss for Q1 2013 was EUR 59.6 million, a decrease of EUR 19.8 million, or 24.9% (Q1 2012: EUR 79.4 million loss).

***Comparison of the Financial Results for Q1 2013 and Q1 2012 by Segment***

The following table sets forth a breakdown of total revenue and other income, EBITDA and EBITDA margin by segment for Q1 2013 and Q1 2012.

| | Total revenue and other income | | EBITDA | | EBITDA margin | |
|---|---|---|---|---|---|---|
| | Three months ended 31 March | | Three months ended 31 March | | Three months ended 31 March | |
| | 2013 | 2012 (Restated) | 2013 | 2012 (Restated) | 2013 | 2012 (Restated) |
| | EUR million | | | | per cent | |
| Benelux | 208.6 | 252.9 | (4.8) | (14.0) | (2.3)% | (5.5)% |
| Germany & Eastern Europe | 253.0 | 287.8 | (25.5) | (45.8) | (10.1)% | (15.9)% |
| UK & Ireland | 182.6 | 154.3 | 7.2 | 6.7 | 3.9% | 4.3% |
| Nordic | 211.2 | 192.9 | 3.1 | 8.6 | 1.5% | 4.5% |
| ICT | 140.6 | 155.0 | 7.3 | 9.0 | 5.2% | 5.8% |
| Other | 214.5 | 177.2 | (0.9) | (4.0) | (0.4)% | (2.3)% |
| Group management | - | - | (12.0) | (8.5) | - | - |
| Total | 1,210.5 | 1,220.1 | (25.6) | (48.0) | (2.1)% | (3.9%) |

*Benelux*

In the Benelux segment, total revenue and other income for Q1 2013 was EUR 208.6 million, a decrease of EUR 44.3 million, or 17.5% (Q1 2012: EUR 252.9 million). The decrease is almost entirely organic and reflects the difficult market conditions and adverse weather conditions in the Benelux markets.

All divisions within the Benelux cluster suffered from difficult market conditions especially in the buildings and infra market. Against the background of the difficult market conditions prevailing in the Netherlands, the Company decided to implement the Cost and Efficiency Programme in order to strengthen the competitiveness and profitability of the Group's companies in the Netherlands which the Company announced in April 2013.

EBITDA for Q1 2013 was EUR (4.8) million, an increase of EUR 9.2 million (Q1 2012: EUR (14.0) million). EBITDA for Q1 2012 reflected the negative impact of cost undercoverage in the building business unit in the Netherlands as well as project losses. EBITDA for Q1 2013 was positively impacted by the effects of the restructuring initiated in 2012. As a consequence, EBITDA margin was (2.3)% in Q1 2013 (Q1 2012: (5.5)%).

Order book amounted to EUR 1,201 million as at 31 March 2013, compared to EUR 1,288.0 million at 31 March 2012. The decrease of the order book is mainly due to the different business units in the Netherlands, resulting from a decreased order intake.

*Germany & Eastern Europe*

In the Germany & Eastern Europe segment, total revenue and other income for Q1 2013 was EUR 253.0 million, a decrease of EUR 34.8 million, or 12.1% (Q1 2012: EUR 287.8 million). The decrease reflects the difficult circumstances for the division Germany & Eastern Europe, relating to the recent turmoil around the events. Revenue in Q1 2012 also reflects the impact of revenue reversals relating to Germany and Poland.

EBITDA for Q1 2013 was EUR (25.5) million, an increase of EUR 20.3 million, or 55.7% (Q1 2012: EBITDA of EUR (45.8) million). In Q1 2013, EBITDA was negatively affected by low revenue, resulting in low coverage of overhead cost in combination with a relatively high cost level. In Q1 2012, EBITDA includes the negative effects of approximately EUR 70 million of write-offs, based on a linear allocation among quarters of the 2012 financial year write-offs. EBITDA margin was (10.1)% in Q1 2013 (Q1 2012: (15.9)%).

As part of the reorganisation announced by the Group in April 2013, the Cost and Efficiency Programme has commenced in Germany. The planned personnel and cost reductions are expected to further support the German operations' effectiveness and profitability.

Order book amounted to EUR 2.4 billion as at 31 March 2013, compared to EUR 2.6 billion as at 31 March 2012.

*UK & Ireland*

In the UK & Ireland segment, total revenue and other income for Q1 2013 was EUR 182.6 million, an increase of EUR 28.3 million, or 18.3% (Q1 2012: EUR 154.3 million). The increase in revenue includes EUR 12.0 million from acquisitions in 2012 that now contribute to the division and strong performance of international export activities.

EBITDA for Q1 2013 was EUR 7.2 million, an increase of EUR 0.5 million, or 7.5% (Q1 2012: EUR 6.7 million). The increase reflects the higher revenue level compared to Q1 2012. EBITDA margin, expressed as the ratio of EBITDA to revenue, was 3.9% in Q1 2013 (Q1 2012: 4.3%). The decrease reflects margin pressure in UK engineering services, partly offset by strong performance of the international export activities.

Order book as at 31 March 2013 amounted to EUR 582 million, compared to EUR 541 million at 31 March 2012 an increase of 7.6%. The increase is mainly related to contract wins in the water, waste and energy industries.

*Nordic*

In the Nordic segment, total revenue and other income for Q1 2013 was EUR 211.2 million, an increase of EUR 18.3 million, or 9.5% (Q1 2012: EUR 192.9 million). The increase was due to the acquisition of EMC in Finland in January 2013 which realised EUR 19.4 million of revenue in Q1 2013.

EBITDA for Q1 2013 was EUR 3.1 million, a decrease of EUR 5.5 million, or 64.0% (Q1 2012: EUR 8.6 million). The decrease reflects one-off costs in Q1 2013 relating to the integration plan carried out in the Nordics as well as increased pressure on margins in general in the different business and countries within the segment as well as delays on a number of new projects. As a consequence the EBITDA margin for Q1 2013 amounted to 1.5%, compared to 4.5% in Q1 2012.

Order book amounted to EUR 807 million as at 31 March 2013, compared to EUR 635 million as at 31 March 2012. The increase includes EUR 89 million increase due to the EMC acquisition.

*ICT*

In the ICT segment, total revenue and other income for Q1 2013 was EUR 140.6 million, a decrease of EUR 14.4 million, or 9.3% (Q1 2012: EUR 155.0 million). The decrease was primarily due to lower activity in the project-driven business, while the service business remained stable.

EBITDA for Q1 2013 was EUR 7.3 million, a decrease of EUR 1.7 million, or 18.9% (Q1 2012: EUR 9.0 million). The decrease reflects the lower revenues and some pressure on project margins. As a result the EBITDA margin for Q1 2013 amounted to 5.2%, compared to 5.8% in Q1 2012.

Order book as at 31 March 2013 was EUR 192 million (31 March 2012: EUR 180 million).

*Other*

In the Other segment, total revenue and other income for Q1 2013 was EUR 214.5 million, an increase of EUR 37.3 million, or 21.0% (Q1 2012: EUR 177.2 million). The increase was mainly due to the acquisition of AE Arma in Turkey in April 2012 which contributed EUR 30.7 million of revenue in Q1 2013.

EBITDA for Q1 2013 was EUR (0.9) million, an increase of EUR 3.1 million (Q1 2012: EUR (4.0) million). The increase was primarily due to the impact of the acquired company AE Arma and due to less negative EBITDA in Spain and Marine. The EBITDA in Traffic decreased. This resulted in the EBITDA margin to increase to (0.4)% in Q1 2013 (Q1 2012: (2.3)%) mainly reflecting margin improvements in Spain and Marine.

Order book at 31 March 2013 was EUR 1,250 million (31 March 2012: EUR 1,154 million). The increase mainly reflects the acquisition of AE Arma in Turkey in April 2012.

***Comparison of the Financial Results of the Group for the 2012 and 2011 Financial Years***

The following table sets out the profit and loss statement of the Group for the 2012 and 2011 financial years.

| | Year ended 31 December | | | |
|---|---|---|---|---|
| | 2012 | | 2011 (restated) | |
| | EUR million | % of revenue | EUR million | % of revenue |
| Total revenue and other income | 5,432.9 | 100.0% | 5,064.8 | 100.0% |
| Raw and auxiliary materials and trade goods | 1,869.9 | 34.4% | 1,690.3 | 33.4% |
| Work by third parties and other external expenses | 1,316.1 | 24.2% | 1,209.6 | 23.9% |
| Personnel expenses | 1,705.5 | 31.4% | 1,525.4 | 30.1% |
| Depreciation of property, plant and equipment | 39.9 | 0.7% | 35.3 | 0.7% |
| Amortisation of intangible assets | 43.6 | 0.8% | 29.0 | 0.6% |
| Impairment of property, plant and equipment and intangible assets | 23.3 | 0.4% | – | 0.0% |
| Other expenses | 593.1 | 10.9% | 382.4 | 7.6% |
| Total operating expenses | 5,591.4 | 102.9% | 4,872.0 | 96.2% |
| Result from operating activities | (158.5) | | 192.8 | 3.8% |
| Net finance results | (65.9) | | (52.0) | 1.0% |
| Share in results of Associates, Joint Ventures and Other Investments | 2.9 | | - | |
| Result before income tax | (221.5) | | 140.8 | 2.8% |
| Income tax expense | (4.8) | | (41.3) | 0.8% |
| Result for the period | (226.3) | | 99.5 | 2.0% |
| EBITDA | (51.7) | (1.0)% | 257.1 | 5.1% |

As a result of the write-offs in the 2012 financial year, although prepared on a consistent basis under IFRS, the comparability of the results for the 2012 financial year with the 2011 financial year is limited both for the segment Germany & Eastern Europe as well as on a consolidated basis. See also "Principal Factors Affecting Results of Operations and Comparability of Results—Write-offs in the 2012 financial year".

*Total revenue and other income*

Total revenue and other income for the 2012 financial year was EUR 5,432.9 million, an increase of EUR 368.1 million, or 7.3% (2011 financial year: EUR 5,064.8 million). Acquisitions made during the 2012 financial year contributed EUR 116.0 million to total revenue and other income for the 2012 financial year and accounted for 31.5% of the increase in total revenue and other income. Revenue for 2012 also reflects the impact of revenue reversals relating to Germany and Poland.

The following table sets out the segmental split of total revenue and other income for the 2012 and 2011 financial years.

| | Year ended 31 December | | Change | |
|---|---|---|---|---|
| | 2012 | 2011 (Restated) | | |
| | EUR million | | EUR million | Per cent |
| Benelux | 966.1 | 1,042.1 | (76.0) | (7.3)% |
| Germany & Eastern Europe | 1,372.1 | 1,490.4 | (118.3) | (7.9)% |
| UK & Ireland | 750.6 | 503.6 | 247.0 | 49.0% |
| Nordic | 805.2 | 698.3 | 106.9 | 15.3% |

| | Year ended 31 December | | Change | |
|---|---|---|---|---|
| | 2012 | 2011 (Restated) | EUR million | Per cent |
| | EUR million | | | |
| ICT | 674.9 | 566.8 | 108.1 | 19.1% |
| Other | 886.7 | 791.0 | 95.7 | 12.1% |
| Unallocated/Eliminations | (22.7) | (27.4) | 4.7 | (17.2)% |
| Total revenue and other income | 5,432.9 | 5,064.8 | 368.1 | 7.3% |

Key divisional drivers of revenue growth in 2012 were UK & Ireland, Nordic, ICT and Other. The segment UK & Ireland alone accounted for 67.1% of the revenue increase. Benelux as well as Germany & Eastern Europe showed a decline in revenue.

The following table sets out the breakdown of total revenue and other income of the Group for the 2012 and 2011 financial years.

| | Year ended 31 December | |
|---|---|---|
| | 2012 | 2011 (Restated) |
| | EUR million | |
| Construction contracts | 3,502.9 | 3,376.3 |
| Services rendered | 1,353.4 | 1,158.3 |
| Sale of goods | 558.0 | 513.9 |
| Revenue | 5,414.3 | 5,048.5 |
| Other income | 18.6 | 16.3 |
| Total revenue and other income | 5,432.9 | 5,064.8 |

Revenue from construction contracts increased by 3.9% to EUR 3,502.9 million in the 2012 financial year from EUR 3,376.3 million in the 2011 financial year. The increase is primarily driven by the segments Nordic and UK & Ireland. Revenue from services rendered increased by 17.0% to EUR 1,353.4 million in the 2012 financial year from EUR 1,158.3 million in the 2011 financial year. This increase mainly relates to revenue increases in the segments UK & Ireland and ICT and a decrease of revenue in the Benelux. Revenue from the sale of goods increased by 8.6% to EUR 558.0 million in the 2012 financial year from EUR 513.9 million in the 2011 financial year. The increase is primarily a result of the increased revenue in the segment ICT.

Other income in 2012 mainly included the result from the disposal of property, plant and equipment of EUR 12.2 million and the reversal of impairments on vendor loans for EUR 4.9 million related to the sale of subsidiaries in previous years. In 2011, other income included the remeasurement of the previously held equity interests (F&M Asia) for EUR 6.1 million and the profit on the disposal of subsidiaries of EUR 6.0 million.

There were no customers in 2012 or 2011 that accounted for more than 10% of annual total revenue and other income.

*Order book*

The order book at 31 December 2012 was EUR 6.4 billion, an increase of EUR 0.6 billion, or 10.3% (31 December 2011: EUR 5.8 billion). The increase was the result of both organic growth and growth through acquisitions and achieved despite market conditions being difficult in a number of countries and markets. These conditions have led to a less balanced composition of the order book compared with the preceding years. Order book was under considerable pressure in the Benelux and Spain. By contrast, order book development was good in the UK & Ireland, Nordic and Other.

*Total Operating Expenses*

Total operating expenses for the 2012 financial year was EUR 5,591.4 million, an increase of EUR 719.4 million, or 14.8% (2011 financial year: EUR 4,872.0 million). As a percentage of total revenue, total operating expenses was 102.9% in the 2012 financial year (2011 financial year: 96.2%).

*Raw and auxiliary materials and trade goods*

Raw and auxiliary materials and trade goods for the 2012 financial year was EUR 1,869.9 million, an increase of EUR 179.6 million, or 10.6% (2011 financial year: EUR 1,690.3 million). As a percentage of total revenue, raw and auxiliary materials and trade goods were 35.0% in the 2012 financial year (2011 financial year: 33.4%).

*Work by third parties and other external expenses*

Work by third parties and other external expenses for the 2012 financial year was EUR 1,316.1 million, an increase of EUR 106.5 million, or 8.8% (2011 financial year: EUR 1,209.6 million). As a percentage of total revenue, work by third parties and other external expenses was 24.2% in the 2012 financial year (2011 financial year: 23.9%).

*Personnel expenses*

Personnel expenses for the 2012 financial year was EUR 1,705.5 million, an increase of EUR 180.1 million, or 11.8% (2011 financial year: EUR 1,525.4 million). As a percentage of total revenue, personnel expenses were 31.4% in the 2012 financial year (2011 financial year: 30.1%). The expenses in 2012 are including restructuring expenses in the Benelux, Spain and Marine in total amounting EUR 47.7 million related to employee termination benefits in connection with redundancies of 900 employees.

The following table sets out the breakdown of personnel expenses for the 2012 and 2011 financial years.

| | Year ended 31 December | |
|---|---|---|
| | 2012 | 2011 (Restated) |
| | EUR million | |
| Wages and salaries | 1,320.5 | 1,215.1 |
| Social security expenses | 286.8 | 262.7 |
| Contributions to defined contribution plans | 40.3 | 26.8 |
| Costs in respect of defined benefit plans | 3.5 | 11.1 |
| Restructuring | 47.7 | 4.5 |
| Share-based payments | 5.8 | 4.3 |
| Costs in respect of jubilee benefits | 0.9 | 0.9 |
| Personnel expenses | 1,705.5 | 1,525.4 |

Wages and salaries for the 2012 financial year amounted to EUR 1,320.5 million, an increase of EUR 105.4 million, or 8.7% (2011 financial year: EUR 1,215.1 million). The increase was primarily due to the increased number of employees on FTE basis during the year (31 December 2012: 29,473 and 31 December 2011: 27,412).

Social security expenses for the 2012 financial year were EUR 286.8 million, an increase of EUR 24.1 million, or 9.2% (2011 financial year: EUR 262.7 million). The increase was related to the increase in wages and salaries.

Contributions to defined contribution plans for the 2012 financial year were EUR 40.3 million, an increase of EUR 13.5 million or 50.4% (2011 financial year: EUR 26.8 million). The increase was primarily due to the termination of a Imtech pension fund in the Netherlands as per 1 June 2012 whereby the pensions have been transferred to an insurance company and an industry-wide pension fund (see “Major Shareholders and Related Party transactions—Related party transactions—Stichting Pensioenfonds Imtech in liquidation”) resulting in a shift from defined benefits to defined contribution.

Costs in respect of defined benefit plans for the 2012 financial year were EUR 3.5 million, a decrease of EUR 7.6 million, or 68.5% (2011 financial year: EUR 11.1 million). The decrease was primarily due to a settlement gain of EUR 5.0 million in connection with the termination of a Imtech pension fund in the Netherlands.

Contributing to the increase of total of contributions to defined contribution plans and costs in respect of defined benefit plans was an increase in the number of employees, partly due to acquisitions.

Restructuring expenses for the 2012 financial year included in personnel expenses were EUR 47.7 million, an increase of EUR 43.2 million (2011 financial year: EUR 4.5 million). In October 2012, the Group announced a reorganisation in the Benelux, Spain and Marine businesses of EUR 50 million relating to planned redundancies involving around 900 employees in those businesses. EUR 47.7 million impacted personnel expenses, while EUR 2.3 million impacted other operating expenses. This step was intended to address the disappointing results from the Benelux and Spain as well as a relapse in the Marine division. Most of the affected employees were involved in new-build activities in the buildings markets in the Benelux, and in part in Spain. A smaller redundancy of employees in the Marine division, which in 2012 suffered from the effects of a lower order-intake in the preceding years, was also included.

*Depreciation of property, plant and equipment*

Depreciation of property, plant and equipment for the 2012 financial year was EUR 39.9 million, an increase of EUR 4.6 million, or 13.0% (2011 financial year: EUR 35.3 million). As a percentage of total revenue, depreciation of property, plant and equipment remained stable at 0.8% in the 2012 financial year (2011 financial year: 0.7%).

*Amortisation of intangible assets*

Amortisation of intangible assets for the 2012 financial year was EUR 43.6 million, an increase of EUR 14.6 million, or 50.3% (2011 financial year: EUR 29.0 million). As a percentage of total revenue, amortisation of intangible assets was 0.8% in the 2012 financial year (2011 financial year: 0.6%). The increase of the amortisation resulted from an increased amount of intangible assets, resulting from acquisitions.

*Impairment of property, plant and equipment and intangible assets*

Impairment of property, plant and equipment and intangible assets for the 2012 financial year was EUR 23.3 million (2011 financial year: nil). As a percentage of total revenue, impairment of property, plant and equipment and intangible assets was 0.4%. In the 2012 financial year a goodwill impairment of EUR 20 million was included relating to the Spanish division.

*Other expenses*

Other expenses for the 2012 financial year was EUR 593.1 million, an increase of EUR 210.7 million, or 55.1% (2011 financial year: EUR 382.4). As a percentage of total revenue, other expenses were 10.9% in the 2012 financial year (2011 financial year: 7.6%). The increase is to a large extent due to the increase of impairment loss on receivables, which mainly result from the write-offs in Germany and Poland. See "—Principal Factors Affecting Results of Operations and Comparability of Results—Write-offs in the 2012 financial year".

The following table sets out the breakdown of other expenses for the 2012 and 2011 financial years.

| | **Year ended 31 December** | |
|---|---|---|
| | **2012** | **2011 (Restated)** |
| | **EUR million** | |
| Other indirect expenses | 470.4 | 341.3 |
| Impairment loss on trade receivables | 106.2 | 32.4 |
| Change in provisions (excluding restructuring related to personnel) | 10.1 | 2.4 |
| Research and development costs | 6.4 | 6.3 |
| Total other expenses | 593.1 | 382.4 |

Other indirect expenses for the 2012 financial year was EUR 470.4 million, an increase of EUR 129.1 million, or 37.9% (2011 financial year: EUR 341.3 million). The increase was partly due to the growth of the Group and included costs in relation to the write-offs in Germany and Poland in 2012. See "—Principal Factors Affecting Results of Operations and Comparability of Results—Write-offs in the 2012 financial year".

Impairment loss on trade receivables for the 2012 financial year was EUR 106.2 million, an increase of EUR 73.8 million, or 227.8% (2011 financial year: EUR 32.4 million). The increase was primarily due to the write-offs in Germany and Poland allocated to Q1 2012.

Change in provisions (excluding restructuring related to personnel) for the 2012 financial year was EUR 10.1 million, an increase of EUR 7.7 million, or 320.8% (2011 financial year: EUR 2.4 million). The increase was primarily due to additions made to the provisions for warranties and claims and to other provisions.

Research and development costs for the 2012 financial year were EUR 6.4 million (2011 financial year: EUR 6.3 million).

*Result from Operating Activities*

As a consequence of the above, the result from operating activities for the 2012 financial year was EUR (158.5) million, a decrease of EUR 351.3 million (2011 financial year: EUR 192.8 million).

*EBITDA and EBITDA Margin*

As a consequence of the above, the Group recorded an EBITDA of EUR (51.7) million for the 2012 financial year (2011 financial year: EUR 257.1 million). EBITDA margin, expressed as the ratio of EBITDA to total revenue and other income, was (1.0)% in the 2012 financial year (2011 financial year: 5.1%). EBITDA for 2012 reflects the negative impact of approximately EUR 190 million of write-offs relating to Germany and Poland.

*Net Finance Result*

Net finance result for the 2012 financial year was EUR (65.9) million, a decrease of EUR 13.9 million, or 26.7% (2011 financial year: EUR (52.0) million). The following table sets out finance income, finance expenses and net finance result for the 2012 and 2011 financial years.

| | Year ended 31 December | |
|---|---|---|
| | 2012 | 2011 (Restated) |
| | EUR million | |
| Interest income | 1.6 | 1.4 |
| Expected return on plan assets (employee benefits) | 6.3 | 10.3 |
| Change in fair value of contingent consideration | 6.1 | 2.5 |
| Other finance income | 4.2 | 0.6 |
| Finance income | 18.2 | 14.8 |
| Interest expense on financial liabilities measured at amortised cost | (39.9) | (24.6) |
| Interest on employee benefit obligations | (14.7) | (19.7) |
| Net change in fair value of cash flow hedges transferred from equity | (5.2) | (11.0) |
| Net currency exchange loss | (4.3) | (1.8) |
| Other finance expenses | (20.0) | (9.7) |
| Finance expenses | (84.1) | (66.8) |
| Net finance result | (65.9) | (52.0) |

Finance income for the 2012 financial year was EUR 18.2 million, an increase of EUR 3.4 million, or 23.0% (2011 financial year: EUR 14.8 million). The increase was primarily due to a EUR 3.6 million increase in change in fair value of contingent consideration resulting from the annual recalculation of acquisition earn-outs, offset in part by a EUR 4.0 million decrease in expected return on plan assets due to the transfer of pensions to an insurance company and an industry-wide pension fund.

Finance expenses for the 2012 financial year was EUR 84.1 million, an increase of EUR 17.3 million, or 25.9% (2011 financial year: EUR 66.8 million). The increase was primarily due to a EUR 15.3 million increase in interest expense on financial liabilities measured at amortised cost, mainly reflecting the higher level of debt in the 2012 financial year and a EUR 10.3 million increase in other finance expenses which amongst others includes costs of bank guarantees and factoring fees, offset in part by a decrease in interest on employee benefit obligations and net change in fair value of cash flow hedges transferred from equity on interest rate swaps.

*Share in Results of Associates, Joint Ventures and Other Investments*

Share in results of associates, joint ventures and other investments for the 2012 financial year was EUR 2.9 million, an increase of EUR 2.9 million (2011 financial year: EUR nil). The increase was primarily due to higher results from investments.

*Result Before Income Tax*

As a consequence of the above, the Group recorded a result before tax of EUR (221.5) million for the 2012 financial year (2011 financial year: EUR 140.8 million).

*Income Tax Expense*

As a consequence of the above, income tax expense for the 2012 financial year was EUR 4.8 million, a decrease of EUR 36.5 million, or 88.4% (2011 financial year: EUR (41.3) million). The Group's effective tax rate for the 2012 financial year was (2.2%) (2011 financial year: 29.3%). The decrease of the effective tax rate reflects the limitations regarding offsetting tax losses and the profitability of certain businesses.

*Result for the period*

As a result of the above, loss for the 2012 financial year was EUR (226.3) million, compared to a profit of EUR 99.5 million in the 2011 financial year.

***Comparison of the Financial Results for the 2012 and 2011 Financial Years by Segment***

The following table sets forth a breakdown of total revenue and other income, EBITDA and EBITDA margin by segment for the 2012 and 2011 financial years.

| | Total revenue and other income | | EBITDA | | EBITDA margin | |
|---|---|---|---|---|---|---|
| | Year ended 31 December | | Year ended 31 December | | Year ended 31 December | |
| | 2012 | 2011 (Restated) | 2012 | 2011 (Restated) | 2012 | 2011 (Restated) |
| | EUR million | | | | per cent | |
| Benelux | 966.1 | 1,042.1 | (54.6) | 26.9 | (5.7%) | 2.6% |
| Germany & Eastern Europe | 1,372.1 | 1,490.4 | (132.5) | 82.2 | (8.7%) | 5.5% |
| UK & Ireland | 750.6 | 503.6 | 44.2 | 26.4 | 5.9% | 5.2% |
| Nordic | 805.2 | 698.3 | 60.3 | 55.3 | 7.5% | 7.9% |

| | Total revenue and other income | | EBITDA | | EBITDA margin | |
|---|---|---|---|---|---|---|
| | Year ended 31 December | | Year ended 31 December | | Year ended 31 December | |
| | 2012 | 2011 (Restated) | 2012 | 2011 (Restated) | 2012 | 2011 (Restated) |
| | EUR million | | | | per cent | |
| ICT | 674.9 | 566.8 | 44.6 | 48.7 | 6.6% | 8.6% |
| Other | 886.7 | 791.0 | 15.9 | 40.1 | 2.3% | 5.1% |
| Holding / eliminations | (22.7) | (27.4) | (29.6) | (22.5) | – | – |
| Total | 5,432.9 | 5,064.8 | (51.7) | 257.1 | (1.0)% | 5.1% |

*Benelux*

In the Benelux segment, total revenue and other income for the 2012 financial year was EUR 966.1 million, a decrease of EUR 76.0 million, or 7.3% (2011 financial year: EUR 1,042.1 million). The decrease reflects the difficult market circumstances especially in the buildings and infra markets.

As a result of the challenging market conditions in both the buildings services and the infrastructure market, the Group announced an extensive restructuring in October 2012 including a reduction in the workforce in the Benelux segment by 730 employees and leading to costs relating to redundancy payments. This restructuring was completed in the beginning of 2013. A charge of EUR 35 million was recorded in 2012 in connection with this restructuring.

The segment continued to face challenging market conditions and fierce national and international competition, especially in the buildings market. The Dutch building and construction market was affected by lack of economic growth and investments with clients postponing or cancelling projects and downsizing maintenance and service contracts, leading to significant increases in competition and pressure on prices and margin. The mediocre results in the buildings and infrastructure markets were, to an extent, offset by good performances from the business units active in the industry market, and in the field of international industrial markets.

EBITDA for the 2012 financial year was EUR (54.6) million, a decrease of EUR 81.5 million (2011 financial year: EUR 26.9 million). Excluding the effect of the reorganisation charge, EBITDA in 2012 financial year decreased by EUR 46.5 million, reflecting primarily the difficult market circumstances, pressure on margins and underutilisation resulting in insufficient recovery of overhead cost. EBITDA margin was (5.7)% in the 2012 financial year compared to 2.6% in 2011 financial year.

Order book as at 31 December 2012 amounted to EUR 1,167 million (31 December 2011: EUR 1,241 million), reflecting a 6.0% decrease. The order book of the businesses in the Netherlands decreased and increased in the infra business unit and Belgium.

*Germany & Eastern Europe*

In the Germany & Eastern Europe segment, total revenue and other income for the 2012 financial year was EUR 1,372.1 million, a decrease of EUR 118.3 million, or 7.9% (2011 financial year: EUR 1,490.4 million). Revenue for 2012 also reflects the impact of revenue reversals relating to Germany and Poland.

EBITDA for the 2012 financial year was EUR (132.5) million, a decrease of EUR 214.7 million (2011 financial year: EUR 82.2 million). Included in EBITDA were effects of the write-offs in Germany and Poland. See "—Principal Factors Affecting Results of Operations and Comparability of Results—Write-offs in the 2012 financial year" with a total negative impact of approximately EUR 190 million. EBITDA margin was (9.7)% in the 2012 financial year (2011 financial year: 5.5%).

Order book as at the end of the 2012 financial year was EUR 2,485 million, an increase of EUR 386 million, or 18.4% (2011 financial year: EUR 2,099 million).

*UK & Ireland*

In the UK & Ireland segment, total revenue and other income for the 2012 financial year was EUR 750.6 million, an increase of EUR 247.0 million, or 49.0% (2011 financial year: EUR 503.6 million). The increase was primarily due to the full-year effect of acquisitions completed in 2011 and the effect of acquisitions completed in 2012, and to a lesser degree export to emerging markets (primarily Kazakhstan and Saudi Arabia) and movements in foreign exchange rates.

The UK buildings market, in which the business units Engineering Services and Technical Maintenance are active, was affected by a lack of economic growth and investment driven by a combination of government cut-backs and the reluctance of the private sector. In this context, over-capacity in the UK buildings industry has led to a significant increase in competition and a change in behaviour amongst main contractors. This has led to reductions in contract bid margins, an increase in pre-contract costs of projects, and delays in the works certification and debtor recovery process. Despite the challenging state of the Irish economy, the Group achieved a stable performance, mainly due to focus on international activities.

EBITDA for the 2012 financial year was EUR 44.2 million, an increase of EUR 17.8 million, or 67.4% (2011 financial year: EUR 26.4 million). The increase primarily relates to the increase of revenue. EBITDA margin for the 2012 financial year was 5.9%, compared to 5.2% in the 2011 financial year, reflecting strong performance of the division with softening in the engineering business. EBITDA margin was 5.9% in the 2012 financial year (2011 financial year: 5.2%).

Order book as at the end of the 2012 financial year was EUR 575 million, an increase of EUR 61 million, or 11.9% (2011 financial year: EUR 514 million). The increase was primarily due to acquisitions in 2012.

*Nordic*

In the Nordic segment, total revenue and other income for the 2012 financial year was EUR 805.2 million, an increase of EUR 106.9 million, or 15.3% (2011 financial year: EUR 698.3 million).

Market conditions in Scandinavia varied, with demand being higher in Norway and Northern Sweden than in Southern Sweden and Finland. Over the past few years the overall economy in the region has weakened. Although this has led to uncertainty and, as a consequence, lengthened the investment decision process, the Group's strategy of clustering technological competencies with added-value for customers enabled it to respond effectively.

EBITDA for the 2012 financial year was EUR 60.3 million, an increase of EUR 5.0 million, or 9.0% (2011 financial year: EUR 55.3 million). EBITDA margin for the 2012 financial year was 7.5% compared to 7.9% in the 2011 financial year. The decrease reflects the pressure in some areas of the division and positive effects of release of provisions relating to certain acquisitions.

Order book as at the end of the 2012 financial year was EUR 761 million, an increase of EUR 120 million, or 18.7% (2011 financial year: EUR 641 million).

*ICT*

In the ICT segment, total revenue and other income for the 2012 financial year was EUR 674.9 million, an increase of EUR 108.1 million, or 19.1% (2011 financial year: EUR 566.8 million). The increase was primarily attributable to the full-year impact of acquisitions made in the 2011 financial year.

EBITDA for the 2012 financial year was EUR 44.6 million, a decrease of EUR 4.1 million, or 8.4% (2011 financial year: EUR 48.7 million). The EBITDA for the 2011 financial year included a EUR 6.1 million other income being the remeasurement of the previously held equity interests and reflected lower-margin hardware sales, as well as operational issues in an acquired company. EBITDA margin for the 2012 financial year was 6.6% compared to 8.6% in the 2011 financial year.

Order book as at the end of the 2012 financial year was EUR 189 million (2011 financial year: EUR 172 million).

*Other*

In the Other segment, total revenue and other income for the 2012 financial year was EUR 886.7 million, an increase of EUR 95.7 million, or 12.1% (2011 financial year: EUR 791.0 million). Acquisitions made during the 2012 financial year (mainly AE Arma in Turkey) contributed EUR 88 million to revenue for the 2012 financial year.

In Traffic, despite lower government budgets due to economies and fierce competition the Group achieved a stable performance. Technological integration led to higher added-value for customers. Traffic performed well in the UK and Scandinavia. Revenue and EBITDA benefited from two small acquisitions in Finland in the 2012 financial year.

In Marine, acquisitions have driven growth in the 2012 financial year, while the core business in Germany and the Netherlands has declined due to market pressures in new builds, although service revenues have grown. Although the relatively low order inflow in the preceding years led to a lower EBITDA and a reorganisation in 2012, during the year the order inflow began increasing.

The Spanish economy was and continues to be in a challenging condition which has also impacted the Group's growth and profitability in Imtech Spain. Given these tough market conditions, the Group reduced its cost base in 2012 with a restructuring. Furthermore, in the third quarter of 2012 the Group took an impairment charge on its Spanish goodwill of EUR 20 million

EBITDA for the 2012 financial year was EUR 15.9 million, a decrease of EUR 24.2 million, or 60.3% (2011 financial year: EUR 40.1 million). The decrease was mainly due to Marine, primarily relating to restructuring cost. Margin pressure in Spain was also a contributing factor; however, with a lower impact on EBITDA in absolute terms. EBITDA margin was 2.3% in the 2012 financial year (2011 financial year: 5.1%).

Order book at 31 December 2012 was EUR 1,240 million (31 December 2011: EUR 1,123 million).

Liquidity and Capital **Resources**

***Cash Flow Analysis for the Group for the 2012 and 2011 Financial Years and Q1 2013 and Q1 2012***

The selected cash flow information for the Group for the 2012 and 2011 financial years and Q1 2013 and Q1 2012 presented below has been extracted from the Group's financial statements included elsewhere in this Prospectus.

| | Year ended 31 December | | Three months ended 31 March | |
|---|---|---|---|---|
| | 2012 | 2011 (Restated) | 2013 | 2012 (Restated) |
| | EUR million | | | |
| Result for the period | (226.3) | 99.5 | (59.6) | (79.4) |
| **Operating cash flow before changes in working capital and provisions** | (58.1) | 248.0 | (24.7) | (46.9) |
| Change in inventories | 0.4 | 1.4 | (13.5) | (1.0) |
| Change in amounts due from/to customers | 36.0 | (0.2) | (71.0) | (93.3) |
| Change in trade and other receivables | 2.3 | (169.0) | (19.2) | 108.1 |
| Change in trade and other payables | 113.9 | 142.4 | (276.5) | (279.0) |
| Change in provisions and employee benefits | 22.0 | (16.2) | (3.3) | 3.5 |
| **Cash flow from operating activities** | 116.5 | 206.4 | (408.2) | (308.6) |
| Interest paid | (64.8) | (45.3) | (19.0) | (12.7) |
| Income tax paid | (43.4) | (20.2) | 9.0 | (8.7) |
| **Net cash flow from operating activities** | 8.3 | 140.9 | (418.2) | (330.0) |
| **Net cash flow from investing activities** | (156.4) | (221.6) | (11.1) | (22.8) |
| **Net cash flow from financing activities** | 7.8 | 182.8 | 365.1 | 174.0 |
| Net decrease/increase of cash, cash equivalents and bank overdrafts | (140.3) | 102.1 | (64.2) | (178.8) |
| Cash, cash equivalents and bank overdrafts on 1 January | 211.5 | 107.8 | 70.8 | 211.5 |
| Effect of exchange rate differences on cash, cash equivalents and bank overdrafts | (0.4) | 1.6 | 2.5 | (2.4) |
| **Cash and cash equivalents at end of period** | 70.8 | 211.5 | 9.1 | 30.3 |

*Cash Flow from Operating Activities*

The Group's net cash outflow from operating activities increased to EUR (408.2) million in Q1 2013 from an outflow of EUR (308.6) million in Q1 2012. The movement primarily relates to trade and other receivables, which increased by EUR 19.2 million in Q1 2013, whereas in Q1 2012 the trade and other receivables decreased by EUR 108.1 million.

The Group's net cash flow from operating activities decreased by 43.6% to an inflow of EUR 116.5 million in the 2012 financial year from an inflow of EUR 206.4 million in the 2011 financial year. The decrease is primarily a result of the decrease in the result for the period, offset by a decrease in the movement in trade and other receivables.

*Working capital*

The table below sets out the Group's working capital.

| | Year ended 31 December | | Three months ended 31 March | |
|---|---|---|---|---|
| | 2012 | 2011 (Restated) | 2013 | 2012 (Restated) |
| | EUR million | | | |
| Inventories | 80.0 | 75.5 | 94.5 | 76.8 |
| Due from customers | 572.8 | 604.1 | 636.9 | 597.6 |
| Trade and other receivables | 1,322.6 | 1,272.3 | 1,350.4 | 1,164.8 |
| Income tax receivables | 13.3 | 5.4 | 10.0 | 8.8 |
| Current assets (excluding cash and cash equivalents) | 1,988.7 | 1,957.3 | 2,091.8 | 1,848.0 |

| | Year ended 31 December | | Three months ended 31 March | |
|---|---|---|---|---|
| | 2012 | 2011 (Restated) | 2013 | 2012 (Restated) |
| | EUR million | | | |
| Due to customers | 308.0 | 297.8 | 295.2 | 198.0 |
| Trade and other payables | 1,543.7 | 1,388.2 | 1,297.1 | 1,107.0 |
| Income tax payables | 30.8 | 33.5 | 34.7 | 22.0 |
| Provisions | 37.7 | 8.1 | 34.5 | 12.8 |
| Current liabilities (excluding bank overdrafts and loans and borrowings) | 1,920.2 | 1,727.6 | 1,661.5 | 1,339.8 |
| **Working capital** | 68.5 | 229.7 | 430.3 | 508.2 |

Since 2010, the Group's working capital requirements have been increasing, but measures taken by management to extend creditor payment terms and factor receivables on a non-recourse basis, have reduced reported working capital from EUR 229.7 million at 31 December 2011 to EUR 68.5 million at 31 December 2012.

Inventories increased in 2012 from EUR 75.5 million to EUR 80.0 million mainly as a result of inventories held by AE Arma in Turkey, which was acquired in 2012.

Due from customers decreased from EUR 604.1 million at 31 December 2011 to EUR 572.8 million at 31 December 2012, mainly due to lower balances in the Germany and Eastern Europe division at 31 December 2012

Trade and other receivables increased from EUR 1,272.3 million at 31 December 2011 to EUR 1,322.6 million at 31 December 2012. This is mainly driven by other receivables, amongst others prepayments for materials to be used on projects. Excluding the impact of non-recourse factoring, the days of sales outstanding increased slightly, reflecting pressure in the market on payment terms, largely offset by working capital improvement initiatives in a number of divisions started during 2012.

Income tax receivables were EUR 7.9 million higher at 31 December 2012 compared to 31 December 2011, reflecting timing of payments and the lower taxable result in 2012.

Due to customers increased from EUR 297.8 million to EUR 308.0 million at 31 December 2012, mainly reflecting receipt of advance payments for a number of larger projects for governmental customers.

Trade and other payables increased from EUR 1,388.2 million at 31 December 2011 to EUR 1,543.7 million at 31 December 2012 as a result of increased cost levels following from revenue growth in 2012 as well as stretching of payment terms to creditors.

Provisions (short term part) increased by EUR 29.6 million or 365% between 31 December 2011 and 31 December 2012, driven by restructuring provisions in relation to the restructuring announced in the Benelux, Infra, Spain and Marine divisions. Furthermore, other provisions increased by approximately EUR 7 million.

In Q1 2013, inventories increased to EUR 94.5 million from EUR 80.0 million at 31 December 2012 mainly due to increased inventory balances in Marine caused by operational issues and increased inventory level in ICT expected to be sold.

In Q1 2013, due from customers increased to EUR 636.9 million from EUR 572.8 million at 31 December 2012.

In Q1 2013, trade and other receivables increased to EUR 1,350.4 million from EUR 1,322.6 million at 31 December 2012 due to an increase in other receivables, among others relating to prepaid financial restructuring expenses.

In Q1 2013, due to customers increased to EUR 295.2 million from EUR 308.0 million at 31 December 2012.

In Q1 2013, trade and other payables decreased to EUR 1,297.1 million compared to EUR 1,543.7 million at 31 December 2012 due to the reversal of creditor stretching at 31 December 2012.

Going forward, the Group aims to reduce its working capital requirements. The Group intends to enhance its working capital and cash management with particular attention to customer billing and invoice payment procedures and has tightened its accounting policies. Further, the Group strengthened monthly reporting and forecasting and is taking steps to improve working capital management in each of the Group's clusters, divisions and business units. Moreover, the Company will revise its treasury manual, intends to implement a treasury management system and to restructure its existing cash management and cash pooling arrangements.

*Cash Flow from Investing Activities*

The Group's net cash outflow from investing activities decreased to EUR 11.1 million in Q1 2013 from an outflow of EUR 22.8 million in Q1 2012.

The Group's net cash used in investing activities decreased by 29.4% to EUR 156.4 million in the 2012 financial year from an outflow of EUR 221.6 million in the 2011 financial year.

The most significant item driving cash flow from investing activities are acquisitions, capital expenditures and proceeds of divestments of assets. Net of cash used for acquisitions cash flow from investing activities decreased by 36.7% to EUR 104.2 million in the 2012 financial year from EUR 164.5 million in the 2011 financial year. The decrease is primarily a result of cash received from the disposal of property plant and equipment, which was EUR 26 million higher in 2012 as compared to 2011.

*Cash Flow from Financing Activities*

The Group's net cash inflow from financing activities increased to EUR 365.1 million in Q1 2013 from an inflow of EUR 174.0 in Q1 2012. The movement is primarily a result of increased financing needs due to the negative result in Q1 2013, normalisation of payment terms that were stretched at year-end 2012, the reversal of year-end factoring in ICT and the pay-out of severance related to the 2012 restructuring plans, payments associated with the investigations and financial restructuring costs

The Group's net cash from financing activities decreased to EUR 7.8 million in the 2012 financial year from an inflow of EUR 182.8 in the 2011 financial year. The movement is primarily a result of decreased loans and borrowings resulting from less acquisition cash outflow in 2012 as compared to 2011.

***External Sources of Funding, Financing and Indebtedness***

*Existing Borrowings*

The following table contains an overview of the contractual stipulations of the Group's loans and borrowings as at 31 March 2013.

| | 31 March 2013 | | |
|---|---|---|---|
| | **Non-current** | **Current(1)** | **Total** |
| | | **EUR million** | |
| Syndicated bank loans | – | 619.8 | 619.8 |
| USPPs | – | 328.4 | 328.4 |
| Other bank loans | 2.7 | 176.9 | 179.6 |
| Bank overdrafts | – | 134.1 | 134.1 |
| Bridge facility | | 75.0 | 75.0 |
| Finance lease liabilities | 18.5 | 8.5 | 27.0 |
| Contingent consideration | 17.6 | – | 17.6 |
| Derivatives at fair value | 1.7 | – | 1.7 |
| Total | 40.5 | 1,342.8 | 1,383.3 |

(1) Due to not meeting the financial covenants in financing agreements as at 31 March 2013, the Company did not have the unconditional right to defer settlement of the liability for at least twelve months after the reporting period with respect to the syndicated bank loans and USPPs. Accordingly, the nominal values of the syndicated bank loans million and the USPPs have been reported as current liabilities under IFRS.

The following table shows the Group's net debt at 31 December 2012 and 2011 and 31 March 2013 and 2012.

| | Year ended 31 December | | Three months ended 31 March | |
|---|---|---|---|---|
| | **2012** | **2011 (Restated)** | **2013** | **2012 (Restated)** |
| | | **EUR million** | | |
| Loans and borrowings – non-current | 42.7 | 680.3 | 40.5 | 748.5 |
| Loans and borrowings – current (1) | 825.9 | 110.1 | 1,208.6 | 240.8 |
| Bank overdrafts | 314.3 | 214.3 | 134.1 | 295.1 |
| Cash and cash equivalents | (385.1) | (425.8) | (143.2) | (325.4) |
| | 797.8 | 578.9 | 1,240.0 | 959.0 |
| Excluding: | | | | |
| Contingent consideration – non-current | 17.6 | - | 17.6 | - |
| Derivatives at fair value – non-current | 7.2 | 3.2 | 1.7 | 9.1 |
| **Net interest-bearing debt** | 773.1 | 575.7 | 1,220.7 | 949.9 |

(1) Due to not meeting the financial covenants in financing agreements as at 31 December 2012 and 31 March 2013, the Company did not have the unconditional right to defer settlement of the liability for at least twelve months after the reporting period with respect to the syndicated bank loans and USPPs. Accordingly, the syndicated bank loans and the USPPs have been reported as current liabilities under IFRS.

The net interest-bearing debt of the Group increased from EUR 575.7 million at 31 December 2011 to EUR 773.1 at 31 December 2012 due to the negative EBITDA for the year, cash out flow related to acquisitions (EUR 104.2 million), capital expenditure on property, plant and equipment (EUR 56.8 million) and intangible assets (EUR 23.2 million), offset by working capital improvement. However, the Group had significant amounts due to trade creditors at year end 2012. During Q1 2013, trade and other payables were reduced by EUR 246.6 million, consequently driving the working capital outflow. Together with the absence of factoring in ICT and negative EBITDA for Q1 2013 and costs associated with the investigations and financial restructuring costs, this resulted in an increase in net debt as of 31 March 2013 to EUR 1,220.7 million.

The net interest-bearing debt of the Group at 31 March 2013, as adjusted for the completion of the Offering and application of the proceeds therefrom, would have been EUR 740.7 million.

The Group is party to committed and uncommitted financing arrangements. With respect to uncommitted financing arrangements, the relevant financiers generally may terminate their agreements (including loans then outstanding) at their discretion.

*Syndicated Bank Loans*

The Group concluded the RCF in November 2010. The borrowers under the RCF are Royal Imtech and Imtech Capital B.V. and the Company also acts as guarantor. The term of the RCF is 5 years, maturing 1 November 2015. The RCF is on a committed and unsecured basis and has been provided by a syndicate of 11 banks: ABN AMRO Bank, BNP Paribas, Commerzbank, ING Bank, KBC Bank, Nordea Bank, Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A., the Royal Bank of Scotland, Barclays Bank, Banque LB Lux and NIBC Bank.

As at 31 March 2013 and at the date of this Prospectus, an amount of EUR 619.8 million has been drawn under this facility (December 31, 2012: EUR 488.3 million). The currently available headroom under the RCF is EUR 80.2 million (December 31, 2012: EUR 211.7 million). The RCF contains an 'accordion' clause with a maximum of EUR 300 million. This incremental facility is uncommitted and may be incurred at the request of the Company as a newly created tranche under the RCF, provided that one or more lenders are willing to provide the additional commitments on the terms of the RCF. The Company has not requested any additional commitment under the 'accordion' clause.

The interest rate on the revolving loans under the RCF is based on the prevailing base rate (EURIBOR, NIBOR or LIBOR) plus margin plus mandatory costs (when applicable). The base rate is linked to the interest period chosen by the Company of three months, six months or any other period agreed between the parties. The margin, originally ranging between 0.8% per annum and 1.35% per annum, depends on the Leverage Ratio. The Leverage Ratio is the ratio of consolidated senior net debt to adjusted consolidated EBITDA adjusted by including the EBITDA of new Group companies acquired and excluding the EBITDA of Group companies sold in each case during the relevant period (the "**Leverage Ratio**"). Pursuant to and following the entry into the waiver and amendment agreements as described below, certain amendments have been agreed on in respect of calculating the Leverage Ratio, including the amendment that consolidated net debt will no longer be calculated on an average basis.

The RCF contains information undertakings, general covenants, financial covenants, events of default and a 'change of control' clause. The financial covenants under the RCF consist of a maximum Leverage Ratio and a minimum interest cover ratio, which is the ratio of adjusted consolidated EBIT (adjusted by including the EBIT of new Group companies acquired and excluding the EBIT of Group companies sold in each case during the relevant period) to consolidated net finance charges (the "**Interest Cover Ratio**"). The financial covenants are calculated in accordance with IFRS and specific definitions in the documentation and tested by reference to the relevant consolidated financial statements. Originally, testing dates were 30 June and 31 December of each year and tests are based on a rolling twelve months' basis. The Leverage Ratio was originally capped at a maximum of 3.0 and the Interest Cover Ratio was originally set at a minimum of 4.0.

The recent findings severely impacted the Group's financing and resulted in foreseeable defaults and events of default under the RCF. The table below provides information on the recent historical values of the ratios, and shows that the financial covenants would not have been met upon adoption of the audited financial statements for the 2012 financial year.

| | **31 Dec 2011 (restated)** | **31 Dec 2012** |
|---|---|---|
| Leverage Ratio | 2.3 | (16.8) |

| | | |
|---|---|---|
| Interest Cover Ratio | 5.6 | (3.6) |

In addition, other (events of) default clauses were triggered, including relating to (the supply of) the consolidated financial statements of the Group for the financial years ending 31 December 2011 and 31 December 2012.

On 15 June 2013, Royal Imtech obtained a waiver from the RCF lenders on any defaults and events of default on that date in respect of the recent events – which include the circumstances set out in this Prospectus (see "Use of proceeds and background to the offering – Background to the Offering; recent events"). The waived defaults and events of default related to, *inter alia*, financial covenants and information undertakings. One of the conditions under the waiver is that Royal Imtech, as from 2014, complies with the amended Leverage Ratio and Interest Cover Ratio covenants, as further described below. These covenants have been amended to levels believed to be realistic given the recent findings. For calculation purposes, definitions have been amended as to take into account, inter alia, the PIK Margin (as defined below), restricted cash and exceptional items (one off, non-recurring or extraordinary items relating to the financial year 2012 and the financial year 2013 only, including, but not limited to, revaluations, write downs or impairment, restructuring costs and exceptional financing costs). These exceptional items, subject to certain limits, are excluded when calculating the consolidated EBIT and consolidated EBITDA. Furthermore, prior to the entry into the waiver and amendment agreement, consolidated senior debt was calculated as consolidated senior debt on the testing date plus consolidated senior debt on the previous testing date, divided by two, After the amendments, the Leverage Ratio is calculated on the basis of consolidated senior debt on the relevant testing date only. For the purpose of calculating the Interest Cover Ratio, interest relating to the PIK Margin and amortised interest or fees relating to the exceptional items above are deducted from the consolidated net finance charges. If the amended definitions were used for calculating the ratios in respect of the recent historical ratios, this would result in the ratios set out in the table below.

| | **31 Dec 2012** | **31 March 2013** |
|---|---|---|
| Leverage Ratio (amended definitions) | 3.1 | 5.5 |
| Interest Cover Ratio (amended definitions) | 4.1 | 3.2 |

With the waiver and amendment agreement dated 15 June 2013 in place, the Company must ensure that the ratios in respect of the testing periods of twelve months ending on the testing dates specified below shall not exceed (and shall not be below in respect of the Interest Cover Ratio), the ratio set out below that relevant testing date. The Company will provide the ratios of 2013, but for information purposes only.

| | **31 March 2014** | **30 June 2014** | **30 Sept 2014** | **31 Dec 2014** | **31 March 2015** | **30 June 2015** | **30 Sept 2015** | **Each Quarterly testing date thereafter** |
|---|---|---|---|---|---|---|---|---|
| Leverage Ratio (≤) | 6.00 | 3.50 | 3.25 | 3.25 | 3.00 | 3.00 | 2.75 | 2.50 |
| Interest Cover Ratio (≥) | 1.25 | 2.50 | 3.00 | 3.00 | 3.5 | 3.50 | 4.00 | 4.00 |

The waiver and amendment agreement dated 15 June 2013 set the interest margin at 3.75% per annum. This increased margin will apply until Royal Imtech provides the compliance certificate for Q1 2014. After such date, the margin range as set out in the RCF as amended by the waiver and amendment agreement will be between 2.00% per annum and 3.75% per annum, subject to the Leverage Ratio. On the date Royal Imtech provides a compliance certificate confirming, among others, that (i) the Leverage Ratio has not exceeded 2.0 for two successive financial quarters and (ii) the expected Leverage Ratio for the following successive financial quarters is not exceeding 2.0 (the "**Second Amendment Date**"), the RCF will (automatically) be amended. After the Second Amendment Date, the margin range will be between 2.55% per annum and 3.10% per annum, subject to the Leverage Ratio.

In addition, a temporary additional increase of 1.0% per annum (the "**PIK Margin**") automatically accrues on each loan under the RCF. The PIK Margin shall be applicable until the earlier of (i) the date on which the Company repays all loans and cancels all commitments under the RCF, (ii) the full outstanding principal amount under the RCF becomes due and payable and, (iii) the Second Amendment Date, and will be due and payable after this date.

A commitment fee of 35% of the applicable margin is payable quarterly in arrears on the unused portion of the RCF. As of the Second Amendment Date, an utilisation fee of 0.15% per annum is payable quarterly on the amount of loans outstanding for each day the amount is greater than 33⅓% but not in excess of 66⅔% of the total commitment. An utilisation fee of 0.30% per annum shall be payable quarterly on the amount of loans outstanding for each day the amount is in excess of 66⅔% of the total commitment.

Additional informational undertakings include obligations to deliver quarterly financial statements and trading updates, a deleveraging plan, a contingency plan in the event the Offering does not occur on or before 1 August 2013, a risk and control framework plan (and quarterly updates of the implementation thereof), a report containing an estimated outcome statement setting out the expected returns to the lenders under the RCF in the event of a Group-wide insolvency and liquidation scenario and a valuation report of the Group on both going concern and sum of the parts/break-up basis. The Company will also provide, on a monthly basis and until the Second Amendment Date, 13-week forward looking liquidity overviews and forecasts for the group and updated profiles of (the use of) guarantee facilities. Until the Company has delivered a compliance certificate relating to the first financial quarter of 2014, Royal Imtech will inform its financiers on a monthly basis by means of a detailed written trading update and a conference call.

Important further covenants under the RCF, as amended by and under the conditions of the waiver and amendment agreement, include far-reaching restrictions. Until the date on which the Company confirms that the Leverage Ratio is not exceeding 2.0 and it expects the Leverage Ratio shall not exceed 2.0 on the date of the distribution, the members of the Group may not declare any dividend or repurchase share capital (with few exceptions regarding intra-group transactions or relating to minority shareholders of subsidiaries of the Company).

Until the Second Amendment Date, the Group is restricted in incurring financial indebtedness and granting or permitting to subsist any security over its assets. Security includes transactions such as sale and lease back and the sale of receivables on recourse terms. Exceptions are, in general, for operational purposes and in respect of existing financial indebtedness and security. After the Second Amendment Date, the exemptions are extended and the Company and Imtech Capital may incur new financial indebtedness. Until the Second Amendment Date:

- the acquisition of assets (including companies or shares) is restricted, except that specific acquisitions are permitted, including transactions in the ordinary course of trading (including related to operational joint-ventures and projects) or if the total net purchase price for all other acquisitions does not exceed EUR 10 million in aggregate;
- the Group is restricted in disposing assets, except that specific disposals are permitted, including transactions in the ordinary course of trading, in the context of operational joint-ventures and projects in the ordinary course of business, between group members, with prior approval of the majority lenders or if the total proceeds of all other disposals do not exceed EUR 25 million in aggregate. Disposals are also permitted if the net proceeds are used to prepay and cancel, on a pro rata basis, the outstanding amounts under the RCF, the USPPs, the Bridge Loan Facility and the Bilateral Facility Agreements (as defined below). These restrictions remain in place after the Second Amendment Date, albeit less restrictive;
- the subsidiaries of the Company are, in general, restricted in entering into any guarantee in respect of committed facility agreements or upstream guarantees exceeding EUR 20 million;
- capital expenditure is restricted;
- the Group is restricted in respect of collateralising guarantee facilities.
- restrictions apply in respect of prepayments or cancellations; and
- security will be provided over all shares in the capital of each material subsidiary of the Company. In addition, the Company, Imtech Capital B.V. and all material subsidiaries of the Company will provide security over intercompany loans. The security is for the benefit of the lenders under the RCF, the Bridge Loan Agreement and the Bilateral Committed Agreements (as defined below), the noteholders under the USPPs (as defined below) and other financiers where such is required under the terms of the relevant agreements. Additional security may be required if an event of default or material adverse development occurs.

In case the Equity Interest Settlement Date does not occur on 1 August 2013 at the latest (unless such period is extended by the majority lenders, including the original lenders, under the Bridge Loan Agreement), this will constitute an event of default under the Bridge Loan Agreement. If the Bridge Loan Agreement is unavailable for drawing or the majority lenders under the Bridge Loan Agreement declare the outstanding amounts due and payable, this will constitute an event of default under the RCF. Failure to complete the Offering on or before 31 October 2013 will constitute a direct event of default under the RCF. An event of default will also occur if the Second Amendment Date has not occurred prior to 15 May 2016.

*USPPs*

The Group issued senior unsecured notes by means of a private placement in the United States, the UK and the Netherlands in December 2011 ("**USPP 2011**"). The transaction raised the equivalent of USD 300 million. In June 2012, the Group issued a second private placement for a total of EUR 100 million (the "**USPP 2012**" and together with the USPP 2011, the "**USPPs**"). Under both USPPs, Imtech Capital B.V. acted as issuer and Royal Imtech acted as parent guarantor. The USPPs consisted of five different tranches for the USPP 2011 and two different tranches for the USPP 2012. The proceeds of USPPs were used to refinance existing debt.

The USPPs contain similar undertakings and (financial) covenants as the RCF. On 15 June 2013, Royal Imtech obtained a waiver from all the holders of the notes on the defaults and events of default in respect of the recent findings, including relating to information undertakings and financial covenants, on the condition that Royal Imtech, among other things, complies with the amended Leverage Ratio (originally capped at a maximum of 3.00), the amended ratio consolidated total net debt to consolidated EBITDA (originally capped at a maximum of 3.50) and the amended Interest Cover Ratio (originally a minimum of 4.00) covenants. As stated above, the Leverage Ratio and Interest Cover Ratio would not have been met. This also applies to the values of average consolidated total net debt to adjusted consolidated EBITDA (31 December 2011 (restated): 2.3 and 31 December 2012: (16.8)). The financial covenants and related definitions have been amended in a similar way as the RCF.

With the waiver and amendment agreement in place, the Group must ensure that the ratios in respect of the testing periods of twelve months ending on the testing dates specified in the table below shall not exceed, or shall not be below in respect of the Interest Cover Ratio, the ratio set out below that relevant testing date.

| | **31 March 2014** | **30 June 2014** | **30 Sept 2014** | **31 Dec 2014** | **31 March 2015** | **30 June 2015** | **30 Sept 2015** | **Each quarterly testing date thereafter** |
|---|---|---|---|---|---|---|---|---|
| Leverage Ratio (≤) | 6.00 | 3.50 | 3.25 | 3.25 | 3.00 | 3.00 | 2.75 | 2.50 |
| Consolidated total net debt to adjusted consolidated EBITDA (≤) | 6.50 | 4.00 | 3.75 | 3.75 | 3.50 | 3.50 | 3.25 | 3.00 |
| Interest Cover Ratio (≥) | 1.25 | 2.50 | 3.00 | 3.00 | 3.50 | 3.50 | 4.00 | 4.00 |

Pursuant to the waiver and amendment agreement, the interest rate on each note is raised with a permanent uplift of 1.75% on the original coupon. In addition, a temporary increase of 0.25% is applicable until the Second Amendment Date. Furthermore, a temporary PIK Margin of 1.0% per annum applies, which automatically accrues until payable at the earlier of (i) the date on which the RCF is refinanced (ii) the Second Amendment Date and (iii) the date of repayment of the (relevant series of) notes. If the RCF is refinanced before the Second Amendment Date, the accrued interest is payable at the date of refinancing and the 1.0% increase until the Second Amendment Date shall be payable (semi-annually) in accordance with the agreement. The outstanding amounts and interest rates are summarised in the table below.

| **USPP 2011** | | | | |
|---|---|---|---|---|
| **Amount** | **Maturity date** | **Original fixed interest rate for the full tenor of the notes** | **Current interest rate until the Second Amendment Date (1.75% permanent uplift, 0.25% temporary increase and 1.0% PIK Interest)** | **Interest rate after the Second Amendment Date (1.75% permanent uplift)** |
| USD 20 million | December 2016 | 4.15% | 7.15% | 5.90% |
| USD 140 million | December 2021 | 5.25% | 8.25% | 7.00% |
| USD 26 million | December 2023 | 5.35% | 8.35% | 7.10% |
| EUR 25 million | December 2016 | 4.52% | 7.52% | 6.27% |
| GBP 50 million | December 2021 | 5.27% | 8.27% | 7.02% |
| **USPP 2012** | | | | |
| EUR 50 million | June 2019 | 3.8125% | 6.8125% | 5.5625% |

| | | | | |
|---|---|---|---|---|
| EUR 50 million | June 2021 | 4.24% | 7.24% | 5.99% |

As the waiver and amendment agreement was agreed on parallel to the RCF waiver and amendment agreement, the same additional covenants and restrictions apply.

*Bridge Loan Agreement and continuation agreement*

Royal Imtech announced the Bridge Loan Agreement on 27 February 2013 and entered into the Bridge Loan Agreement on 5 March 2013. The Works Council has given an unconditional positive advice regarding the entry into of the Bridge Loan Agreement. The Bridge Loan Agreement is on a committed and unsecured basis, has been provided by ING Bank and Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. and contains additional restrictions in respect of, inter alia, financial indebtedness and security. The Bridge Loan Agreement consists of a EUR 350 million Bridge Loan Facility and a EUR 150 million Bridge Guarantee Facility. An amount of EUR 300 million was made available immediately and an amount of EUR 200 million became available after entering into the continuation agreement described below. The amount immediately available consisted of EUR 150 million under the Bridge Loan Facility and the EUR 150 million Bridge Guarantee Facility. For the effectuation of the Bridge Guarantee Facility, two separate ancillary agreements of EUR 75 million each have been concluded with ING Bank and Rabobank. In order to stabilise its relationship with its financiers and to obtain access to the additional EUR 200 million under the Bridge Loan Agreement, Royal Imtech entered into the continuation agreement on 19 March 2013 (see "Background to the Offering and Use of Proceeds"). The parties to this continuation agreement included the 11 banks forming the syndicate of the RCF, the holders of the USPP 2011 and USPP 2012 notes and the main bilateral lenders, guarantee providers, cashpool providers and hedging counterparties.

The Bridge Loan Facility matures on 31 October 2013. The termination date in relation to the Bridge Guarantee Facility means the Equity Issue Settlement Date. Thereafter, the Bridge Guarantee Facility will remain in place as an uncommitted guarantee facility. If the Equity Issue Settlement Date does not occur on 1 August 2013 at the latest (unless such period is extended by the majority lenders, including the original lenders, under the Bridge Loan Agreement), this will constitute an event of default under the Bridge Loan Agreement.

The interest on loans under the Bridge Loan Facility is based on EURIBOR plus margin plus mandatory costs (if any). The base rate is linked to the interest period chosen by the Company of one month or any other period agreed between the parties. The margin, as of 15 June 2013, is 3.75% per annum. The margin for guarantees issued under the Bridge Guarantee Facility is 1.25% until the Equity Issue Settlement Date. Thereafter, the percentage per annum must be agreed upon between Royal Imtech and each guarantee provider, provided that if no such agreement is reached, the margin shall remain 1.25% per annum.

At the date of this Prospectus, an amount of EUR 125 million is outstanding under the Bridge Loan Facility (31 March 2013: EUR 75 million). There are no outstandings under the Bridge Guarantee Facility.

*Additional Credit Facilities*

In addition to the above-mentioned facilities, the Group has a number of additional credit facilities in place. These uncommitted facilities are also with certain of its core relationship banks.

In light of the recent findings some of the Group's credit providers froze the undrawn part of their facilities. Some considered refusing standard roll-overs of maturing drawdowns under their facilities into new drawdowns. Some financiers providing uncommitted facilities also considered terminating those facilities altogether. On 15 June 2013, various waiver and amendment agreements have been concluded with the main credit providers.

On 31 March 2013, the additional credit facilities of the Group (excluding the RCF, USPPs and Bridge Loan Facility) amounted to a total of about EUR 428 million. At 31 March 2013, EUR 287 million was drawn under these facilities. The headroom on 31 March 2013 was EUR 141 million, of which EUR 59 million was frozen. On 15 June 2013, the limit of these credit facilities was EUR 374 million, with a headroom of approximately EUR 101 million (zero frozen). Furthermore, two banks have announced cancellation and repayment of their uncommitted facilities after the Equity Issue Settlement Date to a total amount of EUR 75 million.

All the additional credit facilities were uncommitted. As from 15 June 2013, five uncommitted bilateral cash facilities have become partially committed credit facilities up to an amount of EUR 228 million in aggregate (the "**Bilateral Committed Agreements**"*)*. The headroom under these facilities on 15 June 2013 was EUR 61 million. The committed facility amounts will be committed until the earlier of (i) 31 December 2014 and (ii) the date on which the Group repays all loans and cancels all commitments under the RCF (or if an event of default occurs or the Company terminates the commitment). Thereafter, the facilities under the Bilateral Committed Agreements will revert to uncommitted facilities. The margin with respect to any amount outstanding under the committed part is equal to the applicable margin under the RCF. The additional (information) undertakings, covenants, events of default, the PIK Margin of 1%, the commitment fee and utilisation fee are in line with the RCF.

The total limit under the uncommitted facilities (and which have not become committed on 15 June 2013) as at 15 June 2013 was approximately EUR 146 million, with a headroom of about EUR 40 million. The margin under each uncommitted facility for which a waiver was obtained, will be 3.75% until the Equity Issue Settlement Date. After the Equity Issue Settlement Date and in relation to facilities with credit providers with whom a waiver has not been concluded , the interest will be calculated in accordance with the relevant agreement. For the avoidance of doubt, the waivers will not prejudice the uncommitted character of the facilities.

*Additional Guarantee Facilities*

Apart from the above-mentioned credit facilities, the Group also had a number of bank guarantee facilities in place relating to, amongst others, advance payment guarantees, performance guarantees as well as warranty guarantees. At 31 March 2013, these facilities amounted to a total of EUR 1,612 million. As of 31 March 2013, EUR 938 million was outstanding under these facilities. The headroom under these facilities on 31 March 2013 was EUR 674 million, of which EUR 276 million was frozen. On 15 June 2013, the limit of the guarantee facilities was about EUR 1,302 million, with a headroom of approximately EUR 378 million (zero frozen).

Various waiver and amendment agreements, similar to the waiver and amendment agreements with the credit providers, have been concluded with the main guarantee providers. With respect to the guarantee facilities for which waivers have been obtained, the fees have been increased. Until the Equity Issue Settlement Date, the bank guarantee fees are the higher of 120% of the original fee and 0.75% per annum. Thereafter the bank guarantee fees shall be calculated in accordance with the guarantee facility agreements.

*Other Bank Loans and Finance Lease Liabilities*

Other long-term bank loans and financial leases have been agreed against generally accepted conditions. As at 31 March 2013, other long-term bank loans amounted to a total of about EUR 2.7 million (31 December 2012: EUR 6.4 million). The total amount outstanding as at 31 March 2013 under financial leases was EUR 26.9 million (31 December 2012: EUR 22.3 million).

As at 31 March 2013, property, plant and equipment with a carrying amount of EUR 11.8 million (31 December 2012: EUR 11.8 million) has been provided as security, including EUR 7.6 million for leasing (31 December 2012: EUR 7.6 million).

*Cost of refinancing*

The recent findings have resulted in additional costs which are not reflected in the (increased) margins under the financing arrangements described above. In connection with the continuation agreement dated 19 March 2013, the Company paid one-off fees of 0.2% calculated on the outstanding amounts as of 28 February 2013. In respect of the waiver and amendment agreements, the lenders under the RCF and the Bilateral Committed Agreements and the noteholders under the USPPs have been paid one-off fees of 0.5%. The other financiers that have agreed with the waiver (and amendment) letters, have been paid a one-off fee of 0.2%. The waiver and amendment fees were calculated on the outstanding amounts as of 15 June 2013.

In 2013, the Group is incurring significant costs relating to the investigation of the irregularities, refinancing and rights issue. The Company expects one-time costs of the financial restructuring, including the cost of the forensic investigations, additional auditor fees, one-off waiver fees for lenders, fees to advisors as well as other fees (including arrangement fees in connection with the Bridge Loan Agreement and approximately EUR 40 million costs relating to the Offering, of which approximately EUR 20 million will be paid at or around the Settlement Date (see “Use of proceeds and background to the offering”)), but excluding increased interest payments, to total approximately EUR 110 million, which will partly be allocated to the rights issue and partly to amortised costs of the loans. The remainder will be directly charged to the profit and loss account. In Q1 2013, the costs relating to financial restructuring amounted to EUR 31 million, of which EUR 9.0 million was included in operating expenses and EUR 3.6 million was included in finance expenses. The remainder of the amount for Q1 2013 was partly attributed to the amortised cost of the loans and has partly been deducted from equity.

*Target financial structure*

During the coming period, the Group intends to seek a more conservative financial structure and targets a net debt/EBITDA ratio of 1.5 – 2.0 by the end of 2015. See “Business – The Group’s strategy – Operational excellence – Cash and working capital management” and “Risk Factors – Risks relating to the Group’s business and markets – The Group may not be successful in achieving its target financial structure (including reducing its level of indebtedness) in accordance with its plans”.

*Working Capital Statement*

The Company's current cash resources, together with its existing borrowings, do not provide it with sufficient working capital for its present requirements for the next 12 months following the date of this Prospectus.

As at the date of this Prospectus, the Company has sufficient working capital until 1 August 2013. If the Equity Issue Settlement Date does not occur on 1 August 2013 at the latest, this will constitute an event of default under the Bridge Loan Agreement, resulting in a payment obligation of EUR 125 million under the Bridge Loan Agreement (or, in case of any additional drawdown thereunder, such higher amount outstanding at that time), and potentially a cross-default under the Group's other main financing arrangements resulting in a payment obligation of up to approximately EUR 1.3 billion,[21] as well as cash collateral demands for then outstanding guarantees up to approximately EUR 925 million and additional payment obligations under hedging arrangements up to approximately EUR 1.5 million.

In order to remedy this working capital shortfall, the Company must complete the Offering by 1 August 2013. If the Offering should not complete by then, the Company would seek to enter into debt or equity financing arrangements by means of private or public offerings, enter into negotiations with its existing financiers and decrease its operational and capital expenditure.

In the context of the financial measures and restructuring[22] it has been agreed that financial covenants in the Company's main financing agreements will be tested each quarter, starting in 2014.[23] The Company is in the process of implementing measures to enhance recovery of the Group's performance through:

- Cost and efficiency programme in the Netherlands and Germany, and
- Operational excellence, including enhanced management of working capital and cash

These measures have already been implemented in part, and to the extent not implemented, are expected to be implemented in the course of 2013 and are expected to yield results in the course of 2013 and 2014. The Company believes that the measures described above will allow the Company to stay within its financial covenants and have sufficient working capital for at least the next twelve months.

There is a risk that recovery of the Group's performance and cash development aimed for by the performance recovery measures does not or not timely take place, because of deteriorating market conditions, delay in order intake or the measures set out above not being effective as planned, a breach of the financial covenants[24] in the Group's main financing agreements[25] may occur.[26] If such financial covenant breach is not remedied or remedied timely, the Group will contractually be required to repay all borrowings outstanding under such financing agreements at such time (estimated at approximately EUR 875 million), provide cash collateral for outstanding guarantees (estimated at approximately EUR 925 million) and pay additional payment obligations under hedging arrangements (estimated at approximately EUR 1.5 million).[27] The amounts mentioned above are current estimates and depend on interest developments and other developments in a scenario where the risk materialises that a covenant breach occurs. On this basis, these amounts are indicative for the amount of the Company's borrowings and other obligations in a scenario where a risk materialises that a breach of financial covenants occurs, but are not necessarily indicative for scenarios where such a risk does not materialise.

At such time of a breach of the financial covenants, the Group's liquidity position or ability to refinance may not be sufficient to fund such repayment obligation or any obligation to provide additional cash collateral or to make such other payments. Even so, the Company believes that, if a lack of timely recovery should occur and would exceed the safety margins that the Company applies, the Group has various options available that if realised, and realised timely, are sufficient to mitigate such risks and remedy a financial covenant breach.[28] These options include, but are not limited to:

---

21 See "—Liquidity and capital resources - External Sources of Funding, Financing and Indebtedness" and "Risk Factors – Risks relating to the Group's business and markets – If the Offering is not completed there may be consequences for the Group which could have a material adverse effect on its financial condition, results of operations or prospectus".

22 See "Use of Proceeds and Background to the Offering – 3. Measures adopted by and changes to the Company – I. Financial measures and restructuring".

23 See "- Liquidity and Capital Resources - External Sources of Funding, Financing and Indebtedness".

24 See "Risk Factors – Risks relating to the Group's business and markets – The Group may not be successful in achieving its target financial structure (including reducing its level of indebtedness) in accordance with its plans."

25 See "– Liquidity and capital resources"

26 See "Risk Factors – Risks relating to the Group's business and markets – The Group is subject to significant restrictive covenants , which limit the Group's operating, strategic and financial flexibility and there can be no assurance that the Group will meet these covenants."

27 See "Risk Factors – The Group is subject to significant restrictive covenants, which limit the Group's operating, strategic and financial flexibility and there can be no assurance that the Group will meet these covenants."

28 See "Risk Factors – If the Group's future performance and cash flow developments are adverse to the Company's current business forecasts beyond safety margins that the Company has taken into account, a breach of the financial covenants in the Group's financing agreements may occur."

- temporary additional working capital measures (including active management of the Company's debtors and payment obligations vis-a-vis creditors)
- sale of shares the Company holds in treasury
- accessing the capital markets to attract additional equity or debt
- disposal of assets, business units or even divisions

Some of these options available to the Group are subject to approval of the financiers[29] or the Joint Global Coordinators (on behalf of the Managers). The Company has not taken any decisions to implement any of these potential additional measures.

***Capital Expenditure***

The Group's net capital expenditure was EUR 82.8 million and EUR 92.3 million for the financial years 2012 and 2011, respectively. The decrease of EUR 9.5 million or 10.3% is mainly due to the reduction of capital expenditure in Germany & Eastern Europe of EUR 25.4 million and increased capital expenditure in the ICT segment.

The Group's net capital expenditure was EUR 15.1 million and EUR 12.6 million for Q1 2013 and Q1 2012, respectively. The increase of EUR 2.5 million or 19.8% is mainly due to several smaller investments in other property, plant and equipment.

The Group has planned capital expenditures for financial year 2013 of approximately EUR 70 million, of which approximately EUR 40 million to EUR 50 million relating to property, plant and equipment, and does not plan to raise this level significantly over the near term.

**Contingencies and Commitments**

The following table sets out the Group's contractual obligations arising in the ordinary course of business as at 31 December 2012:

| | As at 31 December 2012 | | | | | |
|---|---|---|---|---|---|---|
| | Carrying amount | Contractual cash flows | Less than 1 year | 1 – 2 years | 2 – 5 years | > 5 years |
| | EUR million | | | | | |
| Non-derivative financial liabilities | | | | | | |
| Syndicated bank loans | 488.3 | 488.3 | 488.3 | – | – | – |
| USPPs | 326.3 | 327.2 | 327.2 | – | – | – |
| Other bank loans | 6.9 | 7.3 | 6.2 | 1.1 | – | – |
| Finance lease liabilities | 22.3 | 24.1 | 6.4 | 13.6 | 4.1 | – |
| Contingent consideration (non-current) | 17.6 | 19.0 | – | 10.7 | 8.3 | |
| Bank overdrafts | 314.3 | 314.3 | 314.3 | – | – | – |
| Trade and other payables | 1,541.8 | 1,541.8 | 1,528.8 | 5.4 | 3.1 | 3.5 |
| Operating Leases(1) | 454.8 | 454.8 | 103.8 | 59.0 | 176.6 | 115.4 |
| Derivative financial liabilities | | | | | | |
| Cross currency swaps used for hedging | 7.2 | 7.2 | 7.2 | – | – | – |
| Interest rate swaps | 1.2 | 1.2 | 1.2 | – | – | – |
| Forward currency contracts | 0.6 | 0.8 | 0.8 | – | – | – |
| **Total** | 3,181.3 | 3,186.0 | 2,784.2 | 89.8 | 192.1 | 118.9 |

(1) Minimum lease payments under non-cancellable operating leases.

The Group leases buildings and other property, plant and equipment on the basis of operating leases. The lease contracts generally have a term of a limited number of years with an option for extension. None of the lease contracts involve conditional lease instalments. In the financial year 2012 an expense of EUR 118.4 million was recognised in profit or loss for operating leases (2011: EUR 98.5 million).

The Group's guarantee facilities are described in "—External Sources of Funding, Financing and Indebtedness—Additional Guarantee Facilities."

**Off-Balance Sheet Arrangements and Contingent Liabilities**

The Group has no off-balance sheet arrangements, as determined for purposes of IFRS.

As indicated in "—Accounting Restatement" irregularities have been identified in respect of financial reporting on project results, valuation of receivables and payments to subcontractors in Germany and Poland.

[29] See also "– Liquidity and capital resources".

These irregularities have been further investigated and underlying documentation has been analysed and where necessary reconstructed. The Group is currently investigating whether the outcome of the investigations will lead to recovery claims including recovery under insurance policies taken out by the Group. These claims are inherently uncertain and, therefore, do not lead to recognition of a receivable in the balance sheet or to a disclosure of a contingent asset at this time.

In reaction to the irregularities, the Group has taken several remedial actions. Various managers and employees have been suspended, dismissed or stepped down. Relationships with various third parties have been terminated. The Group may also seek to recover damages from individuals and entities concerned. It is possible that the irregularities and the measures taken by the Group to mitigate and prevent these irregularities in the future will lead to claims against the Group. As of the date of this Prospectus, no credible claims have been filed against the Group and no reliable estimate can be made of potential claims against the Group.

The irregularities included transactions with an external company. Various transactions have occurred with this company with limited or no business rationale, such as payments. In addition to these payments, Imtech Germany accepted liability and/or issued guarantees for obligations incurred by entities related to this company and provided comfort letters to third parties promising to secure liabilities of this company. Also, assets have been pledged as a security for these liabilities. In relation to the foregoing the Group is exposed to claims from this company and other third parties. Guarantees that have been drawn after the balance sheet date have been provided for. For the other guarantees and comfort letters, no estimate can be made of the possible financial impact.

Internal and external (forensic) investigations performed as a result of the irregularities identified in Germany and Poland have revealed that certain exposures exist, which could be significant, with respect to mainly corporate income tax and value added tax. As of the date of this Prospectus, insufficient information is available for a detailed assessment of the tax exposure. To date no assessments relating to the items under investigation have been raised by the respective tax authorities, and it is difficult to assess if and when, and if so, for what amount, any particular assessment might be raised. The interpretation of past facts and circumstances and relevant tax laws and regulations may further be open to challenge.

The Group has engaged external advisors to assist in determining the potential financial impact of these exposures. As far as these exposures can be sufficiently estimated and other recognition criteria under IFRS are met, provisions have been included in the financial statements.

With respect to another foreign subsidiary, risks were identified mainly relating to the period prior to the acquisition. The potential exposure relating to this risk may amount to EUR 25 million. The part of the risk dating from the period up to the acquisition is the risk of the sellers and should be indemnified by them if and when it materialises. This is in part guaranteed by an escrow account.

See also “Business—Legal and arbitration proceedings”.

Various significant claims have been made against the Group, most of which relate to work performed by the Group. These claims are being contested vigorously. A provision has been formed for the expected costs related to claims or, where appropriate, receivables on the claiming customers have not been recognised. Settlement of these claims could take several years.

**Critical Accounting Policies and Estimates**

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

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

Critical accounting policies are those accounting estimates that require management to make assumptions about matters that are highly uncertain at the time the estimates are made and would have resulted in material changes to the financial statements if different estimates, which management reasonably could have used, were made. The Group’s critical accounting policies are discussed below. For a full discussion of the Group’s accounting policies please see note 5 to the audited financial statements for the 2012 financial year included elsewhere in this Prospectus.

***Going Concern Basis for the Preparation of the Financial Statements***

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

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

The key terms of the amended agreements are:

- a deferral of the testing date of financial covenants up to and including 31 December 2013
- from Q1 2014 onwards, quarterly testing of the Leverage Ratio and interest cover ratio with tighter testing levels for both covenants as set out in "Liquidity and Capital Resources – External Sources of Funding, Financing and Indebtedness" above
- payment of an upfront waiver fee of 50 basis points
- a cash margin step up of approximately 200 basis points plus a non-cash margin step up of 100 basis points until the Group reaches a Leverage Ratio of less than 2.0 for two successive actual testing dates and for two successive forecast testing dates
- payment of the non-cash margin step up at the earlier of the Group reaching a Leverage Ratio of less than 2.0 for two successive actual testing dates and for two successive forecast testing dates or at the date of refinancing
- a permanent cash margin step up of 175 basis points after the Group has reached a Leverage Ratio of less than 2.0 for two successive actual testing dates and for two successive forecast testing dates, and
- no change to the term of the agreements except that uncommitted bilateral facilities for a total amount of EUR 229 million have become committed up to and including 31 December 2014

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

- the incurrence of additional financial indebtedness; and
- acquisitions and disposals.

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

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

Under the waiver and amendment agreements, an event of default will occur if the Offering does not complete on or prior to 31 October 2013.

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

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

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

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

***Revenue***

*Construction Contracts*

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

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

*Services Rendered*

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

*Goods Sold*

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

*Other Income*

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

***Valuation of Amounts Due from/to Customers***

Construction contracts in progress (work in progress) for third parties are stated at cost plus profit recognised to date, less a provision for foreseeable losses and less progress billings. Cost comprises all expenditure directly related to specific projects, plus an allocation of fixed and variable overhead incurred during the Group's contract activities based on normal operating capacity and capitalised interest.

Construction contracts in progress are presented as due from customers in the consolidated balance sheet for all contracts in which costs incurred plus recognised profits exceed progress billings. If progress billings exceed costs incurred plus recognised profits, then the balance is presented as due to customers in the consolidated balance sheet.

***Valuation of Trade Receivables***

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

For a discussion of the aging of the trade receivables, please refer to "—Quantitative and Qualitative Disclosure Concerning Market Risk—Credit Risk".

***Property, Plant and Equipment***

*Owned Assets*

Items of property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. The cost of self-produced assets comprises the cost of materials, direct labour, the initial estimate, where relevant, of the costs of dismantling and removing the assets and restoring the site at which the assets were located, and an appropriate proportion of production overhead and interest. When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

*Leased Assets*

Leases under the terms of which the Group assumes virtually all the risks and rewards of ownership are classified as finance leases. Non-current assets acquired by way of a finance lease are stated at an amount equal to the lower of fair value and the present value of the minimum lease payments at the inception of the lease, less accumulated depreciation and impairment losses.

*Subsequent Costs*

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

*Depreciation*

Depreciation is charged to profit or loss on a straight-line basis over the estimated useful lifetime of each component of an item of property, plant and equipment. Land is not depreciated. Estimated useful lifetimes for the current and comparative years are as follows:

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

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

***Goodwill and Other Intangible assets***

*Goodwill*

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

*Brands*

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

*Customer-related and contract-based intangibles*

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

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

*Research and development*

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

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

*Other intangible assets*

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

*Subsequent expenditure*

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

*Amortisation*

Amortisation is charged to profit or loss on a straight-line basis over the estimated useful lifetime of intangible assets, unless this lifetime is indefinite. Other intangible assets are amortised from the date they are available for use.

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

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

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

***Financial derivatives***

The fair value of forward exchange contracts is based on their quoted market price if available. If no quoted market price is available the fair value is estimated by discounting the difference between the contracted and actual forward price for the remaining term based on a risk-free interest rate (based on government bonds).

The fair value of interest rate swaps is based on broker quotes. These quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for similar instruments at the measurement date. Fair values reflect the credit risk of the instrument and include adjustments to take account of the credit risk of the Group entity and counterparty where appropriate.

***Employee benefits***

The Group contributes towards a number of defined benefit pension plans on the basis of which employees receive pension payments after their retirement. In general the amount received by an employee on retirement depends on factors such as age, (average) salary and the number of years of service. A (conditional) indexing of pension payments is applicable for some plans. Such plans are applicable in the Netherlands, Germany, Belgium, Sweden, Norway, Austria and Turkey. The Company expects a slight increase in annual cash payments in future years in respect of the pension liabilities on its balance sheet due to the increasing number of retirees.

*Defined contribution plans*

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

*Defined benefit plans*

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

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

Actuarial gains and losses that have arisen when calculating the Group's obligation in respect of a plan, any portion of the cumulative unrecognised actuarial gain or loss that exceeds 10% of the greater of the current value of the defined benefit obligation and the fair value of plan assets is recognised as profit or loss over the expected average remaining working life of the employees participating in the plan. For the rest, the actuarial gain or loss is not recognised in profit and loss.

When the calculation results in an asset to the Group, the recognised asset is limited to the net total of any unrecognised actuarial losses and past service costs and the present value of any future refunds from the plan or reductions in future contributions to the plan. Any effect is taken to profit and loss.

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

*Long-term service benefits*

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

***Provisions***

*Warranties and Claims*

The provision for warranty liabilities relates primarily to projects completed during the financial years 2011 and 2012. The provision is based on estimates based on historical warranty data related to similar projects. The Group expects the liabilities will be settled in the following two years. Various significant claims have been made against the Group, most of which relate to work performed by the Group. These claims are being contested vigorously. A provision has been formed for the expected costs related to claims or, where appropriate, receivables on the claiming customers have not been recognised. Settlement of these claims could take several years.

*Restructuring*

The provision for restructuring primarily relates to the restructuring of Benelux, Spain and Marine. Please see "—Principal Factors Affecting Results of Operations—Reorganisations, cost savings and efficiency improvements."

*Other provisions*

Other provisions mainly relates to provisions for site restoration and onerous rental contracts. The provisions are based on the obligation that the Group has with counterparties involved and represent the best estimate of the obligation. The majority of these provisions have an estimated maturity between 2 and 4 years.

***Impairment***

*Non-derivative financial assets*

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

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

*Non-financial assets*

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

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

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

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

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

*Calculation of recoverable amount*

The recoverable amount of the Group's investments in receivables carried at amortised cost is calculated as the present value of estimated future cash flows, discounted at the original effective interest rate (i.e. the effective interest rate computed at the initial recognition of these financial assets). Receivables with a short remaining term are not discounted. The recoverable amount of other assets is the greater of their fair value less costs to sell and value in use. In assessing value in use the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects both the current market assessment of the time value of money and the risks specific to the asset or cash-generating unit. In determining fair value less cost to sell, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

*Reversals of impairment*

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

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

An impairment loss in respect of goodwill is not reversed. In respect of other assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

**Recent Accounting Pronouncements**

IAS 19 Employee benefits was amended in June 2011 (IAS 19R). The revised IAS 19 standard no longer allows the deferred recognition of actuarial gains and losses and past service costs. Instead, actuarial gains and losses should be recognised in other comprehensive income and past service costs in the profit and loss account as they occur. Secondly, the interest cost and expected return on plan assets will be replaced with a net interest amount that is calculated by applying the discount rate to the net defined benefit liability (asset). Thirdly, companies are required to disclose more detailed information on specific risks in their defined benefit plans. Finally, the revisions further clarify the classification of various costs involved in benefit plans like expenses and taxes.

IAS 19R is applicable as from 1 January 2013 and must be applied retrospectively with a restatement of comparative numbers. This means that all unrecognised actuarial gains at 1 January 2012 will be recognised at once, leading to an increase in equity of EUR 25.4 million (net of tax EUR 20.1 million). The curtailment and settlement gain of EUR 5 million in 2012 will as a result of application of IAS 19R reverse in a settlement loss of EUR 15.4 million and the total expenses recognised in the profit and loss account in respect of defined benefit plans, will increase by EUR 19.2 million (net of tax EUR 14.4 million). In 2012, actuarial losses of EUR 56.4 million (net of tax EUR 40.6 million) will be incurred under IAS 19R, leading to an immediate recognition in other comprehensive income. The above numbers are excluding the effects of the release of administrative cost, included in the provision. The estimated effect thereof amounts to EUR 6-7 million before tax, which will increase equity. The presentation of pension costs within operating expenses and net finance result will not change.

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

**Quantitative and Qualitative Disclosure Concerning Market Risk**

In the context of its normal business operations the Group faces credit, liquidity, foreign currency and interest rate risks. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain foreign currency and interest rate risk exposures.

***Credit risk***

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers, investment securities and cash and cash equivalents.

Management of the Group has drawn up a credit policy and the credit risk is monitored constantly. The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The Group has a diversified customer base, predominantly spread over Europe. Where necessary, customers are subjected to a credit check and use is made of various banking products (bank guarantees, letters of credit, etc.) and advance payments. Credit risk insurance is rarely used.

Management of the Group has drawn up a policy with respect to cash and cash equivalents. Cash is mainly held in cash pools, which are spread throughout various countries in various currencies. Operationally, these cash pools are netted, reducing net outstanding cash balances. Cash balances are held with reputable banks, primarily in the European Union.

On the balance sheet date there were hardly any substantial concentrations of credit risk.

The carrying amount of the financial assets represents the maximum credit risk and was on the balance sheet date:

| | Year ended 31 December | |
|---|---|---|
| | 2012 | 2011 (Restated) |
| | EUR million | |
| Non-current receivables | 28.8 | 24.8 |
| Trade receivables | 1,132.1 | 1,141.9 |
| Other receivables | 190.5 | 130.4 |
| Cash and cash equivalents | 385.1 | 425.8 |
| Total | 1,736.5 | 1,722.9 |

On the balance sheet date the aging of the trade receivables was as follows:

| | Year ended 31 December | | | |
|---|---|---|---|---|
| | 2012 | | 2011 (Restated) | |
| | EUR million | | EUR million | |
| | Gross | Impairment | Gross | Impairment |
| Not past due | 771.0 | 3.2 | 807.1 | 0.2 |
| Past due 1 to 60 days | 189.0 | 5.6 | 148.7 | 0.6 |
| Past due 61 to 180 days | 50.2 | 4.8 | 59.7 | 1.2 |
| Past due 181 days to one year | 126.3 | 57.2 | 46.8 | 11.9 |
| Past due more than one year | 153.9 | 87.5 | 143.0 | 49.5 |
| Total | 1,290.4 | 158.3 | 1,205.3 | 63.4 |

The gross amounts reflect the amount of revenue recognised plus value added tax, if any. Amounts billed to the customer, but which are not probable to result in revenue and consequently have not been recognised, are not included in the gross amount. This is particularly relevant for the amounts past due more than 181 days, for which the amounts billed are significantly higher than the gross amounts shown. Amounts past due more than one year predominantly relate to customers who dispute the receivables and in various cases have filed counterclaims. The impairment is based on management's best estimate of amounts recoverable, but these estimates are uncertain. The Group believes that the unimpaired amounts are still collectible, based on historic payment behaviour and extensive analysis of customer credit risk, including underlying customers' credit ratings, when available.

The Group believes that the unimpaired amounts are still collectible, based on historic payment behaviour and extensive analysis of customer credit risk, including underlying customers' credit ratings, when available.

Movements in the allowance for impairment in respect of trade receivables during the year were as follows:

| | 2012 | 2011 (Restated) |
|---|---|---|
| | EUR million | |
| As at 1 January | 63.4 | 32.1 |
| Assumed in a business combination | – | 0.1 |
| Impairment loss recognised during the year | 108.1 | 33.2 |
| Allowance used during the year | (16.1) | (1.2) |
| Reversal of impairments during the year | (1.9) | (0.8) |
| Reclassification from provisions | 3.0 | – |
| Effect of movement in exchange rates | 1.8 | – |
| As at 31 December | 158.3 | 63.4 |

***Liquidity risk***

The primary objective of liquidity management is to safeguard, as far as possible, sufficient liquidity enabling the Group to meet its current and future payment obligations. The Group aims for sufficient credit facilities as well as a well-spread maturity schedule. For this purpose, the Group has at its disposal a number of (un)committed credit facilities.

The table under the heading "Contingencies and Commitments" indicates the contractual maturities of the financial liabilities, including interest payments, the periods in which the cash flows associated with cash flow hedges are expected to occur and the fair value of the related hedging instruments. This table is also indicative of the periods in which the cash flows associated with derivatives that are cash flow hedges are expected to impact profit or loss. The interest rate swaps are derivatives used as hedging instruments for cash flow hedges.

Due to not meeting the covenant requirements as at 31 December 2012, the Company does not have the unconditional right to defer settlement of the liability for at least twelve months after the reporting period with respect to the syndicated bank loans and USPPs. Accordingly, the carrying values of the syndicated bank loans of EUR 488.3 million and the USPPs of EUR 326.3 million have been reported as due within six months. However, since on 14 June 2013 the Group has obtained a waiver from its lenders in respect of the non-compliance with the loan covenants as at 31 December 2012, the repayment of the syndicated bank loans and USPPs will not be performed within six months, but in accordance with the original loan schedules.

***Foreign currency transaction risk***

Foreign currency transaction risks faced by the Group arise from both purchases and sales, including contracts with customers related to projects to be executed, and financing liabilities expressed in currencies other than the functional currency of the Group entities, predominantly the euro, the Swedish krona and the British pound. Virtually all purchases and sales take place in the functional currency. Almost all purchases and sales in a currency other than the functional currency are hedged via forward currency contracts, swaps as well as bank overdrafts in foreign currencies. The Group classifies forward currency contracts and swaps as cash flow hedges and states them at fair value.

***Foreign currency translation risk***

The Group is exposed to foreign currency translation risks by means of investments in and long-term loans to foreign subsidiaries. This foreign currency translation risk is in principle not hedged, under the assumption that foreign currency fluctuations and interest and inflation developments balance out in the long run. The translation risk relates primarily to the Swedish and British subsidiaries.

At the end of 2012 the Group had SEK denominated loans amounting to SEK 500 million in place (2011: SEK 500 million and GBP 40 million, respectively). This loan is intended as an economic hedge of the translation effect of the results of the Swedish subsidiaries. Further, the Group had undertaken cross currency swaps converting fixed USD 186 million into fixed euro borrowings with different tenors, with a reference amount of EUR 137.0 million. The Group classifies cross-currency swaps as cash flow hedges and states them at fair value. During 2012 no material ineffectiveness has been recognised in profit or loss in relation to cash flow hedges and net investment hedges (2011: nil).

The most important exchange rates during the financial year were:

| | Average rate | | Rate on balance sheet date | |
|---|---|---|---|---|
| | **2012** | **2011 (Restated)** | **2012** | **2011 (Restated)** |
| GBP/euro | 1.23 | 1.15 | 1.23 | 1.20 |
| SEK/euro | 0.11 | 0.11 | 0.12 | 0.11 |
| USD/euro | 0.78 | 0.72 | 0.76 | 0.77 |

***Interest rate risk***

The objective of the Group's policy is to fix at least 50% of the interest rate profile of the net debt position as per year-end. In line with this, the Group has arranged interest rate swaps, for which hedge accounting has been applied.

As at 31 December 2012 the Group had undertaken interest rate swaps with a reference amount of EUR 65.0 million (31 December 2011: EUR 162.0 million consisting of EUR 150.0 million in euros and EUR 10.0 million in British pounds). The Group classifies interest rate swaps as cash flow hedges and states them at fair value.

On the balance sheet date the interest rate profile of the Group's interest-bearing financial instruments was as follows:

| | As at 31 December | |
|---|---|---|
| | **2012** | **2011 (Restated)** |
| | **EUR million** | |
| **Instruments with a fixed interest rate** | | |
| Finance lease receivables (non-current and current) | 6.2 | 6.6 |
| Other non-current receivables (including current portion) | 14.6 | 8.4 |
| Secured bank loans | (5.2) | (31.8) |
| Unsecured bank loans | (0.1) | (3.1) |
| Unsecured USPPs | (326.3) | (227.5) |
| Finance lease liabilities | (22.3) | (20.7) |

| | As at 31 December | |
|---|---|---|
| | 2012 | 2011 (Restated) |
| | EUR million | |
| Total | (333.1) | (268.1) |
| | | |
| **Instruments with a variable interest rate** | | |
| Cash and cash equivalents | 385.1 | 425.8 |
| Secured bank loans | (1.6) | (4.8) |
| Unsecured bank loans | (488.3) | (499.3) |
| Bank overdrafts | (314.3) | (214.3) |
| Total | (419.1) | (292.6) |

A 1% change in the interest rate as per balance date would mean the result and equity would increase or decrease by the amounts shown in the following table. These figures assume that all other variables, and currency exchange rates in particular, remain constant. Tax effects have also not been taken into account.

| Sensitivity Analysis | Result | | | Equity | |
|---|---|---|---|---|---|
| | For the year ended 31 December 2012 | | | As at 31 December 2012 | |
| | Amount | 1% increase | 1% decrease | 1% increase | 1% decrease |
| Instruments with a variable interest rate: | | | | | |
| Current | (418.1) | (4.2) | 4.2 | – | – |
| Non-current | (1.0) | – | – | – | – |
| Total | (419.1) | (4.2) | 4.2 | – | – |
| | | | | | |
| Interest rate swaps | | | | | |
| Current | 65.0 | 0.7 | (0.7) | 0.3 | (0.3) |
| Cash flow sensitivity (net) | (354.1) | (3.5) | 3.5 | 0.3 | (0.3) |

The interest rate swaps and cross currency swaps taken out in 2012 amount to EUR 65.0 million and EUR 137.0 million respectively and comply with the Group's interest rate policy, that at least 50% of the interest rate exposure of the net debt position as at 31 December 2012 has been hedged (31 December 2011: EUR 162.0 million and EUR 137.0 million, respectively).

The position in respect of the cash, cash equivalents and bank overdrafts, which have variable interest rates and are not hedged, fluctuated throughout the year as the need to finance working capital changed.

# MANAGEMENT, EMPLOYEES AND CORPORATE GOVERNANCE

This chapter summarises certain information concerning the Board of Management, the Supervisory Board and the Company's employees, as well as certain provisions of the Articles in respect of the Board of Management and Supervisory Board. The Articles are incorporated by reference. See "Documents Incorporated by Reference". For the availability of the Articles, see "General Information – Availability of documents".

**Two-tier board structure and mitigated structure regime**

The Company has a two-tier board structure consisting of the Board of Management and the Supervisory Board. According to the Articles, the Supervisory Board should comprise of at least five members. The Articles provide that the Supervisory Board is considered complete if an interim vacancy occurs. In that case a new member of the Supervisory Board must be appointed as soon as possible. The Company is subject to the provisions in the DCC referred to as the "structure regime" (*structuurregime*). Royal Imtech is a company under a mitigated structure regime by use of the exemption to the structure regime as referred to in Section 2:153 paragraph 3 sub b DCC as the majority of Royal Imtech's employees works outside the Netherlands. The consequence thereof is that members of the Board of Management are appointed by the General Meeting and not by the Supervisory Board. Under Dutch law, a "structure company" (*structuurvennootschap*) is a public company that meets the following criteria: (1) according to the balance sheet with explanatory notes the sum of the issued capital of the company and its reserves amounts to at least EUR 16 million, (2) the company or a dependent company has, pursuant to a legal obligation, established a works council; and (3) the company and its dependent companies together normally employ at least 100 employees in the Netherlands. Due to being a structure company, the members of the Supervisory Board are appointed according to a special procedure (described below), in which not only the Supervisory Board and General Meeting, but also the Company's central works council (*centrale ondernemingsraad*; the "**Works Council**") plays an important role. For structure companies, a number of important resolutions of the Board of Management are mandatorily subject to the Supervisory Board's approval (like e.g. resolutions related to (i) the issuance or acquisition of equity of debt, (ii) the entering in or ending of a material alliance, (iii) the acquisition, increase or decrease of an interest in a major (i.e. value of at least 25% of the issued share capital plus reserves of the Company) participation, (iv) major investments, (v) an amendment of the articles, (vi) the liquidation of the Company, (vii) the filing of a winding up or suspension of payments petition, (viii) the termination of the employment contracts of a substantial number of employees at once or within a short period of time, (ix) a substantial amendment of employment conditions of a substantial number of employees, (x) a reduction of the issued capital).

**Board of Management**

***Powers and function***

The Board of Management is entrusted with managing Royal Imtech and represents Royal Imtech. The Board of Management is responsible for the achievement of the targets, strategy (with related risk profile), financing, development of the results and corporate social responsibility. The Board of Management is also responsible for the internal risk management and control systems related to business activities and for compliance with all relevant legislation and regulations. It has specified its responsibilities, composition, and working method within the Board of Management in the Board of Management Rules, see "Board of Management Rules" below.

The Board of Management submits all relevant information to the Supervisory Board and/or the Supervisory Board committees in good time and is accountable to the Supervisory Board and the General Meeting. In accordance with the Articles certain decisions of the Board of Management are subject to the approval of the Supervisory Board and/or the General Meeting, as more fully described below. See "Board meetings and decisions" below. The lack of such approval however does not affect the representative authority of the Board of Management or members of the Board of Management.

The Board of Management notifies the Supervisory Board and/or the Supervisory Board committees, in writing, of the main lines of the strategic policy, the general and financial risks and the internal risk management and control systems. The Board of Management submits to the Supervisory Board for approval the:

- operational and financial targets
- strategy for achieving these targets
- parameters to be applied in executing the strategy, for example in respect of the financial ratios, and
- relevant aspects of corporate social responsibility

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

- risk analyses of the financial and operational targets

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

The Board of Management determines, with approval of the Supervisory Board, which portion of the profit will be attributed to the reserves of the Company. The remaining profit is at the disposal of the General Meeting.

The Board of Management as a whole, as well as each member of the Board of Management is independently authorised to represent the Company. Pursuant to the Articles, the Board of Management may divide its duties among its members and to general managers (*hoofddirecteuren*). These general managers are, at the proposal of the Board of Management, appointed by the Supervisory Board. The Board of Management can also appoint proxy holders (*procuratiehouders*), who are authorised to represent the Company within the limits of their authority.

***Board of Management Rules***

The Board of Management has adopted rules governing the Board of Management principles and best practices of Royal Imtech (the "**Board of Management Rules**"). The Board of Management Rules describe the responsibilities of the Board of Management, its composition and the tasks of the chairman. They address independence, (re-) appointment, term, resignation and remuneration of members of the Board of Management. The Board of Management Rules also describe the procedures for: Board of Management meetings and resolutions, a conflict of interest, complaints and notification of irregularities. In addition, the Board of Management Rules address the relationship with the Supervisory Board, the shareholders and the Works Council. Finally, the Board of Management Rules contain provisions about confidentiality, non-compliance, amendment and governing law.

***Appointment and removal***

The Supervisory Board determines the number of members of the Board of Management.

The General Meeting appoints the members of the Board of Management by an absolute majority of the votes cast, generally upon a binding nomination by the Supervisory Board. The Supervisory Board appoints a member of the Board of Management as chairman of the Board of Management. If the Board of Management is made up of more than two members, the Supervisory Board may appoint another member as vice-chairman of the Board of Management. The appointment(s) may be withdrawn at any time by the Supervisory Board.

The General Meeting may at any time suspend or dismiss a member of the Board of Management, by adopting a resolution. The Supervisory Board can also suspend a member of the Board of Management. See "Supervisory Board – Meetings and decisions" below for a description of the procedure. The General Meeting may only adopt a resolution to suspend or dismiss a member of the Board of Management by an absolute majority of the votes cast, if such majority represents at least one third of the issued share capital, unless the proposal was made by the Supervisory Board. A second General Meeting as referred to in Section 2:120, paragraph 3 DCC may not be convened in respect of dismissal or suspension of a member of the Board of Management. However, if, in the first General Meeting not at least one third of the issued share capital was represented but an absolute majority of the votes cast was in favour of the proposal to suspend or dismiss a member of the Board of Management a new General Meeting may be convened at which the resolution may be adopted by an absolute majority of the votes cast, regardless of the proportion of the issued share capital represented. If either the General Meeting or the Supervisory Board has suspended a member of the Board of Management, the General Meeting may, within three months after the suspension has taken effect, resolve to terminate or to extend the suspension, which extension may only be made once for a maximum of three months or to dismiss the member of the Board of Management. The suspension will lapse automatically if the General Meeting fails to take a decision about the extension of the suspension within the initial three month period. A member of the Board of Management who has been suspended or dismissed shall be given the opportunity to account for his actions at the General Meeting and to be assisted by an adviser.

***Terms***

Members of the Board of Management are appointed for a maximum term of four years, unless the General Meeting resolves to appoint a member of the Board of Management for a longer term. Unless a member of the Board of Management resigns at an earlier date, his term terminates at the end of the annual General Meeting to be held in the fourth year after the year of his appointment. A member of the Board of Management can be reappointed, with due observance of the foregoing. The Supervisory Board may draw up a rotation schedule for members of the Board of Management.

### *Qualifications*

Newly adopted Dutch legislation that took effect on 1 January 2013 requires a Dutch public limited liability company which meets at least two of the three criteria referred to in Section 2:397 paragraph 1 DCC (which criteria are: (1) the value of the company's assets according to its balance sheet is, on the basis of the purchase price or manufacturing costs more than EUR 17.5 million; (2) the net turnover is more than EUR 35 million; and (3) the average number of employees is 250 or more) (such a company a "**Large Company**"), to pursue a policy of having at least 30% of the seats on the board of management held by men and at least 30% of the seats on the board of management held by women to the extent these seats are held by natural persons. Based on the Company's assets and turnover, this rule also applies to the Company. Pursuant to this new legislation, the Company will be required to take this allocation of seats into account in connection with the (nomination for the) appointment of members of the Board of Management. If the Company does not comply with these gender diversity rules, it must explain in its annual report (1) why the seats are not allocated in accordance with this ratio, (2) how the Company has attempted to achieve a well-balanced allocation; and (3) how the Company aims to achieve a well-balanced allocation in the future. These rules will automatically lapse on 1 January 2016. Currently, there are no women on the Board of Management.

Pursuant to other newly adopted Dutch legislation that took effect on 1 January 2013, restrictions apply with respect to the overall number of board of management (including one-tier board) positions and supervisory board positions that a member of the board of management of, inter alia, a Dutch public limited liability company may hold. Based on the Company's assets and turnover, this rule also applies to the Company. Pursuant to this new legislation, a person may not be a member of the board of management if (a) he holds more than two supervisory positions with a Large Company or (b) if he acts as chairman of the supervisory board or, in the case of a one-tier board, serves as chairman of the board of a Large Company. The term 'supervisory position' refers to the position of supervisory director, non-executive director in case of a one-tier board, or member of a supervisory body established by the articles of association. The Company complies with this legislation.

### *Board meetings and decisions*

Pursuant to the Articles, the Board of Management can adopt a resolution by an absolute majority of the votes cast. In the event of a tied vote, the chairman of the Board of Management will cast the deciding vote. If the Board of Management comprises only two members, the decision lies with the Supervisory Board. Adopted minutes of a meeting of the Board of Management are evidence of the proceedings in the meetings. Resolutions can also be adopted without holding a meeting, provided that such resolutions are adopted in writing or in any other electronic way that can be reproduced on paper, and all members of the Board of Management have expressed themselves in favour of the proposal concerned.

Pursuant to Dutch law and the Articles, the Board of Management must obtain the approval of the General Meeting and the Supervisory Board for resolutions regarding an important change in the identity or character of the Company or its business. This includes in any event: (i) the transfer of all or substantially all business to a third party; (ii) entering into or terminating a long-term collaboration by the Company or a subsidiary with another legal person or company or as fully liable partners in a limited or general partnership, if the collaboration or the termination of the collaboration is of material importance to the Company; (iii) the Company's or a subsidiary taking or divesting a participating interest in the capital of a company with a value of at least one third of the amount of its assets according to its consolidated balance sheet with explanatory notes according to its most recently adopted financial statements.

Pursuant to the Articles resolutions of the Board of Management regarding participation in the capital of another enterprise, investments in durable means of production and investments in real estate, in all cases when the value exceeds EUR 10 million require the approval of the Supervisory Board. In addition, on 28 June 2013 the General Meeting resolved to include in the Articles that the entering into projects of a nature and size as to be determined by the Supervisory Board also require the approval of the Supervisory Board. Finally, the Supervisory Board is authorised to determine that certain other resolutions of the Board of Management are subject to its approval. As part of the new authorisation process the role of the Supervisory Board was amended and enhanced, so that the Supervisory Board is more involved in important operational matters (e.g. projects and guarantees with a value above EUR 75 million (as amended from time to time) and investments above a certain threshold will require the Supervisory Board's prior approval).

### *Conflict of interest*

Pursuant to the Articles, a member of the Board of Management shall not participate in any decision-making concerning a subject or transaction in which that member of the Board of Management has an interest conflicting with the interests of the Company.

Pursuant to newly adopted Dutch legislation that took effect on 1 January 2013, the law no longer contains restrictions on the powers of members of the board of management of a Dutch public limited liability company to represent such company in case of a conflict of interest, but provides that a member of the board of management may not participate in the adoption of resolutions (including deliberations in respect of these) if he has a direct or indirect personal conflict of interest. This rule also applies to the Company. Pursuant to this new legislation, if no resolution can be adopted by the Board of Management as a consequence hereof, the resolution concerned will be adopted by the Supervisory Board. In addition, if a member of the Board of Management does not comply with the provisions on conflicts of interest, the resolution concerned is subject to nullification (*vernietigbaar*) and this member may be liable towards the Company.

***Members of the Board of Management***

At the date of this Prospectus, the Board of Management is composed of the following two members:

| Name | Date of birth | Position | Member as of | Term |
|---|---|---|---|---|
| GJA (Gerard) van de Aast | 17 July 1957 | Chairman and chief executive officer | 01 January 2013 | 2017 |
| J (Hans) Turkesteen | 3 November 1963 | Member and chief financial officer | 28 June 2013 | 2017 |

Royal Imtech intends to strengthen and expand the Board of Management to four members. On 19 June 2013, Royal Imtech issued a press release in which it published that Mr Paul van Gelder would become a member to the Board of Management as of 16 September 2013 and on 2 July 2013, Royal Imtech issued a press release in which it published that Mr Felix Colsman would become a member of the Board of Management as of 1 October 2013. Both appointments are subject to approval and appointment by the General Meeting. The appointment of Paul van Gelder is a voting item at the General Meeting scheduled for 2 August 2013 and the appointment of Felix Colsman will be a voting item at the next General Meeting that will be scheduled in due course. After their appointment, whilst the Board of Management will remain collectively responsible for the management of the Group, it is intended to apply the following internal division of focus areas, although such division may be reviewed and amended from time to time:

- CEO: direct operational responsibility and focus on clusters Nordic, UK & Ireland and the Benelux
- CFO: will primarily have an internal focus, including on management of working capital and cash flow, management of the Group's financing structure, the implementation of the enhanced GRC policies, and the control and treasury departments of Royal Imtech
- Felix Colsman will be responsible for the operating cluster Germany & Eastern Europe
- Paul van Gelder will focus on the divisions IT, Marine and Traffic & Infra and the operating cluster Spain & Turkey

The Company's registered address serves as the business address for all members of the Board of Management. See "Description of Share Capital – General".

*GJA (Gerard) van de Aast*

In August 2012, Royal Imtech announced that Gerard van de Aast (55 years old) would be appointed as the Company's CEO as of April 2013, when René van der Bruggen was scheduled to retire. In January 2013, Gerard van de Aast became a member of the Board of Management. Gerard van de Aast took over as CEO and chairman of the Board of Management as of 27 February 2013. Gerard van de Aast has a broad background and experience, having worked in the Netherlands, the UK, Germany and the United States. He was CEO of Koninklijke VolkerWessels Stevin N.V. from 2009 to the end of 2012. Before that, he was CEO of Reed Business Information and an executive board member of the listed Reed Elsevier from 2000 until 2009 and also served as supervisory board member of Océ N.V. from 2006 through 2010. Prior to that he held management positions in Compaq Enterprise Products and Services, Digital Equipment Corporation and Philips Information Systems, and before that he ran his own software enterprise. In addition to experience in the stock-listed international business environment he has extensive knowledge of ICT - one of the three core competencies of Royal Imtech.

*J (Hans) Turkesteen*

Hans Turkesteen (49 years old) was appointed as CFO as of 11 February 2013 and appointed as a member of the Board of Management per 28 June 2013. Hans Turkesteen is a certified accountant. From 2008 until February 2013 he was CFO and member of the board of management of both Stork B.V. and Stork Technical Services B.V., which in August 2012 successfully implemented a complete financial restructuring. He started work in 1982 as an accountant at Andersen. In 1993 he was appointed as partner and later managing partner of Andersen's Dutch mergers and acquisitions practice. He played an instrumental role in the transition from Andersen to Deloitte, where he was managing partner of Deloitte's financial advisory and capital market practice.

*Intended appointments*

*PC (Paul) van Gelder*

It is intended that Paul van Gelder (43 years old) will become a member to the Board of Management as of 16 September 2013, subject to approval and appointment by the General Meeting. This General Meeting is scheduled for 2 August 2013. Paul van Gelder is currently CEO of Nederlandse Gasunie N.V. Previously he was employed with Taqa Energy Europe B.V., British Petroleum, Driessen Aerospace Group N.V. and the Dutch Royal Airforce and Navy.

*FC (Felix) Colsman*

It is intended that Felix Colsman (42 years old) will become a member to the Board of Management as of 1 October 2013, subject to approval and appointment by the General Meeting. This General Meeting will be scheduled in due course. Felix Colsman is a German national and has served as vice president and general manager service and technology Europe of Johnson Controls's Building Efficiency division. Prior to that, he was managing director at Minimax, a global leader in fire protection. Felix Colsman also worked for The Boston Consulting Group and Heitkamp & Thumann Group.

***Potential conflict of interests***

The Company is not aware of any potential conflict between any duties of the members of the Board of Management to the Company and their private interests and/or other duties. There are no arrangements or understandings with major shareholders, customers, suppliers or others pursuant to which any member of the Board of Management was selected as such.

During the last five years, none of the members of the Board of Management (1) have been convicted of fraudulent offenses, (2) have served as a director or officer of any entity subject to bankruptcy proceedings, receivership or liquidation, or (3) have been subject to any official public incrimination and/or sanctions by statutory or regulatory authorities (including designated professional bodies), or disqualification by a court from acting as a member of the administrative, management or supervisory body of an issuer, or from acting in the management or conduct of the affairs of any issuer.

**Supervisory Board**

***Powers and function***

The Supervisory Board supervises the Board of Management and the general course of business within Royal Imtech. The Supervisory Board also advises the Board of Management. The members of the Supervisory Board perform their tasks with the interests of Royal Imtech and its stakeholders in mind, including the corporate social responsibility aspects relevant for Royal Imtech. The Board of Management shall promptly provide the Supervisory Board with the information it needs to carry out its duties. The Supervisory Board may, at the Company's expense, seek the advice of experts in such fields as the Supervisory Boards deems desirable for the proper performance of its duties.

***Supervisory Board Rules***

In accordance with the Articles, the Supervisory Board has adopted standing rules of the Supervisory Board (the "**Supervisory Board Rules**").

***Appointment and removal***

The Supervisory Board should consist of at least five members, who may not be (i) employed by the Company or a dependent company, or (ii) a manager employed by an employees' organisation which is involved in determining the conditions of employment of employees of the Company or a dependent company. The Articles provide that the Supervisory Board is considered complete if an interim vacancy occurs. In that case a new member of the Supervisory Board must be appointed as soon as possible. Only natural persons can be members of the Supervisory Board. Members of the Supervisory Board are appointed by the General Meeting on the nomination of the Supervisory Board. The General Meeting and the Works Council may recommend to the Supervisory Board persons to be nominated for appointment as members. The Supervisory Board appoints a chairman and may appoint a vice-chairman from among its members and a secretary either from among its members or elsewhere.

For one third of the number of members of the Supervisory Board a person recommended by the Works Council shall be put on the nomination list by the Supervisory Board, unless the Supervisory Board raises objections against the recommendation, based on the expectation that the person recommended will be unsuitable for the duties of a Supervisory Board member, or that the appointment in accordance with the recommendation will result in an unacceptable composition of the Supervisory Board. If the number of members of the Supervisory Board cannot be divided by three, the next lower figure which can be divided by three shall be taken into account, in order to establish the number of members to whom such right of recommendation applies. If the Supervisory

Board raises objections against a person recommended by the Works Council, the Supervisory Board shall notify the Works Council of its objections, stating its reasons. The Supervisory Board shall at once enter into consultation with the Works Council in view of achieving agreement concerning the nomination. If the Supervisory Board finds that no agreement can be achieved, a representative of the Supervisory Board appointed to this effect shall request the Enterprise Chamber to uphold the objections. The request shall not be filed earlier than after expiration of four weeks after the commencement of the consultation with the Works Council. The Supervisory Board shall put the person recommended on the nomination list, if the Enterprise Chamber declares the objections unfounded. If the Enterprise Chamber upholds the objections, the Works Council may submit a new recommendation.

The General Meeting may reject the nomination by an absolute majority of votes cast, representing at least one-third of the issued share capital. If the General Meeting with an absolute majority of the votes cast rejects the nomination, but this majority does not represent at least one-third of the issued share capital, a new General Meeting can be convened, in which meeting the nomination can be rejected by an absolute majority of the votes cast (regardless of the issued capital represented at this second meeting). If the nomination is rejected, the Supervisory Board shall submit a new nomination. If the General Meeting does not appoint the person nominated and does not resolve to reject the nomination, the Supervisory Board appoints the person nominated.

The appointment by the General Meeting may be effected in the same meeting as the one in which the General Meeting is given the opportunity to submit the recommendation, provided that the convocation to the meeting mentions: (i) when, for which reason and according to which profile a Supervisory Board member has to be appointed; (ii)the name of the person to be nominated by the Supervisory Board, further mentioning that the information concerning and the reasons for the nomination, have been deposited for inspection at the office of the Company; and (iii)that the nomination referred to under (ii) shall only be considered a nomination, if the General Meeting does not submit a recommendation, all this without prejudice to the powers of the Works Council.

Also, the General Meeting may dismiss the Supervisory Board by an absolute majority of votes cast, representing at least one-third of the issued share capital. If not at least one-third of the issued share capital was represented at the General Meeting, a new meeting may not be convened. The resolution resulting in the dismissal of the Supervisory Board shall state the reasons, and such a resolution shall not be passed before the Board of Management has informed the Works Council about the proposal for the resolution and the reasons for it. Notification shall be effected at least 30 days before the General Meeting dealing with the proposal. If the Works Council defines a position about the proposal, to which it is entitled according to Dutch law, the Board of Management shall inform the Supervisory Board and the General Meeting about it. The Works Council may have its position explained in the General Meeting.

The Enterprise Chamber may, following a request to this effect, dismiss a Supervisory Board member for neglecting his duties, for other serious reasons, or for major changes of the circumstances on which grounds maintaining him as a Supervisory Board member cannot reasonably be required of the Company. The request may be submitted by the Company, in this matter represented by the Supervisory Board, as well as by a representative of the General Meeting or of the Works Council appointed to this effect. A Supervisory Board member may be suspended by the Supervisory Board; the suspension will terminate by operation of law, if the Company has not, within one month after the commencement of the suspension, submitted a request to the Enterprise Chamber.

Pursuant to article 14.3 of the Articles, the Supervisory Board has adopted a profile of the size and composition of the Supervisory Board.

***Terms***

Members of the Supervisory Board are appointed for a maximum term of four years, provided that, unless a member of the Supervisory Board resigns at an earlier date, his or her term of office lapses on the day of the next annual General Meeting to be held in the fourth year after the year of his or her appointment. A retiring member of the Supervisory Board can be re-appointed. A member of the Supervisory Board serves for a maximum period of 12 years, which period may be interrupted.

***Qualifications***

Similar to the gender diversity rules for the composition of the Board of Management described above, newly adopted Dutch legislation that took effect on 1 January 2013 requires Large Companies to pursue a policy of having at least 30% of the seats on the supervisory board be held by men and at least 30% of the seats on the supervisory board be held by women. This rule also applies to the Company because it qualifies as a Large Company. Pursuant to this new legislation, the Company will be required to take this allocation of seats into account in connection with the following actions: (1) the (nomination for the) appointment of members of the Supervisory Board; (2) drafting the criteria for the size and composition of the Supervisory Board, as well as the designation, the appointment, the recommendation and the nomination for appointment of members of the supervisory board; and (3) drafting a profile for the members of the Supervisory Board. In addition, if the Company does not comply with the gender diversity rules, it is required to explain in the annual report (1) why the seats are not allocated in accordance with this ratio, (2) how the Company has attempted to achieve a well-balanced allocation; and (3) how the Company aims to achieve a well-balanced allocation in the future. Currently there is one woman in the Supervisory Board.

Similar to the rules for the composition of the board of management described above pursuant newly adopted Dutch legislation that took effect on 1 January 2013 restrictions apply as to the overall number of board of management positions and supervisory board positions that a member of the supervisory board of a Dutch public limited liability company may hold. This rule also applies to the Company. Pursuant to this new legislation, a person may not be a member of the Supervisory Board if he or she holds more than five supervisory positions with Large Companies. Acting as a chairman of the supervisory board or a supervisory body established by the articles of association or, in case of a one-tier board, chairman of the board of management, of a Large Company will count twice. The term 'supervisory position' refers to the position of supervisory director, non-executive director in case of a one-tier board or member of a supervisory body established by the articles of association. The new legislation does not apply to members of the Supervisory Board who were appointed prior to 1 January 2013. As all current members of the Supervisory Board were appointed prior to 1 January 2013 the Company complies with the applicable legislation. All newly appointed members of the Supervisory Board will comply with the legislation.

***Meetings and decisions***

Pursuant to the Supervisory Board Rules and the Articles, the Supervisory Board can only adopt resolutions by an absolute majority in vote and if at least half of the members are present or represented. In the event of a tied vote, the resolution shall be voted on a second time. If the second vote is also tied, the chairman has the casting vote. The Supervisory Board shall meet whenever required to do so by the chairman or by two or more of its other members. Meetings of the Supervisory Board are attended by the members of the Board of Management, unless the Supervisory Board decides otherwise. Resolutions can also be adopted without holding a meeting, provided that all members of the Supervisory Board are informed about the proposal and more than half the members of the Supervisory Board are in favour of the proposal. A resolution adopted in this way shall be signed by the chairman and the secretary. The Supervisory Board will determine each year which of its members will attend consultations meetings with the Works Council.

***Conflict of interest***

Pursuant to the Articles, in case of a conflict of interest of a member of the Supervisory Board, the conflicted member of the Supervisory Board will not take part in the discussion and in the decision-making. There are no arrangements or understandings with major shareholders, customers, suppliers or others pursuant to which any member of the Supervisory Board was selected as such.

Similar to the rules for the composition of the Board of Management described above, newly adopted Dutch legislation that took effect on 1 January 2013 provides that a member of the supervisory board of a Dutch public limited liability company may not participate in the adoption of resolutions (including deliberations in respect of these) if he or she has a direct or indirect personal conflict of interest. This rule also applies to the Company. Pursuant to this new legislation, if no resolution can be taken as a consequence hereof, the resolution concerned will be adopted by the General Meeting. If a member of the Supervisory Board does not comply with the provisions on conflicts of interest, the resolution concerned is subject to nullification (*vernietigbaar*) and this member may be liable towards the Company.

***Members of the Supervisory Board***

At the date of this Prospectus, the Supervisory Board is composed of the following four members:

| **Name** | **Date of birth** | **Position** | **Member as of** | **Term** |
|---|---|---|---|---|
| EA (Eric) van Amerongen | 12 December 1953 | Member | 2002 | 2013 |
| A (Harry) van Tooren | 02 April 1947 | Member | 2006 | 2013 |
| JJ (Joop) de Rooij | 04 August 1961 | Member | 2011 | 2015 |
| RD (Ruth) van Andel | 14 June 1961 | Member | 2011 | 2015 |

Mr Van der Meer, the former chairman of the Supervisory Board, decided not to seek re-election as chairman or member of the Supervisory Board. As a result, in accordance with the rotation scheme, he retired from the Supervisory Board on 28 June 2013. Mr Baan, the former vice-chairman of the Supervisory Board, deceased in April 2013.

On 18 June 2012, Royal Imtech issued a press release in which it published that Mr Van Lede (as chairman) and Mr Cremers (as vice-chairman) would become members of the Supervisory Board, subject to approval and appointment by the General Meeting. This General Meeting is scheduled for 2 August 2013. Mr Van Lede has agreed to be a member of the Supervisory Board until and including the annual General Meeting in 2015. After the annual General Meeting in 2015, it is intended that Mr Cremers will become the chairman of the Supervisory Board. In the press release, it was also announced that Mr Van Amerongen and Mr van Tooren will retire from the Supervisory Board at the General Meeting which is scheduled for 2 August 2013. In the interest of the desired continuity within the Supervisory Board, Mrs Van Andel and Mr De Rooij have agreed to continue their role as members of the Supervisory Board.

Following the approval and appointments by the General meeting, as per 2 August 2013, the Supervisory Board of Royal Imtech will consist of Mr Van Lede (chairman), Mr Cremers (vice-chairman), Mrs Van Andel and Mr De Rooij. There will remain one vacancy, for the number of members of the Supervisory Board as set by the articles of association. The Supervisory Board will consider a further appointment in due course. Between 28 June 2013 and 2 August 2013 there will be no formal chairman of the Supervisory Board. When necessary, the Supervisory Board will designate a member to chair the relevant meeting. It is intended that the General Meeting of 2 August 2013 will be chaired by Mr Van Amerongen.

The Company's registered address serves as the business address for all members of the Supervisory Board. See "Description of Share Capital – General".

*EA (Eric) van Amerongen (1953)*

Mr Van Amerongen was first appointed in 2002. He will retire from the Supervisory Board on 2 August 2013. Mr Van Amerongen is the chairman of the remuneration committee of the Supervisory Board (the "**Remuneration Committee**") and the nomination committee of the Supervisory Board (the "**Nomination Committee**"). He is contact person (*vertrouwenspersoon*) for the representative bodies. He is the former CEO of Koninklijke Swets & Zeitlinger N.V. Mr Van Amerongen has supervisory board memberships with Thales Nederland B.V. (vice-chairman), Shanks Group Plc (senior independent non-executive director), BT Nederland B.V. (chairman), Essent N.V., Koninklijke Wegener N.V., ANWB B.V., and is also a member of the supervisory board of association (*vereniging*) ANWB. Mr Van Amerongen was a non-executive member of the board of Corus Plc (until 2008), vice-chairman of the supervisory board of ASM International N.V., member of the supervisory board of Ortel Mobile BV, chairman of the supervisory board of Centraal Bureau Rijvaardigheidsbewijzen and chairman of the supervisory board of HITT N.V.

*A (Harry) van Tooren (1947)*

Mr Van Tooren was first appointed in 2006. His will retire from the Supervisory Board on 2 August 2013. Mr Van Tooren is the chairman of the Audit Committee. He is a former member of the executive committee of ING Europe / wholesale International. Mr Van Tooren has supervisory board memberships with Hunter Douglas N.V and Maasstad Ziekenhuis (hospital). He was a member of the supervisory board of AM Wonen B.V.

*JJ (Joop) de Rooij (1961)*

Mr De Rooij was first appointed in 2011. His current term ends in 2015. Mr De Rooij is an operating partner of Advent International Plc. He is the former CFO and member executive board SHV Holdings N.V. and was a member of the group management committee of KPMG Holdings N.V. (until 2005). He has supervisory board memberships with ADG dienstengroep SE and Stichting Thuiszorgservice Nederland. He was a member of the supervisory board of Mammoet Holding B.V. (until 2011) and ERIKS Holding N.V. (until 2011) and he was the chairman of the investment committee of NPM Capital N.V. (until 2012).

*RD (Ruth) van Andel (1961)*

Mrs Van Andel was first appointed in 2011. Her current term ends in 2015. Mrs Van Andel is a member of the Remuneration Committee and Nomination Committee. She is contact person (*vertrouwenspersoon*) for the employee representative bodies. She was a lawyer/partner at Clifford Chance LLP in Amsterdam (until 1 May 2013). Mrs Van Andel is a member of the supervisory board of Stadsschouwburg and Philharmonie (Haarlem). She is also a board member of Youth Sports Fund Netherlands (*Stichting Jeugdsportfonds Nederland*) and until 2010 she was a board member of the combined school (*Scholengemeenschap*) Sancta Maria in Haarlem.

*Intended appointments*

*CJA (Cees) van Lede (1942)*

It is intended that Mr Van Lede will become chairman of the Supervisory Board as of 2 August 2013, subject to approval and appointment by the General Meeting. Mr Van Lede is the former CEO of Akzo Nobel N.V. He has supervisory board memberships with Royal Philips N.V., Air France KLM S.A., L'Air Liquide S.A. and is a senior adviser to JP Morgan Plc. He was a member of the supervisory board of Heineken N.V., Reed Elsevier plc, Reed Elsevier Groep plc and D.E Master Blenders 1753 N.V.

*FJGM (Frans) Cremers (1952)*

It is intended that Mr Cremers will become vice-chairman of the Supervisory Board as of 2 August 2013, subject to approval and appointment by the General Meeting. Mr Cremers is the former CFO of VNU N.V. He has supervisory board memberships with Dutch Railways (vice-chairman), SBM Offshore N.V. (vice-chairman), Unibail-Rodamco SE, Schiphol Group and Parcom Capital Management. He is also a member of the board of directors of Stichting Preferente Aandelen Philips and Stichting Preferente Aandelen Heijmans. Mr Cremers was a member of the supervisory board of Fugro N.V. (vice-chairman) and Rodamco Europe N.V.

***Potential conflicts of interests***

As set out above, Mrs Van Andel was a partner and lawyer of Clifford Chance LLP until 1 May 2013. Clifford Chance LLP is acting as legal counsel for the Joint Global Coordinators, the Joint Bookrunners and the Managers, as well as to the lenders and guarantee providers under the Bridge Loan Agreement and to most lenders under the continuation agreement and the waiver and amendment agreements. This may mean that there was a potential conflict of interest between the duties of Mrs Van Andel as member of the Supervisory Board and as lawyer or partner of Clifford Chance LLP. However, internal rules are in place to address any such conflicts, and pursuant to these Mrs Van Andel has not participated in any resolutions adopted by the Supervisory Board nor participated in any parts of meetings of the Supervisory Board where she would be conflicted.

The Company is not aware of any other potential conflicts of interests between the private interest or other duties of the members of the Supervisory Board and their duties to the Company. During the last five years, none of the members of the Supervisory Board (1) have been convicted of fraudulent offenses, (2) have served as a director or officer of any entity subject to bankruptcy proceedings, receivership or liquidation or (3) have been subject to any official public incrimination and/or sanctions by statutory or regulatory authorities (including designated professional bodies), or disqualification by a court from acting as a member of the administrative, management or supervisory body of an issuer or from acting in the management or conduct of the affairs of any issuer.

**Supervisory Board committees**

The Supervisory Board has an Audit Committee, a Remuneration Committee and a Nomination Committee. The Supervisory Board has drawn up rules on each committee's principles and best practices.

***Audit Committee***

The Audit Committee assists the Supervisory Board in fulfilling its supervisory responsibilities for the integrity of the Company's financial statements, the financial reporting process, the system of internal business controls and risk management, the internal and external audit process, the external auditor's qualifications, independence and performance as well as the Company's process for monitoring compliance with laws and regulations and the Company's business principles. The Audit Committee reports its findings to the Supervisory Board, and, in preparation of the resolutions to be adopted by the Supervisory Board, provides all information and documents required. The Audit Committee meets at least two times a year. At least once a year a (part of) a meeting will be held without the members of the Board of Management, with the external auditor.

The Audit Committee consists of at least three members, who shall all be members of the Supervisory Board. All members of the Audit Committee must be independent. The Supervisory Board appoints the chairman of the Audit Committee from among its members. The chairman of the Supervisory Board may not be the chairman of the Audit Committee. The Audit Committee is currently composed of Mr Van Tooren (chairman) and Mr De Rooij. Following the approval and appointment of Mr Van Lede and Mr Cremers by the General Meeting on 2 August 2013 it is intended that, as long as deemed necessary, all four members of the Supervisory Board will meet once a month. There will be no separate meetings by the Supervisory Board committees.

***Remuneration Committee***

The Remuneration Committee advises the Supervisory Board on the exercise of its duties regarding the remuneration of the members of the Board of Management, including developments of the Code (as defined below), and prepares decisions of the Supervisory Board on these subjects. The duties of the Remuneration Committee include the preparation of proposals of the Supervisory Board on the remuneration policy for the Board of Management to be adopted by the General Meeting, and on the remuneration of the individual members of the Board of Management to be determined by the Supervisory Board. The Remuneration Committee also prepares a remuneration report on the remuneration policy for the Board of Management to be adopted by the Supervisory Board. The Remuneration Committee meets at least once every year.

The Remuneration Committee consists of at least two members. All members of the Remuneration Committee except one must be independent (as specified in the Supervisory Board Rules). None of its members except one may at the same time serve as a member of the Board of Management of another Dutch listed company. The Supervisory Board appoints a chairman of the Remuneration Committee from among its members. Neither the chairman of the Supervisory Board nor any of the current or former members of the Board of Management nor any member of the Board of Management of another listed company may (at the same time) be the chairman of the Remuneration Committee. The Remuneration Committee is currently composed of Mr Van Amerongen (chairman) and Mrs Van Andel. Following the approval and appointment of Mr Van Lede and Mr Cremers by the General Meeting on 2 August 2013 it is intended that, as long as deemed necessary, all four members of the Supervisory Board will meet once a month. There will be no separate meetings by the Supervisory Board committees.

***Nomination Committee***

The Nomination Committee advises the Supervisory Board on its duties regarding the selection and appointment of members of the Board of Management and members of the Supervisory Board and prepares its decisions on these subjects. The duties of the Nomination Committee include the drafting of proposals for selection criteria and appointment procedures for members of the Board of Management and members of the Supervisory Board, and the proposing of a profile sketch for the Supervisory Board. It also periodically assesses the profile, size and composition of the Board of Management and the Supervisory Board, and the functioning of their individual members. The Nomination Committee also proposes on appointments and reappointments. It supervises the Board of Managements' policy on criteria and appointment procedures for senior management. The Nomination Committee meets at least once every year.

The Nomination Committee consists of at least two members. All members of the Nomination Committee except one must be independent. None of its members except one may at the same time be a member of the Executive Board of another Dutch listed company. The Nomination Committee is currently composed of Mr van Amerongen (chairman) and Mrs Van Andel. Following the approval and appointment of Mr Van Lede and Mr Cremers by the General Meeting on 2 August 2013 it is intended that, as long as deemed necessary, all four members of the Supervisory Board will meet once a month. There will be no separate meetings by the Supervisory Board committees.

**Remuneration**

***Board of Management remuneration information***

In accordance with the Articles, the General Meeting adopts the policy regarding the remuneration of the Board of Management upon a proposal of the Supervisory Board. Simultaneously with the submission of the Supervisory Board's proposal to the General Meeting, the proposal must be submitted in writing to the Works Council for its information. The remuneration of the individual members of Board of Management is determined by the Supervisory Board with due observance of the remuneration policy for the Board of Management. The Supervisory Board shall submit to the General Meeting, for its approval, a proposal regarding arrangements for remuneration in the form of shares or rights to subscribe for shares. As described above, the Remuneration Committee is responsible for preparing the proposal to the General Meeting on the remuneration policy for the Board of Management for and preparing a proposal for adoption by the Supervisory Board on the remuneration of individual members of the Board of Management. The lack of approval of the General Meeting does not affect the representative authority of the Supervisory Board.

Pursuant to the remuneration policy for the Board of Management, members of the Board of Management are entitled to a base salary and, if certain predetermined performance conditions are met, a variable remuneration. The base salary is fixed at the median level of the reference market for directors of larger Dutch group companies. The variable remuneration consists of a short term incentive paid out in cash (40% of variable remuneration) and a long term incentive paid out in Ordinary Shares (60% of variable remuneration). In case of an "at target realisation" of the predetermined targets, the total variable remuneration amounts to 135% (CEO) or 100% (CFO) of the base salary. See "Revised senior management incentive plans" for a description of the short term incentive plan and the long term incentive plan.

***Remuneration and benefits for the Board of Management in 2012***

René van der Bruggen, the Company's former CEO, retired as per 3 April 2013. René van der Bruggen did not receive any severance payment. Since February 2013, Boudewijn Gerner is no longer a member of the Board of Management. In February 2013 the Company asked Boudewijn Gerner to continue to provide advisory services to the Company. Boudewijn Gerner and the Company agreed that the employment contract would remain in place until the end date, i.e. the 2014 General Meeting and that until then Boudewijn Gerner would receive his regular pay (no bonuses). Meanwhile the Company has informed Boudewijn Gerner that it no longer requires his advisory services and the Company and Boudewijn Gerner are currently engaged in talks about terminating the employment contract. Pursuant to the employment contract, Boudewijn Gerner is not entitled to receive any severance payment.

In light of the recent developments, René van der Bruggen and Boudewijn Gerner will not receive any variable remuneration over 2012; they are not entitled to a cash bonus under the short term incentive plan and the awards of conditional shares under the Board of Management Share Scheme (the long term incentive plan) made in 2010 were cancelled (see also the overview below). In addition, Royal Imtech cancelled the awards of conditional shares under the Board of Management Share Scheme made in 2011 and 2012 to René van der Bruggen. The Supervisory Board will have to decide in 2014 and 2015 if the conditional shares awarded to Boudewijn Gerner in 2011 and 2012 will vest.

| Year of award | Performance period | Van der Bruggen | Gerner |
|---|---|---|---|
| 2010 | 2010 - 2012 | 22,627: CANCELLED | 11,621: CANCELLED |
| 2011 | 2011 - 2013 | 14,559: CANCELLED | 11,448: to be decided in 2014 |
| 2012 | 2012 - 2014 | 8,922: CANCELLED | 14,032: to be decided in 2015 |
| **Total** | | **46,108** | **37,101** |

At the instigation of the Supervisory Board, Royal Imtech has asked René van der Bruggen and Boudwijn Gerner to repay the cash bonuses that they received in 2010 and 2011 under the short term incentive plan, and to repay the shares that vested in 2011 and 2012 under the long term incentive plan. Boudewijn Gerner was also asked to waive any possible rights with regard to conditional shares awarded in 2011 (11,448) and 2012 (14,032). The Company and René van der Bruggen and Boudewijn Gerner are currently engaged into talks about the repayments to be made.

The Company has not provided any personal loans, advances or guarantees to the Board of Management members.

***Service contract of GJA (Gerard) van de Aast***

The service contract of Gerard van de Aast is governed by Dutch Law and has been entered into for a term of approximately four years and can be prolonged in case of reappointment. The total remuneration package consists of a base salary of EUR 750,000 per year excluding value added tax, participation in the short term incentive plan and the long term incentive plan in accordance with the remuneration policy for the Board of Management and the board of management share scheme, participation in a pension plan and certain other benefits.

Both parties are entitled to terminate the service contract by taking into account a notice period. A notice period of six months applies for Royal Imtech, and three months for Gerard van de Aast. In case of termination by Royal Imtech other than for cause as defined under Dutch employment law (Section 7:678 DCC), Gerard van de Aast shall be entitled to a severance payment equal to one year in wages.

***Service contract of J (Hans) Turkesteen***

The service contract of Hans Turkesteen is governed by Dutch Law and has been entered into for a term of approximately four years which can be prolonged in case of reappointment. The total remuneration package consists of a base salary of EUR 600,000 per year excluding value added tax, participation in the short term incentive plan and the long term incentive plan in accordance with the remuneration policy for the Board of Management and a compensation of EUR 125,000 per year excluding value added tax for pension costs and certain other benefits.

Both parties are entitled to terminate the service contract by taking into account a notice period. A notice period of six months applies for Royal Imtech, and three months for Hans Turkesteen. In case of termination by Royal Imtech other than for cause as defined under Dutch employment law (Section 7:678 DCC), Hans Turkesteen shall be entitled to a severance payment equal to one year in wages.

***Pensions***

There are no amounts reserved or accrued by Royal Imtech or its subsidiaries to provide pension, benefit, retirement or similar benefits in relation to 2012 for current members of the Board of Management and the Supervisory Board.

***Supervisory Board remuneration information***

Pursuant to the Articles, the General Meeting determines the remuneration of the members of the Supervisory Board. The most recent adjustment of the remuneration, effective as of 1 January 2010, was based on the median level of comparable companies and will be reviewed every two to three years. Effective 1 January 2010 the annual remuneration of the chairman is EUR 52,500, the annual remuneration of the vice-chairman is EUR 41,500 and the annual remuneration of the other members of the Supervisory Board is EUR 37,500. The chairman and other members of the Audit Committee receive a supplementary annual fee of EUR 7,500 and EUR 5,000, respectively.

The chairmen of the Remuneration Committee and the Nomination Committee, the other members of the Remuneration Committee and the Nomination Committee and the contact persons for the representative bodies receive a supplementary annual fee of EUR 5,000, EUR 3,500 and EUR 3,500, respectively. Certain Supervisory Board members also receive a contribution towards expenses of EUR 1,875.

No member of the Supervisory Board has an employment or service contract with Royal Imtech which provide for benefits upon termination.

***Remuneration and benefits for the Supervisory Board in 2012***

The table below provides an overview of the remuneration of each member of the Supervisory Board for the financial year 2012. The Supervisory Board members do not receive any fixed allowance or performance-related incentives. The total remuneration of the Supervisory Board for 2012 was EUR 277,750. The Company has not provided any personal loans, advances or guarantees to Supervisory Board members. The remuneration of the Supervisory Board is as follows:

| **Name** | **Annual Remuneration Supervisory Board** |
|---|---|
| RMJ (Rudy) van der Meer[1] | EUR 61,000 |
| EA (Eric) van Amerongen | EUR 46,000 |
| A (Harry) van Tooren | EUR 45,000 |
| A (Adri) Baan[2] | EUR 45,500 |
| JJ (Joop) de Rooij | EUR 37,500 |
| RD (Ruth) van Andel | EUR 42,750 |

1. Mr Van der Meer retired as chairman of the Supervisory Board on 28 June 2013.
2. Mr Baan deceased in April 2013.

**Equity holdings**

At the date of this Prospectus no member of the Board of Management holds shares or options on shares in the Company.

At the date of this Prospectus no Supervisory Board member holds shares or options on shares in the Company.

**Equity incentives**

At the end of 2012, 4,910,419 equity awards (options and shares) granted to employees of Royal Imtech were outstanding under the plans described below.

*Stock option plan 2011*

Under the former stock option plan 2011 the Board of Management could grant to senior management (consisting of the top 150 managers) of the Group options to acquire shares in the Company for a pre-determined exercise price based on the listed price of a Share during a specified period. The Supervisory Board, upon the proposal of the Board of Management approved in advance the total number of options to be granted, the term, including the period during which exercise of the option was not permitted and the exercise price. Upon expiry of the vesting period, options would only vest in case of continued employment of the relevant executive with the Group. Certain exceptions (i.e. in case of retirement, death and incapacity for work) applied to the requirement of continuous employment. The stock option plan will be replaced by the long term incentive plan. See "Revised senior management incentive plans".

*Board of Management share scheme (long term incentive plan)*

Under the Board of Management share scheme, which was approved by the General Meeting on 10 December 2012, conditional shares could be awarded to the Board of Management. The Supervisory Board, upon the proposal of the Remuneration Committee, and in accordance with the remuneration policy for the Board of Management, determined the number of conditional shares to be awarded. Vesting of the conditional shares would depend on (i) continuous engagement with the Company and (ii) the achievement of specified long-term targets during a three year period (in certain circumstances the Supervisory Board could change the targets). Certain exceptions (i.e. in case of expiration of fixed term of engagement, termination of the engagement as a result of death, physical injury, disability or illness and termination of the engagement by the Company for specified reasons) applied to the requirement of continuous engagement. After vesting, the shares were, generally, subject to a 2-year lock up period. In case of a change in control, all conditional shares would vest and the 2-year lock up period would not apply. This plan will be revised. See "Revised senior management incentive plans".

**Revised senior management incentive plans**

As set out above, the Group used to have in place a share scheme for the Board of Management and a stock option plan for its senior management (consisting of the top 150 managers). In addition there was a bonus scheme for its senior management and a separate bonus scheme for the Board of Management, entirely or partially based on the growth of the relevant division measured by EBITA and a predetermined budget and which often included yearly growth targets. There was no uniform bonus system, the bonuses awarded and the calculation thereof varied from one person to another.

*Revised incentive plans*

The Group has, with the assistance of an external consultant, revised its remuneration policy and the incentive plans for senior management and the Board of Management. The redesigned incentive plans aim to (i) align the remuneration with the Company's strategy, targets and incentives (greater focus on generation of cash and less focus on growth), (ii) fit within the decentralised organisation model (i.e. encourage local entrepreneurship and encourage building and strengthening the relationships with customers and other stakeholders) and (iii) fit with the reinforcement of business controls and governance.

The new remuneration policy for the Board of Management was approved in the General Meeting of 28 June 2013 and the incentive plans are currently being revised. They consist of a short term incentive plan and a long term incentive plan (which are described in more detail below). Under both plans, vesting of an award is subject to (i) continuous employment with the Company and (ii) achievement of certain predefined performance conditions. The performance calculation will be the same for senior management and the members of the Board.

*Provisions that apply to both the short term and long incentive plan*

As set out above, vesting of an award under the short term and the long term incentive plans will only occur if, in addition to the achievement of the performance measures described below, the participant continues to be employed with the Company until the end of the relevant vesting period. Awards made to good leavers (i.e. participants who are no longer employed by the Company at the relevant vesting date as a result of retirement, illness or death) will vest according to the original vesting scheme but time pro-rated.

Both the short term and the long term incentive plans contain a reasonableness test (in case the incentive plan would produce an unfair result due to extraordinary circumstances during the period in which the predetermined performance criteria have been or should have been achieved, the value of the remuneration can be adjust upwards or downwards) and a claw back provision (power to recover any variable remuneration awarded on the basis of incorrect financial or other data). These provisions are in line with best practice provisions II.2.10 and II.2.11 of the Code (as defined below) respectively.

*Short term incentive plan*

Participants in the short term incentive plan will be entitled to receive a payment in cash. The amount of the bonus will depend on the achievement of predefined performance conditions measured over a 1-year performance period, relating to:

- 40% EBITA
- 30% cash conversion/working capital (cash conversion demonstrates how the reported operational profits are converted in operational cash and is calculated by dividing operating cash flow by operational EBITA)
- 30% personal objectives (key performance indicators can differ per individual and can be quantitative and/or qualitative targets)

Performance will be rewarded as follows: (a) if 80% of the target is achieved, the bonus will be 50% of the target bonus, (b) if 100% of the target is achieved, the bonus will be 100% of the target bonus and (c) if 120% of the target is achieved, the bonus is 150% of the target bonus. In case performance lies between 80% and 100% of the budget or between 100% and 120% of the budget, the cash bonus will be calculated in a linear manner. In case performance is below 80% of the target, there will be no pay out. Performance is independently assessed per performance measure.

*Long term incentive plan*

Participants in the long term incentive plan (performance share plan) will be entitled to receive Ordinary Shares for no consideration. The number of Ordinary Shares that will vest at once will depend on the achievement of predefined performance conditions measured over a 3-year performance period (cliff vesting), relating to:

- 60%: total shareholder return of the Company compared to the total shareholder return of the companies of the AMX index[30] plus a number of AEX listed companies subject to a maximum of 6 out of 12 companies selected as peers of the Company by external consultant. If the Company ranks: (i) 1st: 150% of the Ordinary Shares granted will vest (maximum), (ii) 7th: 100% of the Ordinary Shares granted will vest, (iii) 13th: 50% of the Ordinary Shares granted will vest and (iv) below the 13th position: no Ordinary Shares will vest. For positions 2 up to and including 6 and positions 8 up to and including 12, the percentage will be calculated in a linear manner.

[30] The AMX index is made up of shares issued by the 25 most traded companies listed on NYSE Euronext Amsterdam following the companies included in the AEX index in such a way that it is suitable to serve as the underlying value for index-linked products such as derivatives (source: https://indices.nyx.com/en/products/indices/NL0000249274-XAMS).

- 40%: cash conversion. In case performance is (i) below threshold, no Ordinary Shares will vest, (ii) at threshold, 50% of the Ordinary Shares granted will vest, (iii) at target, 100% of the Ordinary Shares granted will vest and (iv) at maximum, 150% of the Ordinary Shares granted will vest. In case performance lies between at threshold and at target of the budget or between at target and at maximum of the budget, the percentage of Ordinary Shares to vest will be calculated in a linear manner.

The number of Ordinary Shares conditionally granted is determined based on a percentage of annual base salary. That percentage depends on the position of the relevant senior manager or member of the Board of Management. There are five groups:

- Board of Management: (i) CEO: 80% and (ii) other members of the Board of Management 60% of the annual base salary
- Members of the Executive Council: 35% of the annual base salary
- Group 1 (senior management, level immediately below the Executive Council): 25% of the annual base salary
- Group 2 (senior management, level immediately below group 1): 20%
- Group 3 (senior management, level immediately below group 2): 17.5%

The Group applies a hedging policy under which it generally purchases the Ordinary Shares required under the share plan on the market. The sum of the maximum performance targets (and corresponding pay-out levels) determines the required funding. No bonus pool is used (e.g. a bonus pool funded by a percentage of the profits and where a forced ranking system is used to determine which plan participant receives which percentage of the total bonus pool).

*Share ownership guidelines*

For the Board of Management, share ownership guidelines will be in place, as well as requirements as to the period during which the Ordinary Shares must be held. The CEO must hold Ordinary Shares worth 2 times his annual base salary and the other members of the Board of Management must hold Ordinary Shares worth 1.5 times their annual base salary via the "save as you earn" principle. This means that the Ordinary Shares that vested under the performance share plan should be held until the required level of Ordinary Shares is built up (members of the Board are allowed to sell Ordinary Shares to fulfil tax obligations) and no additional investments are required.

**Indemnification and insurance**

Under Dutch law, members of the Board of Management, Supervisory Board and certain other officers may be held liable for damages in the event of improper or negligent performance of their duties. They may be held jointly and severally liable for damages to the Company and to third parties for infringement of the Articles or of certain provisions of the DCC. In certain circumstances, they may also incur additional specific civil and criminal liabilities. Members of the Board of Management, Supervisory Board and certain other officers are insured under an insurance policy taken out by the Company against damages resulting from their conduct when acting in the capacities as members or officers.

The Articles stipulate that current and former members of the Supervisory Board and the Board of Management are entitled to reimbursement of:

- reasonable costs of conducting a defence against claims in relation to acts or failures to act in the exercise of their duties or the exercise of any other duties currently or previously performed by them at the Company
- any damages or fines payable by them as a result of an act or failure to act as referred to above, and
- reasonable costs of appearing in other legal proceedings in which they are involved as current or former members of the Board of Management or the Supervisory Board, with the exception of proceedings primarily aimed at pursuing a claim on their own behalf

There shall, however, be no entitlement to reimbursement if and to the extent that:

- it has been established by a Dutch court in a final and conclusive judgment that the act or failure to act of the person concerned may be characterised as intentional, conscious, reckless or seriously culpable, unless Dutch law provides otherwise or this would be unacceptable in view of the standards of reasonableness and fairness (*redelijkheid en billijkheid*) when taking into account the relevant circumstances, or
- the costs or financial loss of the person concerned are covered by insurance and the insurer has paid out the costs or financial loss

**Corporate governance**

The Board of Management and the Supervisory Board acknowledge the importance of good corporate governance. In 2003, the Dutch Corporate Governance Committee, also known as the Tabaksblat Committee, issued the Dutch corporate governance code (the "**Code**"). In December 2008, the Netherlands Corporate Governance Code Monitoring Committee (Frijns Committee) proposed an amended and updated Code. The Code applies to all companies listed on NYSE Euronext Amsterdam and therefore applies to the Company. The Code contains a number of principles and best practice provisions for listed companies in respect of their managing boards, supervisory boards, shareholders and general meetings of shareholders, financial reporting, auditors, disclosure, compliance and enforcement standards and uses a "comply or explain" approach.

The Company is required under Dutch law to disclose in its annual report whether or not it applies the provisions of the Code and, if it does not apply those provisions, to explain why it does not.

The Code states that a company is also in compliance with the Code if its general meeting of shareholders has approved the corporate governance structure and the deviations from the Code's principles. The Company is committed to adhering to the best practices of the Code as much as possible, and has concluded that it satisfies the principles and best practice provisions of the Code.

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

# MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

## Major shareholders

The following table sets forth the holders of actual direct and notifiable interests (*substantiële deelneming*, a holding of at least 5%, according to the AFM registers, (the former threshold applicable under Dutch law was 5%, but a bill has entered into force on 1 July 2013, which added an initial threshold of 3%) of the share capital or voting rights in the Company as at 1 July 2013. The percentages are as shown in the register of the AFM, except for the percentages held by Royal Imtech and ING Groep N.V.

| **Shareholders** | **Percentage** |
|---|---|
| Delta Lloyd N.V. | 5.83 |
| ING Groep N.V. | 5.42 |
| Royal Imtech | 5.22 |
| Bestinver Gestion, SGIIC S.A. | 5.14 |
| Ameriprise Financial Inc | 5.01 |

1. Voting rights only

Except as disclosed above, the Company is not aware of any person who, on the date of this Prospectus, directly or indirectly, has a beneficial interest of 5% or more in the Company's share capital. Shareholders with a holding below 5% but of 3% or higher will need to notify the AFM ultimately four weeks after 1 July 2013. See "Description of Share Capital – Obligations to disclose holdings and transactions". As at the date of this Prospectus, the Company is not aware of such notification.

The Company's major shareholders do not have other voting rights than other shareholders, except for Royal Imtech which cannot vote on its own shares. The Company is not directly or indirectly owned or controlled by another corporation or by any foreign government. The Company does not know of any arrangement that may, at a subsequent date, result in a change of control.

## Related party transactions

Royal Imtech applies IAS 24 *Related party disclosures.* There is a related party relationship with the Board of Management, the Supervisory Board, Stichting Pensioenfonds Imtech in liquidation, the Foundation, associates and joint ventures. Business relations with such persons and partners are conducted on an arm's length basis.

### *Stichting Pensioenfonds Imtech in liquidation*

The Group used to have a supplementary pension scheme for amongst others higher and middle management that was placed with the Group's own pension fund in the Netherlands Stichting Imtech Pensioenfonds, in liquidation. In total, Stichting Imtech Pensioenfonds had around 1,900 participants. As a result of the financial crisis it had a limited coverage shortfall. As it was independent from the Company, Royal Imtech was not obliged to pay any supplementary contributions. After consultation with the DNB, the board of Stichting Imtech Pensioenfonds and the Group's participants council decided to dissolve the fund as of 1 June 2012. The reasons behind this decision were the size of the fund, the increasing administration costs, regulatory pressure, investment risks, interest rate development, increasing demands on board members and insufficient possibilities for a solid recovery of the coverage level. The pensions have now been transferred to the Pensioenfonds Metaal en Techniek industry pension fund, the Pensioenfonds van de Metalektro and the insurance company Delta Lloyd. The transfers have taken place at no further costs to the participants. The transfers resulted in settlement gain of EUR 5 million (taking into account the effect of unrecognised actuarial gains and losses), included under costs in respect of defined benefit plans, and a settlement payment to be made by the Company of around EUR 3 million.

### *Joint ventures and associates*

Transactions with joint ventures are conducted at arm's length. See "Business – Corporate structure – Material associates and joint ventures". Transactions with associated companies are conducted at arm's length. On 31 December 2012 associates owed the Group EUR 0.5 million (2011: EUR 7.3 million). See "Business – Corporate structure – Material associates and joint ventures".

### *Board of Management and Supervisory Board*

The remuneration paid to members of the Board of Management and Supervisory Board and the pension agreements for the members of the Board of Management are set out in detail in "Management, Employees and Corporate Governance – Remuneration". There are no other business transactions with members of the Board of Management and Supervisory Board.

***Major shareholder***

The Committed Shareholder has entered into a commitment letter with the Company in connection with the Offering. See “Plan of Distribution–Commitment of Major Shareholder”.

## DESCRIPTION OF SHARE CAPITAL

### General

Royal Imtech is a public limited liability company (*naamloze vennootschap*) incorporated and existing under Dutch law by a notarial deed dated 5 January 1970. The Company has its corporate seat in Rotterdam, the Netherlands, and its registered office at Kampenringweg 45a, 2803 PE Gouda, the Netherlands and is registered with the trade register in Rotterdam, the Netherlands, under number 24114856. Its telephone number is +31 (0) 18 2543543.

The Shares are subject to, and have been created under, Dutch law.

### Corporate objects

The Company's corporate objects are to acquire, participate in, finance, manage and to have any other interest in, other companies or business enterprises engaged in the development, design, production, sale, installation and maintenance of technical systems and products, to raise funds, borrow in any other way, to lend, to provide guarantees, to render services in the fields of trade and finance, to invest in financial instruments, to acquire, develop, hold, turn to account, to create charges over, dispose of or in any other way to utilise immovable and other registered properties, to commercialise licenses, copyrights, patents, designs, secret processes or formulas, trademarks and similar interests and to perform all other acts that are advisable, necessary, usual or related to the abovementioned objects, in the widest sense and including any activity or object which is incidental or may be conducive to these objects.

### Share capital

The Company's share capital is divided into Ordinary Shares, Cumulative Preference Shares and Cumulative Financing Preference Shares, each of the shares have a nominal value of EUR 0.80.

At the date of this Prospectus, the Company's authorised share capital amounts to EUR 288 million, divided into:

- 120 million Ordinary Shares, each share with a nominal value of EUR 0.80 each, of which 94,059,916 are issued and outstanding (including treasury shares)
- 180 million Cumulative Preference Shares, each share with a nominal value of EUR 0.80 each, of which none have been issued and outstanding
- 60 million Cumulative Financing Preference Shares, each share with a nominal value of EUR 0.80 each, of which none have been issued and outstanding

At the date of this Prospectus, the Company holds 4,910,419, or 5.22% Ordinary Shares in its own capital. All outstanding Ordinary Shares are paid up.

An overview of the Company's authorised and issued share capital on 31 December 2012 and 2011 is set out below.

| | **31 December 2012 share capital** | | **31 December 2011 share capital** | |
|---|---|---|---|---|
| (number of shares) | **Authorised** | **Issued** | **Authorised** | **Issued** |
| **Ordinary Shares** | 120 million | 94,059,916 | 120 million | 92,746,782 |
| **Cumulative Preference Shares** | 180 million | 0 | 180 million | 0 |
| **Cumulative Financing Preference Shares** | 60 million | 0 | 60 million | 0 |
| **Total** | 360 million | 94,059,916 | 360 million | 92,746,782 |

In 2013, until the date of this Prospectus, the number of outstanding Ordinary Shares increased in total by 42,808 which were all issued by the Company pursuant to sale of treasury shares due to a release of employee stock option obligations.

In 2012, the number of outstanding Ordinary Shares increased in total by 1,313,134. The Company issued 1,313,134 Ordinary Shares as stock dividend.

In 2011, the number of outstanding Ordinary Shares increased in total by 1,172,942. The Company issued 1,172,942 Ordinary Shares as stock dividend.

Upon amendment of the Articles, which was decided on at the General Meeting on 28 June 2013 Royal Imtech's authorised share capital will be increased on the basis of three alternatives. The Board of Management has resolved on 3 July 2013 that the alternative described below will be included in the Articles and the Supervisory Board has approved this resolution. The choice for one of this alternative was based on the number of Ordinary Shares to be issued in connection with the Offering taking into account the Issue Price. In addition to the increase in the number of Ordinary Shares, an increase of the number of Cumulative Financing Preference Shares is included in the authorised share capital. In each alternative, the number Cumulative Preference Shares would have remained unchanged.

| **Type** | **Number** |
|---|---|
| Ordinary Shares | 750,000,000 |
| Cumulative Preference Shares | 180,000,000 |
| Cumulative Financing Preference Shares | 250,000,000, subdivided into 25 series, numbered FP1 to FP25, of 10,000,000 Cumulative Financing Preference Shares each |
| Total: | 1,180,000,000 |

**Register of shareholders**

The Shares are in registered form and are only available in the form of an entry in the Company's shareholders' register and not in certificated form. The shareholders' register shall be kept by or on behalf of the Company. The Company's shareholders' register must be kept accurate and up to date.

The Company's shareholders' register records the names and addresses of the holders of the Shares and the amount paid up on each Share, the date the Shares were acquired, the date of acknowledgement by or giving of notice to the Company, the number of Shares and the particulars of the class of the shares. In addition, the share premium paid on each Cumulative Financing Preference Share is recorded in the shareholders' register. The shareholders' register also includes the names and addresses of those with right of pledge (*pandrecht*) or a right of usufruct (*vruchtgebruik*) on those Shares. The Company's shareholders' register is updated on a regular basis. Every discharge from liability for non-payment is also recorded in the Company's shareholders' register.

When a Share is part of a collective depot (*verzameldepot*) or a giro depot (*girodepot*), the Company will enter the Share in the shareholders' register in the name of the central institute of the affiliated institution, as the case may be, thereby stating that the Share became part of a giro depot (*girodepot*) or a collective depot (*verzameldepot*), as the case may be. The name and address of the central institute or the affiliated institution, will be entered in the Company's shareholders' register, stating the date on which those shares became part of a collective depot (*verzameldepot*) or the giro depot (*girodepot)*, the date of acknowledgement by or giving of notice to the Company, as well as the paid-up amount on each Share. The currently issued Ordinary Shares are listed.

**Issue of Shares**

The General Meeting, or the Board of Management if authorised by the General Meeting, and with the approval by the Supervisory Board, may resolve upon further issue of Shares. As long as the Board of Management is authorised to issue Shares, the General Meeting may not pass a resolution to issue further Shares. If the General Meeting is authorised to resolve on share issues, a proposal of the Board of Management is required subject to the approval of the Supervisory Board.

A resolution of the General Meeting to issue Shares or to designate the Board of Management as being authorised to issue Shares, shall be valid only if accompanied by a prior or simultaneous resolution of approval by shareholders of each class whose rights are affected by the issue.

If the Board of Management has been designated as the body authorised to resolve upon further issue of Shares, the number and class of Shares must be specified in such designation. Upon such designation, the duration of the designation shall be set, which shall not exceed five years. The designation may be extended, from time to time, for periods not exceeding five years. Unless such designation provides otherwise, it may not be withdrawn. Although the duration of the designation as provided by law may be a maximum of five years, the Company adheres to the good practice of limiting this duration to 18 months.

Ordinary Shares and Cumulative Financing Preference Shares may be issued only against payment in full. Cumulative Preference Shares may be issued against partial payment, with the proviso that the part of the nominal amount that must be paid up on each Cumulative Preference Shares must be the same and at least 25% of the nominal amount must be paid up when the Cumulative Preference Shares is issued.

The following applies to the issue of Cumulative Preference Shares and the granting of a right to subscribe for Cumulative Preference Shares if the Board of Management has been designated as the body authorised to issue Shares. The Board of Management shall be obliged to convene a General Meeting within four weeks after such issue of Cumulative Preference Shares in which the reasons for the issue of Cumulative Preference Shares shall be explained unless this explanation has already been given in an earlier General Meeting. Such an issue of Cumulative Preference Shares requires the prior approval or other co-operation of the General Meeting in the event that (i) as a result of this issue and/or (ii) as a result of the earlier issue of Cumulative Preference Shares by the Board of Management such a number of Cumulative Preference Shares can be subscribed for and/or have been issued that the total nominal amount of the Cumulative Preference Shares issued by the Board of Management exceeds 100% of the total nominal amount of the other Cumulative Preference Shares issued prior to said issue. The foregoing is not applicable to the issue of Cumulative Preference Shares pursuant to the exercise of an option right.

The Board of Management shall be obliged to convene a General Meeting within two years after the issue of Cumulative Preference Shares to the Foundation and at that meeting submit a proposal concerning the purchase or cancellation of these issued Cumulative Preference Shares. If at that meeting it is not resolved that the Company should repurchase or cancel the relevant Cumulative Preference Shares, the Board of Management shall be obliged to each time within two years after such proposal has been placed on the agenda, again convene a General Meeting at which such proposal is again submitted, which obligation will cease as soon as the Cumulative Preference Shares are no longer issued or are no longer held by a person other than the Company.

During the annual General Meeting of 28 June 2013, the General Meeting authorised the Board of Management, subject to the approval of the Supervisory Board, to (i) issue Ordinary Shares for a period of 18 months up to whatever number of ordinary shares is required to raise gross proceeds of maximum EUR 500 million through the Offering, to (ii) restrict or exclude the pre-emptive rights upon the issue respectively the grant of rights to subscribe for Ordinary Shares in relation to the Offering and (iii) to issue Cumulative Financing Preference Shares and to grant rights to subscribe for such shares for a period of 18 months on the understanding that this authorisation is limited up to an amount of an aggregate of 10% of the issued share capital after completion of the Offering.

No Rights allowing it to participate in the Offering will be granted to Royal Imtech as holder of Ordinary Shares.

At the extraordinary General Meeting to be held on 2 August 2013, the General Meeting will be requested to authorise the Board of Management, subject to the approval of the Superisory Board, to (i) issue Ordinary Shares- by which it is understood the granting of the right to subscribe for – Ordinary Shares, on the understanding that this authorisation is limited to 10% of the issued share capital at the time of the decision to issue such shares, and (ii) restrict or exclude the pre-emptive rights upon the issue respectively the grant of rights to subscribe for such Ordinary Shares.

**Call option Cumulative Preference Shares**

Pursuant to a resolution passed by the General Meeting held on 21 June 1974, the Articles include the possibility of issuing Cumulative Preference Shares. In connection herewith, the Foundation was founded in 1982. The object of the Foundation is to look after the interests of the Group. Specifically, the Foundation seeks to ensure that the interests of the Group and all their stakeholders are safeguarded as well as possible and that influences that could undermine the independence and/or continuity of the Group or could conflict with their interests are averted to the best of the Foundation's ability. The Foundation attempts to achieve its object partly by acquiring, through the option referred to below or otherwise, and holding Cumulative Preference Shares in Royal Imtech's capital and by exercising the rights connected with those shares. The possibility of issuing Cumulative Preference Shares is an anti-take over measure. Imtech is willing, in principle, to grant the Foundation by agreement when the occasion so arises the right to instigate an inquiry, as understood in Section 2:345 DCC, should this be desirable or imperative at the discretion of both parties within the context of the objective of the Foundation.

Royal Imtech has granted the Foundation a call option to acquire Cumulative Preference Shares in Royal Imtech's capital. This option regards any number of Cumulative Preference Shares that the Foundation may acquire, subject to a maximum nominal amount as reflected as authorised share capital in the Articles. The Foundation has a credit facility to enable it to pay the amount to be paid up on the Cumulative Preference Shares. The Cumulative Preference Shares must be paid up for 25% of the nominal amount. The management board of the Foundation has the exclusive right to determine whether or not to exercise this right to acquire Cumulative Preference Shares.

**Pre-emptive rights**

Holders of Ordinary Shares have a pre-emptive right in the event of an issue of Ordinary Shares. Holders of Ordinary Shares have no pre-emptive right upon the issue of Cumulative Financing Preference Shares and Cumulative Preference Shares. No pre-emptive right exists in respect of issue of shares for consideration other than cash or in respect of shares that are issued to employees of the Company or of the Group.

The General Meeting may resolve to restrict or exclude the pre-emptive rights, which resolution requires a majority of at least two-thirds of the votes cast if less than half of the issued share capital is represented at the General Meeting. If half or more of the issued share capital is represented, the resolution can be adopted with an absolute majority of the votes cast. Furthermore, such resolution can only be adopted on the proposal of the Board of Management and subject to the approval of the Supervisory Board. The above right to restrict or exclude the pre-emptive rights of the General Meeting is not applicable if such right has been granted to the Board of Management as set out below. The General Meeting may designate the Board of Management to resolve to limit or exclude the pre-emptive rights if the Board of Management is also authorised to issue Shares at that time. This designation may be granted for a specified period of not more than five years and only if the Board of Management has also been designated or is simultaneously designated as the body authorised to resolve to issue Shares. The designation to limit or exclude pre-emptive rights may be extended, from time to time, for no longer than five years at a time and only applies as long as the designation to issue Shares is in force. A resolution of the Board of Management to restrict or exclude pre-emptive rights is subject to the approval of the Supervisory Board.

The issue that is subject to pre-emptive rights and the period during which these rights can be exercised shall be announced in the manner as stated in the Articles. The pre-emptive rights can be exercised during a period of at least two weeks following the day of announcement.

During the annual General Meeting of 28 June 2013, the General Meeting authorised the Board of Management, subject to the approval of the Supervisory Board, to limit or exclude pre-emptive rights for a period of 18 months in connection with an issue of Ordinary Shares up to the number of Ordinary Shares which is required for the Company to raise gross proceeds of maximum EUR 500 million through the Offering.

**Repurchase of shares**

The Company may acquire fully paid-up Shares for no consideration or if (i) the Company's shareholders equity less the payment required to make the acquisition does not fall below the sum of called-up and paid-in share capital an any statutory reserves and (ii) the nominal value of the Shares which the Company acquires, holds or holds as pledge or which are held by a subsidiary does not exceed half of the issued capital. The Board of Management needs authorisation by the General Meeting for the repurchase of Shares for consideration. This authorisation is valid for a maximum of 18 months. As part of the authorisation, the General Meeting specifies the number of Shares that may be repurchased, the manner in which the Shares may be acquired and the price range within which the Shares may be acquired. The authorisation is not required for the acquisition of Shares in order to transfer them to employees of the Group in accordance with a regulation applicable to them. The Board of Management may resolve, subject to the approval of the Supervisory Board, to dispose of Shares acquired by the Company in its own capital.

Shares held by the Company in its own share capital shall not entitle the Company to any distribution in respect of such Shares. For the computation of the amount of profit to be distributed on each Share, the Shares held by the Company in its own capital shall not be included. The Company or a Subsidiary cannot cast votes for Shares belonging to the Company or for a share for which the Company or a Subsidiary holds the depositary receipts. Usufructuaries (*vruchtgebruikers*) of shares belonging to the Company or a Subsidiary do, however, retain their voting rights if the usufruct was established before the share belonged to the Company or its subsidiary. With due observance of the relevant statutory provisions, the Company may obtain a right of pledge on shares or depositary receipts for shares in the Company's own capital.

When determining to what extent a certain part of the share capital is represented or to what extent a majority represents a certain part of the share capital, no account shall be taken of Shares which are not entitled to voting rights. If someone acquires shares or their depositary receipts in the Company's own capital in his own name for the account of the Company, these shares or their depositary receipts must immediately be transferred to the Company at a consideration.

The Company is subject to contractual arrangements with certain of its financiers (including under the Bridge Loan Agreement and the amendment and waiver agreements (see "Use of Proceeds and Background to the Offering – Background to the Offering; recent events – I. Financial measures and restructuring"), which include provisions limiting the repurchase of shares by the Company until the date on which the Company confirms the Leverage Ratio is not exceeding 2.0 and it expects the Leverage Ratio shall not exceed 2.0 on the date of the distribution, which combination the Company does not foresee to occur before the end of 2015. See "Operating and Financial Review – Liquidity and Capital Resources – External Sources of Funding, Financing and Indebtedness – Syndicated Bank Loans".

**Capital reduction**

The General Meeting may resolve, but only if proposed by the Board of Management and after approval of the Supervisory Board, to reduce the issued share capital by cancellation of Shares or by reducing the nominal value by amending the Articles. Under Dutch law, the resolution to reduce the issued share capital must specifically state the shares concerned and lay down rules for the implementation of the resolution. The resolution to cancel Shares may only concern Shares which are held by the Company or to shares for which the Company holds depositary receipts.

A resolution to reduce the issued share capital requires a majority of at least two-thirds of the votes cast in the General Meeting if less than one-half of the issued share capital is represented at that meeting. A resolution to reduce the issued share capital shall in addition require the prior simultaneous approval by each group of Shareholders of the same class whose rights are affected.

**Transfer of shares, transfer restrictions**

The Shares are in registered form. The transfer of a Share or of a restricted right thereto requires a deed of transfer drawn up for that purpose and acknowledgement of the transfer by the Company in writing. The latter condition is not required in the event that the Company is party to the deed of transfer.

Pursuant to the Dutch Securities Giro Act (*Wet giraal effectenverkeer*) if an Ordinary Share is transferred for inclusion in a collection deposit (*verzameldepot*), the transfer will be accepted by the intermediary (*intermediair*) concerned. If an Ordinary Share is transferred for inclusion in the giro deposit (*girodepot*), the transfer will be accepted by the central institute (*Centraal Instituut*), being Euroclear Nederland. The transfer and acceptance of Ordinary Shares in a collection deposit (*verzameldepot*) or the giro deposit (*girodepot*), respectively, can be effected without the cooperation of the other participants in a collection deposit (*verzameldepot*) or the giro deposit (*girodepot*), respectively.

Upon issue of a new Ordinary Share to Euroclear Nederland respectively to an intermediary, the transfer in order to include the Ordinary Share in the giro deposit respectively a collection deposit will be effected without the cooperation of the other participants in a collection deposit or the giro deposit, respectively.

Any transfer of Cumulative Preference Shares requires the approval of the Supervisory Board.

**General Meeting**

The annual General Meeting must be held within six months after the start of each financial year. Recurring agenda items on the annual General Meeting are: the report of the Board of Management concerning the Company's affairs and the management as conducted during the previous financial year, the report of the Supervisory Board and its committees, the adoption of the Company's annual accounts, the allocation of profits in so far as this is at the disposal of the General Meeting and if applicable, the proposal to pay dividend, delegation of authority to issue shares, delegation of authority to restrict or exclude pre-emptive rights, the discharge of the members of the Board of Management and the members of the Supervisory Board, the delegation of authority to purchase own Shares and the composition of the Board of Management and the Supervisory Board.

Extraordinary General Meetings can be held whenever the Board of Management and/or the Supervisory Board deem desirable. The General Meetings must be convened by the Board of Management or the Supervisory Board by sending a convening notice, which must be given no later than the 42nd day before the date of the General Meeting. Such notice must include the location and the time of the meeting, an agenda indicating the items for discussion and any proposals for the agenda. The General Meetings must be held in the municipality of Rotterdam, Amsterdam, The Hague, Gouda or Haarlemmermeer, the Netherlands. The notice of a General Meeting is given in such manner as shall be authorised by Dutch law.

Proposals of shareholders and other persons entitled to attend the General Meetings will only be included in the agenda, if such proposal is made in writing to the Board of Management no later than 60 days before the General Meeting and the shareholders or other persons entitled to attend General Meetings, solely or jointly representing shares amounting to at least 1% of the issued share capital, or with a market value of at least EUR 50 million. Under recently adopted legislation, this threshold will be increased to 3% with effect as of 1 July 2013, except where the Articles state a lower percentage, as currently is the case for the Company.

Each holder of Shares is entitled to attend the General Meeting, to address the General Meeting and to exercise voting rights pro rata to its shareholding, either in person or by proxy. Each holder of Shares that wishes to attend the General Meeting and to exercise its voting rights must register no later than 28 days before the date of the General Meeting. Members of the Board of Management and members of the Supervisory Board may attend a General Meeting and they have an advisory vote. Each holder of Shares may cast one vote per Share held. Resolutions of the General Meeting are passed by an absolute majority of votes cast unless Dutch law or the Articles explicitly and mandatorily prescribe a larger majority.

**Annual accounts**

The Company's financial year coincides with the calendar year. Annually, within four months after the end of the financial year, the Board of Management must prepare the annual accounts and make them generally available for inspection by the holders of Shares at the offices of the Company. Non-compliance with this requirement may lead to a fine of up to EUR 4 million by the AFM. The annual accounts must be accompanied by an independent auditor's report, the annual report and certain other information required under Dutch law. The annual accounts shall be signed by the members of the Board of Management and the Supervisory Board and if a member does not sign, the reason for this must be stated. The annual accounts, independent auditor's report, annual report and other information required under Dutch law must be made available to the holders of Shares from the date of the notice convening the annual General Meeting. The annual accounts are adopted by the General Meeting. Within two months after the end of the first six months of the financial year, the Board of Management must prepare a semi-annual financial statement and make it publicly available. If the semi-annual financial reporting is audited or reviewed, the independent auditor's report must be made publicly available together with the semi-annual financial reporting.

During a period between ten weeks after the start and six weeks before the end of each half of the financial year the Board of Management must prepare an interim statement and make it publicly available. The interim statement includes an explanation of the important events and transactions that took place during the period between the start of the financial year and publication of the interim statement and the consequences for the financial position of the Company. The interim statement also includes a general description of the financial position and the performance of the Company during that period. The Company is obliged to publish the annual, semi-annual and quarterly statements and comply with other reporting obligations, including those resulting from the listing of the Ordinary Shares on NYSE Euronext Amsterdam, in accordance with relevant Dutch law.

**Amendment of Articles**

A resolution to amend the Articles may only be taken by the General Meeting by an absolute majority of votes, pursuant to a proposal of the Board of Management that has been approved by the Supervisory Board.

**Liquidation**

The General Meeting may resolve to dissolve the Company by an absolute majority of votes pursuant to a proposal of the Board of Management that has been approved by the Supervisory Board. In the event of the dissolution of the Company, the Company will be liquidated in accordance with the statutory provisions. During liquidation, the provisions of the Articles will remain in effect as far as possible. The balance of the Company's assets remaining after all liabilities have been paid shall, if possible, first be applied for the payment of all the holders of Cumulative Preference Shares of the nominal amount paid on their Cumulative Preference Shares plus the amount equal to the compulsory payment on Cumulative Preference Shares relating to previous years (subsection 3 of Section 24 of the Articles)

Subsequently, if possible, the holders of Cumulative Financing Preference Shares will be paid the nominal amount of their shares increased in the manner as provided in Section 24 subsection 21 (repayment on shares). If the balance remaining is not sufficient to make the payments referred to in the previous sentence, such payments to the holders of Cumulative Financing Preference Shares will be made pro rata to the amounts which would have been paid if the balance had been sufficient for full payment.

Any balance remaining shall be distributed to the holders of Ordinary Shares in proportion to the nominal amount of each shareholder's holding in Ordinary Shares.

**Transitional provision**

Following the amendment of the Articles on 15 October 2001, shareholders and holders of a right of usufruct or pledge whose rights are based on a bearer share may not exercise the rights attached to that share as long as they (a) are not registered in the shareholders' register or (b) have not transferred the share to an intermediary for the purpose of incorporation in a collective depot (*verzameldepot*). Registration and transfer as referred to in the previous sentence may take place only against delivery of the share certificates to the Company. The Company charges costs for any exchange as referred to above as from 31 December 2001.

**Rules governing obligations of shareholders to make a public offer**

European Directive 2004/25/EC of 21 April 2004 relating to public takeover bids, also known as the 'takeover directive', has been implemented in the FMSA.

Under these implementing rules, a shareholder who (individually or acting in concert with others) directly or indirectly obtains control of a Dutch listed company such as Royal Imtech will generally be required to make a public offer for all shares. Such control is deemed present if a (legal) person is able to exercise, alone or acting in concert, at least 30% of the voting rights in the general meeting of shareholders of a Dutch listed company.

Furthermore it is generally prohibited to launch a public offer for shares of a Dutch listed company, such as the Ordinary Shares, unless an offer memorandum has been approved by, in the case of Royal Imtech, the AFM. A public offer is launched by way of publication of the approved offer memorandum. The public offer rules are intended to ensure that in the event of a public offer, among other things, sufficient information will be made available to the holders of the shares, that the holders of the shares will be treated equally, that there will be no abuse of inside information and that there will be a proper and timely offer period. See "Description of Share Capital – Issue of shares" for a description of certain protective measures in respect of a takeover of Royal Imtech.

**Squeeze-out procedures**

Pursuant to Section 2:92a DCC, a shareholder who for his own account holds at least 95% of the issued share capital of a Dutch listed company may initiate proceedings against the minority shareholders jointly for the transfer of their shares to him. The proceedings are held before the Enterprise Chamber and can be instituted by means of a writ of summons served upon each of the minority shareholders in accordance with the provisions of the Dutch Code of Civil Procedure (*Wetboek van Burgerlijke Rechtsvordering*). The Enterprise Chamber may grant the claim for squeeze-out in relation to all minority shareholders and will determine the price to be paid for the shares, if necessary after appointment of one or three experts who will offer an opinion to the Enterprise Chamber on the value to be paid for the shares of the minority shareholders. Once the order to transfer becomes final before the Enterprise Chamber, the person acquiring the shares shall give written notice of the date and place of payment and the price to the holders of the shares to be acquired whose addresses are known to him. Unless the addresses of all of them are known to the acquiring person, such person is required to publish the same in a daily newspaper with a national circulation.

The offeror under a public offer is also entitled to start a squeeze-out procedure if, following the public offer, the offeror holds at least 95% of the outstanding share capital and represents at least 95% of the total voting rights. The claim of a takeover squeeze-out must be filed with the Enterprise Chamber within three months following the expiry of the acceptance period of the offer. The Enterprise Chamber may grant the claim for a takeover squeeze-out in relation to all minority shareholders and will determine the price to be paid for the shares, if necessary after appointment of one or three experts who will offer an opinion to the Enterprise Chamber on the value to be paid for the shares of the minority shareholders. In principle, the offer price is considered reasonable if the offer was a mandatory offer or if at least 90% of the shares to which the offer related were received in case of a voluntary offer.

The DCC also entitles those minority shareholders that have not previously tendered their shares under an offer to transfer their shares to the offeror, provided that the offeror has acquired at least 95% of the share capital and represents at least 95% of the total voting rights. In regard to price, the same procedure as for takeover squeeze out proceedings initiated by an offeror applies. This claim must also be filed with the Enterprise Chamber within three months following the expiry of the acceptance period of the offer.

**Obligations to disclose holdings and transactions**

Shareholders may be subject to requirements under the FMSA regarding disclosure of holdings. Shareholders are advised to seek professional advice on these obligations. The most important holdings disclosure requirements for the Shareholders are:

- any person who, directly or indirectly, acquires or disposes of an actual or potential interest in the capital and/or or voting rights of Royal Imtech must forthwith give written notice to the AFM of such acquisition or disposal if, as a result of such acquisition or disposal, the total percentage of the capital interest and/or voting rights held, reaches, exceeds or falls below the following thresholds: 3%, 5%, 10%, 15%, 20%, 25%, 30%, 40%, 50%, 60%, 75% and 95%; and
- any person whose capital interest or voting rights in Royal Imtech reaches, exceeds or falls below a threshold due to a change in Royal Imtech's outstanding share capital, or in votes that can be cast on the Shares of Royal Imtech as notified to the AFM by Royal Imtech, should notify the AFM no later than the fourth trading day after the AFM has published Royal Imtech's notification of the change in its outstanding share capital.

An amendment to the FMSA to the effect that a 3% notification threshold be introduced came into force on 1 July 2013. Shareholders with a holding below 5% but of 3% or higher will need to notify the AFM ultimately four weeks after 1 July 2013.

In addition, any person with a capital interest or voting rights in Royal Imtech of at least 3% will be required to notify the AFM of any changes in the composition (actual or potential) of this interest annually within four weeks from 31 December at 12 midnight CEST.

For the purpose of calculating the percentage of capital interest or voting rights, the following interests must, inter alia, be taken into account: (i) shares and voting rights directly held (or acquired or disposed of) by any person; (ii) shares and voting rights held (or acquired or disposed of) by such person's controlled entity or by a third party for such person's account or by a third party with whom such person has concluded an oral or written voting agreement; (iii) voting rights acquired pursuant to an agreement providing for a temporary transfer of voting rights against a payment; (iv) shares which such person (directly or indirectly) or third party referred to above, may acquire pursuant to any option or other right to acquire shares; (v) shares which determine the value of certain cash settled financial instruments such as contracts for difference and total return swaps; (vi) shares that must be acquired upon exercise of a put option by a counterparty; and (vii) shares which are the subject of another contract creating an economic position similar to a direct or indirect holding in those shares. Special attribution rules apply to shares and voting rights which are part of the property of a partnership or other community of property. A holder of a pledge or right of usufruct in respect of shares can also be subject to the reporting obligations, if such person has, or can acquire, the right to vote the shares. The acquisition of (conditional) voting rights by a pledgee or beneficial owner may also trigger the reporting obligations as if the pledgee or beneficial owner were the legal holder of the shares.

For the same purpose, the following instruments qualify as "shares": (i) shares, (ii) depositary receipts for shares (or negotiable instruments similar to such receipts), (iii) negotiable instruments for acquiring the instruments under (i) or (ii) (such as convertible bonds), and (iv) options for acquiring the instruments under (i) or (ii).

Pursuant to the FMSA, Royal Imtech is required to inform the AFM immediately if Royal Imtech's issued share capital or voting rights changes by 1% or more since Royal Imtech's previous notification. Other changes to Royal Imtech's capital or voting rights need to be notified within eight days after the end of the quarter in which the change occurred. Furthermore, each member of the Board of Management and Supervisory Board must immediately give written notice to the AFM by means of a standard form of any change in his or her holding of Shares and voting rights in Royal Imtech.

The AFM keeps a public registry of and publishes all notifications made pursuant to the FMSA at its website http://www.afm.nl.

In addition, pursuant to Regulation (EU) No 236/2012 each person holding a net short position attaining 0.2% of the issued share capital of a Dutch listed company is required to report it to the AFM. Each subsequent increase of this position by 0.1% above 0.2% will also need to be reported. Each net short position equal to 0.5% of the issued share capital of a Dutch listed company and any subsequent increase of that position by 0.1% will be made public via the AFM short selling register. To calculate whether a natural person or legal person has a net short position, their short positions and long positions must be set off. A short transaction in a share can only be contracted if a reasonable case can be made that the shares sold can actually be delivered, which requires confirmation of a third party that the shares have been located.

Pursuant to the amendment of the FMSA, referred to above, a requirement to notify the AFM of any gross short position was introduced. For the notification of gross short positions the same thresholds will apply as for notifying an actual or potential interest in the capital and/or or voting rights of a Dutch listed company, as referred to above.

***Insiders***

Royal Imtech's insiders as described in Section 5:60 of the FMSA are obliged to notify the AFM when they carry out or cause to be carried out, for their own account, a transaction in shares or in securities of which the value is at least in part determined by the value of the shares. Insiders of Royal Imtech as described in Section 5:60 of the FMSA include the members of the Board of Management and Supervisory Board, and would also include any persons who have a managerial position within Royal Imtech and in that capacity are authorized to make decisions which have consequences for the future development and prospects of Royal Imtech and can have access to inside information on a regular basis.

In addition, persons designated by the Dutch Market Abuse Decree (*Besluit Marktmisbruik Wft* ) who are closely associated with the members of the Board of Management and Supervisory Board or any other insider referred to above must notify the AFM of the existence of any transaction conducted for their own account relating to the shares of Royal Imtech or securities of which the value is at least in part determined by the value of such shares. The Dutch Market Abuse Decree designates the following categories of persons as being closely related for the purposes of the Dutch Market Abuse Decree: (i) the spouse or any partner considered by national law as equivalent to a spouse, (ii) dependent children, (iii) other relatives who have shared the same household for at least one year at the relevant transaction date and (iv) any legal person, trust or partnership, among other things, managed or controlled by members of the Board of Management and Supervisory Board or any other insiders referred to above.

This notification must be made no later than the fifth business day following the transaction date. The notification may be delayed until the moment that the value of the transactions performed for that person's own account, together with the transactions carried out by the persons associated with that person, reach or exceed an amount of EUR 5,000 in the calendar year in question. Non-compliance with the reporting obligations under the FMSA could lead to criminal fines, administrative fines, imprisonment or other sanctions. In addition, non-compliance with the reporting obligations under the FMSA may lead to civil sanctions.

# TAXATION

## Taxation in the Netherlands

The following is intended as general information only and it does not purport to present any comprehensive or complete description of all aspects of Dutch tax law which could be of relevance to a holder of Shares, Offer Shares and/or Rights. For Dutch tax purposes, a holder of Shares, Offer Shares and/or Rights may include an individual or entity who does not have the legal title, but to whom nevertheless the Shares, Offer Shares and/or Rights are attributed based either on such individual or entity holding a beneficial interest in the Shares, Offer Shares and/or Rights or based on specific statutory provisions, including statutory provisions pursuant to which Shares, Offer Shares and/or Rights are attributed to an individual who is, or who has directly or indirectly inherited from a person who was, the settlor, grantor or similar originator of a trust, foundation or similar entity that holds the Shares, Offer Shares and/or Rights.

Prospective holders of Shares, Offer Shares and/or Rights should therefore consult their tax adviser regarding the tax consequences of any purchase, ownership or disposal of Shares, Offer Shares and/or Rights.

The following summary is based on the Dutch tax law as applied and interpreted by Dutch tax courts and as published and in effect on the date hereof, without prejudice to any amendments introduced at a later date and implemented with or without retroactive effect.

For the purpose of this paragraph, "**Dutch Taxes**" shall mean taxes of whatever nature levied by or on behalf of the Netherlands or any of its subdivisions or taxing authorities. The Netherlands means the part of the Kingdom of the Netherlands located in Europe.

### *Withholding tax*

A Shareholder is generally subject to Dutch dividend withholding tax at a rate of 15% on dividends distributed by the Company. Generally, the Company is responsible for the withholding of such dividend withholding tax at source; the dividend withholding tax is for the account of the Shareholder.

Dividends distributed by the Company include, but are not limited to:

- distributions of profits in cash or in kind, whatever they be named or in whatever form
- proceeds from the liquidation of the Company, or proceeds from the repurchase of Shares and/or Offer Shares by the Company, in excess of the average paid-in capital recognised for Dutch dividend withholding tax purposes
- the par value of Shares and/or Offer Shares issued to a Shareholder or an increase in the par value of Shares, to the extent that no contribution, recognised for Dutch dividend withholding tax purposes, has been made or will be made, and
- partial repayment of paid-in capital, that is
    - not recognised for Dutch dividend withholding tax purposes, or
    - recognised for Dutch dividend withholding tax purposes, to the extent that the Company has "net profits" (*zuivere winst*), unless
        (a) the general meeting of shareholders has resolved in advance to make such repayment, and
        (b) the par value of the Shares and/or Offer Shares concerned has been reduced with an equal amount by way of an amendment to the Articles

The term "net profits" includes anticipated profits that have yet to be realised.

Notwithstanding the above, no withholding is required in the event of a repurchase of Shares and/or Offer Shares, if certain conditions are fulfilled.

Furthermore, subject to certain exceptions under Dutch domestic law, the Company may not be required to transfer to the Dutch tax authorities the full amount of Dutch dividend withholding tax withheld in respect of dividends distributed by the Company, if the Company has received a profit distribution from a qualifying foreign subsidiary, which distribution is exempt from Dutch corporate income tax and has been subject to a foreign withholding tax of at least 5%. The amount that does not have to be transferred to the Dutch tax authorities can generally not exceed the lesser of (i) 3% of the dividends distributed by the Company and (ii) 3% of the profit distributions the Company received from qualifying foreign subsidiaries in the calendar year in which the

Company distributes the dividends (up to the moment of such dividend distribution) and the two previous calendar years; further limitations and conditions apply.

If a Shareholder is resident or deemed to be resident in the Netherlands or, in case of an individual, has opted to be treated as if resident in Netherlands, such Shareholder is generally entitled to an exemption or a full credit for any Dutch dividend withholding tax against his Dutch (corporate) income tax liability and to a refund of any residual Dutch dividend withholding tax.

If a Shareholder is resident in a country other than the Netherlands under certain circumstances exemptions from, reduction in or refunds of, dividend withholding tax may be available pursuant to Dutch domestic law or treaties or regulations for the avoidance of double taxation.

A Shareholder who satisfies the conditions of the 1992 Double Taxation Treaty between the United States and the Netherlands for the avoidance of double taxation, as amended most recently by the Protocol signed March 8, 2004 (the "**Treaty**"), may be entitled to a reduction in the Dutch withholding tax by way of an exemption, reduction or refund. The main conditions are: being a resident of the United States for the purposes of the Treaty, being the beneficial owner of the distributed dividend and being qualified under Section 26 of the Treaty (the limitation on benefits section). Such Shareholder (a "**United States shareholder**") will effectively be subject to Dutch dividend withholding tax as follows:

- if the United States shareholder is an exempt pension trust as described in Section 35 of the Treaty, or an exempt organisation as described in Section 36 of the Treaty, the United States shareholder is entitled to an exempt ion from Dutch dividend withholding tax
- if the United States shareholder is a company which holds directly at least 10% but less than 80% of the voting power in the Company, the United States shareholder is entitled to a reduction of Dutch withholding tax to a rate of 5%
- if the United States shareholder is a company which holds directly at least 80% of the voting power in the Company and certain other conditions are met, the United States shareholder is entitled to an exemption from Dutch dividend withholding tax, and
- in all other cases, the United States shareholder will be subject to Dutch dividend withholding tax at a rate not exceeding 15%

United States shareholders qualifying for a reduction in the Dutch withholding tax may generally claim (1) an exemption or reduction at source, or (2) a refund, by filing, through the withholding agent as mentioned in Section 9 of the Dutch Dividend Withholding Tax Act 1965, a completed and signed copy of one of the following forms within three years after the end of the calendar year in which the withholding tax was levied:

- if the United States shareholder is an exempt pension trust as described in Section 35 of the Treaty: Form IB 96 USA, or
- if the United States shareholder is an exempt organisation as described in Section 36 of the Treaty: Form IB 95 USA

According to Dutch domestic anti-dividend stripping rules, no credit against Dutch (corporate) income tax, exemption from, reduction in or refund of, Dutch dividend withholding tax will be granted if the recipient of the dividend paid by the Company is not considered to be the beneficial owner (*uiteindelijk gerechtigde*) of such dividends as meant in these rules.

No Dutch dividend withholding tax will be due upon the issue of the Rights or with respect to the Unexercised Rights Payments.

***Taxes on income and capital gains***

This section does not purport to describe the possible Dutch tax considerations or consequences that may be relevant to a holder of Shares, Offer Shares and/or Rights:

- who is an individual and for whom the income or capital gains derived from the Shares, Offer Shares and/or Rights are attributable to employment activities, the income from which is taxable in the Netherlands
- that is an entity that is not subject to Dutch corporate income tax or is in full or in part exempt from Dutch corporate income tax (such as pension funds)
- that is an investment institution (*beleggingsinstelling*) as defined in Section 6a or 28 of the Dutch 1969 Corporate income tax act (*Wet op de vennootschapsbelasting 1969* "**CITA**"), or
- which is entitled to the participation exemption (*deelnemingsvrijstelling*) with respect to the Shares, Offer Shares and/or Rights as defined in Section 13 CITA

***Residents in the Netherlands***

The description of certain Dutch tax consequences in this paragraph is only intended for the following holders of Shares, Offer Shares and/or Rights:

(a) individuals who are resident or deemed to be resident in the Netherlands for Dutch income tax purposes

(b) individuals who opt to be treated as if resident in the Netherlands for Dutch income tax purposes ((a) and (b) jointly "**Dutch Individuals**"), and

(c) entities that are subject to the CITA and are resident or deemed to be resident in the Netherlands for corporate income tax purposes "**Dutch Corporate Entities**")

*Dutch Individuals engaged or deemed to be engaged in an enterprise or in miscellaneous activities*

Dutch Individuals are generally subject to income tax at statutory progressive rates with a maximum of 52% with respect to any benefits derived or deemed to be derived from Dutch Enterprise Shares (including Unexercised Rights Payments) (as defined below), including any capital gains realised on the disposal thereof.

"**Dutch Enterprise Shares**" are Shares, Offer Shares and/or Rights or any right to derive benefits there from:

- which are attributable to an enterprise from which a Dutch Individual derives profits, whether as an entrepreneur or pursuant to a co-entitlement to the net worth of such enterprise (other than as an entrepreneur or a shareholder), or
- of which the benefits are taxable in the hands of a Dutch Individual as benefits from miscellaneous activities (*resultaat uit overige werkzaamheden*) including, without limitation, activities which are beyond the scope of active portfolio investment activities

*Dutch Individuals having a (fictitious) substantial interest*

Dutch Individuals are generally subject to income tax at statutory rate of 25% with respect to any benefits derived or deemed to be derived from Shares, Offer Shares and/or Rights, excluding Dutch Enterprise Shares, (including any capital gains realised on the disposal thereof and including Unexercised Rights Payments) that are attributable to a (fictitious) substantial interest (such shares being "**Substantial Interest Shares**").

Generally, a holder of Shares, Offer Shares and/or Rights has a substantial interest (*aanmerkelijk belang*) in the Company if such holder, alone or together with his partner, directly or indirectly:

- owns, or holds certain rights on, Shares and/or Offer Shares representing 5% or more of the total issued and outstanding capital of the Company, or of the issued and outstanding capital of any class of shares of the Company
- holds rights to acquire Shares and/or Offer Shares, whether or not already issued, representing 5% or more of the total issued and outstanding capital of the Company, or of the issued and outstanding capital of any class of shares of the Company, or
- owns, or holds certain rights on, profit participating certificates that relate to 5% or more of the annual profit of the Company or to 5% or more of the liquidation proceeds of the Company

A holder of Shares, Offer Shares and/or Rights will also have a substantial interest if his partner or one of certain relatives of the holder of Shares, Offer Shares and/or Rights or of his partner has a substantial interest.

Generally, a holder of Shares, Offer Shares and/or Rights has a fictitious substantial interest (*fictief aanmerkelijk belang*) in the Company if, without having an actual substantial interest in the Company:

- an enterprise has been contributed to the Company in exchange for Shares, Offer Shares and/or Rights on an elective non-recognition basis
- Ordinary Shares, Offer Shares and/or Rights have been obtained under gift law, inheritance law or matrimonial law, on a non-recognition basis, while the previous holder had a substantial interest in the Company
- Ordinary Shares, Offer Shares and/or Rights have been acquired pursuant to a share merger, legal merger or legal demerger, on an elective non-recognition basis, while the holder prior to this transaction had a substantial interest in an entity that was party thereto, or
- Ordinary Shares, Offer Shares and/or Rights held by the holder, prior to dilution, qualified as a substantial interest and, by election, no gain was recognised upon disqualification of these Shares, Offer Shares and/or Rights

*Dutch Individuals not engaged or deemed to be engaged in an enterprise or in miscellaneous activities or having a (fictitious) substantial interest*

Generally, a Dutch Individual who owns Shares, Offer Shares and/or Rights, excluding Dutch Enterprise Shares and Substantial Interest Shares, will be subject annually to an income tax imposed on a fictitious yield on such Shares, Offer Shares and/or Rights under the regime for savings and investments (*inkomen uit sparen en beleggen*). Irrespective of the actual income or capital gains realised, the annual taxable benefit of all the assets and liabilities of a Dutch Individual that are taxed under this regime, including the Shares, Offer Shares and/or Rights, is set at a fixed amount. The fixed amount equals 4% of the fair market value of the assets reduced by the liabilities and measured, in general, exclusively at the beginning of every calendar year. The tax rate under the regime for savings and investments is a flat rate of 30%.

*Dutch Corporate Entities*

Dutch Corporate Entities are generally subject to corporate income tax at statutory rates up to 25% with respect to any benefits derived or deemed to be derived (including any capital gains realised on the disposal) of Shares, Offer Shares and/or Rights.

***Non-residents in the Netherlands***

A holder of Shares, Offer Shares and/or Rights other than a Dutch Individual or Dutch Corporate Entity, will not be subject to any Dutch Taxes on income or capital gains with respect to the ownership and disposal of the Shares, Offer Shares and/or Rights, other than dividend withholding tax as described above, except if:

- the holder of Shares, Offer Shares and/or Rights derives profits from an enterprise, whether as entrepreneur (*ondernemer*) or pursuant to a co-entitlement to the net worth of such enterprise other than as an entrepreneur or a shareholder, which enterprise is, in whole or in part, carried on through a permanent establishment (*vaste inrichting*) or a permanent representative (*vaste vertegenwoordiger*) in the Netherlands, to which the Shares, Offer Shares and/or Rights are attributable
- the holder of Shares, Offer Shares and/or Rights is an individual and derives benefits from miscellaneous activities (*resultaat uit overige werkzaamheden*) carried out in the Netherlands in respect of the Shares, Offer Shares and/or Rights, including, without limitation, activities which are beyond the scope of active portfolio investment activities
- the holder of Shares, Offer Shares and/or Rights is an individual and has a substantial interest or a fictitious substantial interest in the company, which (fictitious) substantial interest is not attributable to the assets of an enterprise
- the holder of Shares, Offer Shares and/or Rights is not an individual and has a substantial interest or a fictitious substantial interest in the Company, which (fictitious) substantial interest is not attributable to the assets of an enterprise and (one of) the main purposes of the chosen ownership structure is the evasion of Dutch income tax or dividend withholding tax
- the holder of Shares, Offer Shares and/or Rights is an individual and is entitled to a share in the profits of an enterprise, other than by way of the holding securities, which enterprise is effectively managed in the Netherlands and to which enterprise the Shares, Offer Shares and/or Rights are attributable
- the holder of Shares, Offer Shares and/or Rights is not an individual and is entitled to a share in the profits of an enterprise or a co-entitlement to the net worth of an enterprise, other than by way of the holding of securities, which enterprise is effectively managed in the Netherlands and to which enterprise the Shares, Offer Shares and/or Rights are attributable, or
- the holder of Shares, Offer Shares and/or Rights is not an individual, is resident of Aruba, Curacao, or Sint Maarten and derives profits from an enterprise, which enterprise is, in whole or in part, carried on through a permanent establishment (*vaste inrichting*) or a permanent representative (*vaste vertegenwoordiger*) on Bonaire, Sint Eustatius or Saba, to which the Shares, Offer Shares and/or Rights are attributable

***Gift tax and inheritance tax***

No Dutch gift or inheritance tax is due in respect of any gift of the Shares, Offer Shares and/or Rights by, or inheritance of the Shares, Offer Shares and/or Rights on the death of, a holder of Shares, Offer Shares and/or Rights, except if:

- at the time of the gift or death of the holder of Shares, Offer Shares and/or Rights, the holder of Shares, Offer Shares and/or Rights is resident, or is deemed to be resident, in the Netherlands
- the holder of Shares, Offer Shares and/or Rights passes away within 180 days after the date of the gift of the Shares, Offer Shares and/or Rights and is not, or not deemed to be, at the time of the gift, but is, or deemed to be, at the time of his death, resident in the Netherlands, or

- the gift of the Shares, Offer Shares and/or Rights is made under a condition precedent and the holder of Shares, Offer Shares and/or Rights is resident, or is deemed to be resident, in the Netherlands at the time the condition is fulfilled

For purposes of Dutch gift or inheritance tax, an individual who is of Dutch nationality will be deemed to be resident in the Netherlands if he has been resident in the Netherlands at any time during the ten years preceding the date of the gift or his death. For purposes of Dutch gift tax, any individual, irrespective of his nationality, will be deemed to be resident in the Netherlands if he has been resident in the Netherlands at any time during the 12 months preceding the date of the gift.

***Other taxes and duties***

No other Dutch Taxes, including value added tax and taxes of a documentary nature, such as capital tax, stamp or registration tax or duty, are payable by or on behalf of a holder of Shares, Offer Shares and/or Rights by reason only of the purchase, ownership and disposal of the Shares, Offer Shares and/or Rights.

***Residency***

A holder of Shares, Offer Shares and/or Rights will not become resident, or deemed resident in the Netherlands for tax purposes by reason only of holding the Shares, Offer Shares and/or Rights.

**Certain United States federal income tax considerations**

**This tax disclosure was written in connection with the promotion or marketing of the Rights Offering and the Offer Shares by the Company, and it cannot be used for the purpose of avoiding penalties that may be asserted under the Internal Revenue Code of 1986, as amended (the "Internal Revenue Code"). Shareholders should seek their own advice based on their particular circumstances from independent tax advisers. This disclosure is limited to the United States federal tax issues addressed herein. Additional issues may exist that are not addressed in this disclosure and that could affect the United States federal tax treatment of the Rights Offering and the Offer Shares.**

The following is a description of certain United States federal income tax consequences of receiving, exercising and disposing of Rights, and purchasing, owning and disposing of Offer Shares, to the U.S. Holders described below that own the Rights or Offer Shares as capital assets for United States federal income tax purposes. This description does not address United States state, local and non-United States tax consequences, nor does it describe all of the tax consequences that may be relevant in light of a U.S. Holder's particular circumstances, including alternative minimum tax consequences, the potential application of the provisions of the Internal Revenue Code known as the "Medicare contribution tax", and tax consequences applicable to U.S. Holders subject to special rules, such as:

- certain financial institutions
- dealers or traders in securities who use a mark-to-market method of tax accounting
- persons holding Ordinary Shares as part of a hedge, straddle, conversion or other integrated transaction
- persons whose functional currency for United States federal income tax purposes is not the U.S. dollar
- entities classified as partnerships for United States federal income tax purposes
- tax-exempt entities, including "individual retirement accounts" or "Roth IRAs"
- persons that own or are deemed to own 10% or more of the Company's voting stock, or
- persons holding Ordinary Shares in connection with a trade or business conducted outside of the United States

If an entity that is classified as a partnership for United States federal income tax purposes owns Ordinary Shares, the United States federal income tax treatment of a partner will generally depend on the status of the partner and the activities of the partnership. Partnerships owning Ordinary Shares and partners in such partnerships should consult their tax advisers.

This discussion is based on the Internal Revenue Code, administrative pronouncements, judicial decisions and final, temporary and proposed Treasury regulations and the Treaty, all as of the date hereof. These laws are subject to change, possibly on a retroactive basis. Prospective investors should consult their tax advisers concerning the United States federal, state, local and non-United States tax consequences of receiving, exercising and disposing of Rights, receiving any Unexercised Rights Payments and purchasing, owning and disposing of Offer Shares in their particular circumstances.

A "**U.S. Holder**" is a beneficial owner of Ordinary Shares that is, for United States federal income tax purposes:

- a citizen or individual resident of the United States

- a corporation, or other entity taxable as a corporation, created or organised in or under the laws of the United States, any State or the District of Columbia, or
- an estate or trust the income of which is subject to United States federal income taxation regardless of its source

*This discussion assumes that the Company has not been, is not, and will not become, a passive foreign investment company (a "**PFIC**"), as described below.*

***Distribution of Rights***

Although the tax consequences of the receipt of Rights by a U.S. Holder are not free from doubt, the Company believes, and this discussion assumes, that a U.S. Holder should not be required to include any amount in income for United States federal income tax purposes as a result of the receipt of Rights.

***Tax basis and holding period of Rights***

If the fair market value of the Rights on the date they are distributed equals or exceeds 15% of the fair market value on such date of the Ordinary Shares with respect to which the Rights are distributed, then a U.S. Holder's tax basis in its existing Ordinary Shares must be allocated between the existing Ordinary Shares and the Rights received with respect to such Ordinary Shares in proportion to their relative fair market values on the date of distribution. If, however, the Rights expire before being sold or exercised by a U.S. Holder, the allocation rule described above and the election to allocate tax basis described below will not apply. A U.S. Holder will not recognise any loss as a result of such expiration and the tax basis in its existing Ordinary Shares will not change as a result of the Rights Offering.

Alternatively, if the fair market value of the Rights on the distribution date is less than 15% of the fair market value of the existing Ordinary Shares with respect to which the Rights are distributed, then a U.S. Holder's tax basis in the Rights generally will be zero and such holder's tax basis in its existing Ordinary Shares generally will not change as a result of the Rights Offering. However, in such event, a U.S. Holder may elect to allocate to the Rights a portion of the tax basis in such holder's Ordinary Shares in accordance with the allocation method described in the preceding paragraph. A U.S. Holder who wishes to make this election must attach a statement to this effect to the holder's United States federal income tax return for the tax year in which the Rights are received. The election will apply to all of the Rights received by the U.S. Holder pursuant to the Rights Offering and, once made, will be irrevocable. U.S. Holders should consult their own tax advisers regarding the advisability and specific procedures for making such an election in the event that the value of the Rights is less than 15% of the value of the existing Ordinary Shares with respect to which the Rights were issued.

The holding period of a Right will include a U.S. Holder's holding period for the existing Ordinary Share with respect to which the Right was distributed.

***Exercise of Rights***

The exercise of Rights by a U.S. Holder will not be a taxable transaction for United States federal income tax purposes. A U.S. Holder's tax basis in each Offer Share acquired upon exercise of a Right will equal the sum of (i) the Issue Price paid by the holder for the Offer Share and (ii) the holder's tax basis (as determined above), if any, in the Right exercised, each determined in U.S. dollars. The holding period of any Offer Share so acquired will begin on the date the Right was exercised.

***Sale or other taxable disposition of Rights***

A U.S. Holder will generally recognise capital gain or loss on the sale or other taxable disposition of a Right, which will be long-term capital gain or loss if the holder's holding period for the Right is more than one year. Long-term capital gains of non-corporate U.S. Holders are subject to United States federal income tax at rates lower than those applicable to ordinary income. The amount of the U.S. Holder's gain or loss will be equal to the difference between the amount realised on the sale or other taxable disposition and such holder's tax basis in the Right, each determined in U.S. dollars. Any gain or loss will generally be United States-source gain or loss for foreign tax credit purposes. The deductibility of capital losses is subject to limitations. U.S. Holders should consult their tax advisers regarding the United States federal income tax consequences of receiving any sale proceeds in euros, including the appropriate conversion rate and the possible recognition of foreign currency gain or loss (which, if applicable, would be treated as U.S.-source ordinary income or loss).

***Taxation of distributions***

Distributions received by a U.S. Holder on Offer Shares (including the amount of any Dutch taxes withheld), other than certain pro rata distributions of Ordinary Shares to all Shareholders, will constitute dividend income to the extent paid out of the company's current or accumulated earnings and profits (as determined for United States federal income tax purposes). Because the Company does not maintain calculations of earnings and profits under United States federal income tax principles, it is expected that distributions generally will be reported to U.S. Holders as dividends. Subject to applicable limitations, dividends paid to certain non-corporate

U.S. Holders may be taxable at favourable rates. U.S. Holders should consult their tax advisers regarding the availability of the reduced tax rate on dividends.

Dividends will be treated as foreign-source income to U.S. Holders for foreign tax credit purposes and will not be eligible for the dividends received deduction generally available to United States corporations under the Internal Revenue Code. Dividends will be included in a U.S. Holder's income on the date of the U.S. Holder's receipt of the dividend. The amount of dividend paid in euros will be the U.S. dollar amount calculated by reference to the exchange rate in effect on the date of receipt, regardless of whether the payment is in fact converted into U.S. dollars. If the dividend is converted into U.S. dollars on the date of receipt, a U.S. Holder should not be required to recognise foreign currency gain or loss in respect of the amount received. A U.S. Holder may have foreign currency gain or loss if the dividend is converted into U.S. dollars after the date of receipt, and any such gain or loss will be U.S. – source ordinary income or loss.

Subject to applicable limitations, Dutch income taxes withheld from dividends on Ordinary Shares at a rate not exceeding any applicable Treaty rate will be creditable against the U.S. Holder's United States federal income tax liability (see "Taxation in the Netherlands – Withholding Tax"), but any Dutch income taxes withheld in excess of the applicable Treaty rate will not be eligible for credit against a U.S. Holder's United States federal income tax liability.

Upon making a distribution to shareholders, the Company may be permitted to retain a portion of the amounts withheld as Dutch dividend withholding tax. See "Taxation in the Netherlands – Withholding Tax". The amount of Dutch withholding tax that the Company may retain reduces the amount of dividend withholding tax that the Company is required to pay to the Dutch tax authorities but does not reduce the amount of tax the Company is required to withhold from dividends paid to U.S. Holders. In these circumstances, it is likely that the portion of dividend withholding tax that the Company is not required to pay to the Dutch tax authorities with respect to dividends distributed to U.S. Holders would not qualify as a creditable tax for United States foreign tax credit purposes.

The rules governing foreign tax credits are complex, and U.S. Holders should consult their tax advisers regarding the creditability of foreign taxes in their particular circumstances.

***Sale or other taxable disposition of Ordinary Shares***

A U.S. Holder will generally recognise capital gain or loss on the sale or other taxable disposition of Ordinary Shares, which will be long-term capital gain or loss if the holder has held such Ordinary Shares for more than one year. Long-term capital gains of non-corporate U.S. Holders are subject to United States federal income tax rates that are lower than those applicable to ordinary income. The amount of the U.S. Holder's gain or loss will be equal to the difference between the amount realised on the sale or other taxable disposition and such holder's tax basis in the Ordinary Share, each as determined in U.S. dollars. Any gain or loss will generally be United States-source gain or loss for foreign tax credit purposes. The deductibility of losses is subject to limitations. U.S. Holders should consult their tax advisers regarding the United States federal income tax consequences of receiving any sale proceeds in euros, including the appropriate conversion rate and the possible recognition of foreign currency gain or loss (which, if applicable, would be treated as U.S.-source ordinary income or loss).

***Passive foreign investment company considerations***

In general, a foreign corporation will be a PFIC for any taxable year in which (i) 75% or more of its gross income consists of passive income (such as dividends, interest, rents and royalties) or (ii) 50% or more of the average quarterly value of its assets consists of assets that produce, or are held for the production of, passive income. If a corporation owns at least 25% (by value) of the stock of another corporation, the corporation will be treated, for purposes of the PFIC tests, as owning its proportionate share of the 25%-owned corporation's assets and receiving its proportionate share of the 25%-owned corporation's income.

The Company believes that it was not a PFIC for United States federal income tax purposes for its most recent taxable year and does not expect to be one for its current taxable year or in the foreseeable future. Because PFIC status depends on the nature of a company's income and assets and the market value of its assets (including assets of 25% owned subsidiaries) from time to time, there can be no assurance that the Company will not be a PFIC for any taxable year. If the Company were a PFIC for any taxable year during which a U.S. Holder held a Right or an Ordinary Share, certain materially adverse United States federal income tax consequences could apply to such holder.

If the Company were treated as a PFIC for any taxable year during which a U.S. Holder held an Ordinary Share (or, under proposed Treasury regulations, a Right) gains recognised by such holder on a sale or other disposition of Ordinary Shares (or, under proposed Treasury regulations, Rights) would be allocated rateably over the holder's holding period for such Ordinary Shares (or Rights). The amount allocated to the taxable year of the sale or other disposition and to any year before the Company became a PFIC would be taxed as ordinary income. The amount allocated to each other taxable year would be subject to tax at the highest rate in effect for individuals or corporations, as appropriate, for such year and an interest charge would be imposed on the resulting tax liability attributable to each such year. Further, any distribution in respect of Ordinary Shares in excess of 125% of the average of the annual distributions on such Ordinary Shares received by a U.S. Holder during the preceding three years or the holder's holding period, whichever is shorter, would be subject to taxation as described above. Certain elections may be available to U.S. Holders that may mitigate some of the adverse tax consequences resulting from PFIC status. If the Company were a PFIC for any taxable year during which a U.S. Holder held Ordinary Shares, it generally will continue to be treated as a PFIC with respect to such U.S. Holder for all succeeding taxable years during which the U.S. Holder holds the Ordinary Shares even if the Company ceases to meet the threshold requirements for PFIC status. U.S. Holders should consult their own tax advisers regarding the potential application of the PFIC rules to their ownership of Rights and Ordinary Shares.

***Information reporting and backup withholding***

Payments of dividends and sales proceeds that are made within the United States or through certain United States-related financial intermediaries generally are subject to information reporting and to backup withholding unless the U.S. Holder is a corporation or other exempt recipient (and if required establishes it exempt status) or, in the case of backup withholding, the holder provides a correct taxpayer identification number and certifies that no loss of exemption from backup withholding has occurred. The amount of any backup withholding withheld from a payment to a U.S. Holder will be allowed as a credit against the holder's United States federal income tax liability and may entitle such holder to a refund, provided that the required information is timely furnished to the Internal Revenue Service of the United States (the "**IRS**").

***Transfer reporting requirements***

A U.S. Holder that subscribes for Offer Shares may be required to file Form 926 with the IRS if the aggregate Subscription Price paid by the holder, when aggregated with all transfers of cash made by the U.S. Holder (or any related person) to the Company within the preceding twelve-month period, exceeds USD 100,000 (or its equivalent). U.S. Holders that are required to file Form 926, but fail to do so, could be subject to substantial penalties. U.S. Holders should consult their tax advisers to determine whether they are subject to any Form 926 filing requirements.

***Foreign financial asset reporting***

Certain U.S. Holders who are individuals (and under proposed Treasury regulations, certain entities) may be required to report information relating to securities issued by a non-U.S. person, subject to certain exceptions (including an exception for securities held in accounts maintained by U.S. financial institutions). U.S. Holders should consult their tax advisers regarding their reporting obligations with respect to the Rights or Ordinary Shares.

## THE OFFERING

### General

Royal Imtech is offering 356,597,988 Offer Shares by granting Rights to the Shareholders with a nominal value of EUR 0.80 each at an Issue Price of EUR 1.40 per Offer Share and for a total amount of approximately EUR 499 million. Subject to applicable securities laws and the terms set out in this Prospectus, these Rights will entitle Eligible Persons (as defined in "Selling and Transfer Restrictions") to subscribe for the Offer Shares in accordance with the terms and conditions set forth herein. No offer of Offer Shares is being made to Shareholders who are not Eligible Persons and are therefore not permitted to exercise the Rights granted to them. Royal Imtech, as holder of Ordinary Shares in treasury, will not be granted any Rights.

Shareholders who transfer, or who do not, not timely or not validly, or are not permitted to, exercise, any of their Rights granted under the Rights Offering will suffer a substantial dilution of their proportionate ownership and voting rights of approximately 80% as a result of the issue of the Offer Shares. However, such Shareholders may receive valuable consideration on the sale of their Rights or on the placement of the Offer Shares underlying unexercised Rights.

Following expiry of the Exercise Period the Joint Global Coordinators, subject to the terms and conditions of the Underwriting Agreement, have agreed to use their reasonable efforts to procure subscribers for any Rump Shares through private placements to institutional investors in the Netherlands and certain other jurisdictions. The price per Rump Share must be at least equal to the Issue Price, plus any expenses related to procuring such purchasers (including any non-recoverable value added tax). The Managers, severally and not jointly, will subscribe and pay for (i) any Offer Shares subscribed for in the Rights Offering but not paid for by such subscribers on the Settlement Date, and (ii) any Rump Shares not sold in the Rump Offering, if any, or sold but not paid for on the Settlement Date, *pro rata* to their respective underwriting commitments at the Issue Price, in accordance with the terms and subject to the conditions of the Underwriting Agreement.

For information on applicable selling and transfer restrictions in respect of the Offer Shares and the Rights. See "Selling and Transfer Restrictions".

The statutory pre-emptive rights (*wettelijke voorkeursrechten*) of holders of Ordinary Shares in respect of the Offering have been excluded for the purpose of the Offering. See "Description of share capital – Statutory pre-emptive rights".

### Expected timetable

Subject to acceleration or extension of the timetable for the Offering, the timetable below lists certain expected key dates for the Offering:

| | |
|---|---|
| Record Date | Immediately after the close of trading on NYSE Euronext Amsterdam at 17:40 hours CEST, on 4 July 2013 |
| Start of *ex*-Rights trading in Ordinary Shares commences on NYSE Euronext Amsterdam | 9:00 hours CEST on 5 July 2013 |
| Start of Exercise Period | 9:00 hours CEST on 5 July 2013 |
| Start of trading in Rights on NYSE Euronext Amsterdam | 9:00 hours CEST on 5 July 2013 |
| End of trading in Rights on NYSE Euronext Amsterdam | 15:00 hours CEST on 18 July 2013 |
| End of Exercise Period | 17:00 hours CEST on 18 July 2013[31] |
| Start of Rump Offering (if any) | on 7:30 hours CEST on 19 July 2013 |
| End of Rump Offering (if any) | No later than 17:30 hours CEST on 19 July 2013 |
| Allotment of the Offer Shares | Expected 19 July 2013 |
| Listing of and start of trading in the Offer Shares on NYSE Euronext Amsterdam | Expected 24 July 2013 |

[31] The time until which notification of exercise instructions may be validly given may be earlier, depending on the financial intermediary through which a person holds his Rights.

The Settlement Date Expected 24 July 2013[32]

The number of Offer Shares subscribed for in the Rights Offering and the announcement of the start of the Rump Offering, if any, will be made public through a press release published in the Netherlands, which will be placed on Royal Imtech's website, at the latest in the morning of the day following the end of the Exercise Period.

The results of the Rump Offering, if any, will be made public through a press release published in the Netherlands, which will be placed on Royal Imtech's website, as soon as possible after allotment of the Offer Shares.

Royal Imtech may adjust the dates, times and periods given in the timetable and throughout this Prospectus in consultation with the Joint Global Coordinators and the Joint Bookrunners. If Royal Imtech should decide to adjust dates, periods or times, Royal Imtech will notify NYSE Euronext Amsterdam, holders of Ordinary Shares and holders of Rights, as well as the public through a press release published in the Netherlands, which will be placed on its website.

**Rights Offering**

***Rights***

Subject to applicable securities laws, existing holders of Ordinary Shares (excluding the Company in respect of the shares it holds in treasury) as at the Record Date are being granted Rights in registered form to subscribe for the Offer Shares at the Issue Price. Each Ordinary Share held immediately after the close of trading in the Ordinary Shares on NYSE Euronext Amsterdam at 17:40 hours CEST on the Record Date will entitle its holder to one (1) Right. See " – Rights Offering – Record Date". Eligible Persons will be entitled to subscribe for 4 Offer Shares for every Right held until the end of the Exercise Period. No Rights allowing it to participate in the Offering will be granted to Royal Imtech as holder of Ordinary Shares in treasury. For trading in the Rights see " – Rights Offering – Trading in Rights".

A holder of Ordinary Shares as at the Record Date will customarily receive details of the aggregate number of Rights to which he will be entitled from the financial intermediary through which he holds the Ordinary Shares. The financial intermediary will provide the relevant shareholders with this information in accordance with its usual customer relationship procedures. Shareholders should contact the financial intermediary through which they hold Ordinary Shares if they are entitled to receive Rights but have received no information from their financial intermediary with respect to the Rights Offering.

Only Shareholders who qualify as Eligible Persons as of the Record Date will be entitled to take up, exercise, sell or otherwise transfer Rights pursuant to the grant of Rights by Royal Imtech. Rights that are credited to the account of any other person will not constitute an offer of the Offer Shares to such person and will not confer any rights upon such person, including the right to take up exercise, sell or otherwise transfer such credited Rights, subject to the discussion in " – Rump Offering – Excess Amount" below . Receipt of this Prospectus by another person then an Eligible Person shall not, subject to certain exceptions, constitute an offer of Offer Shares to each person.

Royal Imtech urges holders of Rights to carefully study the restrictions described in "Selling and transfer restrictions".

***Record Date***

The Record Date for determining the holders of Ordinary Shares who will receive Rights (subject to applicable securities laws) is immediately after the closing of trading in the Ordinary Shares on NYSE Euronext Amsterdam at 17:40 hours CEST on 4 July 2013.

Until the close of trading in Ordinary Shares on NYSE Euronext Amsterdam on the Record Date, Ordinary Shares will trade with Rights (*cum*-Rights). As from 9:00 hours CEST on 5 July 2013, Ordinary Shares will trade without the Rights (*ex*-Rights).

***Trading in Rights***

Trading in the Rights on NYSE Euronext Amsterdam is expected to commence at 9:00 CEST hours on 5 July 2013 and will continue until 15:00 hours CEST on 18 July 2013. The Rights will be traded on NYSE Euronext Amsterdam under the symbol "IMR" and ISIN code NL0010525556.

The transfer of the Rights will take place through the book-entry form system of Euroclear Nederland.

[32] Financial intermediaries may require payment to be provided by holders of Rights exercising such Rights, prior to the Settlement Date.

Rights can be traded or purchased by Eligible Persons only. An Eligible Person who wishes to sell one or more Rights should instruct the financial intermediary through which he holds the Rights in accordance with the instructions received from that financial intermediary. An Eligible Person may also instruct a financial intermediary to purchase Rights on his behalf.

All transactions in Rights prior to the Settlement Date are at the sole risk of the parties concerned. Royal Imtech, the Joint Global Coordinators, the Joint Bookrunners, the Managers, the Subscription, Listing and Paying Agent and NYSE Euronext Amsterdam do not accept any responsibility or liability with respect to the withdrawal of the Offering or the related annulment of any transactions in Rights or Offer Shares on NYSE Euronext Amsterdam.

***Exercise Period***

Subject to the restrictions set out below, an Eligible Person, whether a holder of Ordinary Shares as at the Record Date or a subsequent transferee of Rights, can only validly subscribe for Offer Shares by exercising his Rights from 9:00 hours CEST 5 July 2013 up to 17:00 hours CEST on 18 July 2013, which is the end of the Exercise Period. **The time until which notification of exercise instructions may be validly given may be earlier, depending on the financial intermediary through which the Rights are held.**

If an Eligible Person has not exercised his Rights by the end of the Exercise Period, these can no longer be exercised by the Eligible Person. Once an Eligible Person has validly exercised his Rights, he cannot revoke or modify that exercise unless Royal Imtech changes a material term of the Offering or amends this Prospectus in any material respect leading to a supplement to this Prospectus within the meaning of Section 5:23 FMSA being published, in which event the holder will have the right, exercisable within two business days after publication of the supplement, to revoke the exercise. Accordingly, once a holder of Rights has validly exercised his Rights, he must pay the Issue Price for the Offer Shares subscribed for, even if the market price of the Ordinary Shares fluctuates below the Issue Price. For trading of the Rights see " – Rights Offering – Trading in Rights".

Royal Imtech, the Joint Global Coordinators, the Joint Bookrunners and the Managers are not taking any action outside the Netherlands to permit the exercise and transfer of Rights by the general public. **Royal Imtech urges holders of Rights to carefully study the restrictions described under "Selling and Transfer Restrictions"**. Royal Imtech reserves the right, with sole and absolute discretion, to treat as invalid any subscription or purported subscription which appears to Royal Imtech to have been executed, effected or dispatched in a manner that may involve a breach or violation of the laws of any jurisdiction or if Royal Imtech believes that the same may violate applicable legal or regulatory requirements or may be inconsistent with the procedures and terms set out in this Prospectus or in breach of the representations and warranties to be made by an accepting holder, as described in "Selling and Transfer Restrictions".

**Subscription and payment**

An Eligible Person, whether a holder of Ordinary Shares as at the Record Date or a subsequent transferee of Rights, who wishes to exercise his Rights, should instruct the financial intermediary through which he holds the Rights in accordance with the instructions received from that financial intermediary. The financial intermediary will be responsible for collecting exercise instructions from Eligible Persons holding Rights and for informing the Subscription, Listing and Paying Agent. See " – Subscription, Listing and Paying Agent".

A holder of Rights that exercises his Rights should pay the Issue Price for the Offer Shares subscribed for in accordance with the instructions he receives from the financial intermediary through which he holds the Rights. The financial intermediary will pay the Issue Price to the Subscription, Listing and Paying Agent, who will in turn pay it to Royal Imtech after deduction of applicable fees and expenses. Payment for the Offer Shares must be made at the office of the Subscription, Listing and Paying Agent no later than the Settlement Date, which is expected to be on 24 July 2013. Accordingly, financial intermediaries may require payment to be provided by holders of Rights exercising such Rights prior to the Settlement Date.

All requirements concerning deadlines, validity and form of instructions to a financial intermediary in relation to the exercise, sale or purchase of Rights will be determined by the relevant financial intermediary in accordance with its usual customer relations procedures or as it otherwise notifies to the holders of Rights.

None of Royal Imtech, the Joint Bookrunners, or the Managers is liable for any action or failure to act by a financial intermediary through which Ordinary Shares or Rights are held, or by the Subscription, Listing and Paying Agent in connection with any subscriptions or purported subscriptions.

**Unexercised Rights**

After the Exercise Period has ended, any unexercised Rights will continue to be reflected in the securities account of the relevant holder of such Rights solely for the purpose of the distribution of the Excess Amount (as defined in "The Offering—Excess Amount"), if any.

## Rump Offering

### *Rump Shares*

Following expiry of the Exercise Period, the Joint Global Coordinators, subject to the terms and conditions of the Underwriting Agreement, have agreed to use their reasonable efforts to procure subscribers for any Rump Shares through private placements to institutional investors in the Netherlands and certain other jurisdictions. The price per Rump Share must be at least equal to the Issue Price, plus any expenses related to procuring such purchasers (including any non-recoverable value added tax). The Managers, severally and not jointly, will subscribe and pay for (i) any Offer Shares subscribed for in the Rights Offering but not paid for by such subscribers on the Settlement Date, and (ii) any Rump Shares not sold in the Rump Offering, if any, or sold but not paid for on the Settlement Date, *pro rata* to their respective underwriting commitments at the Issue Price, in accordance with the terms and subject to the conditions of the Underwriting Agreement.

The Rump Offering, if any, is expected to commence at 7:30 hours CEST on 19 July 2013 and to end no later than 17:30 hours CEST on 19 July 2013. The Managers will subscribe or pay the Issue Price for each and any Rump Share not sold in the Rump Offering, if any, and any Offer Shares for which no payment has been made by subscribers for the Offer Shares on the Settlement Date at the Issue Price, subject to the terms and conditions of the Underwriting Agreement.

### *Excess Amount*

If, upon completion of the Rump Offering, if any, the aggregate proceeds for the Rump Shares offered and sold in the Rump Offering, minus the selling expenses and any applicable taxes, exceed the aggregate Issue Price for such Rump Shares, such amount will constitute the Excess Amount. Each holder of a Right that was not exercised at the end of the Exercise Period will be entitled to receive, except as noted below, the Unexercised Rights Payment in respect of such holders' unexercised Rights.. If the Excess Amount divided by the total number of unexercised Rights is less than EUR 0.01, no Unexercised Rights Payment will be made to the holders of any unexercised Rights, and instead, any such Excess Amount will be retained by the Joint Bookrunners for their own benefit. Royal Imtech will not be entitled to receive any Excess Amount. Royal Imtech will announce whether any Unexercised Rights Payment is available for payment to holders of unexercised Rights by means of a press release published in the Netherlands and which is placed on Royal Imtech's website.

The Unexercised Rights Payment, if any, will be paid to holders of unexercised Rights as soon as practicable after the Settlement Date and will be credited to those holders through the facilities of Euroclear Nederland. Unexercised Rights Payments will be made in euro only without interest and after withholding of any applicable taxes.

### *Royal Imtech cannot guarantee that the Offering will yield Excess Amounts*

Pursuant to the Underwriting Agreement, the Joint Global Coordinators may use their reasonable efforts to place the Rump Shares in the Rump Offering. Royal Imtech, the Joint Global Coordinators and the Joint Bookrunners cannot guarantee that the Rump Offering, if any, will be successfully completed. The price per Rump Share must be at least equal to the Issue Price, plus any expenses related to procuring such purchasers (including any non-recoverable value added tax). If the Rump Offering takes place, neither Royal Imtech nor the Managers, nor the Subscription, Listing and Paying Agent, nor any other person procuring purchases for the Rump Shares, will be responsible for any lack of Excess Amount arising from any placement of the Rump Shares.

## Allotment of Offer Shares

Allotment of Offer Shares issued pursuant to the Offering is expected to take place on 19 July 2013 and will be notified by means of a press release which will also be placed on Royal Imtech's website.

## Settlement and listing

Payment for and delivery of the Offer Shares is expected to take place on 24 July 2013. Delivery of the Offer Shares will take place through the book-entry system of Euroclear Nederland. The address of Euroclear Nederland is Herengracht 459-469, 1017 BS Amsterdam, the Netherlands.

Application has been made to admit the Offer Shares to listing and trading on NYSE Euronext Amsterdam. Barring unforeseen circumstances, it is expected that the Offer Shares will be admitted to listing and trading, and that trading in the Offer Shares will commence on NYSE Euronext Amsterdam on 24 July 2013.

The Ordinary Shares are listed on NYSE Euronext Amsterdam under the symbol IM and ISIN code NL0006055329.

## Conditions to the Offering

Each of the Rights Offering and the Rump Offering, if any, is subject to certain conditions. See "Plan of distribution – Conditions to the Offering".

**Subscription, Listing and Paying Agent**

In respect of the Offering ING Bank N.V., acting through its Commercial Banking Securities Services Division is acting as Subscription, Listing and Paying Agent. The address of the Subscription, Listing and Paying Agent is Bijlmerplein 888, 1102 MG Amsterdam, The Netherlands. The Subscription, Listing and Paying Agent will accept subscriptions for the Offer Shares. The financial intermediary through which Eligible Persons hold their Rights will be responsible (except for subscriptions on Rights held by holder of Ordinary Shares in registered form or their transferees which should be addressed to Royal Imtech) for collecting instructions from them and for informing the Subscription, Listing and Paying Agent of their exercise instructions.

**Dilution**

If a holder of Ordinary Shares does not participate in the Offering, his proportionate capital and voting interest in Royal Imtech will be diluted by up to 80% by the issue of the Offer Shares.

**Ranking and dividends**

The Offer Shares will, upon issue, rank *pari passu* in all respects with the, at that the time, outstanding Ordinary Shares. The Offer Shares will be eligible for any dividend payment which Royal Imtech may declare on Ordinary Shares after the Settlement Date. See "Dividends and dividend policy – Dividend ranking of Offer Shares".

**Non-Dutch stamp taxes**

Purchasers of the Offer Shares may be required to pay stamp taxes and other taxes in accordance with the laws and practices of the county of purchase in addition to the Issue Price.

**Currency**

The Offering will be carried out and trading in the Rights will be effected in euros. The Offer Shares will be denominated in euros. Distributions, if any, will also be made in euros.

**Governing law and competent courts**

The Rights, their terms and conditions and the Offering shall be governed by and construed in accordance with the laws of the Netherlands. Any dispute arising out of or relating to the Rights or the Offering shall be finally and exclusively settled by the competent courts in Amsterdam, the Netherlands.

## PLAN OF DISTRIBUTION

### Commitment of Major Shareholder

The Committed Shareholder has committed to participate in the Offering for its entire capital interest at the time of entering into such commitment, by timely and duly exercising all of the Rights that it receives in the Offering and thereby subscribe for 5.72% of the total number of Offer Shares. For this commitment, the Company will pay the Committed Shareholder a commitment fee of 2% of the aggregate gross proceeds of the Offering multiplied by 5.72%.

### Underwriting arrangement

The Joint Global Coordinators, subject to the terms and conditions of the Underwriting Agreement, have agreed to use their reasonable efforts to procure subscribers for any Rump Shares through private placements to institutional investors in the Netherlands and certain other jurisdictions. The price per Rump Share must be at least equal to the Issue Price, plus any expenses related to procuring such purchasers (including any non-recoverable value added tax). The Managers, severally and not jointly, will subscribe and pay for (i) any Offer Shares subscribed for in the Rights Offering but not paid for by such subscribers on the Settlement Date, and (ii) any Rump Shares not sold in the Rump Offering, if any, or sold but not paid for on the Settlement Date, pro rata to their respective underwriting commitments at the Issue Price, in accordance with the terms and subject to the conditions of the Underwriting Agreement:

| **Managers** | **Percentage** |
|---|---|
| ING | 45% |
| Rabobank | 45% |
| Commerzbank | 10% |
| **Total** | **100%** |

In the Underwriting Agreement, Royal Imtech has given certain representations and warranties and undertakings to the Managers. In addition, Royal Imtech has agreed to indemnify the Joint Bookrunners against certain liabilities in connection with the Offering. The underwriting and placing commission to be paid to the Managers is expected to amount to up to approximately 3.5% of the gross proceeds of the Offering in accordance with the arrangements set out in the Underwriting Agreement.

Offers and sales of the Offer Shares in the United States will be made by affiliates of the Joint Bookrunners who are U.S. registered broker-dealers.

### Conditions to the Offering

The obligations of the Joint Global Coordinators, the Joint Bookrunners and the Managers under the Underwriting Agreement are subject to the fulfilment, or discretionary waiver by the Joint Global Coordinators (for themselves and on behalf of the Managers), of a number of conditions for the benefit of the Joint Global Coordinators, including but not limited to (i) a material adverse change in the business, financial condition, or results of operations of the Group, (ii) receipt of customary documentation, (iii) the commitment letter with the Committed Shareholder being in full force and effect and the Committed Shareholder having subscribed for the relevant committed shares in compliance with the commitment letter, (iv) none of the representations and warranties given by the Company to the Managers in the Underwriting Agreement being untrue, inaccurate or misleading and (v) certain other customary conditions.

If any or all of the conditions to the Offering are not met or not waived by the Joint Global Coordinators (for themselves and on behalf of the Managers) or if certain circumstances occur prior to payment for and delivery of the Offer Shares, the Joint Global Coordinators (for themselves and on behalf of the Managers) will be allowed to terminate the Underwriting Agreement.

In such event, the Offering will be withdrawn. Consequently, (i) both the exercised and unexercised Rights will lapse without compensation to their holders, (ii) subscriptions for, and allotments of Offer Shares that have been made, will be disregarded and (iii) any subscription payments made and received by Royal Imtech, the Subscription, Listing and Paying Agent, any of the Joint Global Coordinators or any of the Joint Bookrunners will be returned without interest or compensation. Any dealings in the Rights or the Offer Shares prior to settlement and delivery are at the sole risk of the parties concerned. The lapsing of Rights will be without prejudice to the validity of any trades in Rights that have been settled. Any non-settled trades in Rights that have occurred on NYSE Euronext Amsterdam will be deemed null and void. There will be no refund or compensation in respect of Rights purchased in the market or in any other manner. The Joint Global Coordinators, Joint Bookrunners, Royal

Imtech, the Subscription, Listing and Paying Agent and NYSE Euronext Amsterdam do not accept any responsibility or liability with respect to the withdrawal of the Offering or the related annulment of any transactions in Rights or Offer Shares on Euronext Amsterdam.

**Lock-up arrangements**

The Company has agreed with the Joint Global Coordinators on certain lock-up arrangements for a period of 180 days after the Settlement Date, subject to customary carve-outs, pursuant to which the lock-up arrangements do not apply to the granting of any options under the Company's senior management incentive plans, and any hedging activities for such plans and the issuance of Cumulative Preference Shares, in accordance with the terms of the Underwriting Agreement. The Company has undertaken that it will not, and will procure that its subsidiaries and each of the members of Board of Management and the Supervisory Board will not without the prior written consent of the Joint Global Coordinators (for themselves and on behalf of the Managers), not to be withheld without reason:

(a) issue, offer (in any public offering or private placement other than the Offering), sell, contract to issue or sell, grant any option, right or warrant to purchase or otherwise transfer or dispose of,

(b) enter into any swap or any other agreement or any transaction that transfers in whole or in part, directly or indirectly, any of the economic consequences of ownership of, or

(c) create any charge or security interest over (other than contemplated by the waiver and amendment agreement),

any shares in the capital of the Company or any securities convertible or exchangeable into shares in the capital of the Company or warrants or other rights to purchase or acquire any such securities or any debt instruments or other instruments with a similar effect to the foregoing.

## SELLING AND TRANSFER RESTRICTIONS

### General

No action has been or will be taken to permit a public offering of the Offer Securities in any jurisdiction outside the Netherlands. The Offering to persons resident in, or who are citizens of, a particular jurisdiction may be affected by the laws of that jurisdiction. Investors should consult their professional advisers as to whether the investor requires any governmental or any other consent or needs to observe any other formalities to enable the investor to accept, sell, exercise or purchase the Rights and/or to subscribe for the Offer Shares. The Offering is only made in those jurisdictions in which, and only to those persons to whom, the Offering may be lawfully made.

Receipt of this Prospectus will not constitute an offer in those jurisdictions in which it would be illegal to make an offer and, in those circumstances, this Prospectus will be sent for information only and should not be copied nor redistributed. If an investor receives a copy of this Prospectus in any territory other than the Netherlands, the investor may not treat this Prospectus as constituting an invitation or offer to the investor, nor should the investor in any event deal in Offer Securities unless, in the relevant territory, such an invitation or offer could lawfully be made to the investor and Offer Securities can lawfully be dealt in without contravention of any registration or other legal requirements.

Accordingly, if an investor receives a copy of this Prospectus or any other offering materials or advertisements, he should not, in connection with the Offering, distribute or send the same, or transfer Offer Securities to any person or in or into any jurisdiction where to do so would or might contravene local securities laws or regulations. If the investor forwards this Prospectus or any other offering materials or advertisements into any such territory (whether under a contractual or legal obligation or otherwise) the investor should draw the recipient's attention to the contents of this "Selling and Transfer Restrictions" section.

The Offer Securities have not been and will not be registered under the U.S. Securities Act, or with any securities regulatory authority of any state or other jurisdiction in the United States, and may not be offered, sold, pledged, delivered or otherwise transferred except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and in compliance with any applicable state securities laws. Accordingly, the Offering is being extended (i) in the United States, to QIBs pursuant to Rule 144A or another exemption from, or in a transaction not subject to, the registration requirements under the U.S. Securities Act and applicable state securities laws, and (ii) outside the United States, in offshore transactions within the meaning of and in accordance with Regulation S. Any Offer Securities offered and sold in the United States will be subject to certain transfer restrictions described under "Selling and Transfer Restrictions—United States" below. In addition, until 40 days after the later of the commencement of the Offering and the Settlement Date, an offer, sale or transfer of the Rights or the Offer Shares within the United States by a dealer (whether or not participating in the Offering) may violate the registration requirements of the U.S. Securities Act if such offer, sale or transfer is made otherwise than pursuant to Rule 144A. The Offer Securities have not been approved or disapproved by the United States Securities and Exchange Commission or any federal or state securities commission or regulatory authority. Furthermore, the foregoing authorities have not confirmed the accuracy or determined the adequacy of this Prospectus. Any representation to the contrary is a criminal offence in the United States

Subject to the specific restrictions described below, if investors (including, without limitation, any investors' nominees, custodians and trustees) are <u>outside</u> the Netherlands and wish to sell, transfer or exercise Rights or subscribe for or purchase Offer Securities, they must satisfy themselves as to full observance of the applicable laws of any relevant territory including obtaining any requisite governmental or other consents, observing any other requisite formalities and paying any issue, transfer or other taxes due in such territories.

Subject to certain exceptions, financial intermediaries, including brokers, custodians and nominees, are not permitted to send or otherwise distribute this Prospectus or any other information regarding the Offering to any person that does not qualify as an Eligible Person. The information set out in this section is intended as a general guide only. If an investor is in any doubt as to his position, he should consult his professional adviser.

### Exercise of Rights

Rights are granted to Shareholders as at the Record Date. Rights credited to the account of a person that is not an Eligible Person, shall not constitute an offer of Offer Shares to such person.

The Company reserves the right, with sole and absolute discretion, to treat as invalid the exercise, purported exercise or transfer of any Rights, which appears to the Company or the Company's agents:

- to have been executed, effected or dispatched from outside the Netherlands, unless the Company is satisfied that such action would not result in the contravention of any registration or other legal requirement in any jurisdiction

- to involve a (potential) breach or violation of the laws or regulations of any jurisdiction
- to involve an acceptance, or purported acceptance, that may violate applicable legal or regulatory requirements or may be inconsistent with the procedures and terms set out in this Prospectus, or
- to purport to exclude or modify any of the representations and warranties required or deemed to be made by an exercising Right holder, as set out in "Selling and Transfer Restrictions—Representations and warranties by investors in the Offering"

Notwithstanding any other provision of this Prospectus, the Company reserves the right to permit the investor to exercise Rights if the Company, in the Company's sole and absolute discretion, is satisfied that the transaction in question is exempt from or not subject to the legislation or regulations giving rise to the restrictions in question. In any such case, neither the Company nor the Joint Global Coordinators, the Joint Bookrunners, the Managers and the Subscription Listing and Paying Agent accept any liability for any actions that the investor takes or for any consequences that the investor may suffer by the Company accepting the investor's exercise of Rights.

**Representations and warranties by investors in the Offering**

Subject to certain exceptions, each person who (i) accepts, takes up, delivers, sells or otherwise transfers Rights, (ii) exercises Rights, or (iii) purchases, subscribes for, trades or otherwise deals in Offer Securities being granted or offered, respectively, in the Offering, will be deemed to have made, and in some cases be required to explicitly confirm, each of the following representations and warranties to the Company, to the Subscription, Listing and Paying Agent, to the Joint Global Coordinators, to the Joint Bookrunners, to the Managers and to any person acting on their behalf, unless, in the Company's sole discretion, the Company waives such requirement:

In relation to the Rights Offering:

- The investor was a Shareholder as at the Record Date, or the investor lawfully acquired or may lawfully acquire Rights, directly or indirectly, from such a Shareholder or from a person that subsequently lawfully acquired Rights

In relation to the Offering:

- The investor may lawfully be granted or offered, accept, take up, obtain, purchase, exercise, subscribe for, receive, trade or otherwise deal in Offer Securities in the jurisdiction in which the investors resides or is currently located
- Subject to the exceptions described under "Selling and Transfer Restrictions – Economic European Area", "Selling and Transfer Restrictions – United States and "Selling and Transfer Restrictions – Canada" below, the investor (i) is resident or located in the Netherlands, and (ii) is not accepting an offer to acquire, take up or exercise Offer Securities on a nondiscretionary basis for a person who is resident or located outside the Netherlands at the time the instruction to accept was given
- Unless the investor is an existing shareholder and QIB as defined in Rule 144A, the investor is located outside the United States, and any person for whose account or benefit it is acting on a non-discretionary basis is located outside the United States and, upon acquiring Offer Securities, the investor and any such person will be located outside the United States
- The investor understands that neither the Rights nor the Offer Shares have been or will be registered under the U.S. Securities Act and may not be offered, sold, pledged, resold, delivered, allotted, taken up or otherwise transferred within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act
- The investor is either located outside the UK, or the investor is a person who is a "qualified investor" (as defined in Section 86(7) of the Financial Services and Markets Act 2000 of the UK, as amended (the "**FSMA**")), and
- The investor is not acquiring Offer Securities with a view to the offer, sale, transfer, delivery or distribution, directly or indirectly, of such Offer Securities into a jurisdiction where such cannot be lawfully done

A person who can make the representations and warranties described above shall be deemed an "**Eligible Person**" for the purposes of the Offering.

**The Company, the Joint Global Coordinators, the Joint Bookrunners, the Managers, the Subscription, Listing and Paying Agent and any persons acting on their behalf will rely upon the truth and accuracy of the investor's representations and warranties. Any provision of false information or subsequent breach of these representations and warranties may subject the investor to liability.**

If the investor is a person acting on behalf of another person exercising or purchasing Offer Securities (including, without limitation, as a nominee, custodian or trustee), the investor will be required to provide the foregoing representations and warranties to the Company, the Joint Global Coordinators, the Joint Bookrunners, the Managers and the Subscription, Listing and Paying Agent with respect to the exercise or purchase of Offer Securities on behalf of such person. If the investor does not provide the foregoing representations and warranties, neither the Company, nor the Joint Global Coordinators, the Joint Bookrunners, the Managers and the Subscription, Listing and Paying Agent, nor any persons acting on behalf of either of the Company, the Joint Global Coordinators, the Joint Bookrunners, the Managers or the Subscription, Listing and Paying Agent, will be bound to authorise the allocation of any Offer Shares to the investor or the person whose behalf the investor is acting.

**United States**

Neither the Rights nor the Offer Shares have been or will be registered under the U.S. Securities Act or with any securities authority of any state or other jurisdiction of the United States and may only be offered or sold within the United States to persons who are reasonably believed to be QIBs. Further, the Rights and the Offer Shares may be resold by purchases in the United States only pursuant to an exemption from securities registration, if any, available under the laws of the state where the sale is made.

The Rights may not be exercised by any persons who have not executed and timely returned an investor letter to the Company.

Each holder of Offer Securities in the United States, by accepting delivery of this Prospectus, will be deemed to have represented, agreed and acknowledged that, among other things (terms used in this paragraph that are defined in Rule 144A or Regulation S are used herein as defined therein):

a) It: (i) is a QIB; (ii) is aware, and each beneficial owner of such Offer Securities has been advised, that the sale of the Offer Securities to it is being made in reliance on an exemption from the registration requirements of the U.S. Securities Act, which may include Rule 144A, or in a transaction not subject to, the registration requirements of the U.S. Securities Act; and (iii) is acquiring such Offer Securities for its own account or for the account of QIB

b) it acknowledges that the Offer Securities are “restricted securities” within the meaning of Rule 144(A)(3) under the U.S. Securities Act and understands that such securities have not been and will not be registered under the U.S. Securities Act and may not be offered, sold, pledged or otherwise transferred except (i) to a QIB in a transaction meeting the requirements of Rule 144A; (ii) in the case of Offer Shares issued upon the exercise of Rights, in accordance with Rule 144 under the U.S. Securities Act; (iii) in an offshore transaction in accordance with Rule 904 of Regulation S; or (iv) pursuant to an effective registration statement under the U.S. Securities Act, in each case in accordance with any applicable securities law of any state or any territory of the United States and of any other jurisdiction

c) for so long as the Offer Shares are restricted securities, no such Offer Shares may be deposited into any American depositary receipt facility established or maintained by a depositary bank, other than a restricted depositary receipt facility, and that such Offer Shares will not settle or trade through the facilities of the Depositary Trust Company Inc. or any other United States exchange or clearing system

d) if, in the future, it offers, resells, pledges or otherwise transfers any Offer Securities, it shall notify the subsequent transferee of the transfer restrictions set out in paragraphs (a) to (c) above

e) it is not an affiliate (as defined in Rule 501(b) under the U.S. Securities Act) of the Company, and is not acting on behalf of an affiliate of the Company

f) it has such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of an investment in the Offer Shares, and it has the financial ability to bear the economic risk of investment in the Offer Shares

g) the Offer Securities have not been offered to it by means of any ‘‘general solicitation’’ or “general advertising” as defined in Regulation D under the U.S. Securities Act

h) if it is acquiring any Offer Securities for the account of one or more other investors, it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account, and

i) the Company, the Managers and each of their respective affiliates and agents, and others, will rely upon the truth and accuracy of the foregoing representations, warranties, acknowledgements and agreements

Each holder of the Offer Securities outside the United States will, pursuant to Regulation S, be deemed to have represented and agreed that it has received a copy of the Prospectus and such other information as it deems necessary to make an informed investment decision and that:

a) it acknowledges that the Offer Securities have not been and will not be registered under the U.S. Securities Act, or with any securities regulatory authority of any state of the United States, and are subject to significant restrictions on transfer

b) it and the person, if any, for whose account or benefit it is acquiring the Offer Securities, were located outside the United States at the time the buy order for such Offer Securities was originated and continue to be located outside the United States and has not purchased any Offer Securities for the benefit of any person in the United States or entered into any arrangement for the transfer of any Offer Securities to any person in the United States

c) it is exercising, subscribing for otherwise acquiring the Offer Securities in an offshore transaction in accordance with Rule 903 or 904 of Regulation S and is aware of the restrictions on the offer and sale of the Offer Shares pursuant to Regulation S as described in this Prospectus and

d) the Offer Securities have not been offered to it by means of any ''directed selling efforts'' as defined in Regulation S

In addition, each holder of Offer Securities will be deemed to have acknowledged and agreed that:

- it is relying on this Prospectus in conducting its examination of the Company and the terms of the Offering, including the merits and risks involved, and in making an investment decision regarding the Offer Securities, and
- no person is authorised to give any information or make any representations other than those contained in this Prospectus and, if given or made, such information or representations will not be relied upon as having been authorised by the Company, the Joint Global Coordinators, the Joint Bookrunners or the Managers, nor will the Company, the Joint Global Coordinators, the Joint Bookrunners, or the Managers have any liability or responsibility therefore

**Persons receiving this Prospectus are hereby notified that the Company and other sellers of Rights or Offer Shares may be relying on an exemption from the registration requirements of Section 5 of the U.S. Securities Act**.

**UK**

Neither this Prospectus nor any other offering material has been submitted to the clearance procedures of the Financial Services Authority in the UK. Neither the Rights nor the Offer Shares are being or have been offered or sold in the UK except to qualified investors. In the immediately preceding sentence, 'qualified investors' has the meaning given to it in Section 86 of the FSMA.

Each of the Joint Global Coordinators, the Joint Bookrunners and the Managers, respectively, represents, warrants and agrees that:

- it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business
- it has not offered or sold and will not offer or sell the Offer Securities in the UK other to qualified investors as defined in Section 86 of FSMA
- it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of FSMA) received by it in connection with the issue or sale of the Offer Securities in circumstances in which Section 21(1) of the FSMA does not apply in respect of which an exemption (as set out in the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005) applies, and
- it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Offer Securities in, from or otherwise involving the UK

**European Economic Area**

In relation to each EEA State which has implemented the Prospectus Directive (a "**Relevant Member State**"), with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State, an offer to the public of any Offer Securities which are the subject of the Offering contemplated by this Prospectus may not be made in that Relevant Member State prior to the publication of a prospectus in relation to the Offer Securities which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State, all in accordance with the Prospectus Directive, except that an offer to the public in that Relevant Member State of any Offer Securities may be made at any time under the following exemptions under the Prospectus Directive, if they have been implemented in that Relevant Member State:

- to any legal entity which is a qualified investor as defined in the Prospectus Directive

- to fewer than 100 natural or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive, or
- in any other circumstances falling within Section 3(2) of the Prospectus Directive

provided that no such offer of Offer Securities shall require the Company or the Managers to publish a prospectus pursuant to Section 3 of the Prospectus Directive or supplement a prospectus pursuant to Section 16 of the Prospectus Directive.

For the purposes of this provision, the expression an 'offer to the public' in relation to any Offer Securities in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the Offering and any Offer Securities to be offered so as to enable an investor to decide to purchase any Offer Securities, as the same may be varied in the Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State and the expression Prospectus Directive means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in each Relevant Member State and the expression "2010 PD Amending Directive" means Directive 2010/73/EU.

**Canada**

*Selling Restrictions*

This Prospectus is not, and under no circumstances is to be construed as, an advertisement or a public offering of the securities referred to in this document in Canada. No securities commission or similar authority in Canada has reviewed or in any way passed upon this Prospectus or the merits of the securities described and any representation to the contrary is an offence.

This Prospectus constitutes an offering of the Offer Securities in the Canadian province of Ontario only (the "**Private Placement Province**") and is for the confidential use of only those persons to whom it is delivered by the Joint Bookrunners in connection with the offering of the Offer Securities in the Private Placement Province. This Offering is exempt from the requirement that the Company prepare and file a prospectus with the relevant Canadian securities regulatory authorities. Accordingly, any resale of the Offer Securities must be made in accordance with applicable Canadian securities laws which may require resales to be made in accordance with prospectus and dealer registration requirements or exemptions from the prospectus and dealer registration requirements. These resale restrictions may in some circumstances apply to resales of the Offer Securities outside of Canada. Canadian purchasers are advised to seek legal advice prior to any resale of the Offer Securities.

The Company is not a "reporting issuer", as such term is defined under applicable Canadian securities laws, in any province or territory of Canada. Canadian investors are advised that the Company is not required to file a prospectus or similar document with any securities regulatory authority in Canada qualifying the resale of the Offer Securities to the public in any province or territory of Canada. Canadian investors are further advised that the Company does not intend to file a prospectus or similar document with any securities regulatory authority in Canada qualifying the resale of the Offer Securities to the public in any province or territory of Canada in connection with this Offering.

*Representations of Purchasers*

Each Canadian investor who purchases Offer Securities will be deemed to have represented to the Company, the Joint Global Coordinators, the Joint Bookrunners, the Managers, the Subscription, Listing and Paying Agent and any dealer who sells Offer Securities to such purchaser that:

(a) the offer and sale of the Offer Securities was made exclusively through the final version of this Prospectus and was not made through an advertisement of the Offer Securities in any printed media of general and regular paid circulation, radio, television or telecommunications, including electronic display, or any other form of advertising in Canada

(b) such purchaser has reviewed and acknowledges the terms referred to above under the section entitled "Selling Restrictions"

(c) such purchaser has reviewed and acknowledges the representations required to be made by all purchasers of the Offer Securities as set forth under the section entitled "Notice to Investors" and "Selling and Transfer Restrictions" contained within this Prospectus and hereby makes such representations

(d) where required by law, such purchaser is purchasing as principal, or is deemed to be purchasing as principal in accordance with applicable securities laws of the province in which such purchaser is resident, for its own account and not as agent for the benefit of another person

(e) such purchaser, or any ultimate purchaser for which such purchaser is acting as agent, is entitled under applicable Canadian securities laws to purchase the Offer Securities without the benefit of a prospectus qualified under such securities laws, and without limiting the generality of the foregoing, is an "accredited investor" as defined in section 1.1 of NI 45-106, and

(i) is purchasing the Offer Securities from a dealer registered as an "investment dealer" or "exempt market dealer" as defined under applicable securities laws, or

(ii) is a "Canadian permitted client" as defined in section 8.18 of NI 31-103 and is purchasing the Offer Securities from a dealer permitted to rely on the "international dealer exemption" contained in section 8.18 of NI 31-103, in which case, the purchaser also acknowledges that the purchaser has received the notice required to be provided by such dealer under s. 8.18 of NI 31-103

(f) such purchaser is not a person created or used solely to purchase or hold the Offer Securities as an "accredited investor" as described in paragraph (m) of the definition of "accredited investor" in section 1.1 of NI 45-106

(g) none of the funds being used to purchase the Offer Securities are, to its knowledge, proceeds obtained or derived, directly or indirectly, as a result of illegal activities and that

(i) the funds being used to purchase the Offer Securities and advanced by or on behalf of the investor to the Joint Bookrunners do not represent proceeds of crime for the purpose of the *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* (Canada) (the "**PCMLTFA**")

(ii) the investor is not a person or entity identified in the Regulations Implementing the United Nations Resolutions on the Suppression of Terrorism (the "**RIUNRST**"), the United Nations Al-Qaida and Taliban Regulations (the "**UNAQTR**"), the United Nations Côte d'Ivoire Regulations (the "**Côte d'Ivoire Regulations**"), the Regulations Implementing the United Nations Resolution on the Democratic People's Republic of Korea (the "**UNRDPRK**"), the United Nations Democratic Republic of the Congo Regulations (the "**Congo Regulations**"), the Regulations Implementing the United Nations Resolution on Eritrea (the "**RIUNRE**"), the Regulations Implementing the United Nations Resolution on Iran (the "**RIUNRI**"), the United Nations Liberia Regulations (the "**Liberia Regulations**"), the Regulations Implementing the United Nations Resolutions on Somalia (the "**RIUNRS**"), the United Nations Sudan Regulations (the "**Sudan Regulations**"), the Regulations Implementing the United Nations Resolutions on Libya (the "**Libya Regulations**"), the Special Economic Measures (Burma) Regulations (the "**Burma Regulations**"), the Special Economic Measures (Iran) Regulations (the "**Iran Regulations**"), the Special Economic Measures (Zimbabwe) Regulations (the "**Zimbabwe Regulations**") or the Freezing Assets of Corrupt Foreign Officials (Tunisia and Egypt) Regulations (the "**FACPA Tunisia and Egypt Regulations**"), the Special Economic Measures (Syria) Regulations (the "**Syria Regulations**"), or the Special Economic Measures (DPRK) Regulations (the "**DPRK Regulations**")

(iii) the Joint Bookrunners may in the future be required by law to disclose the investor's name and other information relating to the investor and any purchase of the Offer Securities, on a confidential basis, pursuant to the PCMLTFA, Criminal Code (Canada), RIUNRST, UNAQTR, UNRDPRK, RIUNRE, RIUNRI, RIUNRS, the Côte d'Ivoire Regulations, the Congo Regulations, the Liberia Regulations, the Sudan Regulations, the Libya Regulations, the Burma Regulations, the Iran Regulations, the Zimbabwe Regulations, the FACPA Tunisia and Egypt Regulations, the Syria Regulations, the DPRK Regulations, or as otherwise may be required by applicable laws, regulations or rules, and by accepting delivery of this Prospectus, the investor will be deemed to have agreed to the foregoing;

(iv) to the best of the investor's knowledge, none of the funds to be provided by or on behalf of the investor to the Joint Global Coordinators, the Joint Bookrunners, the Managers, or the Subscription, Listing and Paying Agent are being tendered on behalf of a person or entity who has not been identified to the investor, and

(v) the investor shall promptly notify the Joint Global Coordinators, the Joint Bookrunners, the Managers, the Subscription, Listing and Paying Agent if the investor discovers that any of the representations contained in this subparagraph (g) cease to be true, and shall provide the Company and the Managers with appropriate information in connection therewith, and

(h) where required by applicable securities laws, regulations or rules, the investor will execute, deliver and file such reports, undertakings and other documents relating to the purchase of the Offer Securities by the investor as may be required by such laws, regulations and rules, or assist the Company, the Joint Global Coordinators, the Joint Bookrunners, the Managers, and the Subscription, Listing and Paying Agent, as applicable, in obtaining and filing such reports undertakings and other documents

(i) such purchaser acknowledges that the distribution of the Offer Securities in Canada is being made on a private placement basis only and that the such purchaser will not receive a prospectus that has been prepared in accordance with Canadian securities laws and filed with any securities regulatory authority in Canada

(j) such purchaser acknowledges that any Offer Securities subscribed for are restricted securities in Canada and any resale of such Offer Securities must be made in accordance with applicable Canadian securities laws, which may require such resale to be made in accordance with prospectus and registration requirements or exemptions from the prospectus and registration requirements, that such resale restrictions may apply to resales of the Offer Securities outside of Canada, and

(k) such purchaser acknowledges that such purchaser should consult its own legal, financial and tax advisers with respect to the tax consequences of an investment in the Offer Securities in its particular circumstances and with respect to the eligibility of the Offer Securities for investment by such purchaser under relevant Canadian legislation and regulations, and that such purchaser has not relied on the Company, the Managers or their authorized agents or the contents of subscription documents (if any), or any related offering materials authorized and approved by the Company, for distribution to the such purchaser for any legal, financial or tax advice

In addition, each resident of Ontario who purchases the Offer Securities will be deemed to have represented to the Company, the Joint Global Coordinators, the Joint Bookrunners, the Managers, the Subscription, Listing and Paying Agent and each dealer from whom a purchase confirmation was received, that such purchaser:

(a) has been notified by the Company:

  (i) that the Company may be required to provide certain personal information ("**personal information**") pertaining to the purchaser as required to be disclosed in Schedule I of Form 45-106F1 under NI 45-106 (including its name, address, telephone number and the number and value of any Offer Securities purchased), which Form 45-106F1 may be required to be filed by the Company under NI 45-106

  (ii) that such personal information may be delivered to the Ontario Securities Commission (the "**OSC**") in accordance with NI 45-106

  (iii) that such personal information is collected indirectly by the OSC under the authority granted to it under the securities legislation of Ontario

  (iv) that such personal information is collected for the purposes of the administration and enforcement of the securities legislation of Ontario, and

  (v) that the public official in Ontario who can answer questions about the OSC's indirect collection of such personal information is the Administrative Support Clerk at the OSC, Suite 1903, Box 55, 20 Queen Street West, Toronto, Ontario M5H 3S8, Telephone: (416) 593-3684, and

(b) has authorized the indirect collection of the personal information by the OSC

Further, the purchaser acknowledges that its name, address, telephone number and other specified information, including the number of Offer Securities it has purchased and the aggregate purchase price paid by the purchaser, may be disclosed to other Canadian securities regulatory authorities and may become available to the public in accordance with the requirements of applicable Canadian laws. By purchasing the Offer Securities, the purchaser consents to the disclosure of such information.

## INDEPENDENT AUDITORS

The consolidated financial statements for the year ended 31 December 2012, included in this Prospectus, have been audited by KPMG, independent auditors, as stated in its report appearing herein, which report was unqualified but included an emphasis of matter relating the existence of material uncertainties which may cast significant doubt about the entity's ability to continue as a going concern as set out in note 4 to the audited financial statements for the 2012 financial year.

KPMG is an independent registered accounting firm. The address of KPMG is Laan van Langerhuize 1, 1186 DS Amstelveen, the Netherlands. The auditor who signs on behalf of KPMG is a member of the Netherlands Institute of Chartered Accountants (*Nederlandse Beroepsorganisatie van Accountants*).

KPMG has given, and has not withdrawn, its consent to the inclusion of its report in this Prospectus in the form and context in which they are included. As the Offer Securities have not been and will not be registered under the U.S. Securities Act, KPMG has not filed a consent under the U.S. Securities Act.

The Company confirms that the information in the auditor's report which is included in this Prospectus has been accurately reproduced and that as far as the Company is aware and able to ascertain from information published by the auditors, no facts have been omitted which would render the auditor's reports inaccurate or misleading.

## GENERAL INFORMATION

### Corporate resolutions

On 28 June 2013, the General Meeting authorised the Board of Management, subject to the approval of the Supervisory Board, to (i) grant the Rights and to issue the Offer Shares and to validly exclude the statutory pre-emptive rights (*wettelijke voorkeursrechten*) of holders of Ordinary Shares in relation to the Offering and (ii) amend the Articles.

On 28 June and 3 July 2013, the Board of Management resolved, subject to the approval of the Supervisory Board, to (i) grant the Rights and to issue the Offer Shares and to validly exclude the statutory pre-emptive rights (*wettelijke voorkeursrechten*) of holders of Ordinary Shares in relation to the Offering and (ii) amend the Articles. The Supervisory Board approved, ratified and confirmed the aforementioned resolution of the Board of Management on 28 June and 3 July 2013.

### Significant changes in the Company's financial or trading position

No significant changes in the financial or trading position of the Company or the other Group Companies have occurred since 31 December 2012, other than as disclosed herein. See "Use of Proceeds and Background to the Offering – Background to the Offering; recent events", "Business – Operating clusters – Benelux – Significant changes since 31 December 2012" and "Business – Operating clusters – Spain & Turkey – Restructuring".

### Publication of the results of the Offering

The number of Offer Shares subscribed for in the Rights Offering, the announcement of the start of the Rump Offering, if any, the results of such Rump Offering, as well as whether any amount of the Unexercised Rights Payment is available for distribution to holders of unexercised Rights, will be published through a press release published in the Netherlands, which will be placed on Royal Imtech's website as soon as possible after allocation of the Offer Shares.

### Legal name and trade names of the Company

The Company's legal name is Royal Imtech N.V. The Company's trade names include "Royal Imtech N.V.", "Van Rietschoten & Houwens", "Van Buuren Van Swaaij", "Imtech" and "Nettenbouw".

### Availability of documents

Subject to applicable laws, the following documents (or copies thereof), where applicable, may be obtained free of charge from Royal Imtech's website (http://www.imtech.com) for the life of this Prospectus:

- this Prospectus and any supplement to the Prospectus, and
- the current Articles in Dutch and in English.

In addition, copies of the Articles in Dutch and in English, this Prospectus and any supplement to the Prospectus will be available free of charge at Royal Imtech's offices in Gouda during normal business hours for the life of this Prospectus.

Up-to-date investment information and press releases are freely available for download from Royal Imtech's website: http://www.imtech.com.

In addition, the Company has set up a toll free helpline and an email address for Shareholders and investors to answer questions regarding this Prospectus. The toll free telephone number of this helpline is 00800 3814 3814, and the email address is imtech@georgeson.com.

## DEFINITIONS

The following definitions are used in this Prospectus.

| | |
|---|---|
| **AE Arma** | AE Arma Elektropanç Elektromekaník Sanayí Mühendislik Taahhüt ve Ticaret A.Ş. |
| **AFM** | The Netherlands Authority for the Financial Markets (*Stichting Autoriteit Financiële Markten*) |
| **APG** | APG Algemene Pensioen Groep N.V. |
| **Articles** | The articles of association of the Company, as amended from time to time |
| **Audit Committee** | The audit committee of the Supervisory Board |
| **AWW** | Adventure World Warsaw Sp. Z o. o. |
| **AWW Director** | Mr P.J. Mulder, an investor in and director of AWW |
| **AWW Investor** | An investor in AWW or the company through which the AWW Director made his investment, includes the company through which he made his investment, and certain affiliated entities, as the context may require, took place |
| **AWW Project** | The four projects awarded to Imtech Poland by AWW and an affiliate entity for construction work to be performed on Adventure World Warsaw and two waste treatment plants |
| **AWW Settlement** | The settlement agreement entered into on 12 March 2013 in which the Group, AWW, the AWW Investor, the AWW Director and certain other entities and individuals affiliated to him providing for the settlement of disputes between the parties in relation to the AWW Project |
| **Benelux** | Belgium, the Netherlands and Luxembourg |
| **Bilateral Committed Agreements** | Five uncommitted bilateral cash facilities of the Group that have become partially committed credit facilities up to an amount of EUR 228 million in aggregate as from 15 June 2013 |
| **Board of Management** | The management board (*raad van bestuur*) of Royal Imtech |
| **Board of Management Rules** | The rules governing the Board of Management principles and best practices of the Company |
| **Bridge Loan Agreement** | The bridge loan agreement among Royal Imtech as company, original borrower and guarantor, Imtech Capital B.V. as original borrower, Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A. and ING Bank N.V. as original lenders, bookrunners, mandated lead arrangers and coordinators and Coöperatieve Centrale Raiffeisen-Boerenleenbank as agent dated 5 March 2013 and consisting of (i) a EUR 350 million revolving equity bridge loan facility and (ii) a EUR 150 million revolving guarantee bridge facility |
| **Bridge Loan Facility** | The EUR 350 million revolving equity bridge loan facility made available under the Bridge Loan Agreement |
| **Bridge Guarantee Facility** | The EUR 150 million revolving guarantee bridge facility made available under the Bridge Loan Agreement. |
| **Burma Regulations** | The Special Economic Measures (Burma) Regulations |
| **cash conversion** | Operational cash flow divided by operational EBITA, reflecting the Company's ability to generate cash |
| **CEO** | Chief executive officer |
| **CEST** | Central European Summer Time |

| | |
|---|---|
| **CFO** | Chief financial officer |
| **CITA** | Dutch Corporate Income Tax Act 1969 (*Wet op de vennootschapsbelasting 1969*) |
| **Co-Lead Manager** | Commerzbank AG |
| **Code** | The Dutch corporate governance code |
| **Committed Shareholder** | ING AM Insurance Companies B.V., acting as manager of ING Dochterfonds, which has entered into a commitment letter with the Company in connection with the Offering |
| **Company** | Royal Imtech N.V., also Royal Imtech |
| **Congo Regulations** | The United Nations Democratic Republic of the Congo Regulations |
| **Corrective Actions** | has the meaning as set out in "Use of Proceeds and Background to the Offering – Background to the Offering; recent events – 1. Corrective Actions" |
| **Cost and Efficiency Programme** | The cost-savings and efficiency programme implemented by the Company to in order to strengthen the competitiveness and profitability of the Group's companies in the Netherlands, Germany and in some other Group Companies. |
| **Côte d'Ivoire Regulations** | The United Nations Côte d'Ivoire Regulations |
| **Cumulative Financing Preference Shares** | Cumulative financing preference shares with a nominal value of EUR 0.80 |
| **Cumulative Preference Shares** | Cumulative preference shares with a nominal value of EUR 0.80 |
| **DCC** | Dutch Civil Code |
| **De Brauw** | De Brauw Blackstone Westbroek N.V. |
| **Deminor** | A European company focusing on services in the field of shareholder engagement, investor protection, recovery of investment losses and corporate governance |
| **DPRK Regulations** | The Special Economic Measures (DPRK) Regulations |
| **DNB** | The Dutch Central Bank N.V. *(De Nederlandsche Bank N.V.)* |
| **Dutch Corporate Entities** | Entities that are subject to the CITA and are resident or deemed to be resident in the Netherlands for corporate income tax purposes |
| **Dutch Enterprise Shares** | Shares or any right to derive benefits from Shares which are attributable to an enterprise from which a Dutch Individual derives profits, whether as an entrepreneur or pursuant to a co-entitlement to the net worth of such enterprise (other than as an entrepreneur or a shareholder) or of which the benefits are taxable in the hands of a Dutch Individual as benefits from miscellaneous activities including, without limitation, activities which are beyond the scope of active portfolio investment activities |
| **Dutch Individuals** | Individuals who are resident or deemed to be resident in the Netherlands for Dutch income tax purposes or individuals who opt to be treated as if resident in the Netherlands for Dutch income tax purposes |
| **Dutch Taxes** | Taxes of whatever nature levied by or on behalf of the Netherlands or any of its subdivisions or taxing authorities |
| **€ or EUR or euro** | The lawful currency of the European Monetary Union |
| **E&Y FIDS** | Ernst & Young Fraud Investigation and Dispute Services, a part of Ernst & Young Accountants LLP |
| **E&Y RAS** | Ernst & Young Risk Advisory Services, a part of Ernst & Young Accountants LLP |

| | |
|---|---|
| **EBITDA** | Result from operating activities before depreciation of property, plant and equipment, amortisation of intangible assets and impairment of property, plant and equipment and intangible assets. |
| **EBITA** | Operating result plus amortisation and impairment on intangible assets |
| **EEA** | European Economic Area |
| **Eligible Person** | A person defined as such in "Selling and Transfer Restrictions" |
| **Enterprise Chamber** | The enterprise chamber (*Ondernemingskamer*) of the Amsterdam Court of Appeals |
| **Equity Issue Settlement Date** | The date on which the proceeds of the Offering have been applied in prepayment of the loans under Bridge Loan Facility in accordance with the terms of the Bridge Loan Agreement |
| **ERP** | Enterprise resource planning |
| **Euroclear Nederland** | Nederlands Centraal Instituut voor Giraal Effectenverkeer B.V. |
| **Excess Amount** | The amount by which the aggregate proceeds for the Rump Shares offered and sold in the Rump Offering, after deduction of selling expenses and any applicable taxes, exceeds the aggregate Issue Price for such Rump Shares |
| **Executive Council** | The Group's executive council consisting of the members of the Board of Management, the company secretary, the general managers of the divisions and the Group's director personnel & organisation. |
| **Exercise Period** | From 9:00 hours CEST on 5 July 2013 until 17:00 hours CEST on 18 July 2013 |
| **FACPA Tunisia and Egypt Regulations** | The Freezing Assets of Corrupt Foreign Officials (Tunisia and Egypt) Regulations |
| **FMSA** | Dutch Financial Markets Supervision Act (*Wet op het financieel toezicht*) |
| **Former Board of Management** | The Board of Management composed of the Former CEO and Former CFO |
| **Former CEO** | Mr R. van der Bruggen |
| **Former CFO** | Mr B. Gerner |
| **Former German CEO** | The former CEO of Imtech Germany |
| **Former German CFO** | The former CFO of Imtech Germany |
| **Former German Chief Controller** | The former chief controller of Imtech Germany |
| **Former Polish CEO** | The former CEO of Imtech Poland |
| **Former Polish Second Board Member** | The former second board member of Imtech Poland |
| **Foundation** | Stichting Imtech |
| **FSMA** | The Financial Services and Markets Act 2000, is an act of the Parliament of the UK |
| **FTEs** | Full-time equivalents of the Group's employees |
| **GBP** | The pound sterling, the lawful currency of the UK |
| **General Meeting** | Royal Imtech's general meeting of Shareholders, being the corporate body, or where the context require so, the physical meeting |
| **GRC** | Governance, risk and compliance |
| **Group** | The Company and its Group Companies |
| **Group Companies** | Group companies within the meaning of Section 2:24b DCC, belonging to the Group, which includes the Company |

| | |
|---|---|
| **Group Director GRC** | The Company's group director GRC |
| **HSE** | Health, safety and environment |
| **HVAC** | Heating, ventilation and air conditioning |
| **HR** | Human resources |
| **IAS** | International Accounting Standards |
| **ICT** | Information and communication technology |
| **IFRS** | International Financial Reporting Standards as adopted by the European Union |
| **IM** | The symbol under which the Ordinary Shares are listed on Euronext Amsterdam |
| **ING** | ING Bank N.V. |
| **Interest Cover Ratio** | The ratio of Royal Imtech's adjusted consolidated EBIT (adjusted by including the EBIT of new Group Companies acquired and excluding the EBIT of Group Companies sold in each case during the relevant period) to consolidated net finance charges. Pursuant to and following the entry into the waiver and amendment agreements, certain underlying definitions, including EBIT, have been amended for the purpose of calculating the Interest Cover Ratio. For a more detailed discussion see "Operating and Financial Review – Liquidity and Capital Resources –<br><br>External Sources of Funding, Financing and Indebtedness – Syndicated Bank Loans") |
| **Internal Revenue Code** | Internal Revenue Code of 1986, as amended |
| **Iran Regulations** | The Special Economic Measures (Iran) Regulations |
| **IRS** | The Internal Revenue Service of the United States |
| **ISIN** | International Securities Identification Number |
| **Issue Price** | EUR 1.40 per Offer Share |
| **IT** | Information technology |
| **Joint Bookrunners** | ING and Rabobank |
| **Joint Global Coordinators** | ING and Rabobank |
| **KPIs** | Key performance indicators |
| **KPMG** | KPMG Accountants N.V. |
| **Large Company** | Dutch public limited liability company which meets at least two of the three criteria referred to in Section 2:397 section 1 DCC, which criteria are: (1) the value of the company's assets according to its balance sheet is, on the basis of the purchase price or manufacturing costs, more than EUR 17.5 million; (2) the net turnover is more than EUR 35 million; and (3) the average number of employees is 250 or more |
| **Leverage Ratio** | The ratio of Royal Imtech's consolidated senior net debt to adjusted consolidated EBITDA adjusted by including the EBITDA of new Group Companies acquired and excluding the EBITDA of Group Companies sold in each case during the relevant period. Pursuant to and following the entry into the waiver and amendment agreements, certain underlying definitions, including EBITDA, have been amended for the purpose of calculating the Leverage Ratio. For a more detailed discussion see "Operating and Financial Review – Liquidity and Capital Resources – External Sources of Funding, Financing and Indebtedness – Syndicated Bank Loans") |
| **Liberia Regulations** | The United Nations Liberia Regulations |

| | |
|---|---|
| **Libya Regulations** | The Regulations Implementing the United Nations Resolutions on Libya |
| **Managers** | The Joint Global Coordinators, the Joint Bookrunners and the Co-Lead Manager |
| **Mr X** | Person controlling the X Group |
| **Net-interest bearing debt** | Represents total interest-bearing loans and borrowings and other interest-bearing liabilities after deduction of cash and short-term deposits and long- and short-term interest-bearing assets |
| **Nomination Committee** | The nomination committee of the Supervisory Board |
| **NYSE Euronext Amsterdam** | Euronext Amsterdam by NYSE Euronext, the regulated market of Euronext Amsterdam N.V. |
| **Offering** | Rights Offering and Rump Offering |
| **Offer Securities** | Offer Shares and Rights |
| **Offer Shares** | 356,597,988 new Ordinary Shares that will be offered in the Offering |
| **Operational cash flow** | Operational EBITDA plus (or minus) organic movements in working capital minus capex and plus (or minus) changes of operational provisions and accruals. |
| **Operational EBITA** | EBITA adjusted for non-operational items in EBITA |
| **Operational EBITDA** | EBITDA excluding items that are assessed to be of a non-operational character |
| **Ordinary Shares** | The ordinary shares in the Company's share capital with a nominal value of EUR 0.80 per share |
| **OSC** | The Ontario Securities Commission |
| **PCMLTFA** | The Canadian *Proceeds of Crime (Money Laundering) and Terrorist Financing Act* |
| **PFIC** | Passive foreign investment company |
| **PIK Margin** | Temporary increase of 1% per annum on certain of the Group's financing arrangements |
| **Private Placement Province** | The Canadian province of Ontario |
| **Prospectus** | This prospectus dated 4 July 2013 |
| **Prospectus Directive** | Directive 2003/71/EC and amendments thereto, including Directive 2010/73/EU |
| **Prospectus Regulation** | Regulation (EU) No. 809/2004, as amended from time to time |
| **QIBs** | Qualified institutional buyers |
| **Rabobank** | Coöperatieve Centrale-Raiffeisen Boerenleenbank B.A., acting through its GFM-Equity Capital Markets department |
| **RCF** | a EUR 700 million multicurrency revolving credit facility agreement dated 1 November 2010, which Royal Imtech and Imtech Capital B.V. have entered into as borrowers with a syndicate of lenders |
| **RCFA** | The Group's Risk and control framework assessment |
| **Record Date** | 17:40 hours CEST on 4 July 2013 |
| **Regulation S** | Regulation S under the U.S. Securities Act |
| **Relevant Member State** | An EEA State which has implemented the Prospectus Directive |
| **Remuneration Committee** | The remuneration committee of the Supervisory Board |

| | |
|---|---|
| **Rights** | The transferable subscription rights granted to existing shareholders under the Rights Offering for each Ordinary Share held on the Record Date, which will entitle Eligible Persons to subscribe for 4 Offer Shares for every Right held |
| **Rights Offering** | The offer to subscribe for Offer Shares through the exercise of the Rights |
| **Riskmaster tool** | A central database and risk analysis tool to determine whether a project is deemed to have a high risk profile |
| **RIUNRE** | The Regulations Implementing the United Nations Resolution on Eritrea |
| **RIUNRI** | The Regulations Implementing the United Nations Resolution on Iran |
| **RIUNRS** | The Regulations Implementing the United Nations Resolutions on Somalia |
| **RIUNRST** | The Regulations Implementing the United Nations Resolutions on the Suppression of Terrorism |
| **Royal Imtech** | Royal Imtech N.V., also the Company |
| **RSA** | New Hampshire revised statutes |
| **Rule 144A** | Rule 144A under the U.S. Securities Act |
| **Rump Offering** | The offer and sale of the Rump Shares |
| **Rump Shares** | The Offer Shares that were issuable upon the exercise of Rights but that have not been validly subscribed for during the Exercise Period |
| **SEK or Swedish Krona** | The lawful currency of Sweden |
| **Second Amendment Date** | The date that Royal Imtech provides a compliance certificate confirming that (i) the Leverage Ratio has not exceeded 2.00 for two successive financial quarters and (ii) the expected Leverage Ratio for the following successive financial quarters is not exceeding 2.00 |
| **Settlement Date** | 24 July 2013 |
| **Shareholder** | The holder of one or more Ordinary Shares |
| **Shares** | The Ordinary Shares, the Cumulative Preference Shares and the Cumulative Financing Preference Shares |
| **Subscription, Listing and Paying Agent** | ING Bank N.V. acting through its Commercial Banking Securities Services Division in its capacity as subscription, listing and paying agent |
| **Substantial Interest Shares** | Shares, excluding Dutch Enterprise Shares, (including any capital gains realised on the disposal thereof) that are attributable to a (fictitious) substantial interest |
| **Sudan Regulations** | United Nations Sudan Regulations |
| **Supervisory Board** | The supervisory board (*raad van commissarissen*) of the Company |
| **Supervisory Board Rules** | The rules adopted by the Supervisory Board regarding its functioning and internal organisation |
| **Syria Regulations** | The Special Economic Measures (Syria) Regulations |
| **Treaty** | Income tax treaty between the Netherlands and the United States |
| **UK** | The United Kingdom of Great Britain and Northern Ireland |
| **UNAQTR** | The United Nations Al-Qaida and Taliban Regulations |
| **Underwriting Agreement** | The agreement dated 4 July 2013 between Royal Imtech and the Joint Global Coordinators, the Managers, the Co-Lead Manager and the Joint Bookrunners |

| | |
|---|---|
| **Unexercised Rights Payment** | A part of the Excess Amount paid in cash proportional to the number of unexercised Rights |
| **United States** | The United States of America |
| **United States shareholder** | A Shareholder who satisfies the conditions of the Treaty |
| **UNRDPRK** | The Regulations Implementing the United Nations Resolution on the Democratic People's Republic of Korea |
| **USD** | The United States Dollar, the lawful currency in the United States |
| **USPP 2011** | The senior unsecured notes issued by the Group by means of a private placement in the United States, the UK and the Netherlands in December 2011 |
| **USPP 2012** | The senior unsecured notes issued by the Group by means of a private placement in the United States, the UK and the Netherlands in June 2012 |
| **USPPs** | Both USPP 2011 and USPP 2012 |
| **U.S. Holder** | A beneficial owner of Ordinary Shares that is, for United States federal income tax purposes: (i) a citizen or individual resident of the United States, (ii) a corporation, or other entity taxable as a corporation, created or organised in or under the laws of the United States or any political subdivision thereof, or (iii) an estate or trust the income of which is subject to United States federal income taxation regardless of its source |
| **U.S. Securities Act** | The United States Securities Act of 1933, as amended |
| **VEB** | The Dutch Association of Securities holders (*Vereniging van Effectenbezitters*) |
| **Whistle-Blowers Letter** | Report dated 4 February 2013 made under the rules for whistle-blowers on irregularity |
| **working capital** | Current assets (excluding cash and cash equivalents) minus current liabilities (excluding bank overdrafts and current loans and borrowings) |
| **Works Council** | The central works council of the Company |
| **X Group** | Three companies which are active in the technical services industry |
| **Zimbabwe Regulations** | The Special Economic Measures (Zimbabwe) Regulations |

## DOCUMENTS INCORPORATED BY REFERENCE

The unofficial English translation and the original Dutch version of the Articles of Royal Imtech, as at the date of this Prospectus, which have previously been published are incorporated in this Prospectus by reference and, as such, form part of this Prospectus.

**INDEX TO FINANCIAL STATEMENTS**


| | Page |
|---|---|
| Consolidated financial statements for the year ended 31 December 2012 | F-2 |
| Notes to the consolidated financial statements | F-10 |
| Company financial statements and notes to the Company financial statements | F-78 |
| Other information including Independent Auditor's Report | F-86 |
| Unaudited condensed consolidated interim financial statements 31 March 2013 | F-89 |
| Notes to the condensed consolidated interim financial statements 31 March 2013 | F-94 |

## CONSOLIDATED PROFIT AND LOSS ACCOUNT
*In millions of euro*

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

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

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

*In millions of euro*

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

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

## CONSOLIDATED BALANCE SHEET
*In millions of euro*

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

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

*In millions of euro*

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

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

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

*In millions of euro*

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

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

## CONSOLIDATED STATEMENT OF CHANGES IN EQUITY (CONTINUED)

*In millions of euro*

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

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

## CONSOLIDATED STATEMENT OF CASH FLOWS

*In millions of euro*

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

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

CONSOLIDATED STATEMENT OF CASH FLOWS (CONTINUED)
*In millions of euro*

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

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

## 1 General

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

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

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

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

## 2 Effect of certain significant events

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

### Irregularities

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

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

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

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

### Going concern

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

### Restructuring 2012

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

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

### Goodwill impairment Spain

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

## 3 Adjustments IAS 8

### General

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

The comparative figures 2011 have been restated for errors regarding 2011;

Errors from periods before 2011 have been adjusted in the opening balance sheet 2011.

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

*Germany & Eastern Europe*

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

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

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

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

*Benelux*

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

*Spain*

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

**Profit and loss account 2011**

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

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

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

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

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

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

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

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

ADJUSTMENT OF THE OPENING CONSOLIDATED BALANCE SHEET
AS AT 1 JANUARY 2011
*In millions of euro*

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

ADJUSTMENT OF THE CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2011
*In millions of euro*

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

ADJUSTMENT OF THE CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR 2011
*In millions of euro*

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

ADJUSTMENT OF THE CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR 2011
*In millions of euro*

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

ADJUSTMENT TO THE CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR 2011
*In millions of euro*

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

ADJUSTMENT TO THE CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR 2011 (CONTINUED)
*In millions of euro*

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

## 4 Going concern assumption

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

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

The key terms of the amended agreements are:

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

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

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

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

- The incurrence of additional financial indebtedness
- Acquisitions and disposals

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

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

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

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

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

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

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

## 5 Significant accounting policies for financial reporting

### (a) Statement of compliance

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

### (b) Basis of preparation

*(i) Basis of measurement*

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

*(ii) Functional currency and presentation currency*

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

*(iii) The use of estimates and assumptions*

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

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

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

Note 3 – adjustment of prior period errors. In determining whether the adjustments referred to above were a prior period error or a change in an accounting estimate, the available information has been taken into account. Adjustments only qualified as prior period errors when an objective determination whether the adjustment was a prior period error could be made. When this was not the case, the adjustment was accounted for as a change in estimate in 2012

Note 15 – determination of the recoverable amount of cash-generating units

Note 18 – valuation of deferred tax assets and liabilities

Note 20 – valuation of amounts due from/to customers and related revenue recognition (including valuation of claims)

Note 26 – valuation of the liability related to defined benefit plans

Note 29 – valuation of trade receivables

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

### (c) Basis of consolidation

*(i) Business combinations*

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

The Group measures goodwill at the acquisition date as:

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

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

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

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

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

*(ii) Acquisitions of non-controlling interests*

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

*(iii) Subsidiaries*

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

*(iv) Loss of control*

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

*(v) Associates*

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

*(vi) Joint ventures*

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

*(vii) Transactions eliminated on consolidation*

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

**(d) Foreign currencies**

*(i) Foreign currency transactions*

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

*(ii) Financial statements of foreign operations*

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on consolidation, are translated into euro at the foreign exchange rates prevailing on the balance sheet date. The revenue and expenses of foreign operations are translated into euro at rates approximate to the rates prevailing on the dates of the transactions. Foreign exchange rate differences arising on re-translation are recognised in other comprehensive income and presented in a translation reserve, a separate component of equity. However, if the foreign operation is a non-wholly owned subsidiary, then the relevant proportion of the translation difference is allocated to non-controlling interests. When a foreign operation is disposed of such that control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Group disposes of only part of its interest in a subsidiary that includes a foreign operation while retaining control, the relevant proportion of the cumulative amount is reattributed to non-controlling interests. When the Group disposes of only part of its investment in an associate or joint venture that includes a foreign operation while retaining significant influence or joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

**(e) Derivative financial instruments**

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

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

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

**(f) Hedging**

*(i) Cash flow hedges*

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

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

*(ii) Hedging of monetary assets and liabilities*

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

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

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

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

*(i) Owned assets*

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

*(ii) Leased assets*

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

*(iii) Subsequent expenditure*

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

*(iv) Depreciation*

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

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

- buildings 30 years
- machinery and equipment 10 – 12 years
- fixtures and fittings 3 – 5 years
- Unless it is insignificant useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

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

*(i) Goodwill*

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

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

*(ii) Brands*

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

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

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

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

*(iv) Research and development*

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

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

*(v) Other intangible assets*

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

*(vi) Subsequent expenditure*

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

*(vii) Amortisation*

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

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

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

### (j) Inventories

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

### (k) Due from/to customers

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

Construction contracts in progress are presented as due from customers in the consolidated balance sheet for all contracts in which costs incurred plus recognised profits exceed progress billings. If progress billings exceed costs incurred plus recognised profits, then the balance is presented as due to customers in the consolidated balance sheet.

### (l) Trade and other receivables

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

### (m) Impairment

*(i) Non-derivative financial assets*

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

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

*(ii) Non-financial assets*

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

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

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

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

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

*(iii) Calculation of recoverable amount*

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

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

*(iv) Reversals of impairment*

An impairment loss in respect of a receivable carried at amortised cost is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognised.

An impairment loss in respect of an investment in an equity instrument classified as available-for-sale is not reversed via profit or loss.

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

An impairment loss in respect of goodwill is not reversed.

In respect of other assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

**(n) Cash and cash equivalents**

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

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

**(o) Share capital**

*(i) Issue of share capital*

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

*(ii) Repurchase of share capital*

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

*(iii) Dividend*

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

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

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

**(q) Employee benefits**

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

*(i) Defined contribution plans*

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

*(ii) Defined benefit plans*

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

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

Actuarial gains and losses that have arisen when calculating the Group's obligation in respect of a plan, any portion of the cumulative unrecognised actuarial gain or loss that exceeds 10% of the greater of the current value of the defined benefit obligation and the fair value of plan assets is recognised as profit or loss over the expected average remaining working life of the employees participating in the plan. For the rest, the actuarial gain or loss is not recognised in profit and loss.

When the calculation results in an asset to the Group, the recognised asset is limited to the net total of any unrecognised actuarial losses and past service costs and the present value of any future refunds from the plan or reductions in future contributions to the plan. Any effect is taken to profit and loss.

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

*(iii) Long-term service benefits*

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

*(iv) Share-based payments*

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

The fair value of awarded share options and performance shares is recognised as an employee expense, with a corresponding increase in equity. The fair value is determined on the grant date and is spread over the period during which the selected Group employees (share options) and the members of the Board of Management (performance shares) respectively become unconditionally entitled to the share options or shares.

The fair value of the awarded share options is determined using a binomial lattice model, taking into account the terms and conditions upon which the share options were awarded. The fair value of the awarded performance shares is determined using a Monte Carlo simulation model, taking into account the terms and conditions upon which the shares were awarded. The amount recognised as an expense is adjusted annually to reflect the actual number shares that will likely vest based on the related service and non-market performance conditions.

**(r) Provisions**

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

*(i) Warranties*

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

*(ii) Restructuring*

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

*(iii) Onerous contracts*

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

**(s) Trade and other payables**

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

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

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

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

**(u) Total revenue**

*(i) Construction contracts*

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

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

For certain construction contracts, there are unrecognised contingent receivables from customers arising from claims. The financial outcome of these claims can only be estimated within a broad band width. The determination of the profit in proportion to the stage of completion and the provision for losses is based on estimates of the costs and revenues of the relating projects. These estimates are uncertain.

*(ii) Services rendered*

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

*(iii) Goods sold*

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

*(iv) Other income*

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

**(v) Expenses**

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

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

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

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

*(iii) Operating lease payments*

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

*(iv) Finance lease payments*

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

*(v) Net finance result*

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

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

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

**(w) Income tax**

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

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

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

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

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

**(x) Operating segments**

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

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

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

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

A discontinued operation is a component of the Group's business that represents a separate major line of business or geographical area of operations, or is a subsidiary acquired exclusively with a view to resale.

Classification as a discontinued operation occurs upon disposal or, if this is earlier, when the operation meets the criteria for classification as held for sale. A disposal group that is to be abandoned may also qualify.

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

IAS 19 Employee benefits was amended in June 2011 (IAS 19R). The revised IAS 19 standard no longer allows the deferred recognition of actuarial gains and losses and past service costs. Instead, actuarial gains and losses should be recognised in other comprehensive income and past service costs in the profit and loss account as they occur. Secondly, the interest cost and expected return on plan assets will be replaced with a net interest amount that is calculated by applying the discount rate to the net defined benefit liability (asset). Thirdly, companies are required to disclose more detailed information on specific risks in their defined benefit plans. Finally, the revisions further clarify the classification of various costs involved in benefit plans like expenses and taxes.

IAS 19R is applicable as from 1 January 2013 and must be applied retrospectively with a restatement of comparative numbers. This means that all unrecognised actuarial gains at 1 January 2012 will be recognised at once, leading to an increase in equity of 25.4 million euro (net of tax 20.1 million euro). The curtailment and settlement gain of 5 million euro in 2012 will as a result of application of IAS 19R reverse in a settlement loss of 15.4 million euro and the total expenses recognised in the profit and loss account in respect of defined benefit plans, will increase by 19.2 million euro (net of tax 14.4 million euro). In 2012, actuarial losses of 56.4 million euro (net of tax 40.6 million euro) will be incurred under IAS 19R, leading to an immediate recognition in other comprehensive income. The presentation of pension costs within operating expenses and net finance result will not change.

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

## 6 Operating segments

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

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

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

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

The prices for transactions between and within segments are determined at arm's length.

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

* *See financial glossary for definition.*

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

* *See financial glossary for definition.*

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

## 7 Acquisition of subsidiaries

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

*Fagersta Industri EI*

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

*Medrott*

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

*Steinar Holbæk*

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

*VVS Montage I Dalarna*

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

*AE Arma-Elektropanç*

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

*Capula Group*

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

*Värnamo Elservice*

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

*SSR and Polar*

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

*Van Stappen & Cada*

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

*Total acquisitions*

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

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

*Effect of acquisitions*

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

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

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

At year end 2012, all acquisition accounting was finalised besides SSR and Polar. The initial accounting for Inviron, Qbranch, Groupe Techsol Marine and Smith Group UK, acquired in 2011, was completed in 2012. As a result of the finalisation of the purchase price calculations the goodwill has been adjusted downward by 5.6 million euro.

The fair value of the trade and other receivables does not differ significantly from the present value of the receivables.

The goodwill is attributable mainly to the skills and technical talent of the work force and the synergies expected to be achieved from executing the strategic plan of the Group. None of the goodwill recognised is expected to be deductible for income tax purposes.

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

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

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

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

| 8 **Total revenue and other income** | 2012 | 2011 |
|---|---|---|
| Construction contracts | 3,502.9 | 3,376.3 |
| Services rendered | 1,353.4 | 1,158.3 |
| Sale of goods | 558.0 | 513.9 |
| Revenue | 5,414.3 | 5,048.5 |
| Result from the disposal of property, plant and equipment | 12.2 | (0.6) |
| Government grants | 1.2 | 3.0 |
| Other | 5.2 | 13.9 |
| Other income | 18.6 | 16.3 |
| **Total** | 5,432.9 | 5,064.8 |

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

**Geographical information**

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

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

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

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

| 9 **Personnel expenses** | 2012 | 2011 |
|---|---|---|
| Wages and salaries | 1,320.5 | 1,215.1 |
| Social security expenses | 286.8 | 262.7 |
| Contributions to defined contribution plans | 40.3 | 26.8 |
| Costs in respect of defined benefit plans | 3.5 | 11.1 |
| Restructuring | 47.7 | 4.5 |
| Share-based payments | 5.8 | 4.3 |
| Costs in respect of jubilee benefits | 0.9 | 0.9 |
| Total | 1,705.5 | 1,525.4 |

**Settlement of defined benefit plan**

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

**Restructuring**

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

**Share-based payments**

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

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

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

The anticipated volatility is based on historical volatility.

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

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

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

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

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

**Remuneration of the former Board of Management**

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

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

1 *Amounts paid relate to previous year performance.*

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

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

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

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

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

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

**Former Board of Management share scheme**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

**Remuneration of the Supervisory Board**

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

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

1 *Member of the Audit Committee.*

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

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

The remuneration of the Supervisory Board is determined by the General Meeting of Shareholders. The most recent adjustment of the remuneration, effective as of 1 January 2010, was based on the median level of comparable companies (Hay Group database) and will be reviewed every two to three years. As of 1 January 2010 the annual remuneration of the Chairman, Vice-chairman and remaining members is 52,500, 41,500 and 37,500 euro respectively. The Chairman and other members of the Audit Committee receive a supplementary annual fee of 7,500 and 5,000 euro respectively.

The Chairman of the Remuneration/Nomination Committee, the other member of the Remuneration/Nomination Committee and the contact persons for the Representative Bodies receive a supplementary annual fee of 5,000, 3,500 and 3,500 euro respectively. All these fees for the Supervisory Board and all social security expenses are included in the figures stated above.

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

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

**Remuneration of the former Board of Management and Supervisory Board**

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

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

| 10 **Other expenses** | note | 2012 | 2011 |
|---|---|---|---|
| Other indirect expenses | | 470.4 | 341.3 |
| Impairment loss on trade receivables | 29 | 106.2 | 32.4 |
| Change in provisions (excluding restructuring related to personnel) | | 10.1 | 2.4 |
| Research and development costs | | 6.4 | 6.3 |
| Total | | 593.1 | 382.4 |

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

| 11 **Net finance result** | note | 2012 | 2011 |
|---|---|---|---|
| Interest income | | 1.6 | 1.4 |
| Expected return on plan assets (employee benefits) | 26 | 6.3 | 10.3 |
| Change in fair value of contingent consideration | | 6.1 | 2.5 |
| Other finance income | | 4.2 | 0.6 |
| Finance income | | 18.2 | 14.8 |
| Interest expense on financial liabilities measured at amortised cost | | (39.9) | (24.6) |
| Interest on employee benefit obligations | 26 | (14.7) | (19.7) |
| Net change in fair value of cash flow hedges transferred from equity | | (5.2) | (11.0) |
| Net currency exchange loss | | (4.3) | (1.8) |
| Other finance expenses | | (20.0) | (9.7) |
| Finance expenses | | (84.1) | (66.8) |
| Net finance result | | (65.9) | (52.0) |

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

## 12 Income tax expense

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

**Reconciliation of effective tax rate**

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

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

### Taxes recognised directly in equity or other comprehensive income

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

## 13 Current tax assets and liabilities

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

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

**Impairments and reversals after recognition**

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

**Security**

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

**Leased property, plant and equipment**

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

**Assets and liabilities held for sale**

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

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

**Impairment test for cash-generating units containing goodwill**

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

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

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

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

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

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

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

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

The pre-tax discount rates used in the impairment tests show an increase in 2012 as compared to 2011. This increase mainly relates to an increase in the market risk premium used in the calculation of the discount rates, which is in line with the developments in the European Union.

**Impairment Spain**

An impairment test performed in the third quarter of 2012 revealed, taking into account the significant lower level of activity and profitability for the medium and long-term, that the recoverable amount of the cash-generating unit Spain was estimated to be lower than the carrying amount, resulting in an impairment charge of 20 million euro. This impairment was triggered by a downward adjustment in the third quarter 2012 of the 2012 EBITDA outlook and the medium and long-term expectations of the Spain activities. The expectations with respect to the market were adjusted, amongst others resulting from changed views on some (major) client relations and contracts. This has also led to the decision to execute a significant restructuring, amongst others involving the release of 70 employees and (partial) closing of business locations. The cash flows prepared during the third quarter of 2012 were further challenged and again confirmed by the in depth review of the revised budgets performed early 2013.

**Sensitivity analysis**

The goodwill impairment test did not reveal any impairments as at 31 December 2012, taking into account the impairment of Spain already included in the third quarter of 2012.

With respect to the cash-generating unit Turkey, the impairment test revealed that the headroom between the value in use and the carrying amount is limited, amongst others due to the recent date of acquisition. Therefore, a change in underlying assumptions in the impairment test for Turkey, such as an increase of the discount rate by 1% or a decrease in EBITDA levels by 10%, would lead to an impairment charge.

Regarding the cash-generating units Spain and Turkey, an (adverse) change in the underlying assumptions, ceteris paribus, would almost directly lead to an impairment charge. EBITDA margins for 2015 included in the value in use calculation for 2015 are 4.1% and 6.2% respectively.

For both the cash-generating units Marine and Benelux, the key assumption for the value in use calculation is that the cash flows anticipate a recovery of the profitability to the Group's targets from 2013 onwards, towards an EBITDA margin of 5.3% and 2.3% respectively in 2015. This improvement is amongst others related to the restructuring which was already started in the second half year of 2012 and an expected recovery of the business performance. Would the business performance not recover, the carrying amount of the cash-generating units may materially exceed its recoverable amount and goodwill recognised amounting to 138 million euro may not be recoverable. With respect to the cash-generating unit Marine, the value in use exceeds the carrying amount by 25 million euro. With respect to the cash generating unit Benelux, the value in use exceeds the carrying amount by 85 million euro.

Regarding the cash-generating unit Marine, an increase of the WACC to a percentage 11.4% or an EBITDA margin in 2015 of 4.9% (ceteris paribus) would result in a value in use which would equal the carrying amount. For the Benelux a decrease of the EBITDA margin in 2015 to 1.6% (ceteris paribus) would result in a value in use which would equal the carrying amount.

For all other cash generating units, management believes that a reasonably possible change in the above key assumptions (such as an increase in discount rate by 1% or a decrease in EBIT levels by 10% during the forecast period) would not cause the carrying amount of the cash-generating units to exceed its recoverable amount.

**Impairment of intangible assets other than goodwill**

Except for the impairment (1 million euro) of internally developed technology there were no specific indicators of impairment for intangibles other than goodwill. Where relevant these intangibles were included in the carrying amount of the goodwill impairment test of the respective cash-generating units. The major part of the customer relationships/contracts relates to the cash-generating unit Nordic, which shows sufficient headroom in the goodwill impairment test.

**Reversal of impairment losses**

No impairments of intangible assets were reversed in the year under review (2011: the same).

## 16 Investments in associated companies and joint ventures

In 2012 IHC Systems B.V., the Netherlands (50%) was the most important associate and Innolumis Public Lighting B.V., the Netherlands (50%) was the most important joint venture.

The share in assets, liabilities, revenue and profits of the associates and joint ventures can be specified as follows:

| | 2012 | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Non-current assets | Current assets | Non-current liabilities | Current liabilities | Equity | Revenue | Cost | Profit / (loss) |
| Associated companies | 7.3 | 11.2 | 6.6 | 8.1 | 3.8 | 21.5 | 19.6 | 1.9 |
| Joint ventures | 0.4 | 3.4 | 0.1 | 3.8 | (0.1) | 15.6 | 16.0 | (0.4) |
| | 7.7 | 14.6 | 6.7 | 11.9 | 3.7 | 37.1 | 35.6 | 1.5 |
| Results other investments | | | | | | | | 1.4 |
| Total | | | | | | | | 2.9 |

| | 2011 | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | Non-current assets | Current assets | Non-current liabilities | Current liabilities | Equity | Revenue | Cost | Profit / (loss) |
| Associated companies | 7.7 | 11.7 | 6.8 | 9.8 | 2.8 | 24.0 | 21.8 | 2.2 |
| Joint ventures | 0.2 | 2.6 | 0.1 | 3.5 | (0.8) | 24.7 | 24.5 | 0.2 |
| | 7.9 | 14.3 | 6.9 | 13.3 | 2.0 | 48.7 | 46.3 | 2.4 |
| Results other investments | | | | | | | | (2.4) |
| Total | | | | | | | | - |

| 17 **Non-current receivables and other investments** | note | 2012 | 2011 |
|---|---|---|---|
| Finance lease assets | | 4.1 | 4.6 |
| Derivatives at fair value | 29 | - | 1.2 |
| Other investments | | 13.2 | 12.6 |
| Other non-current receivables | | 11.5 | 6.4 |
| | | 28.8 | 24.8 |
| The finance lease receivables mature as follows: | | | |
| Principal < 1 year | | 2.2 | 2.1 |
| Principal 1 – 5 years | | 4.3 | 4.8 |
| Principal > 5 years | | 0.9 | 1.2 |
| | | 7.4 | 8.1 |
| Interest < 1 year | | (0.1) | (0.1) |
| Interest 1 – 5 years | | (0.8) | (1.0) |
| Interest > 5 years | | (0.3) | (0.4) |
| | | (1.2) | (1.5) |
| Present value of the minimum lease payments < 1 year | | 2.1 | 2.0 |
| Present value of the minimum lease payments 1 – 5 years | | 3.5 | 3.8 |
| Present value of the minimum lease payments > 5 years | | 0.6 | 0.8 |
| Total | 29 | 6.2 | 6.6 |

Other non-current receivables include vendor loans provided in respect of sale of subsidiaries for an amount 9.0 million euro (2011: 5.1 million euro).

On 31 December 2012 other investments with a carrying amount of 4.0 million euro were pledged.

## 18 Deferred tax assets and liabilities

### Recognised deferred tax assets and liabilities

The composition of deferred tax assets and liabilities in relation to temporary differences and tax losses is as follow

| | Assets | | Liabilities | | Difference | |
|---|---|---|---|---|---|---|
| | 2012 | 2011 | 2012 | 2011 | 2012 | 2011 |
| Property, plant and equipment | 14.2 | 11.5 | (2.3) | (2.4) | 11.9 | 9.1 |
| Intangible assets | 0.5 | 0.9 | (37.6) | (37.4) | (37.1) | (36.5) |
| Due from customers | 7.9 | 6.3 | (52.4) | (46.5) | (44.5) | (40.2) |
| Trade and other receivables | 0.8 | 2.4 | (22.3) | (2.4) | (21.5) | - |
| Employee benefits | 13.5 | 14.4 | (0.3) | (0.4) | 13.2 | 14.0 |
| Provisions | 5.9 | 0.4 | (0.8) | (2.4) | 5.1 | (2.0) |
| Other items | 15.2 | 12.6 | (32.8) | (26.1) | (17.6) | (13.5) |
| Value of recognised tax loss carry forwards | 48.4 | 11.9 | - | - | 48.4 | 11.9 |
| | 106.4 | 60.4 | (148.5) | (117.6) | (42.1) | (57.2) |
| Netting of tax assets and liabilities | (72.4) | (48.6) | 72.4 | 48.6 | - | - |
| Total | 34.0 | 11.8 | (76.1) | (69.0) | (42.1) | (57.2) |

On 31 December 2012 no deferred tax liabilities relating to investments in subsidiaries were accounted for (31 December 2011: nil).

**Unrecognised deferred tax assets**

The Group has not recognised deferred tax assets that relate to unused tax losses amounting to 305.0 million euro (2011: 59.8 million euro) and deductible temporary differences amounting to 1.2 million euro (2011: 1.2 million euro). Deferred tax assets have not been recognised in respect of these items, because based upon the level of historical taxable income and projections for taxable income in the foreseeable future, management of the Group believes that it is not sufficiently probable that (future) taxable profits will be available to benefit from these items.

At the end of 2012, 135.1 million euro (2011: 12.0 million euro) of the unrecognised tax losses will expire within five years. These losses mainly relate to Poland. In the Netherlands the losses will start to expire in 2021. The losses in Germany can be carried forward for an indefinite period of time.

| **Movements in deferred taxes during the year** | As at 1 January 2011 | Acquisi-tions/ deconsoli-dations | Recog-nised in 2011 result | Recog-nised in other compre-hensive income | Effect of move-ment in exchange rates | As at 31 December 2011 |
|---|---|---|---|---|---|---|
| Property, plant and equipment | 9.5 | 0.4 | (0.8) | - | - | 9.1 |
| Intangible assets | (35.5) | (5.7) | 5.0 | - | (0.3) | (36.5) |
| Due from customers | (25.2) | (4.2) | (10.8) | - | - | (40.2) |
| Trade and other receivables | (1.5) | 0.4 | 1.1 | - | - | - |
| Employee benefits | 14.2 | 0.4 | (0.6) | - | - | 14.0 |
| Provisions | (2.1) | 0.9 | (0.8) | - | - | (2.0) |
| Other items | (12.6) | (0.4) | (3.1) | 2.6 | - | (13.5) |
| Value of recognised tax loss carry forwards | 12.9 | 0.4 | (1.4) | - | - | 11.9 |
| Total | (40.3) | (7.8) | (11.4) | 2.6 | (0.3) | (57.2) |

| | As at 1 January 2012 | Acquisi-tions/ deconsoli-dations | Recog-nised in 2012 result | Recog-nised in other compre-hensive income | Effect of move-ment in exchange rates | As at 31 December 2012 |
|---|---|---|---|---|---|---|
| Property, plant and equipment | 9.1 | 0.1 | 2.8 | - | (0.1) | 11.9 |
| Intangible assets | (36.5) | (10.3) | 10.8 | - | (1.1) | (37.1) |
| Due from customers | (40.2) | (0.4) | (3.7) | - | (0.2) | (44.5) |
| Trade and other receivables | - | - | (21.3) | - | (0.2) | (21.5) |
| Employee benefits | 14.0 | (0.1) | (0.9) | - | 0.2 | 13.2 |
| Provisions | (2.0) | (0.3) | 7.3 | - | 0.1 | 5.1 |
| Other items | (13.5) | 2.5 | (3.5) | (2.9) | (0.2) | (17.6) |
| Value of recognised tax loss carry forwards | 11.9 | - | 36.4 | - | 0.1 | 48.4 |
| Total | (57.2) | (8.5) | 27.9 | (2.9) | (1.4) | (42.1) |

Included in the value of recognised tax loss carry forwards is an amount relating to the tax loss carry forward in the Netherlands of 14.2 million euro. On the basis of tax planning strategies and revised budgets which show a recovery to a profitable business, it is probable that this deferred tax asset will be realised.

## 19 Inventories

| | 2012 | 2011 |
|---|---|---|
| Raw and auxiliary materials | 18.6 | 18.6 |
| Semi-finished goods | 1.5 | 5.4 |
| Finished goods | 59.9 | 51.5 |
| Total | 80.0 | 75.5 |

In 2012, the write down of inventories to net realisable value amounted to 0.8 million euro (2011: 1.9 million euro).

| | 2012 | | | 2011 | | |
|---|---|---|---|---|---|---|
| | Due from customers | Due to customers | Balance | Due from customers | Due to customers | Balance |
| Cumulative incurred costs plus profit in proportion to progress | 1,796.3 | 849.4 | 2,645.7 | 1,925.6 | 729.9 | 2,655.5 |
| Progress billings | (1,081.7) | (1,084.1) | (2,165.8) | (1,235.9) | (989.4) | (2,225.3) |
| Provisions for losses | (141.8) | (73.3) | (215.1) | (85.6) | (38.3) | (123.9) |
| Balance | 572.8 | (308.0) | 264.8 | 604.1 | (297.8) | 306.3 |

The increase in the net amount of provisions for losses mainly relates to project losses in Germany and Poland. We refer to note 2 and 3.

The above amounts do not include contingent receivables from customers arising from claims which are not probable to be realised. The financial outcome of these claims can only be estimated within a broad band width. The best estimate of the realisable value of these claims is 21 million euro (31 December 2011: 20 million euro).
The determination of the profit in proportion to the stage of completion and the provision for losses is based on estimates of the costs and revenues of the relating projects.

As at 31 December 2012 the capitalised interest amounted to 1.2 million euro with a capitalisation rate of 0.8% (31 December 2011: 1.2 million euro and 0.8% respectively).

Included in due from customers on 31 December 2012 is an amount of 20.3 million euro (31 December 2011: 16.1 million euro) which will not be paid until specified conditions are fulfilled (retentions) in respect of contracts for third parties.

## 21 Trade and other receivables

| | note | 2012 | 2011 |
|---|---|---|---|
| Trade receivables | 29 | 1,128.6 | 1,133.6 |
| Other receivables | 29 | 187.3 | 127.8 |
| Trade receivables due from associated companies and joint ventures | 29 | 3.5 | 8.3 |
| Current portion of non-current receivables | | 3.1 | 2.0 |
| Derivatives at fair value | 29 | 0.1 | 0.6 |
| Total | | 1,322.6 | 1,272.3 |

22 **Cash, cash equivalents and bank overdrafts**

| | note | 2012 | 2011 |
|---|---|---|---|
| Bank balances | | 375.4 | 385.4 |
| Deposits available on demand | | 8.1 | 39.7 |
| Other cash and cash equivalents | | 1.6 | 0.7 |
| Cash and cash equivalents | 29 | 385.1 | 425.8 |
| Bank overdrafts | 25 | (314.3) | (214.3) |
| Cash, cash equivalents and bank overdrafts in the consolidated statement of cash flows | | 70.8 | 211.5 |

23 **Equity**

**Share capital**

| | Number of ordinary shares | |
|---|---|---|
| | 2012 | 2011 |
| Outstanding as at 1 January | 87,943,977 | 87,373,851 |
| Stock dividend | 1,313,134 | 1,172,942 |
| Repurchased own shares | (1,048,846) | (1,082,974) |
| Issued against payment in cash | 813,000 | 434,000 |
| Issued under the share scheme | 85,424 | 46,158 |
| Outstanding as at 31 December – fully paid up | 89,106,689 | 87,943,977 |

On 31 December 2012 the authorised share capital comprised 360 million (31 December 2011: 360 million) ordinary shares divided into 120 million (31 December 2011: 120 million) ordinary shares, 180 million (31 December 2011: 180 million) preference shares and 60 million (31 December 2011: 60 million) financing preference shares. The par value of the shares amounts to 0.80 euro. The holders of shares are entitled to dividend, as is announced, and are entitled to cast one vote per share when decisions are taken by the General Meeting of Shareholders. These rights do not apply to shares in the Company held by the Group until these shares are transferred. On 31 December 2012 the issued share capital amounted to 94,059,916 (31 December 2011: 92,746,782) ordinary shares. All issued shares are fully paid up. Stichting Imtech has option rights to the preference shares (see section Corporate Governance). Royal Imtech N.V. has also granted share options and shares conditionally (see below under Reserve for own shares).

**Translation reserve**

The translation reserve includes all currency differences arising from the translation of the financial statements of foreign operations, as well as from the translation of liabilities by which the net investments of the Company in a foreign subsidiary are hedged and also the effects of currency hedges of net investments.

**Hedging reserve**

The hedging reserve comprises the effective portion of the cumulative net movement in the fair value of cash flow hedging instruments in respect of hedged transactions that have not yet occurred.

**Reserve for own shares**

The reserve for own shares comprises the purchase price of the own shares held by the Company. On 31 December 2012, 4,953,227 (31 December 2011: 4,802,805) own shares were held by the Company to cover the obligations arising from the share scheme for the former Board of Management and the share option scheme (see pages 132 and 129 respectively).

### Dividend

After the balance sheet date the Board of Management, with the approval of the Supervisory Board, proposed not to pay a dividend for 2012. In 2012 a dividend of 0.70 euro per outstanding ordinary share was paid out in cash or shares (2011: 0.65 euro).

| 24 **Earnings per share** | 2012 | 2011 |
|---|---|---|
| Result for the year | (226.3) | 99.5 |
| Result attributable to non-controlling interests | (6.7) | (3.7) |
| Result attributable to shareholders of Royal Imtech N.V. (net result) | (233.0) | 95.8 |

### Basic earnings per share

The calculation of the basic earnings per share on 31 December 2012 was based on a loss attributable to holders of ordinary shares of 232,988,000 euro (2011: profit of 95,800,000 euro) and an average number of ordinary shares outstanding during 2012 of 88,375,606 (2011: 87,493,069) calculated as follows:

| **Weighted average number of ordinary shares** | 2012 | 2011 |
|---|---|---|
| Issued ordinary shares | 94,059,916 | 92,746,782 |
| Effect of own shares held | (5,235,835) | (4,855,234) |
| Effect of stock dividend | (448,475) | (398,479) |
| Average number of ordinary shares during the year | 88,375,606 | 87,493,069 |

### Diluted earnings per share

The calculation of the diluted earnings per share at 31 December 2012 was based on the attribution of loss amounting to 232,988,000 euro (2011: profit of 95,800,000 euro) to holders of ordinary shares and an average number of ordinary shares outstanding during 2012 of 89,048,383 (2011: 88,556,756) corrected for potential dilution, calculated as follows:

| **Weighted average number of ordinary shares (diluted)** | 2012 | 2011 |
|---|---|---|
| Average number of ordinary shares during the year | 88,375,606 | 87,493,069 |
| Effect of share option scheme | 569,226 | 899,302 |
| Effect of share scheme | 103,551 | 164,385 |
| Average number of ordinary shares (diluted) during the year | 89,048,383 | 88,556,756 |

At 31 December 2012 2,967,833 share options (31 December 2011: 1,901,333) were excluded from the diluted weighted average number of ordinary share calculations as their effect would have been antidilutive.

## 25 Loans and borrowings

The Group's liabilities are specified as follows:

| **Non-current liabilities** | note | 2012 | 2011 |
|---|---|---|---|
| Syndicated bank loans | | - | 405.1 |
| Senior notes | | - | 227.5 |
| Other bank loans | | 1.1 | 29.2 |
| Finance lease liabilities | | 16.8 | 15.3 |
| Contingent consideration | | 17.6 | - |
| Derivatives at fair value | 29 | 7.2 | 3.2 |
| Total | | 42.7 | 680.3 |

| **Current liabilities** | note | 2012 | 2011 |
|---|---|---|---|
| Current portion of syndicated bank loans | | 488.3 | 93.9 |
| Current portion of senior notes | | 326.3 | - |
| Bank overdrafts | 22 | 314.3 | 214.3 |
| | | 1,128.9 | 308.2 |
| Current portion of other bank loans | | 5.8 | 10.8 |
| Current portion of finance lease liabilities | | 5.5 | 5.4 |
| | | 11.3 | 16.2 |
| Total | | 1,140.2 | 324.4 |

### Loan covenants and loan classification

The syndicated loan facility contains (market-standard) covenants. The covenants included in the senior notes facilities are in alignment with the covenants as agreed upon in the syndicated bank facilities. The relevant covenant ratios as per 31 December 2012 are:

| | Requirement | Actual |
|---|---|---|
| Interest coverage ratio (EBIT / interest income and expense of interest-bearing debt) | > 4.0 | (3.6) |
| Leverage ratio (average of net interest-bearing debt at half year end and year end / EBITDA) | < 3.0 | (16.8) |

As at 31 December 2012, the loan covenants as included in the syndicated bank loans and senior notes facilities were not met. On 15 June 2013, the Group reached agreement with its main financiers regarding a waiver and amendment agreement. For further details on the terms and conditions of this waiver and amendment, we refer to note 4 and 33.

Due to not meeting the covenant requirements as at 31 December 2012, the Company does not have the unconditional right to defer settlement of the liability for at least twelve months after the reporting period with respect to the syndicated bank loans and senior notes. Accordingly, the carrying value of the syndicated bank loans of 488.3 million euro and the senior notes of 327.2 million euro have been reported as current liabilities.

**Syndicated bank loans**

The Group has a syndicated bank facility of 700 million euro, concluded in November 2010. The term of this syndicated bank facility is 5 years, expiring 1 November 2015. This multi-currency revolving facility is on a committed and unsecured basis (before adjustment in the waiver and amendment agreement, reference is made to note 4 and 33). The facility has been provided by a syndicate of eleven banks: ABN AMRO Bank, BNP Paribas, Commerzbank, ING Bank, KBC Bank, Nordea Bank, Rabobank, the Royal Bank of Scotland, Barclays Bank, Banque LB Lux and NIBC Bank.

The credit facility includes a 'change of control' clause.

As at 31 December 2012, an amount of 488.3 million euro was drawn under this facility (31 December 2011: 405.1 million euro).

The interest rate on these drawdowns has been partly fixed via interest rate swaps and as at 31 December 2012 the weighted average interest rate was 1.9% (31 December 2011: 3.0%).

**Senior notes**

The Group issued senior unsecured notes by means of a private placement in the United States of America, the United Kingdom and the Netherlands in December 2011. The transaction size was the equivalent of 300 million USD. The currency breakdown of the notes was: 186 million USD, 25 million euro and 50 million GBP. The placement consisted of five different tranches:

- 20 million USD, maturing in December 2016;
- 140 million USD, maturing in December 2021;
- 26 million USD, maturing in December 2023;
- 25 million euro, maturing in December 2016;
- 50 million GBP, maturing in December 2021.

The Group has converted all fixed-interest 186 million USD notes into euro by means of cross currency swaps. The weighted average euro fixed interest rate on these 186 million USD notes was 5.6% as at 31 December 2012 (31 December 2011: 5.6%). The interest rates on the euro and GBP tranches were fixed for the full tenor of the notes, 4.6% and 5.4% respectively. The senior notes facility includes a 'change of control' clause.

In June 2012 the Group issued a second private placement for a total of 100 million euro. The issue consists of 2 tranches of 50 million euro each with 7 and 9 years maturities respectively. The interest rates on the tranches were fixed for the full tenor of the notes, 3.8125% and 4.24% respectively. The proceeds of the placement were used to refinance existing debt. The senior notes facility includes a 'change of control' clause.

**Additional credit facilities (bilateral facilities)**

In addition to the above-mentioned facilities, the Group has a number of uncommitted credit facilities in place, amounting to 350 million euro. Furthermore, several current account facilities and cash pool facilities have been provided to subsidiaries. These uncommitted facilities are also with certain of its core relationship banks.

Apart from the above-mentioned credit facilities, the Company also has a number of bank guarantee facilities in place, amounting to 780 million euro. These facilities relate to, amongst others, advance payment guarantees, performance guarantees as well as warranty guarantees. As at 31 December 2012, 497.3 million euro was outstanding under these facilities (31 December 2011: 434.2 million euro). In addition also a number of guarantee facilities have been made available to subsidiaries via other financial institutions for an amount of aproximately 700 million euro, of which aproximately 450 million euro was outstanding as at 31 December 2012.

**Other bank loans and finance lease liabilities**

Other bank loans and finance lease liabilities have been agreed against generally accepted conditions. The average maximum remaining term is 3.4 years (2011: 4.7 years) and the average interest rate of the liabilities outstanding is 3.7% (2011: 5.1%).

Property, plant and equipment with a carrying amount of 4.2 million euro (2011: 26.6 million euro) have been provided as security for bank loans.

| **Finance lease liabilities** | 2012 | 2011 |
|---|---|---|
| Principal < 1 year | 5.8 | 5.9 |
| Principal 1 – 5 years | 15.8 | 11.8 |
| Principal > 5 years | 1.6 | 4.3 |
| | 23.2 | 22.0 |
| Interest < 1 year | (0.3) | (0.5) |
| Interest 1 – 5 years | (0.5) | (0.7) |
| Interest > 5 years | (0.1) | (0.1) |
| | (0.9) | (1.3) |
| Present value of the minimum lease payments < 1 year | 5.5 | 5.4 |
| Present value of the minimum lease payments 1 – 5 years | 15.3 | 11.1 |
| Present value of the minimum lease payments > 5 years | 1.5 | 4.2 |
| Total | 22.3 | 20.7 |

## 26 Employee benefits

The Group contributes towards a number of defined benefit pension plans on the basis of which employees receive pension payments after their retirement. In general the amount received by an employee on retirement depends on factors such as age, (average) salary and the number of years of service. A (conditional) indexing of pension payments is applicable for some plans. Such plans are applicable in the Netherlands, Germany, Belgium, Sweden, Norway, Austria and Turkey.

On 1 June 2012 the Imtech pension fund's Board and the Participants Board decided to terminate the fund. The pensions of some of the participants have been placed with Delta Lloyd Levensverzekering N.V. and the pensions of the remaining participants have been placed with the Pensioenfonds Metaal en Techniek. The transfer of the inactive members to Delta Lloyd and the transfers to Pensioenfonds Metaal en Techniek classify as a settlement under IAS 19. The pensions plan for the active participants who have been transferred to the insurance company, remain a defined benefit plan as Imtech has a liability for this population due to an unconditional indexation during active service. The plan assets at the insurance company are reported under Plan assets managed by insurance company as there is no split to asset categories available from the insurance company due to the nature of the insurance contract. The effects of the resulting settlement (we refer to note 9) are incorporated in the overviews shown below.

Most of the Dutch employees participate in an industry-wide pension scheme organised by the Pensioenfonds Metaal en Techniek. This scheme's benefits include a life-long pension (from age 65) and a next of kin (or survivor's) pension in accordance with a conditional indexed average salary system. It is not possible to calculate the present value of Imtech's pension liabilities and the value of its plan assets because the industry-wide pension scheme exposes the participating company to a number of risks that cannot be allocated to the participating company in a consistent and reliable manner. This industry-wide pension scheme is, therefore, classified as a defined contribution plan. Based on the guidelines and principles of the industry-wide pension fund, the degree of cover (investments divided by liabilities) amounts to 92% at the end of 2012 (end of 2011: 88.5%). The industry-wide pension fund has written a recovery plan which has been approved by De Nederlandsche Bank. Included in the recovery plan is a reduction of the pension allowance of 6.3%. The aim of these measures is to achieve the required degree of cover of 105%.

| | 2012 | 2011 |
|---|---|---|
| Present value of unfunded obligations | 199.6 | 166.7 |
| Present value of funded obligations | 68.1 | 230.2 |
| Total present value of obligations | 267.7 | 396.9 |
| Fair value of plan assets | (60.6) | (259.7) |
| Present value of net obligations | 207.1 | 137.2 |
| Unrecognised actuarial gains and (losses) | (49.6) | 26.3 |
| Unrecognised past service costs | (0.1) | (0.9) |
| Recognised liability for defined benefit plans | 157.4 | 162.6 |
| Liability related to jubilee events | 7.1 | 6.5 |
| Total | 164.5 | 169.1 |

| **The plan assets comprise:** | 2012 | 2011 |
|---|---|---|
| Plan assets managed by insurance company | 78% | 0% |
| Equity securities | 0% | 16% |
| Debt securities | 0% | 65% |
| Property and other | 22% | 19% |
| Total | 100% | 100% |

| **Movements in the present value of defined benefit obligations** | 2012 | 2011 |
|---|---|---|
| Present value of defined benefit obligations as at 1 January | 396.9 | 368.9 |
| Assumed in a business combination | 0.5 | 0.2 |
| Benefits paid | (13.0) | (17.8) |
| Current service costs | 9.0 | 11.1 |
| Interest on obligation | 14.7 | 19.7 |
| Contributions participants | 2.1 | 3.0 |
| Actuarial gains and losses | 57.4 | 13.3 |
| Curtailment and settlement | (201.2) | (1.0) |
| Adjustment purchase price/fair value | (0.2) | - |
| Reclassifications | 0.2 | - |
| Liabilities disposed of through sale of subsidiaries | - | (0.7) |
| Effect of movement in exchange rates | 1.3 | 0.2 |
| Present value of defined benefit obligations as 31 December | 267.7 | 396.9 |

| **Movements in the fair value of plan assets** | 2012 | 2011 |
|---|---|---|
| Fair value of plan assets as at 1 January | 259.7 | 240.8 |
| Contributions paid | 10.3 | 13.2 |
| Benefits paid | (5.7) | (10.5) |
| Expected return on plan assets | 6.3 | 10.3 |
| Actuarial gains and (losses) | 3.1 | 7.4 |
| Curtailment and settlement | (213.2) | (1.5) |
| Effect of movement in exchange rates | 0.1 | - |
| Fair value of plan assets as at 31 December | 60.6 | 259.7 |

The estimated employer contributions to be paid to funded defined benefit plans in 2013 amount to about 5 million euro.

| **Expenses recognised in profit or loss** | 2012 | 2011 |
|---|---|---|
| Current service costs | 9.0 | 11.1 |
| Interest on obligation | 14.7 | 19.7 |
| Expected return on plan assets | (6.3) | (10.3) |
| Amortisation of actuarial gains or losses | (0.4) | (0.7) |
| Amortisation of past service costs | (0.1) | 0.5 |
| Curtailment, settlement and other | (5.0) | 0.2 |
| Total | 11.9 | 20.5 |

The total expense is recognised under the following items in the profit and loss account:

| | 2012 | 2011 |
|---|---|---|
| Personnel expenses | 3.5 | 11.1 |
| Finance expenses | 14.7 | 19.7 |
| Finance income | (6.3) | (10.3) |
| Total | 11.9 | 20.5 |
| Actual return on plan assets | 9.4 | 17.7 |

| **Actuarial assumptions (in weighted averages)** | 2012 | 2011 |
|---|---|---|
| Discount rate as at 31 December | 3.7% | 4.9% |
| Expected return on plan assets as at 1 January | 3.9% | 4.3% |
| Future salary increases | 2.9% | 2.5% |
| Future pension increases | 1.6% | 1.1% |

As of 2012 the applicable mortality tables in the Netherlands have been changed from AG Prognosetafel 2010-2060 with correction factors to AG Prognosetafel 2012-2062.

The overall expected return from fund investments amounting to 3.9% (2011: 4.3%) is determined taking into account the expected long-term return on the plan investments and taking into account the current and expected future spread of the investments over the different investment categories.

| **Historical information** | 2012 | 2011 | 2010 | 2009 | 2008 |
|---|---|---|---|---|---|
| Present value of defined benefit obligations | 267.7 | 396.9 | 368.9 | 361.1 | 329.7 |
| Fair value of the plan assets | (60.6) | (259.7) | (240.8) | (210.6) | (184.2) |
| Deficit of the pension plans | 207.1 | 137.2 | 128.1 | 150.5 | 145.5 |

| **Experience adjustments** | 2012 | 2011 | 2010 | 2009 | 2008 |
|---|---|---|---|---|---|
| Arising on the liabilities for defined benefit plans | (1.5) | (12.2) | (2.3) | (0.1) | (5.8) |
| Arising on plan assets | (3.1) | (7.4) | (15.8) | (5.9) | 62.8 |

## 27 Provisions

| | Warranties and claims | Restructuring | Other | Total |
|---|---|---|---|---|
| As at 1 January 2011 | 10.6 | 0.9 | 2.5 | 14.0 |
| Assumed in a business combination | 2.5 | 1.6 | 0.6 | 4.7 |
| Provisions made during the year | 3.2 | 5.4 | 0.4 | 9.0 |
| Provisions used during the year | (3.1) | (5.9) | (0.5) | (9.5) |
| Provisions released during the year | (1.4) | (0.7) | - | (2.1) |
| Effect of movement in exchange rates | 0.1 | - | - | 0.1 |
| As at 31 December 2011 | 11.9 | 1.3 | 3.0 | 16.2 |
| Non-current | 6.0 | - | 2.1 | 8.1 |
| Current | 5.9 | 1.3 | 0.9 | 8.1 |
| | 11.9 | 1.3 | 3.0 | 16.2 |
| As at 1 January 2012 | 11.9 | 1.3 | 3.0 | 16.2 |
| Assumed in a business combination | 0.1 | - | - | 0.1 |
| Provisions made during the year | 8.5 | 47.7 | 2.9 | 59.1 |
| Provisions used during the year | (0.1) | (24.4) | (0.3) | (24.8) |
| Provisions released during the year | (0.3) | (0.9) | (0.1) | (1.3) |
| Adjustment purchase price/fair value | (0.8) | (0.1) | - | (0.9) |
| Reclassifications to and from other balance sheet items | (3.0) | - | 5.0 | 2.0 |
| Reclassifications | (0.4) | 0.4 | - | - |
| Effect of movement in exchange rates | 0.2 | - | 0.1 | 0.3 |
| As at 31 December 2012 | 16.1 | 24.0 | 10.6 | 50.7 |
| Non-current | 4.8 | - | 8.2 | 13.0 |
| Current | 11.3 | 24.0 | 2.4 | 37.7 |
| | 16.1 | 24.0 | 10.6 | 50.7 |

### Warranties and claims

The provision for warranty liabilities relates primarily to projects completed during the financial years 2011 and 2012. The provision is based on estimates based on historical warranty data related to similar projects. The Group expects the liabilities will be settled in the following two years. Various significant claims have been made against the Group, most of which relate to work performed by the Group. These claims are being contested vigorously. A provision has been formed for the expected costs related to claims or, where appropriate, receivables on the claiming customers have not been recognised. Settlement of these claims could take several years.

### Restructuring

The provision for restructuring primarily relates to the restructuring in the Benelux, Spain and Marine. Reference is made to note 9.

### Other provisions

Other provisions mainly relate to provisions for site restoration and onerous rental contracts. The provisions are based on the obligation that the Group has with counterparties involved and represent the best estimate of the obligation.
The majority of these provisions have an estimated maturity between 2 and 4 years.

28 **Trade and other payables**

| | note | 2012 | 2011 |
|---|---|---|---|
| Trade payables | | 890.8 | 846.6 |
| Other liabilities and accrued expenses | | 624.3 | 482.8 |
| Contingent consideration | 7 | 26.7 | 54.0 |
| Derivatives at fair value | 29 | 1.9 | 4.8 |
| Total | | 1,543.7 | 1,388.2 |

Other liabilities and accrued expenses include VAT payable, personnel accruals and other accruals.

## 29 Financial instruments

In the context of its normal business operations the Group faces credit, liquidity, foreign currency and interest rate risks. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. The Group uses derivative financial instruments to hedge certain foreign currency and interest rate risk exposures.

### Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers, investment securities and cash and cash equivalents.

Management of the Group has drawn up a credit policy and the credit risk is monitored constantly. The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The Group has a diversified customer base, predominantly spread over Europe. Where necessary, customers are subjected to a credit check and use is made of various banking products (bank guarantees, letters of credit, etc.) and advance payments. Credit risk insurance is rarely used.

As a result of the developments in Germany and Poland and the resulting write offs (we refer to note 3) substantial impairment charges have been made on trade and other receivables. Consequently, the Group has re-assessed and reinforced the credit risk policy and is in the process of reinforcing/strengthening credit control procedures.

Management of the Group has drawn up a policy with respect to cash and cash equivalents. Cash is mainly held in cash pools, which are spread throughout various countries in various currencies. Operationally, these cash pools are netted, reducing net outstanding cash balances. Cash balances are held with reputable banks, primarily in the European Union.

On the balance sheet date there were hardly any substantial concentrations of credit risk.

The carrying amount of the financial assets represents the maximum credit risk and was on the balance sheet date:

| | note | 2012 | 2011 |
|---|---|---|---|
| Non-current receivables and other investments | 17 | 28.8 | 24.8 |
| Trade receivables | 21 | 1,132.1 | 1,141.9 |
| Other receivables | 21 | 190.5 | 130.4 |
| Cash and cash equivalents | 22 | 385.1 | 425.8 |
| Total | | 1,736.5 | 1,722.9 |

On the balance sheet date the aging of the trade receivables was as follows:

| | 2012 | | 2011 | |
|---|---|---|---|---|
| | Gross | Impairment | Gross | Impairment |
| Not past due | 771.0 | 3.2 | 807.1 | 0.2 |
| Past due 1 to 60 days | 189.0 | 5.6 | 148.7 | 0.6 |
| Past due 61 to 180 days | 50.2 | 4.8 | 59.7 | 1.2 |
| Past due 181 days to one year | 126.3 | 57.2 | 46.8 | 11.9 |
| Past due more than one year | 153.9 | 87.5 | 143.0 | 49.5 |
| Total | 1,290.4 | 158.3 | 1,205.3 | 63.4 |

The gross amounts reflect the amount of revenue recognised plus value added tax, if any. Amounts billed to the customer, but which are not probable to result in revenue and consequently have not been recognised, are not included in the gross amount. This is particularly relevant for the amounts past due more than 181 days, for which the amounts billed are significantly higher than the gross amounts shown. Amounts past due more than one year predominantly relate to customers who dispute the receivables and in various cases have filed counterclaims. The impairment is based on management's best estimate of amounts recoverable, but these estimates are uncertain. The Group believes that the unimpaired amounts are still collectible, based on historic payment behaviour and analysis of customer credit risk, including underlying customers' credit ratings, when available.

In those instances where a receivable is disputed in court, the realisation of the receivable depends on the outcome of the proceedings. The trade receivables include an amount of 5.0 million euro (net of impairment) relating to receivables disputed in legal proceedings for which in first instance an adverse ruling was obtained and where the Group subsequently appealed or intends to appeal this decision (31 December 2011: 6.0 million euro). In these instances the Group is of the opinion that it has a strong case to prevail.

Movements in the allowance for impairment in respect of trade receivables during the year are as follows:

| | note | 2012 | 2011 |
|---|---|---|---|
| As at 1 January | | 63.4 | 32.1 |
| Assumed in a business combination | | - | 0.1 |
| Impairment loss recognised during the year | 10 | 108.1 | 33.2 |
| Allowance used during the year | | (16.1) | (1.2) |
| Reversal of impairments during the year | 10 | (1.9) | (0.8) |
| Reclassification from provisions | | 3.0 | - |
| Effect of movement in exchange rates | | 1.8 | - |
| As at 31 December | | 158.3 | 63.4 |

The (increase in the) allowance for impairment in respect of trade receivables 2012 mainly relates to the irregularities identified in Germany and Poland. We refer to note 2 and 3.

**Liquidity risk**

The primary objective of liquidity management is to safeguard, as far as possible, sufficient liquidity enabling the Group to meet its current and future payment obligations. The Group aims for sufficient credit facilities as well as a well-spread maturity schedule. For this purpose, the Group has at its disposal a number of (un)committed credit facilities (reference is made to note 21).

The table on page 158 indicates the contractual maturities of the financial liabilities, including interest payments, the periods in which the cash flows associated with cash flow hedges are expected to occur and the fair value of the related hedging instruments. This table is also indicative of the periods in which the cash flows associated with derivatives that are cash flow hedges are expected to impact profit or loss. The interest rate swaps are derivatives used as hedging instruments for cash flow hedges.

Due to not meeting the covenant requirements as at 31 December 2012, the Group does not have the unconditional right to defer settlement of the liability for at least twelve months after the reporting period with respect to the syndicated bank loans and senior notes. Accordingly, the carrying values of the syndicated bank loans of 488.3 million euro and the senior notes of 327.2 million euro have been reported as due within six months. However, since on 15 June 2013 the Group has obtained a waiver from its lenders in respect of the non-compliance with the loan covenants as at 31 December 2012, the repayment of the syndicated bank loans and senior notes will not be performed within six months, but in accordance with the original loan schedules, for which reference is made to note 4 and note 25.

| | Carrying amount | Con-tractual cash flows | < 6 months | 6 – 12 months | 1 – 2 years | 2 – 5 years | > 5 years |
|---|---|---|---|---|---|---|---|
| **31 December 2012** | | | | | | | |
| *Non-derivative financial liabilities* | | | | | | | |
| Syndicated bank loans | 488.3 | 488.3 | 488.3 | - | - | - | - |
| Senior notes | 326.3 | 327.2 | 327.2 | - | - | - | - |
| Other bank loans | 6.9 | 7.3 | 4.8 | 1.4 | 1.1 | - | - |
| Finance lease liabilities | 22.3 | 24.1 | 4.0 | 2.4 | 13.6 | 4.1 | - |
| Contingent consideration (non-current) | 17.6 | 19.0 | - | - | 10.7 | 8.3 | - |
| Bank overdrafts | 314.3 | 314.3 | 314.3 | - | - | - | - |
| Trade and other payables | 1,541.8 | 1,541.8 | 1,434.7 | 95.1 | 5.4 | 3.1 | 3.5 |
| *Derivative financial liabilities* | | | | | | | |
| Cross currency swaps used for hedging | 7.2 | 7.2 | 7.2 | - | - | - | - |
| Interest rate swaps | 1.2 | 1.2 | - | 1.2 | - | - | - |
| Forward currency contracts | 0.6 | 0.8 | 0.8 | - | - | - | - |
| Total | 2,726.5 | 2,731.2 | 2,581.3 | 100.1 | 30.8 | 15.5 | 3.5 |
| 31 December 2011 | | | | | | | |
| *Non-derivative financial liabilities* | | | | | | | |
| Syndicated bank loans | 499.0 | 543.6 | 5.3 | 99.9 | 13.0 | 425.4 | - |
| Senior notes | 227.5 | 332.1 | 5.8 | 5.8 | 23.4 | 73.0 | 224.1 |
| Other bank loans | 40.0 | 43.3 | 3.7 | 9.1 | 5.4 | 9.6 | 15.5 |
| Finance lease liabilities | 20.7 | 22.2 | 5.8 | 4.5 | 4.6 | 6.6 | 0.7 |
| Bank overdrafts | 214.3 | 214.3 | 214.3 | - | - | - | - |
| Trade and other payables | 1,383.4 | 1,383.4 | 1,284.3 | 56.4 | 15.9 | 23.2 | 3.6 |
| *Derivative financial liabilities* | | | | | | | |
| Interest rate swaps | 5.1 | 5.2 | 2.7 | 1.5 | 1.0 | - | - |
| Forward currency contracts | 2.9 | 2.9 | 2.9 | - | - | - | - |
| Total | 2,392.9 | 2,547.0 | 1,524.8 | 177.2 | 63.3 | 537.8 | 243.9 |

**Foreign currency transaction risk**

Foreign currency transaction risks faced by the Group arise from both purchases and sales, including contracts with customers related to projects to be executed, and financing liabilities expressed in currencies other than the functional currency of the Group entities, predominantly the euro, the Swedish krona the British pound and the US dollar. Virtually all purchases and sales take place in the functional currency of the respective Group entities. Almost all purchases and sales in a currency other than the functional currency are hedged via forward currency contracts, swaps as well as bank overdrafts in foreign currencies. The Group classifies forward currency contracts and swaps as cash flow hedges and states them at fair value.

**Foreign currency translation risk**

The Group is exposed to foreign currency translation risks by means of investments in and long-term loans to foreign subsidiaries. This foreign currency translation risk is in principle not hedged, under the assumption that foreign currency fluctuations and interest and inflation developments balance out in the long run. The translation risk relates primarily to the Swedish, British and Turkish subsidiaries.

At the end of 2012 the Group has SEK denominated loans amounting to 500 million SEK in place (2011: 500 million SEK and 40 million GBP respectively). This loan is intended as an economic hedge of the translation effect of the results of the Swedish subsidiaries. Further, the Group had undertaken cross currency swaps in respect of the senior notes converting fixed 186 million USD into fixed euro borrowings with different tenors, with a reference amount of 137.0 million euro. The Group classifies cross currency swaps as cash flow hedges and states them at fair value.

During 2012 no material ineffectiveness has been recognised in profit or loss in relation to cash flow hedges and net investment hedges (2011: nil).

The most important exchange rates during the financial year were:

| | Average rate | | Rate on balance sheet date | |
|---|---|---|---|---|
| | 2012 | 2011 | 2012 | 2011 |
| GBP/euro | 1.23 | 1.15 | 1.23 | 1.20 |
| SEK/euro | 0.11 | 0.11 | 0.12 | 0.11 |
| USD/euro | 0.78 | 0.72 | 0.76 | 0.77 |

**Interest rate risk**

The objective of the Group's policy is to fix at least 50% of the interest rate profile of the net debt position as per year-end. In line with this, the Group has arranged interest rate swaps, for which hedge accounting has been applied.

As at 31 December 2012 the Group had undertaken interest rate swaps with a reference amount of 65 million euro (31 December 2011: 162 million euro consisting of 150 million in euro and 10 million in British pounds). The Group classifies interest rate swaps as cash flow hedges and states them at fair value.

Interest rates may be impacted by the credit rating of the company. Furthermore, non-compliance with loan covenants may impact the interest rates or other loan terms and conditions. The irregularities in Germany and Poland and the non-compliance with loan covenants as at 31 December 2012 have impacted the credit rating of the Group. As part of the waiver obtained on 15 June 2013, it was amongst others agreed with the lenders that the margin on the loans to be paid was increased. We refer to note 4 and note 25.

On the balance sheet date the interest rate profile of the Group's interest-bearing financial instruments was as follows:

| | note | 2012 | 2011 |
|---|---|---|---|
| *Instruments with a fixed interest rate* | | | |
| Finance lease receivables (non-current and current) | 17 | 6.2 | 6.6 |
| Other non-current receivables (including current portion) | 17 | 14.6 | 8.4 |
| Secured bank loans | 25 | (5.2) | (31.8) |
| Unsecured bank loans | 25 | (0.1) | (3.1) |
| Unsecured senior notes | 25 | (326.3) | (227.5) |
| Finance lease liabilities | 25 | (22.3) | (20.7) |
| Total | | (333.1) | (268.1) |
| *Instruments with a variable interest rate* | | | |
| Cash and cash equivalents | 22 | 385.1 | 425.8 |
| Secured bank loans | 25 | (1.6) | (4.8) |
| Unsecured bank loans | 25 | (488.3) | (499.3) |
| Bank overdrafts | 25 | (314.3) | (214.3) |
| Total | | (419.1) | (292.6) |

A 1% change in the interest rate as per balance date would mean the result and equity would increase or decrease by the amounts shown in the following table. These figures assume that all other variables, and currency exchange rates in particular, remain constant. Tax effects have also not been taken into account.

| **Sensitivity analysis** | Result | | | Equity | |
|---|---|---|---|---|---|
| | Amount | 1% increase | 1% decrease | 1% increase | 1% decrease |
| **31 December 2012** | | | | | |
| Instruments with a variable interest rate: | | | | | |
| • Current | (418.1) | (4.2) | 4.2 | - | - |
| • Non-current | (1.0) | - | - | - | - |
| Total | (419.1) | (4.2) | 4.2 | - | - |
| Interest rate swaps | | | | | |
| • Current | 65.0 | 0.7 | (0.7) | 0.3 | (0.3) |
| Cash flow sensitivity (net) | (354.1) | (3.5) | 3.5 | 0.3 | (0.3) |
| 31 December 2011 | | | | | |
| Instruments with a variable interest rate: | | | | | |
| • Current | 115.6 | 1.2 | (1.2) | - | - |
| • Non-current | (408.2) | (4.1) | 4.1 | - | - |
| Total | (292.6) | (2.9) | 2.9 | - | - |
| Interest rate swaps | | | | | |
| • Current | 97.0 | 1.0 | (1.0) | 0.6 | (0.6) |
| • Non-current | 65.0 | 0.7 | (0.7) | 1.0 | (1.0) |
| Cash flow sensitivity (net) | (130.6) | (1.2) | 1.2 | 1.6 | (1.6) |

The interest rate swaps and cross currency swaps taken out in 2012 amount to 65.0 million euro and 137.0 million euro respectively and comply with the Group's interest rate policy, that at least 50% of the interest rate exposure of the net debt position as at 31 December 2012 has been hedged (31 December 2011: 162.0 million euro and 137.0 million euro respectively).

The position in respect of the cash, cash equivalents and bank overdrafts, which have variable interest rates and are not hedged, fluctuated throughout the year as the need to finance working capital changed.

**Fair value**

The summary below shows the carrying amounts of the financial instruments:

| | 2012 | 2011 |
|---|---|---|
| *Fair value hedging instruments* | | |
| Cross currency swaps used for hedging: | | |
| • Assets (non-current) | - | 1.2 |
| • Liabilities (non-current) | (7.2) | - |
| Forward currency contracts used for hedging: | | |
| • Assets (current) | 0.1 | 0.6 |
| • Liabilities (current) | (0.7) | (2.9) |
| Interest rate swaps used for hedging: | | |
| • Liabilities (current) | (1.2) | (1.9) |
| • Liabilities (non-current) | - | (3.2) |
| | (9.0) | (6.2) |
| *Loans and receivables* | | |
| Finance lease receivables [1] | 6.2 | 6.6 |
| Other non-current receivables [1] | 12.5 | 6.4 |
| Trade and other receivables [2] | 1,319.4 | 1,269.7 |
| Cash and cash equivalents | 385.1 | 425.8 |
| | 1,723.2 | 1,708.5 |
| *Other financial liabilities* | | |
| Bank loans [1] | (495.2) | (539.0) |
| Senior notes | (326.3) | (227.5) |
| Finance lease liabilities [1] | (22.3) | (20.7) |
| Contingent consideration [1] | (44.3) | (54.0) |
| Trade and other payables [3] | (1,515.1) | (1,329.4) |
| Bank overdrafts | (314.3) | (214.3) |
| | (2,717.5) | (2,384.9) |

1 *Non-current and current.*
2 *Excluding current portion of the non-current receivables and derivatives (shown separately).*
3 *Excluding derivatives (shown separately).*

As at 31 December 2012 the fair value of the senior notes amounts to 336.7 million euro (31 December 2011: 233.1 million euro). The carrying amounts of financial instruments measured other than at fair value, approximated their fair values on the balance sheet date.

**Determination of fair values**

The most important methods and principles applied when estimating the fair value of financial instruments included in the summary are described on the next page.

**Derivatives**

The fair value of forward exchange contracts is based on their quoted market price if available. If no quoted market price is available the fair value is estimated by discounting the difference between the contracted and actual forward price for the remaining term based on a risk-free interest rate (based on government bonds).

The fair value of interest rate swaps is based on broker quotes. These quotes are tested for reasonableness by discounting estimated future cash flows based on the terms and maturity of each contract and using market interest rates for similar instruments at the measurement date. Fair values reflect the credit risk of the instrument and include adjustments to take account of the credit risk of the Group entity and counterparty where appropriate.

**Non-derivative financial liabilities**

Fair value is calculated on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date. For finance leases the market rate of interest is determined by reference to similar lease agreements.

**Trade and other receivables / trade and other payables**

The nominal value of receivables and liabilities that fall due within one year is assumed to reflect the fair value.

All other receivables and liabilities are made current to determine the fair value.

**Fair value hierarchy**

The various fair value valuation methods can be defined as follows:

- Level 1: quoted market prices (not corrected) in active markets for identical assets or liabilities.
- Level 2: input that is not a quoted market price as specified under level 1 and that is verifiable for the asset or liability either directly (in the form of a price) or indirectly (i.e. derived from a price).
- Level 3: input related to the asset or liability that is not based on verifiable market data (non-verifiable input).

As at 31 December 2012 all cross currency swaps, forward currency contracts and interest rate swaps used for hedging are classified under Level 2 (31 December 2011: the same).

## 30 Operating lease contracts

The amounts owing in respect of non-cancellable operating lease contracts mature as follows:

| | 2012 | 2011 |
|---|---|---|
| < 1 year | 103.8 | 101.2 |
| 1 – 5 years | 235.6 | 229.7 |
| > 5 years | 115.4 | 107.5 |
| Total | 454.8 | 438.4 |

The Group leases buildings and other property, plant and equipment on the basis of operating leases. The lease contracts generally have a term of a limited number of years with an option for extension. None of the lease contracts involve conditional lease instalments. In the financial year 2012 an expense of 118.4 million euro was recognised in profit or loss for operating leases (2011: 98.5 million euro).

## 31 Related parties

**Identity of related parties**

There is a related party relationship with key management, Stichting Pensioenfonds Imtech in liquidatie, associates and joint ventures and non-controlling interests.

**Transactions with related parties**

*Key management*

We refer to note 9.

*Stichting Pensioenfonds Imtech in liquidatie*

The employer contributions paid to Stichting Pensioenfonds Imtech in liquidatie amounts to 6.4 million euro (2011: 8.3 million euro).

*Group companies*

The following are the most relevant active group companies.

| Company | Country of incorporation | 2012 | 2011 |
|---|---|---|---|
| Imtech ICT Austria GmbH | Austria | 100% | 100% |
| Imtech Belgium N.V. | Belgium | 100% | 100% |
| Fritz & Macziol Software and Computervertrieb GmbH | Germany | 100% | 100% |
| Imtech Contracting GmbH | Germany | 100% | 100% |
| Imtech Deutschland GmbH & Co. KG | Germany | 100% | 100% |
| Imtech Suir Engineering Ltd. | Ireland | 100% | 100% |
| Imtech Bolashak LLC | Kazakhstan | 50% | 50% |
| NVS AS | Norway | 100% | 100% |
| Imtech Polska Sp. z.o.o. | Poland | 100% | 100% |
| Imtech Spain S.L. | Spain | 100% | 100% |
| NEA Installation AB | Sweden | 100% | 100% |
| NVS Installation AB | Sweden | 100% | 100% |
| QBranch AB | Sweden | 100% | 100% |
| Sydtotal AB | Sweden | 100% | 100% |
| Imtech Building Services B.V. | The Netherlands | 100% | 100% |
| Imtech ICT Communication Solutions B.V. | The Netherlands | 100% | 100% |
| Imtech Industrial Services B.V. | The Netherlands | 100% | 100% |
| Imtech Industry International B.V. | The Netherlands | 100% | 100% |
| Imtech Marine Netherlands B.V. | The Netherlands | 100% | 100% |
| Imtech Traffic & Infra B.V. | The Netherlands | 100% | 100% |
| Capula Group Ltd. | The UK | 100% | - |
| Imtech Meica Ltd. | The UK | 100% | 100% |
| Imtech Process Ltd. | The UK | 100% | 100% |
| Inviron Ltd. | The UK | 100% | 100% |
| Peek Traffic Ltd. | The UK | 100% | 100% |
| Smith Group UK Ltd. | The UK | 100% | 100% |

*Associates*

During 2012 associated companies purchased goods and services from the Group for an amount of 5.6 million euro (2011: 8.6 million euro). Transactions with associated companies are conducted at arm's length. On 31 December 2012 associates owed the Group 0.5 million euro (31 December 2011: 7.3 million euro).

*Joint ventures*

During 2012 joint ventures purchased goods and services from the Group for an amount of 12.3 million euro (2011: 7.1 million euro). On 31 December 2012 joint ventures owed the Group 3.0 million euro (31 December 2011: 1.0 million euro). Transactions with joint ventures are conducted at arm's length.

*Non-controlling interests*

In 2012 the Group acquired 80% of the shares of Arma and the remaining 20% is held by the previous owners. On 31 December 2012 these owners owed the Group 5.9 million euro of which 5.1 million euro originates as from the date of the acquisition. Transactions with the shareholders of the remaining 20% are conducted at arm's length.

## 32 Contingent assets and liabilities

As explained in note 2 and 3 irregularities have been identified in respect of financial reporting on project results, valuation of receivables and payments to subcontractors in Germany and Poland. Over the past months, these irregularities have been further investigated and underlying documentation has been analysed and where necessary reconstructed. The Group is currently investigating whether the outcome of the investigations will lead to recovery claims including recovery under insurance policies taken out by the Group. These claims are inherently uncertain and, therefore, do not lead to recognition of a receivable in the balance sheet or to a disclosure of a contingent asset at this time.

In reaction to the irregularities, the Group has taken several remedial actions. Various managers and employees have been suspended, dismissed or stepped down. Relationships with various third parties have been terminated. The Group may also seek to recover damages from individuals and entities concerned. It is possible that the irregularities and the measures taken by the Group to mitigate and prevent these irregularities in the future will lead to claims against the Group. As of today, no credible claims have been filed against the Group and no reliable estimate can be made of potential claims against the Group.

The irregularities included transactions with an external company. Various transactions have occurred with this company with limited or no business rationale, such as payments. In addition to these payments, Imtech Germany accepted liability and / or issued guarantees for obligations incurred by entities related to this company and provided comfort letters to third parties promising to secure liabilities of this company. Also assets have been pledged as a security for these liabilities. In relation to the foregoing the Group is exposed to claims from this company and other third parties. Guarantees that have been drawn after the balance sheet date have been provided for. For the other guarantees and comfort letters, no estimate can be made of the possible financial impact.

Internal and external (forensic) investigations performed as a result of the irregularities identified in Germany and Poland have revealed that certain exposures exist with respect to mainly corporate income tax and value added tax. As of today, insufficient information is available for a detailed assessment of the tax exposure. To date no assessments relating to the items under investigation have been raised by the respective tax authorities, and it is difficult to assess if and when, and if so, for what amount, any particular assessment might be raised. The interpretation of past facts and circumstances and relevant tax laws and regulations may further be open to challenge.

The Group has engaged external advisors to assist in determining the potential financial impact of these exposures.
As far as these exposures can be sufficiently estimated, provisions have been included in the 2012 financial statements.

With respect to another foreign subsidiary, risks were identified mainly relating to the period prior to the acquisition.
The potential exposure relating to this risk may amount to 25 million euro. The part of the risk dating from the period up to the acquisition is the risk of the sellers and should be indemnified by them if and when it materialises. This is partly guaranteed by an escrow account.

## 33 Subsequent events

After the balance sheet date, a number of subsequent events have occurred. Below we have highlighted some significant items.

### Irregularities

Early 2013 year reasonable suspicion of irregularities was obtained in respect of financial reporting in Germany and Poland. Reference is made to note 2, 3 and 32 for further details. Payments resulting from the irregularities have been made in 2013 for an amount of 8 million euro.

### Refinancing

*Loan covenants*

After the identification of the irregularities in Germany and Poland, it was identified that Imtech was not going to meet its year-end 2012 bank covenants. Although formal covenant testing had not yet taken place, Imtech and its main financiers (including the holders of unsecured senior notes and the largest guarantee holders) entered into discussions. On 20 March 2013 Imtech reached an agreement with the main financiers on the provisional continuation, until 1 august 2013, of their outstanding facilities as at that date.

On 15 June 2013 Imtech has obtained a waiver with respect to the non-compliance with loan covenants as per 31 December 2012.

Reference is made to note 4 and 25 for further details.

*Rights issue*

One of the measures in respect of the going concern assumption is an intended rights issue of 500 million euro, which is expected to be finalised in the summer of 2013. Reference is made to note 4 for further details.

In 2013 the Group is incurring significant costs relating to the investigation of the irregularities, refinancing and rights issue. The total thereof is expected to amount to approximately 110 million euro and will partly be allocated to the rights issue and partly to amortised costs of the loans. The remainder will be directly charged to the profit and loss account.

**Business combination subsequent to 31 December 2012**

On 18 January 2013 the Group obtained control over multidisciplinary technical services player EMC Talotekniikka (580 employees, around 100 million euro annual revenue) by acquiring 100% of the shares.

This new Imtech company is active in the buildings and industry markets (new construction, maintenance and management) in Finland, with nationwide coverage. The total purchase consideration amounts to 11.6 million euro (including contingent consideration based on results 2012). As of the date of this report the purchase price allocation of this acquisition was not yet finalised; the preliminary assessment of the goodwill and intangible assets relating to this acquisition amounts to 14.8 million euro.

**Restructuring 2013**

On 23 April 2013, the Group has announced a reorganisation in order to strengthen the competitiveness and profitability of our companies in the Netherlands and Germany. This mainly concerns capacity reductions in the office buildings market and the Infra business in response to the changed market conditions. The total anticipated reorganisation charges in 2013 will amount to approximately 80 million euro and will lead to a loss of 1,300 jobs, particularly in the Netherlands and Germany.

**Other**

On 26 April 2013 the Vereniging van Effectenbezitters (VEB) has announced that they, on behalf of the holders of Imtech shares, will hold responsible the former Board of Management, Imtech and the Supervisory Board of Imtech for the damages that shareholders have incurred as a result of the (alleged) misrepresentation and misleading communication on prior period results. To date no estimate can be made of the financial consequences, if any, of this claim.

# COMPANY BALANCE SHEET

*In millions of euro, before appropriation of profit*

| | | 31 December 2012 | | 31 December 2011 [1] | |
|---|---|---|---|---|---|
| | **Assets** | | | | |
| 1 | Property, plant and equipment | 0.9 | | 0.8 | |
| 2 | Intangible assets | 195.9 | | 199.6 | |
| 3 | Financial fixed assets | 1,043.2 | | 1,226.3 | |
| | **Total fixed assets** | | 1,240.0 | | 1,426.7 |
| 4 | Receivables | 21.0 | | 32.7 | |
| | Cash and cash equivalents | 106.6 | | 116.2 | |
| | **Total current assets** | | 127.6 | | 148.9 |
| | **Total assets** | | 1,367.6 | | 1,575.6 |
| | **Equity** | | | | |
| 5 | Share capital | 75.2 | | 74.2 | |
| 6 | Share premium reserve | 208.6 | | 209.6 | |
| 7 | Translation reserve | 7.3 | | (1.6) | |
| 8 | Revaluation reserve | 6.1 | | 6.1 | |
| 9 | Other reserves | 482.7 | | 432.7 | |
| 10 | Unappropriated result | (233.0) | | 95.8 | |
| | **Total equity** | | 546.9 | | 816.8 |
| | Liabilities | | | | |
| 11 | Provisions | 16.2 | | 28.4 | |
| 12 | Due to Group companies | 261.9 | | 161.9 | |
| 13 | Non-current liabilities | - | | 328.2 | |
| | **Total non-current liabilities** | | 278.1 | | 518.5 |
| | Due to banks | 43.3 | | 190.5 | |
| | Due to Group companies | 27.7 | | 9.7 | |
| 13 | Syndicated bank loans | 430.0 | | - | |
| 14 | Other liabilities | 41.6 | | 40.1 | |
| | **Total current liabilities** | | 542.6 | | 240.3 |
| | **Total shareholders' equity and liabilities** | | 1,367.6 | | 1,575.6 |

1 *Restated in accordance with IAS 8.*

# COMPANY PROFIT AND LOSS ACCOUNT
*In millions of euro*

| | 2012 | 2011 [1] |
|---|---|---|
| Result from participations after taxation | (194.1) | 124.4 |
| Other income and expenses after taxation | (38.9) | (28.6) |
| **Net result** | (233.0) | 95.8 |

*1 Restated in accordance with IAS 8.*

# NOTES TO THE COMPANY FINANCIAL STATEMENTS

*In millions of euro*

**Principles of valuation for the financial statements**

In determining the principles for the valuation of assets and liabilities and the determination of result for its company financial statements, the Company has made use of the option offered in Article 2:362 Clause 8 of the Netherlands Civil Code. This means that the accounting policies for the valuation of assets and liabilities and the determination of result (hereafter 'accounting policies') applied to the company financial statements are the same as those applied for the consolidated financial statements. Article 402, Book 2 of the Netherlands Civil Code is applied, which allows a simplified company profit and loss account in the company financial statements in the event that a comprehensive profit and loss account is included in the consolidated Group financial statements. Participations over which a significant influence is exercised are recognised at net asset value, whereby the net asset value is determined on the basis of the accounting policies applied in the consolidated financial statements (see pages 108 to 120).

**Restatements**

Prior period errors have been identified in the divisions Germany & Eastern Europe, Benelux and Spain. The prior period errors have been corrected in the financial statements 2012, in accordance with IAS 8. We refer to section 3 of the consolidated financial statements.

The impact of the restatements in the company financial statements relate to financial fixed assets, shareholders' equity and result from participations after taxation.

| 1 **Property, plant and equipment** | 2012 | 2011 |
|---|---|---|
| Carrying amount on 1 January | 0.8 | 0.9 |
| Acquired | 0.3 | 0.1 |
| Depreciation | (0.2) | (0.2) |
| Carrying amount on 31 December | 0.9 | 0.8 |
| Specified as follows: | | |
| Cost | 1.3 | 1.0 |
| Cumulative depreciation | (0.4) | (0.2) |

| 2 **Intangible assets** | Goodwill | Other intangible assets | Total |
|---|---|---|---|
| Carrying amount as at 1 January 2012 | 198.2 | 1.4 | 199.6 |
| Investments | - | 0.5 | 0.5 |
| Amortisation | - | (0.6) | (0.6) |
| Adjustment purchase price/fair value | (3.6) | - | (3.6) |
| Carrying amount as at 31 December 2012 | 194.6 | 1.3 | 195.9 |
| Specified as follows: | | | |
| Cost | 194.6 | 3.6 | 198.2 |
| Cumulative amortisation and impairment | - | (2.3) | (2.3) |

3 **Financial fixed assets**

| | 2012 | 2011 |
|---|---|---|
| Participating interests in group companies | 1,027.4 | 1,214.8 |
| Receivables from group companies | 6.8 | 6.2 |
| Other participating interests | 9.0 | 5.3 |
| Total | 1,043.2 | 1,226.3 |

**Participating interests in group companies**

Participating interests in group companies are stated at the net asset value and the movement was as follows:

| | 2012 | 2011 |
|---|---|---|
| Balance as at 31 December 2010 | | 1,224.0 |
| Adjustments according to IAS 8 | | (54.7) |
| Balance as at 1 January | 1,214.8 | 1,169.3 |
| New investments | - | 12.1 |
| Increase in investments | 39.0 | 4.8 |
| Deconsolidation | (2.8) | 1.7 |
| Results | (194.1) | 124.4 |
| Dividends received | (37.2) | (94.0) |
| Effect of changes in exchange rates | 18.1 | (3.5) |
| Movement in hedging reserve of investments | (9.4) | (0.3) |
| Other movements | (1.0) | 0.3 |
| Balance as at 31 December | 1,027.4 | 1,214.8 |

A list of group companies and other investments compiled in accordance with Article 379, Book 2 of the Netherlands Civil Code has been filed at the Commercial Registry Office in Rotterdam.

4 **Receivables**

| | 2012 | 2011 |
|---|---|---|
| Receivables from Group companies | 10.2 | 23.0 |
| Taxes and social security premiums | 0.6 | 0.4 |
| Other receivables and accruals | 10.2 | 9.3 |
| Total | 21.0 | 32.7 |

## 5 Share capital

On 31 December 2012 the number of outstanding ordinary shares with a par value of 0.80 euro was 89,106,689 (31 December 2011: 87,943,977). On 31 December 2012 the issued capital amounted to 94,059,916 ordinary shares (31 December 2011: 92,746,782) of which 4,953,227 (31 December 2011: 4,802,805) were held by the Company to cover the obligations arising from the share scheme for the former Board of Management and the share option scheme (see pages 132 and 129 respectively).

| 6 **Share premium reserve** | 2012 | 2011 |
|---|---|---|
| Balance as at 31 December | 208.6 | 209.6 |
| Comprises: | | |
| Distribution subject to taxation | 8.6 | 8.6 |
| Distribution exempt from taxation | 200.0 | 201.0 |
| Total | 208.6 | 209.6 |

In 2012 1.0 million euro was charged to the tax-free distributable share premium reserve (2011: 1.0 million euro) as a result of the stock dividend.

| 7 **Translation reserve** | 2012 | 2011 |
|---|---|---|
| Balance as at 1 January | (1.6) | 0.5 |
| Effect of movement in exchange rates on the valuation of investments | 8.9 | 0.8 |
| Other movements | - | (2.9) |
| Balance as at 31 December | 7.3 | (1.6) |

| 8 **Revaluation reserve** | 2012 | 2011 |
|---|---|---|
| Balance as at 1 January | 6.1 | - |
| Addition | - | 6.1 |
| Balance as at 31 December | 6.1 | 6.1 |

The revaluation reserve relates to a remeasurement of a previously held equity interest in 2011. This legal reserve will be reversed upon disposal of the underlying subsidiary.

9 **Other reserves**

| | 2012 | 2011 |
|---|---|---|
| Balance as at 1 January | 432.7 | 387.6 |
| Profit appropriation | 64.1 | 59.7 |
| Purchased own shares | (24.7) | (28.3) |
| Share options exercised in ordinary shares | 10.5 | 7.3 |
| Share-based payments | 5.8 | 4.3 |
| Movements in hedge reserve | (4.8) | 5.3 |
| Transfer to revaluation reserve | - | (6.1) |
| Acquisition of non-controlling interests | (0.9) | - |
| Other movements | - | 2.9 |
| Balance as at 31 December | 482.7 | 432.7 |

Other reserves include legal reserves relating to capitalised R&D expenses for an amount of 11.1 million euro (2011: 3.6 million euro) and non-distributed profits of group and/or associated companies for an amount of 3.4 million euro (2011: 2.8 million euro). The purchase price of the repurchased shares has been deducted from the other reserves.

10 **Unappropriated result**

| Proposed appropriation of result: | 2012 | 2011 |
|---|---|---|
| Dividend payable on ordinary shares | - | 61.6 |
| To transfer to other reserves | (233.0) | 34.2 |
| Total | (233.0) | 95.8 |

11 **Provisions**

| | Deferred tax liabilities | Pensions | Warranties and claims | Total |
|---|---|---|---|---|
| Balance as at 1 January 2011 | 8.8 | 1.7 | 6.9 | 17.4 |
| Additions | 11.5 | 0.5 | - | 12.0 |
| Withdrawals | - | - | (1.0) | (1.0) |
| Balance as at 31 December 2011 | 20.3 | 2.2 | 5.9 | 28.4 |
| Balance as at 1 January 2012 | 20.3 | 2.2 | 5.9 | 28.4 |
| Withdrawals | (8.3) | (1.9) | (2.0) | (12.2) |
| Balance as at 31 December 2012 | 12.0 | 0.3 | 3.9 | 16.2 |

## 12 Due to Group companies

As at 31 December 2012, the average remaining term is 7.8 years and the weighted average interest rate is 4.8% (31 December 2011: 9.0 years and 5.3% respectively).

| 13 Non-current liabilities | 2012 | 2011 |
|---|---|---|
| Syndicated bank loans | - | 325.0 |
| Derivatives at fair value | - | 3.2 |
| Total | - | 328.2 |

As at 31 December 2012, the syndicated bank loans in the amount of 430 million euro have been reclassified to current liabilities. Reference is made to note 25 of the consolidated financial statements.

| 14 Other liabilities | 2012 | 2011 |
|---|---|---|
| Taxes and social security premiums | 4.8 | 0.9 |
| Derivatives at fair value | 1.2 | 1.6 |
| Various liabilities | 35.6 | 37.6 |
| Total | 41.6 | 40.1 |

### Contingent assets and liabilities

Royal Imtech N.V. has issued a declaration of joint and several liability for the majority of its Dutch subsidiaries on the grounds of Article 403 Book 2 of the Netherlands Civil Code. In addition, Royal Imtech N.V. has provided separate guarantees as additional security on behalf of subsidiaries relating to the fulfilment of specifically defined contractual commitments to third parties. These parent company warranties relate to so-called advance payment warranties in the technical contracting sector and purely performance warranties. A large part of these warranties have been given for companies for which the aforementioned declaration of joint and several liability was issued and filed at the Commercial Registry Office. On the balance sheet date the liabilities of these subsidiaries amounted to 1,070 million euro (2011: 865 million euro). Royal Imtech N.V. is also jointly and severally liable for the debts of its subsidiaries by virtue of the credit, senior notes and guarantee facilities. Finally, as the parent company of the fiscal unities with regard to corporate income tax and value added tax Royal Imtech N.V. is severally liable for the tax liabilities of these fiscal unities.

Furthermore, reference is made to note 32 to the consolidated financial statements.

## 15 Auditor's fees

With reference to Section 2:382a of the Netherlands Civil Code, KPMG has charged the following fees to the Company, its subsidiaries and other consolidated entities:

| | 2012 | | | 2011 | | |
|---|---|---|---|---|---|---|
| | KPMG Accountants N.V. | Other KPMG network | Total KPMG | KPMG Accountants N.V. | Other KPMG network | Total KPMG |
| Audit of financial statements | 5.7 | 6.5 | 12.2 | 1.2 | 2.4 | 3.6 |
| Other audit services | - | - | - | 0.2 | - | 0.2 |
| Tax advisory services | - | 1.1 | 1.1 | - | 0.9 | 0.9 |
| Other non-audit services | - | 1.0 | 1.0 | - | 0.8 | 0.8 |
| Total | 5.7 | 8.6 | 14.3 | 1.4 | 4.1 | 5.5 |

The members of the Board of Management have signed the annual report and financial statements in fulfilment of their legal obligations on the grounds of Article 2:101 Clause 2 of the Netherlands Civil Code and Article 5:25 c Clause 2 sub C of the Financial Supervision Act. The members of the Supervisory Board have signed the financial statements in fulfilment of their legal obligations on the grounds of Article 2:101 Clause 2 of the Netherlands Civil Code.

Gouda, 18 June 2013

**Supervisory Board**
R.M.J. van der Meer
E.A. van Amerongen
A. van Tooren
J.J. de Rooij
R.D. van Andel

**Board of Management**
G.J.A van de Aast, CEO

# OTHER INFORMATION

To the Shareholders of Royal Imtech N.V.

## INDEPENDENT AUDITOR'S REPORT

**Report on the financial statements**

We have audited the accompanying financial statements 2012 of Royal Imtech N.V., Gouda (statutory seat in Rotterdam). The financial statements include the consolidated financial statements and the company financial statements. The consolidated financial statements comprise the consolidated balance sheet as at 31 December 2012, the consolidated profit and loss account, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows for 2012, and notes, comprising a summary of the significant accounting policies and other explanatory information. The company financial statements comprise the company balance sheet as at 31 December 2012, the company profit and loss account for 2012 and the notes, comprising a summary of the accounting policies and other explanatory information.

**Management's responsibility**

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

**Auditor's responsibility**

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management as well as evaluating the overall presentation of the financial statements.

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

**Opinion with respect to the consolidated financial statements**

In our opinion, the consolidated financial statements give a true and fair view of the financial position of Royal Imtech N.V. as at 31 December 2012 and of its result and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Netherlands Civil Code.

**Opinion with respect to the company financial statements**

In our opinion, the company financial statements give a true and fair view of the financial position of Royal Imtech N.V. as at 31 December 2012 and of its result for the year then ended in accordance with Part 9 of Book 2 of the Netherlands Civil Code.

**Emphasis of uncertainties with respect to the going concern assumption**

We draw attention to note 4 to the consolidated financial statements which indicates the existence of material uncertainties which may cast significant doubt about the entity's ability to continue as a going concern. Our opinion is not qualified in respect of this matter.

**Report on other legal and regulatory requirements**

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

Rotterdam, 18 June 2013
KPMG Accountants N.V.

W. Riegman RA

**Statutory provisions regarding the appropriation of net result**

The regulations regarding the appropriation of net result are contained in Articles 24.3 to 24.12 of the Articles of Association of the Company and in essence are as follows:

**Preference shares**

A dividend is paid on preference shares that is equal to the average euro base interest rate as applied by ABN Amro N.V. or its legal successor, raised or lowered by two percent. If and for so far as the profit is insufficient to pay this dividend in full, the Board of Management may resolve to pay the shortfall out of the reserves (with the exception of the reserve established specifically for financing preference shares). If and for so far as this dividend also cannot be paid out of the reserves, profit booked in subsequent years must first be used to pay, in full, the deficit to holders of preference shares before any dividend may be paid on the financing preference shares or ordinary shares.

**Financing preference shares**

On every financing preference share of a series a dividend is paid (or added to the reserve established for this purpose) that is equal to the interest on government loans with a (remaining) term of eight to nine years, as published in the official Price List of Euronext Amsterdam by NYSE Euronext, effective for the last trading day prior to the day the relevant series of preference shares was issued, raised or lowered as necessary depending on prevailing market conditions by a surcharge equal to a maximum of two and a half percent points or a reduction of a maximum of two and a half percent points, which surcharge or reduction can vary per series. Once every ten years the dividend percentage of financing preference shares of the relevant series will be adjusted to the then valid yield of the government loans applicable for this purpose, if necessary raised or lowered by the surcharge, respectively reduction, mentioned above. If and in so far as the profit is insufficient to allow this dividend to be paid in full, the shortfall will be paid out of the reserve established specifically for this purpose. If and for so far as the dividend also cannot be paid out of this reserve, profit booked in subsequent years must first be used to pay, in full, the deficit owed to holders of financing preference shares (or be added to the reserve specifically established for this purpose) before any dividend may be paid on ordinary shares.

**Ordinary shares**

The Board of Management, with the approval of the Supervisory Board, decides how much of the profit remaining after the application of the above provisions will be reserved. The profit remaining after the application of these provisions is at the disposal of the General Meeting of Shareholders.

**Proposal regarding the appropriation of the result**

It shall be proposed to the General Meeting of Shareholders to include the net result of (233.0) million euro in the other reserves.

**Special statutory rights regarding control**

No individuals have a special statutory right regarding control of the Company. No profit-sharing certificates have been issued.

# CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS 31 MARCH 2013

| **Condensed consolidated interim profit and loss account**<br>*In millions of euro, unless stated otherwise* | **1st quarter 2013** | **1st quarter 2012*** |
|---|---|---|
| Revenue | 1,209.1 | 1,215.1 |
| Other income | 1.4 | 5.0 |
| **Total revenue and other income** | **1,210.5** | **1,220.1** |
| Raw and auxiliary materials and trade goods | 405.0 | 427.2 |
| Work by third parties and other external expenses | 263.1 | 283.1 |
| Personnel expenses | 440.6 | 414.8 |
| Depreciation of property, plant and equipment | 11.9 | 9.9 |
| Amortisation of intangible assets | 11.3 | 9.0 |
| Other expenses | 127.4 | 143.0 |
| Total operating expenses | 1,259.3 | 1,287.0 |
| **Result from operating activities** | **(48.8)** | **(66.9)** |
| Finance income | 2.2 | 3.5 |
| Finance expense | (23.7) | (17.4) |
| Net finance result | (21.5) | (13.9) |
| Share in results of associates, joint ventures and other investments (net of tax) | 0.3 | 0.2 |
| **Result before income tax** | **(70.0)** | **(80.6)** |
| Income tax | 10.4 | 1.2 |
| **Result for the period** | **(59.6)** | **(79.4)** |
| Attributable to: | | |
| Shareholders of Royal Imtech N.V. (net result) | (60.9) | (80.5) |
| Non-controlling interests | 1.3 | 1.1 |
| **Result for the period** | **(59.6)** | **(79.4)** |
| **Earnings per share** | | |
| Basic earnings per share (euro) | (0.68) | (0.92) |
| Diluted earnings per share (euro) | (0.68) | (0.92) |

* *Restated, see note 2 and 4.*

| **<u>Condensed consolidated interim statement of comprehensive income</u>**<br>*In millions of euro* | **1st quarter 2013** | **1st quarter 2012*** |
|---|---|---|
| **Result for the period** | **(59.6)** | **(79.4)** |
| **Other comprehensive income** | | |
| <u>Items that are or may be classified subsequently to profit or loss:</u> | | |
| Foreign currency translation differences – foreign operations | 3.8 | 4.1 |
| Foreign currency translation differences – non-controlling interests | 0.3 | (0.1) |
| Net result on hedge of net investment in foreign operations | | (1.6) |
| Effective portion of changes in the fair value of cash flow hedges | 1.5 | (3.9) |
| Net change in fair value of cash flow hedges reclassified to profit or loss | 0.5 | 1.8 |
| Income tax on other comprehensive income | (0.4) | (2.6) |
| **Other comprehensive income for the period, net of tax** | **5.7** | **(2.3)** |
| **Total comprehensive income for the period** | **(53.9)** | **(81.7)** |
| Attributable to: | | |
| Shareholders of Royal Imtech N.V. | (55.5) | (82.7) |
| Non-controlling interests | 1.6 | 1.0 |
| **Total comprehensive income for the period** | **(53.9)** | **(81.7)** |

* *Restated, see note 2 and 4.*

**<u>Condensed consolidated interim balance sheet</u>**
*In millions of euro*

| | 31 March 2013 | 31 December 2012* |
|---|---|---|
| Property, plant and equipment | 170.9 | 170.8 |
| Goodwill | 1,104.9 | 1,081.6 |
| Other intangible assets | 215.1 | 218.1 |
| Investments in associated companies and joint ventures | 3.3 | 3.7 |
| Non-current receivables | 31.4 | 28.8 |
| Deferred tax assets | 38.6 | 34.0 |
| **Total non-current assets** | **1,564.2** | **1,537.0** |
| Inventories | 94.5 | 80.0 |
| Due from customers | 636.9 | 572.8 |
| Trade and other receivables | 1,350.4 | 1,322.6 |
| Income tax receivables | 10.0 | 13.3 |
| Cash and cash equivalents | 143.2 | 385.1 |
| | 2,235.0 | 2,373.8 |
| Assets held for sale | 27.6 | 27.6 |
| **Total current assets** | **2,262.6** | **2,401.4** |
| **Total assets** | **3,826.8** | **3,938.4** |
| Equity attributable to shareholders of Royal Imtech N.V. | 456.7 | 511.0 |
| Non-controlling interests | 11.2 | 9.7 |
| **Total equity** | **467.9** | **520.7** |
| Loans and borrowings | 40.5 | 42.7 |
| Employee benefits | 217.5 | 216.7 |
| Provisions | 14.1 | 13.0 |
| Deferred tax liabilities | 57.5 | 59.8 |
| **Total non-current liabilities** | **329.6** | **332.2** |
| Bank overdrafts | 134.1 | 314.3 |
| Loans and borrowings | 1,208.6 | 825.9 |
| Due to customers | 295.2 | 308.0 |
| Trade and other payables | 1,297.1 | 1,543.7 |
| Income tax payables | 34.7 | 30.8 |
| Provisions | 34.5 | 37.7 |
| | 3,004.2 | 3,060.4 |
| Liabilities held for sale | 25.1 | 25.1 |
| **Total current liabilities** | **3,029.3** | **3,085.5** |
| **Total liabilities** | **3,358.9** | **3,417.7** |
| **Total equity and liabilities** | **3,826.8** | **3,938.4** |

* *Restated, see note 2 and 4.*

**Condensed consolidated interim statement of changes in equity**
*In millions of euro*

| | Equity attributable to shareholders of Royal Imtech N.V. | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Share capital | Share premiumreserve | Trans-lation reserve | Hedging reserve | Reserve for own shares | Retained earnings | Unap-propria-ted result | Total | Non-control-ling interests | Total equity |
| As at 1 January 2012, as reported in the 2012 annual financial statements | 74.2 | 209.6 | (1.6) | (5.6) | (88.8) | 533.2 | 95.8 | 816.8 | 6.3 | 823.1 |
| Impact of change in accounting policy | - | - | - | - | - | 18.5 | - | 18.5 | - | 18.5 |
| As at 1 January 2012* | 74.2 | 209.6 | (1.6) | (5.6) | (88.8) | 551.7 | 95.8 | 835.3 | 6.3 | 841.6 |
| Total comprehensive income for the period* | - | - | 19.9 | (22.1) | - | - | (80.5) | (82.7) | 1.0 | (81.7) |
| Repurchase of own shares | - | - | - | - | (23.5) | - | - | (23.5) | - | (23.5) |
| Share options exercised | - | - | - | - | 2.5 | - | - | 2.5 | - | 2.5 |
| Share-based payments | - | - | - | - | - | 1.2 | - | 1.2 | - | 1.2 |
| As at 31 March 2012* | 74.2 | 209.6 | 18.3 | (27.7) | (109.8) | 552.9 | 15.3 | 732.8 | 7.3 | 740.1 |
| As at 1 April 2012* | 74.2 | 209.6 | 18.3 | (27.7) | (109.8) | 552.9 | 15.3 | 732.8 | 7.3 | 740.1 |
| Total comprehensive income for the period* | - | - | (11.0) | 17.4 | - | 64.2 | (271.2) | (200.6) | 5.5 | (195.1) |
| Dividends to shareholders | 1.0 | (1.0) | - | - | - | - | (31.7) | (31.7) | (2.5) | (34.2) |
| Repurchase of own shares | - | - | - | - | (1.2) | - | - | (1.2) | - | (1.2) |
| Share options exercised | - | - | - | - | 8.0 | - | - | 8.0 | - | 8.0 |
| Share-based payments | - | - | - | - | 1.8 | 2.8 | - | 4.6 | - | 4.6 |
| Acquisition of non-controlling interests without change in control | - | - | - | - | - | (0.9) | - | (0.9) | (0.6) | (1.5) |
| As at 31 December 2012* | 75.2 | 208.6 | 7.3 | (10.3) | (101.2) | 619.0 | (287.6) | 511.0 | 9.7 | 520.7 |
| As at 1 January 2013* | 75.2 | 208.6 | 7.3 | (10.3) | (101.2) | 619.0 | (287.6) | 511.0 | 9.7 | 520.7 |
| Total comprehensive income for the period | - | - | 3.8 | 1.6 | - | - | (60.9) | (55.5) | 1.6 | (53.9) |
| Dividends to shareholders | - | - | - | - | - | - | - | - | (0.1) | (0.1) |
| Share based payments | - | - | - | - | - | 1.2 | - | 1.2 | - | 1.2 |
| **As at 31 March 2013** | **75.2** | **208.6** | **11.1** | **(8.7)** | **(101.2)** | **620.2** | **(348.5)** | **456.7** | **11.2** | **467.9** |

* *Restated, see note 2 and 4.*

**<u>Condensed consolidated interim statement of cash flows</u>**
*In millions of euro*

| | 1st quarter 2013 | 1st quarter 2012* |
|---|---|---|
| Operating cash flow before changes in working capital and provisions | (24.7) | (46.9) |
| Cash flow from changes in working capital and provisions | (383.5) | (261.7) |
| Cash flow from operating activities | (408.2) | (308.6) |
| Interest and income tax paid | (10.0) | (21.4) |
| Net cash flow from operating activities | (418.2) | (330.0) |
| Net cash flow from investing activities | (11.1) | (22.8) |
| Net cash flow from financing activities | 365.1 | 174.0 |
| **Net change in cash, cash equivalents and bank overdrafts** | **(64.2)** | **(178.8)** |
| Cash, cash equivalents and bank overdrafts as at 1 January | 70.8 | 211.5 |
| Effect of exchange rate fluctuations on cash, cash equivalents and bank overdrafts | 2.5 | (2.4) |
| **Cash, cash equivalents and bank overdrafts at the end of the period** | **9.1** | **30.3** |

* *Restated, see note 2 and 4.*

# NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS 31 MARCH 2013

## 1 Reporting entity

Royal Imtech N.V. ('the Company') has its corporate seat in Rotterdam, the Netherlands. The condensed consolidated interim financial statements for the three months period ended 31 March 2013 (hereafter referred to as the 'condensed consolidated interim financial statements') comprise the Company and its subsidiaries (together referred to as 'the Group') and the Group's interests in associates and jointly controlled entities. In the 1st quarter 2013 the figures of EMC Talotekniikka are included from 1 January 2013 to 31 March 2013.

## 2 Basis of preparation

Statement of compliance

These condensed consolidated interim financial statements have been prepared in accordance with International Financial Reporting Standard (IFRS) as endorsed by the EU, IAS 34 '*Interim Financial Reporting',* with the exception that the comparative financial information for the 1st quarter 2012 is restated, whereby the restatement of the prior year errors in the 1st quarter 2012 deviates from the accounting treatment under IAS 8, as explained below. The consolidated interim financial statements do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group as at and for the year ended 31 December 2012.

The condensed consolidated interim financial statements were approved by the Board of Management on 2 July 2013.

The use of estimates and assumptions

The preparation of interim consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities and income and expense. Actual results may differ from these estimates. In preparing these condensed consolidated interim financial statements, the significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those applied to the consolidated financial statements as at and for the year ended 31 December 2012.

Irregularities and restatement comparative financial information 1st quarter 2012

In February 2013 irregularities have been identified. Investigations revealed that the results of 2012 and in previous years were overstated in the divisions Germany & Eastern Europe, Benelux and Spain. Further, misappropriation of assets including payments to vendors without apparent underlying business rationale, payments to third parties and issuing bank guarantees for debt of these third parties was revealed. In 2012 an amount of approximately 65 million euro was expensed in this respect. The Adventure World Warsaw (AWW) projects were written-off in 2012 for a total amount of approximately 50 million euro in 2012. Substantial impairments have been made to trade receivables of Imtech Germany and Imtech Poland since the detection of the irregularities. These impairments in 2012 amounted to approximately 75 million euro. Payments resulting from the irregularities have been made in 2013 for an amount of 8 million euro.

The prior period errors have been corrected in accordance with IAS 8 in the consolidated financial statements of the Group as at and for the year ended 31 December 2012. In determining whether the adjustments referred to above were a prior period error or a change in an accounting estimate, the available information has been taken into account. Adjustments only qualified as prior period errors when an objective determination whether the adjustment was a prior period error could be made. When this was not the case, the adjustment was accounted for as a change in estimate in 2012.

Due to the incomplete information available, the Group encountered difficulties in the determination of the above split to the correct quarters of the 2012 financial year. In accordance with IAS in such a case the adjustment should be accounted for as a change in estimate in the 4th quarter of 2012, which in view of the Group would result in an overstatement of the revenues and results during the 1st, 2nd and 3rd quarter of 2012.

In order to arrive at comparative adjusted 2012 quarterly results, the Group has decided to deviate from the approach mentioned above and to include the adjustment in the quarters in four equal parts. This has resulted in an allocation of the adjustments in 2012 relating to Germany & Eastern Europe to the 1st quarter 2012, decreasing revenue and other income by approximately 40 million euro and decreasing result from operating activities by approximately 70 million euro before tax. The tax impact on the restatement amounts to 7 million euro. The net impact of EUR 63 million has been adjusted in total equity as at 31 March 2012. Including this allocation, the 1st quarter 2012 results on a consolidated basis, as well as for Germany & Eastern Europe, as included in this report, are of limited comparative use.

## 3 Going concern assumption

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

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

The key terms of the amended agreements are:

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

| | Testing period | Ratio |
|---|---|---|
| Leverage ratio | 31 March 2014 | 6.00 |
| | 30 June 2014 | 3.50 |
| | 30 September 2014 | 3.25 |
| | 31 December 2014 | 3.25 |
| | **Testing period** | **Ratio** |
| Interest coverage ratio | 31 March 2014 | 1.25 |
| | 30 June 2014 | 2.50 |
| | 30 September 2014 | 3.00 |
| | 31 December 2014 | 3.00 |

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

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

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

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

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

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

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

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

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

**4 Significant accounting policies**

Except as described below, the accounting policies applied by the Group in the condensed consolidated interim financial statements are the same as those applied in the consolidated financial statements of the Group as at and for the year ended 31 December 2012.

<u>Changes in accounting policy</u>

The Group has adopted IAS 19 Employee benefits (2011). Under IAS 19 (2011), the Group determines the net interest expense (income) for the period on the net defined benefit liability (asset) by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the net defined liability (asset) at the beginning of the annual period, taking into account any changes in the net defined liability (asset) during the period as a result of contributions and benefit payments. Consequently, the net interest on the net defined liability (asset) now comprises:

- interest cost on the defined benefit obligation;
- interest income on plan assets; and
- interest on the effect on the asset ceiling.

Previously, the Group determined interest income on plan assets based on their long-term rate of expected return.

IAS 19 (2011) must be applied retrospectively with a restatement of comparative numbers in accordance with IAS 8. As at 1 January 2012 this resulted in an increase in equity of 23.3 million euro (net of tax 18.5 million euro). The total impact on equity as of 31 December 2012 amounted to 52.2 million euro negative (net of tax 35.9 million euro negative) The total expenses recognised in the profit and loss account in respect of defined benefit plans in the first three months of 2012, have decreased by 0.3 million euro (net of tax 0.2 million euro). The presentation of pension costs within operating expenses and net finance result did not change.

As from 1 January 2013 the Group adopted IFRS 13, Fair value measurement, which establishes a framework for measuring fair value and sets out disclosure requirements for fair value measurements, but does not introduce new fair value measurements. The application of IFRS 13 impacts disclosure requirements in the (Interim) Financial Statements (see note 12).

As a result of the amendment to IAS 1, the Group has modified the presentation of items of other comprehensive income, to present separately items that would be reclassified to profit or loss in the future from those that would never be.

**5 Financial risk management**

The aspects of the Group's financial risk management objectives and policies are consistent with those disclosed in the consolidated financial statements as at and for the year ended 31 December 2012.

## 6 Operating segments

| **Segment**<br>*In millions of euro, unless stated otherwise* | **1st quarter 2013** | | | **1st quarter 2012*** | | |
|---|---|---|---|---|---|---|
| | Total revenue and other income | EBITDA | Margin | Total revenue and other income | EBITDA | Margin |
| Benelux | 208.6 | (4.8) | (2.3%) | 252.9 | (14.0) | (5.5%) |
| Germany & Eastern Europe | 253.0 | (25.5) | (10.1%) | 287.8 | (45.8) | (15.9%) |
| UK & Ireland | 182.6 | 7.2 | 3.9% | 154.3 | 6.7 | 4.3% |
| Nordic | 211.2 | 3.1 | 1.5% | 192.9 | 8.6 | 4.5% |
| ICT | 140.6 | 7.3 | 5.2% | 155.0 | 9.0 | 5.8% |
| Other segments | 214.5 | (0.9) | (0.4%) | 177.2 | (4.0) | (2.3%) |
| | **1,210.5** | **(13.6)** | **(1.1%)** | **1,220.1** | **(39.5)** | **(3.2%)** |
| Holding | - | (12.0) | - | - | (8.5) | - |
| **Total** | **1,210.5** | **(25.6)** | **(2.1%)** | **1,220.1** | **(48.0)** | **(3.9%)** |

| **Segment assets**<br>*In millions of euro* | **31 March 2013** | **31 December 2012*** |
|---|---|---|
| Benelux | 483.7 | 467.3 |
| Germany & Eastern Europe | 788.8 | 825.8 |
| UK & Ireland | 459.1 | 490.7 |
| Nordic | 865.5 | 835.6 |
| ICT | 398.5 | 463.0 |
| Other segments | 780.7 | 728.0 |
| | **3,776.3** | **3,810.4** |
| Held for sale | 27.6 | 27.6 |
| Holding / eliminations | 22.9 | 100.4 |
| **Total** | **3,826.8** | **3,938.4** |

* *Restated, see note 2 and 4.*

| **Reconciliation operating segments** *In millions of euro* | **1st quarter 2013** | **1st quarter 2012*** |
|---|---|---|
| Operational EBITDA** | (13.6) | 22.0 |
| Non-operational items*** | (12.0) | (70.0) |
| EBITDA** | (25.6) | (48.0) |
| Depreciation of property, plant and equipment | (11.9) | (9.9) |
| Amortisation of intangible assets | (11.3) | (9.0) |
| Net finance result | (21.5) | (13.9) |
| Share in results of associates, joint ventures and other investments (net of tax) | 0.3 | 0.2 |
| **Result before income tax** | **(70.0)** | **(80.6)** |

* *Restated, see note 2 and 4.*
** *EBITDA and Operational EBITDA (EBITDA less non-operational items) are not financial measures calculated in accordance with IFRS*
*** *Non-operational items relate to items of income or expense that given their size, nature or incidence, are clearly distinct from the ordinary activities of the Group, such as revaluations, write downs and impairments, restructuring costs and exceptional financing costs.*

## 7 Non-operational items

Non-operational items included in the 1st quarter 2013 on EBITDA level amounted to a loss of 12 million euro (1st quarter 2012: 70 million euro) and mainly relate to restructuring (3 million euro) and refinancing (9 million euro).

## 8 Working capital and net debt

| **Working capital** *In millions of euro* | **31 March 2013** | **31 December 2012*** |
|---|---|---|
| Due from customers | 636.9 | 572.8 |
| Due to customers | (295.2) | (308.0) |
| Trade receivables | 1,094.8 | 1,128.6 |
| Other current assets | 360.1 | 287.3 |
| Trade payables | (689.5) | (890.8) |
| Other current liabilities | (676.8) | (721.4) |
| **Total** | **430.3** | **68.5** |

| **Net debt** *In millions of euro* | **31 March 2013** | **31 December 2012*** |
|---|---|---|
| Syndicated bank loans | 619.8 | 488.3 |
| Senior notes | 328.4 | 326.3 |
| Bank overdrafts | 134.1 | 314.3 |
| Bridge loan | 75.0 | - |
| Finance lease liabilities | 26.9 | 22.3 |
| Other bank loans | 199.1 | 6.9 |
| Cash and cash equivalents | (143.2) | (385.1) |
| **Total** | **1,240.1** | **773.0** |

* *Restated, see note 2 and 4.*

Working capital in the 1st quarter 2013 increased by 362 million euro versus year-end 2012. The comparative fluctuation in the 1st quarter 2012 amounted to 374 million euro.

The net interest-bearing debt in the 1st quarter 2013 increased by 467 million euro versus year-end 2012. The comparative fluctuation in the 1st quarter 2012 amounted to 374 million euro. The increase in net debt is the result of a negative result in the 1st quarter 2013, normalisation of payment terms that were stretched at year-end, the normal 1st quarter seasonal pattern in working capital, the reversal of year-end factoring in ICT and the pay-out of severance related to the 2012 restructuring plans, payments associated with the investigations and financial restructuring costs, a small acquisition impact as announced in December 2012 (paid in January 2013) and capital expenditure.

## 9 Acquisition of subsidiary

In January 2013 the Group acquired a 100% interest in EMC Talotekniikka. This company is a top-5 player in the technical services market with national coverage through 11 branches in three regions in northern, central and southern Finland. With 580 employees, this company realises annual estimated revenue of over 100 million euro.

The total purchase consideration amounts to 11.6 million euro (including contingent consideration based on results 2012). Between the date of acquisition and 31 March 2013 EMC Talotekniikka contributed 19.4 million euro to the consolidated revenue and a loss of 1.1 million to the consolidated net result.

<u>Effect of acquisition</u>

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

| *In millions of euro* | EMC Talotekniikka |
|---|---|
| Property, plant and equipment | 2.6 |
| Intangible assets | 2.9 |
| Non-current receivables | 0.2 |
| Inventories | 1.0 |
| Due from customers | 8.1 |
| Trade and other receivables | 11.7 |
| Cash, cash equivalents and bank overdrafts | 4.2 |
| Loans and borrowings (non-current) | (12.7) |
| Provisions (non-current) | (0.1) |
| Deferred tax liabilities | (0.6) |
| Due to customers | (2.2) |
| Trade and other payables | (18.3) |
| Net identifiable assets and liabilities | (3.2) |
| Goodwill on acquisition | 14.8 |
| Total consideration | 11.6 |
| Of which contingent consideration | (2.9) |
| Acquired cash, cash equivalents and bank overdrafts | (4.2) |
| **Net cash outflow** | 4.5 |

The initial accounting for EMC Talotekniikka is not yet complete. The fair values of certain assets and liabilities are provisional pending accumulation and verification of data.

The goodwill is attributable mainly to the skills and technical talent of the work force and the synergies expected to be achieved from executing the strategic plan of the Group. None of the goodwill recognised is expected to be deductible for income tax purposes.

The fair value of the trade and other receivables does not differ significantly from the present value of the receivables.

The initial accounting for 2012 acquisitions SSR and Polar was completed in the first three months of 2013. As a result of the finalisation of the purchase price calculations the goodwill has been adjusted upward by 0.2 million euro.

In general the contingent considerations are based upon targets with respect to (future) performance, mostly EBIT(A) related and in combination with multiples and thresholds. The total of the actual contingent considerations ranges between nil and 115 million euro (undiscounted). The total recorded (discounted) contingent considerations as at 31 March 2013 amount to 45.4 million euro.

The movements in the contingent consideration during the period was as follows:

| **Contingent consideration**<br>*In millions of euro* | **1st quarter 2013** |
|---|---|
| As at 1 January | 44.3 |
| Acquisitions | 2.9 |
| Assumed in a business combination | 1.0 |
| Reversals against goodwill | - |
| Change in fair value of contingent consideration | (0.2) |
| Payments | (2.7) |
| Effect of movement in exchange rates | 0.1 |
| As at 31 March | 45.4 |
| Non-current | 17.9 |
| Current | 27.5 |
| | 45.4 |

The Group incurred acquisition-related costs of 0.5 million comprising external legal fees and due diligence costs, mainly related to the acquisition of EMC Talotekniikka (1st quarter 2012: 0.4 million). The legal fees and due diligence costs have been included in other expenses in the Group's condensed consolidated interim profit and loss account.

## 10 Intangible assets

The Group assessed whether there was an indication that the goodwill may be impaired as at 31 March 2013. Based on this assessments no events or changes in the assumptions were identified that would warrant an impairment test. Goodwill is tested annually for impairment during the fourth quarter. We refer to the sensitivities disclosed in note 15 of the consolidated financial statements of the Groep as at and for the year ended 31 December 2012.

## 11 Loans and borrowings

As at 31 December 2012, the loan covenants as included in the syndicated bank loans and senior notes facilities were not met. On 15 June 2013, the Group reached agreement with its main financiers regarding a waiver and amendment agreement. For further details on the terms and conditions of this waiver and amendment, we refer to note 3.

As at 31 March 2013 an amount of 619.8 million euro (31 December 2012: 488.3 million euro) has been drawn under the syndicated bank facility of 700 million euro. As at 31 March 2013 an amount of 328.4 million euro (31 December 2012: 326.3 million euro) senior unsecured notes are outstanding by means of private placements in the United States of America.

Furthermore, the Group entered into a 500 million euro bridge loan agreement consisting of a 350 million euro revolving equity bridge loan facility and a 150 million euro revolving guarantee bridge facility on 27 February 2013 with ING and Rabobank. The bridge loan expires 31 October 2013 or after the successful finalisation of the intended rights issue, which is expected to be concluded in the summer of 2013. As at 31 March 2013 an amount of 75 million euro has been drawn.

In addition to the above-mentioned facilities, the Group has a number of uncommitted credit facilities in place, amounting to 350 million euro. As at 31 March 2013 an amount of EUR 169.5 million euro was drawn. Furthermore several current account facilities and cash pool facilities have been provided to subsidiaries. These uncommitted facilities are also with certain of its core relationship banks.

Due to not meeting the covenant requirements as at 31 December 2012, the Company does not have the unconditional right to defer settlement of the liability for at least twelve months after the reporting period with respect to the syndicated bank loans and senior notes as at 31 March 2013. Accordingly, the carrying value of the syndicated bank loans of 619.8 million euro and the senior notes of 328.4 million euro have been reported as current liabilities.

**12 Financial instruments**

Fair value

As at 31 March 2013 the carrying amounts of financial instruments measured other than at fair value, approximated their fair values on the balance sheet date.

The most important methods and principles applied when estimating the fair value of financial instruments included in the balance sheet have not changed and are the same as disclosed in the consolidated financial statements of the group for the year ended as at 31 December 2012.

As at 31 March 2013 all cross currency swaps, forward currency contracts and interest rate swaps used for hedging are classified under Level 2 (31 December 2012: the same).

**13 Interest income and expense**

In the 1st quarter 3.6 million euro is included in finance expenses relating to the above mentioned refinancing.

**14 Taxation**

Income tax expense is recognised based on management's best estimate of the weighted average expected full year income tax rate per country.

The Group's consolidated effective tax rate for the 1st quarter 2013 amounted to 14.9% (1st quarter 2012: 1.5%). The effective tax rate is significantly impacted by losses made in 2013 in countries where the Group does not expect sufficient taxable profits in the foreseeable future to recognise a deferred tax asset.

**15 Seasonality of operations**

The Group's operating activities are, to an extent, influenced by seasonal fluctuations whereby revenue and results from operating activities are higher in the second half of the year than the first half. The reasons for this include operating activities influenced by weather conditions (mainly Traffic and Infra).

**16 Related parties**

Identity of related parties

There is a related party relationship between the Group, associated companies, joint ventures and their managing directors and supervisory directors.

Associates and joint ventures

Transactions with associated companies and joint ventures are conducted at arm's length. On 31 March 2013 the Group was owed 1.8 million euro by associated companies and 4.4 million euro by joint ventures (31 December 2012: 0.5 million euro and 3.0 million euro respectively).

Composition Board of Management

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

On 8 February 2013, the Company announced that as of that day the former CFO Mr. B.R.I.M. Gerner stepped down as CFO and member of the Board of Management. With effect from 11 February 2013, Mr H. Turkesteen was appointed as new CFO and nominated as member of the Board of Management. The General Meeting appointed Mr Turkesteen as member of the Board of Management on 28 June 2013.

The most important conditions of the agreements for services with Mr. Van de Aast and Mr. Turkesteen are published on Imtech's website (www.imtech.com).

## 17 Share capital

Under the share - and share option scheme 42,808 shares were sold (1st quarter of 2012: 1.0 million shares bought back and 163,500 shares sold to cover the hare options exercised).

After the balance sheet date the Board of Management, with the approval of the Supervisory Board, proposed not to pay a dividend for 2012.

## 18 Employee benefits

In accordance with IAS 34, actuarial gains and losses are reported in the condensed consolidated interim financial statements only if there have been significant changes in the financial markets. In the 1st quarter 2013 no actuarial gains and losses were recorded as the changes in the financial markets during the period were considered not significant. In the 1st quarter 2012 no actuarial gains and losses were recorded.

## 19 Contingent assets and liabilities

Early 2013 irregularities have been identified in respect of financial reporting on project results, valuation of receivables and payments to subcontractors in Germany and Poland. Over the past months, these irregularities have been further investigated and underlying documentation has been analysed and where necessary reconstructed. The Group is currently investigating whether the outcome of the investigations will lead to recovery claims including recovery under insurance policies taken out by the Group. These claims are inherently uncertain and, therefore, do not lead to recognition of a receivable in the balance sheet or to a disclosure of a contingent asset at this time.

In reaction to the irregularities, the Group has taken several remedial actions. Various managers and employees have been suspended, dismissed or stepped down. Relationships with various third parties have been terminated. The Group may also seek to recover damages from individuals and entities concerned. It is possible that the irregularities and the measures taken by the Group to mitigate and prevent these irregularities in the future will lead to claims against the Group. As of today, no credible claims have been filed against the Group and no reliable estimate can be made of potential claims against the Group.

The irregularities included transactions with an external company. Various transactions have occurred with this company with limited or no business rationale, such as payments. In addition to these payments, Imtech Germany accepted liability and / or issued guarantees for obligations incurred by entities related to this company and provided comfort letters to third parties promising to secure liabilities of this company. Also assets have been pledged as a security for these liabilities. In relation to the foregoing the Group is exposed to claims from this company and other third parties. Guarantees that have been drawn after the balance sheet date have been provided for. For the other guarantees and comfort letters, no estimate can be made of the possible financial impact.

Internal and external (forensic) investigations performed as a result of the irregularities identified in Germany and Poland have revealed that certain exposures exist with respect to mainly corporate income tax and value added tax. As of today, insufficient information is available for a detailed assessment of the tax exposure. To date no assessments relating to the items under investigation have been raised by the respective tax authorities, and it is difficult to assess if and when, and if so, for what amount, any particular assessment might be raised. The interpretation of past facts and circumstances and relevant tax laws and regulations may further be open to challenge.

The Group has engaged external advisors to assist in determining the potential financial impact of these exposures.
As far as these exposures can be sufficiently estimated, provisions have been included in the 1st quarter 2013 condensed consolidated interim financial statements.

With respect to another foreign subsidiary, risks were identified mainly relating to the period prior to the acquisition.
The potential exposure relating to this risk may amount to 25 million euro. The part of the risk dating from the period up to the acquisition is the risk of the sellers and should be indemnified by them if and when it materialises. This is partly guaranteed by an escrow account.

## 20 Subsequent events

After the balance sheet date, a number of subsequent events have occurred. Below we have highlighted some significant items.

Refinancing

*Loan covenants*

After the identification of irregularities in Germany and Poland, it was identified that the Group was not going to meet its year-end 2012 bank covenants. Although formal covenant testing had not yet taken place, the Group and its main financiers (including the holders of unsecured senior notes and the largest guarantee holders) entered into discussions. On 20 March 2013 the Group reached an agreement with the main financiers on the provisional continuation, until 1 August 2013, of their outstanding facilities as at that date.

On 15 June 2013 Imtech has obtained a waiver with respect to the non-compliance with loan covenants as per 31 December 2012.

*Rights issue*

One of the measures in respect of the going concern assumption is an intended rights issue of 500 million euro, which is expected to be finalised in the summer of 2013.

In 2013 the Group is incurring significant costs relating to the investigation of the irregularities, refinancing and rights issue. The total thereof is expected to amount to approximately 110 million euro and will partly be allocated to the rights issue and partly to amortised costs of the loans. The remainder will be directly charged to the profit and loss account. In the 1st quarter the total costs made amount to 31 million euro, of which 9.3 million euro is included in operating expenses and 3.6 million euro is included in finance expenses.

Restructuring 2013

On 23 April 2013, the Group has announced a reorganisation in order to strengthen the competitiveness and profitability of our companies in the Netherlands and Germany. This mainly concerns capacity reductions in the office buildings market and the Infra business in response to the changed market conditions. The total anticipated reorganisation charges in 2013 will amount to approximately 80 million euro and will lead to a loss of 1,300 jobs, particularly in the Netherlands and Germany.

Other

On 26 April 2013 the Vereniging van Effectenbezitters (VEB) has announced that they, on behalf of the holders of the Group's shares, will hold responsible the former Board of Management, the Group and the Supervisory Board of the Group for the damages that shareholders have incurred as a result of the (alleged) misrepresentation and misleading communication on prior period results.

On June 25 2013 the VEB announced a proposal for a settlement to the Group to partly compensate the holders of the Group's shares for the losses incurred. The VEB proposed a compensation fund for aggrieved shareholders to be funded by various parties, including parties outside of the Group.

To date no estimate can be made of the financial consequences, if any, of this claim.

Gouda, 2 July 2013

Gerard van de Aast (CEO)
Hans Turkesteen (CFO)

**COMPANY**

**Royal Imtech N.V.**
Kampenringweg 45a
2803 PE Gouda
The Netherlands

**LEGAL ADVISERS TO THE COMPANY**

**De Brauw Blackstone Westbroek N.V.** (as to Dutch law)
Claude Debussylaan 80
1082 MD Amsterdam
The Netherlands

**Davis Polk & Wardwell London LLP** (as to United States law)
99 Gresham Street
London, EC2V 7NG
United Kingdom

**JOINT GLOBAL COORDINATORS**

**Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A., acting through its GFM-Equity Capital Markets department**
Croeselaan 18
3521 CB Utrecht
The Netherlands

**ING Bank N.V.**
Bijlmerplein 888
1102 MG Amsterdam Zuidoost
The Netherlands

**JOINT BOOKRUNNERS**

**Coöperatieve Centrale Raiffeisen-Boerenleenbank B.A., acting through its GFM-Equity Capital Markets department**
Croeselaan 18
3521 CB Utrecht
The Netherlands

**ING Bank N.V.**
Bijlmerplein 888
1102 MG Amsterdam Zuidoost
The Netherlands

**CO-LEAD MANAGER**

**Commerzbank Aktiengesellschaft**
30 Gresham Street
London EC2V 7PG
United Kingdom

**LEGAL ADVISERS TO JOINT GLOBAL COORDINATORS AND THE JOINT BOOKRUNNERS AS TO DUTCH AND UNITED STATES LAW**

**Clifford Chance LLP**
Droogbak 1a
1013 GE Amsterdam
The Netherlands

10 Upper Bank Street
London E14 5JJ DX
United Kingdom

**INDEPENDENT AUDITOR**

**KPMG Accountants N.V.**
Laan van Langerhuize 1
1186 DS Amstelveen
The Netherlands

**SUBSCRIPTION, LISTING AND PAYING AGENT**

**ING Bank N.V., acting through its Commercial Banking Securities Services Division**
Bijlmerplein 888
1102 MG Amsterdam Zuidoost
The Netherlands