ANNUAL REPORT 2012

Financial Statements & other supplements

Royal HaskoningDHV
Enhancing Society Together

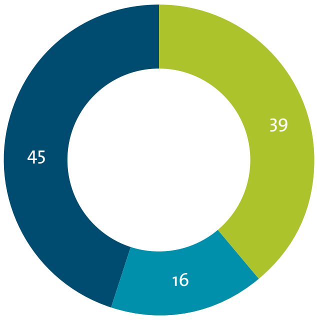
Contents

This book together with the Annual Report and CR Statements forms the Annual Report 2012.

Please visit royalhaskoningdhv.com/annualreport for a complete overview.

Key figures

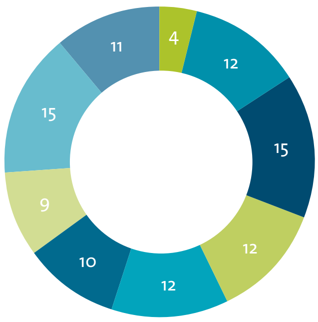
Turnover by client group (in %)



Revenue

€ 702 million

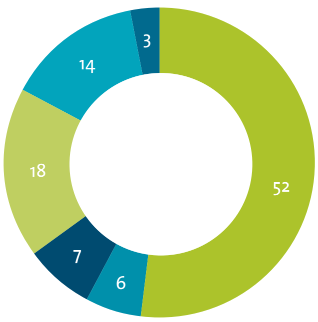
Turnover by market group (in %)



Average workforce

7,100

Turnover by region (in %)



Shareholders' equity

€ 124 million

(€ millions, unless stated otherwise)

	2012	2011
Revenue	**701.5**	**737.1**
Added Value	**531.2**	**567.0**
Results		
EBITA recurring	9.7	21.0
EBITA	(12.4)	12.8
Net result	(19.9)	4.3
Return on average shareholders' equity	-14.6%	2.9%
EBITA margin, recurring	1.4%	2.9%
Earnings per share (€)	(3.98)	0.86
Capital employed		
Total assets	333.2	356.1
Shareholders' equity	123.6	149.3
Group equity	128.1	152.4
Group equity as percentage of total assets	38.4%	42.8%
Financial Position		
Net working capital	33.2	29.6
Movement in net cash	(22.5)	7.1
Workforce		
Number of staff (ultimo)	6,905	7,312

Definitions

Added value	Revenue less cost of work subcontracted and other external charges
EBITA recurring	EBITA excluding non-operational items
EBITA margin	EBITA / Revenue
Earnings per share	Net result / Number of ordinary shares issued
Net working capital	Current assets less current liabilities (excluding cash and cash equivalents less amounts owed to credit institutions)
Movement in net cash	Movement in cash and cash equivalents less amounts due to credit institutions

Financial Statements 2012

Consolidated Balance Sheet

(before profit appropriation) *(€ thousands)*

Assets

	Note	2012		2011	
Non-current assets					
Intangible assets	3	50,737		50,719	
Tangible fixed assets	4	44,470		48,481	
Financial fixed assets	5	14,230		7,670	
			109,437		106,870
Current assets					
Work in progress	6	2,478		3,066	
Receivables	7	171,219		175,392	
Cash and cash equivalents	8	50,072		70,729	
			223,769		249,187
			333,206		**356,057**

Equity & liabilities

	Note	2012		2011	
Group equity					
Equity	9	123,606		149,254	
Minority interest	10	4,456		3,117	
			128,062		152,371
Provisions	11		27,718		20,511
Non-current liabilities	12		36,957		34,313
Current liabilities	13		140,469		148,862
			333,206		**356,057**

Consolidated Income Statement

(€ thousands)

	Note		2012		2011
Net turnover	16		**704,028**		**747,647**
Change in work in progress			(2,496)		(10,543)
Revenue			**701,532**		**737,104**
Costs of work subcontracted and other external charges		170,359		170,115	
Salaries and wages	17	329,058		343,014	
Social security contributions		53,500		53,427	
Depreciation and amortisation on tangible and intangible assets		15,741		19,470	
Other operating costs	19	149,216		144,927	
Operating expenses			**717,874**		**730,953**
Operating result			**(16,342)**		**6,151**
Interest income			1,452		1,774
Interest costs			(3,488)		(4,317)
Net interest expense			(2,036)		(2,543)
Result before tax			**(18,378)**		**3,608**
Income tax expense	22		(1,047)		(5,203)
Share of result of participating interests			501		5,541
Result after tax			**(18,924)**		**3,946**
Minority interest			(974)		351
Result for the year			**(19,898)**		**4,297**

Consolidated Cash Flow statement

(€ thousands)

			2012			2011
Cash flow from operating activities						
Operating result		(16,342)			6,151	
Adjustments for						
Amortisation and depreciation	15,742			19,470		
Change in provisions	7,148			(4,243)		
		22,890			15,227	
Changes in working capital						
Work in progress	1,077			(204)		
Receivables	(2,805)			11,003		
Current liabilities	(7,126)			(18,154)		
		(8,854)			(7,355)	
Cash generated from operations		(2,306)			14,023	
Interest paid/received	(2,036)			(2,601)		
Income tax expense	(3,293)			(3,702)		
Dividends received	1,157			241		
		(4,172)			(6,062)	
Net cash generated from operating activities			(6,478)			7,961
Cash flow from investing activities						
Investment/divestment of group companies		(4,572)			8,672	
Purchase/sale intangible assets		(2,584)			(4,444)	
Purchase/disposal of tangible fixed assets		(5,019)			(4,586)	
Investment in/disposal of participating interests		(313)			2,226	
Net cash used in investing activities			(11,862)			1,868
Cash flow from financing activities						
Proceeds from issuance of shares		(469)			243	
Dividends paid		(5,845)			(287)	
Proceeds from borrowings		2,703			16,372	
Repayments of borrowings		(34)			(16,588)	
Net cash used in financing activities			(3,645)			(260)
Net cash flows			**(21,985)**			**9,569**
Exchange gains/losses on cash and cash equivalents			(494)			(2,473)
Net increase/decrease in cash and cash equivalents			**(22,479)**			**7,096**
Movements in cash and cash equivalents can be broken down as follows:						
At 1 January			**66,793**			**59,697**
Movements during the year			(22,479)			7,096
At 31 December			**44,314**			**66,793**

Notes to the Consolidated Financial Statements

Summary of Significant Accounting Policies

1 General information

1.1 *Operations*

Royal HaskoningDHV is a leading independent, international project management and engineering consultancy service provider. Specialising in planning and transport, infrastructure, water, maritime, aviation, industry, energy, mining and buildings, each year we contribute to the delivery of some 30,000 projects around the world on behalf of their public and private sector clients.

These 2012 financial statements reflect the financial performance of the group in its first year of the merger. The "pooling of interests" of Koninklijke Haskoning Groep B.V. and DHV Holding B.V. provides for a combined reporting as from the economic date of the merger, 1 January 2012. We refer to note 24 for an explanation of the application of this method to the results of the individual companies.

1.2 *Group structure*

An overview of the legal structure is presented at page 40.

1.3 *Changes in accounting policies*

In order to draw up the financial statements 2012 of Koninklijke Haskoning DHV Groep B.V. a common set of accounting principles have been defined and applied to 2012 and comparative years. The main changes concern reclassifications and changes in estimates, related to provision for doubtful debtors and profit taking on projects. Note 24 provides an overview of the main changes.

1.4 *Consolidation*

The consolidation includes the financial information of Koninklijke Haskoning DHV Groep B.V., its group companies and other entities in which it exercises control or whose central management it conducts. Group companies are entities in which Koninklijke Haskoning DHV Groep B.V. exercises direct or indirect control based on a shareholding of more than one half of the voting rights, or whose financial and operating policies it otherwise has the power to govern. Potential voting rights that can directly be exercised at the balance sheet date are also taken into account.

Group companies and other entities in which Koninklijke Haskoning DHV Groep B.V. exercises control or whose central management it conducts are consolidated in full. Minority interests in group equity and group profit are disclosed separately.

A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control. Joint ventures are stated at their share in the net asset value. When the Group's share of losses are greater than its interest in the joint venture, further losses are not recognized unless the Group has incurred obligations or made payments on behalf of the joint venture. The Group's interests in joint ventures are accounted for by proportionate consolidation in case this gives a better understanding.

Intercompany transactions, profits and balances among group companies and other consolidated entities are eliminated, unless these results are realised through transactions with third parties. Unrealised losses on intercompany transactions are eliminated as well, unless such a loss qualifies as an impairment. The accounting policies of group companies and other consolidated entities have been changed where necessary, in order to align them to the prevailing group accounting policies.
Since the income statement for 2012 of Koninklijke Haskoning DHV Groep B.V. is included in the consolidated financial statements, an abridged income statement has been disclosed (in the company financial statements) in accordance with Section 402, Book 2, of the Netherlands Civil Code.

The main consolidated companies are listed below, stating the percentage of ownership. For a full list of participating interests we refer to page36.

Haskoning Nederland B.V., Nijmegen, The Netherlands (100%)
Haskoning UK Holdings Ltd, Peterborough, UK (100%)
Haskoning International B.V., Nijmegen, The Netherlands (100%)
DHV B.V., Amersfoort, The Netherlands (100%)
Stewart Scott International Holdings Pty Ltd., Johannesburg, South Africa (76.95%)

1.5 *Related party transactions*

All legal entities that can be controlled, jointly controlled or significantly influenced are considered to be a related party. Also, entities which can control the company are considered a related party. In addition, statutory directors, other key management of Koninklijke Haskoning DHV Groep B.V. [or the ultimate parent company] and close relatives are regarded as related parties.

Significant transactions with related parties are disclosed in the notes insofar as they are not transacted under normal market conditions. The nature, extent and other information is disclosed if this is required for to provide the true and fair view.

1.6 Acquisitions and disposals of group companies

Identifiable assets acquired and liabilities assumed in a business combination are recognized in the consolidated financial statements from the acquisition date, being the moment that control can be exercised in the acquired company.

The acquisition price consists of the cash consideration, or equivalent, agreed for acquiring the company plus any directly attributable expenses. If the acquisition price exceeds the net amount of the fair value of the identifiable assets and liabilities, the excess is capitalised as goodwill under intangible assets. If the acquisition price is lower than the net amount of the fair value of the identifiable assets and liabilities, the difference (i.e. negative goodwill) is disclosed under accruals and deferred income.
Entities continue to be consolidated until they are sold; they are deconsolidated from the date that control ceases and if they are classified as disposal groups held for sale.

1.7 Notes to the cash flow statement

The cash flow statement has been prepared using the indirect method. The cash items disclosed in the cash flow statement are comprised of cash and cash equivalents and bank overdrafts, which are included in the current liabilities. Cash flows denominated in foreign currencies have been translated at average estimated exchange rates. Exchange differences affecting cash items are shown separately in the cash flow statement. Interest paid and received, dividends received and income taxes are included in cash from operating activities. Dividends paid are recognized as cash used in financing activities. The purchase consideration paid for acquired group companies was recognized as cash used in investing activities where it was settled in cash. Any cash and cash equivalents in acquired group companies were deducted from the purchase consideration. Transactions not resulting in inflow or outflow of cash, including finance leases, are not recognized in the cash flow statement. Payments of finance lease instalments qualify as repayments of borrowings under cash used in financing activities and as interest paid under cash generated from operating activities.

1.8 Estimates

The preparation of financial statements in conformity with the relevant rules requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are outlined below.

Revenue recognition

The Group uses the percentage-of-completion method (POC) in accounting for its fixed-price contracts to deliver design services. Use of the POC method requires the Group to estimate the services performed to date as a proportion of the total services to be performed.

Project valuation

Valuation of project related work in progress and receivables require management estimations with respect to its recoverability.

Goodwill

Measurement of goodwill of an acquired company involves the use of estimates for determining the fair value at acquisition date. This mainly relates to the expected profits of the acquired company at the moment of acquisition. The fair value is based on discounted cash flows expected to be received.

Provisions

Provisions are measured at the best estimate of the amount that is necessary to settle the liability at the balance sheet date.

2 Accounting policies for the balance sheet and income statement

2.1 General information

The consolidated financial statements have been prepared in accordance with the statutory provision of Part 9, Book 2 of the Netherlands Civil Code and the financial reporting requirements as set forth in the Guidelines for Annual Reporting in the Netherlands.

In general, assets and liabilities are stated at the amounts at which they were acquired or incurred, or current value. If not specifically stated otherwise, they are recognized at the amounts at which they were acquired or incurred. The balance sheet, income statement and cash flow statement include references to the notes.

Summary of Significant Accounting Policies

2.2 Prior-year comparison
The principle accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

2.3 Foreign currencies
Functional currency
Items included in the financial statements of group companies are measured using the currency of the primary economic environment in which the respective group company operates (the functional currency). The consolidated financial statements are presented in euros, which is the functional and presentation currency of Koninklijke Haskoning DHV B.V. Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency").

Transactions, receivables and debts
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement.

Translation differences on non-monetary assets held at cost are recognized using the exchange rates prevailing at the dates of the transactions.

Translation differences on intra group long term loans that effectively constitute an increase or decrease in net investments in a foreign operation are directly recognized in equity as a component of the legal reserve for translation differences.

Group companies
The results and financial position of all the group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- Assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet.
- Income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions).
- All resulting exchange differences are recognized as a separate component of equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and of borrowings and other currency instruments designated as hedges of such investments, are taken to shareholders' equity. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognized in the income statement as part of the gain or loss on sale.

2.4 Intangible assets
Intangible assets are stated at historical cost less amortisation. Allowance is made for any impairment losses expected; a loss qualifies as an impairment loss if the carrying amount of the asset (or of the cash-generating unit to which it belongs) exceeds its recoverable amount. For details on how to determine whether an intangible asset is impaired, please refer to note 2.7 below.

Goodwill
Goodwill at acquisition of subsidiaries and non-consolidated participations as calculated in accordance with note 1.6 is capitalised and amortized on a straight-line basis over its estimated useful life of no more than 15 years (acquisitions before 2012 are amortised in no more than 20 years).

Software
Software licences acquired are capitalised at acquisition cost and amortised over their estimated future useful lives (3 to 8 years). Expenditures that are attributable to the production of identifiable and unique software products controlled by the Group are capitalised. When internally produced, such assets are capitalised if future economic benefits are probable and the expenditure can be reliably measured. Costs associated with maintaining computer software and research expenditure are recognized in the income statement.

2.5 Tangible fixed assets
Land and buildings are stated at historical cost plus expenditure that is directly attributable to the acquisition of the items, less straight-line depreciation over their estimated future useful lives. Land is not depreciated. Allowance is made for any impairment losses expected on the balance sheet date. For details on how to determine whether property, plant or equipment is impaired, please refer to note 2.7 below.

Other non-current assets are valued at historical cost or manufacturing price including directly attributable expenditure, less straight-line depreciation over their estimated useful lives and impairment losses.

The manufacturing price is comprised of the cost of raw materials and consumables, and also includes expenditure directly attributable to an asset's manufacturing, including installation costs.

The estimated average useful life by category is as follows:

Buildings	10 to 30 years
Computer hardware	3 to 5 years
Other fixed assets	3 to 5 years

The cost of major repairs to buildings is capitalized and depreciated over 5 to 10 years if such repairs extend the life of a building.

2.6 Financial assets

Investments in group companies and other minority interests with which the company can exert significant influence are valued according to the net asset value method as derived from the latest available financial data from these investments and interests. Significant influence is in any case defined as a shareholder's interest of more than 20%. Net asset value is calculated using the accounting policies applied in these financial statements. Associates whose financial information cannot be aligned to these policies are valued based on their own accounting policies.

Associates with an equity deficit are carried at nil. A provision is formed if and when Koninklijke Haskoning DHV Groep B.V. is fully or partially liable for the debts of the associate, or has the firm intention to allow the associate to pay its debts.

Associates acquired are initially measured at the fair value of the identifiable assets and liabilities upon acquisition. Any subsequent valuation is based on the accounting policies that apply to these financial statements, taking into account the initial valuation.

Associates in which no significant influence can be exercised are recognized at cost. If an asset qualifies as impaired, it is measured at its impaired value; any write offs are disclosed in the income statement.

Amounts owed by associates disclosed under financial assets are recognized initially at fair value of the amount owed, which normally consists of its face value, net of any provisions considered necessary. These receivables are subsequently measured at amortised cost.

2.7 Impairment of non-current assets

At each balance sheet date, the Company tests whether there are any indications of assets being subject to impairment. If any such indications exist, the recoverable amount of the asset is determined. If this proves to be impossible, the recoverable amount of the cash generating unit to which the asset belongs is identified. An asset is subject to impairment if its carrying amount exceeds its recoverable amount; the recoverable amount is the higher of an asset's fair value less costs to sell and value in use. An impairment loss is directly expensed in the income statement.

If it is established that a previously recognized impairment loss no longer applies or has declined, the increased carrying amount of the assets in question is not set any higher than the carrying amount that would have been determined had no asset impairment been recognized.

2.8 Work in progress

Work in progress is carried at contract revenue generated, which is comprised of contract costs incurred and attributable profits, based on percentage of completion. Where appropriate, recognized losses and progress billings are deducted from work in progress. In addition, progress invoices and payments received in advance are also credited against work in progress.

2.9 Receivables

Receivables are stated at face value net of any provision for doubtful debts. When a receivable is uncollectable, it is written off against the provision. Subsequent recoveries of amounts previously written off are credited to the income statement.

2.10 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less. Bank overdrafts are disclosed as current liabilities on the balance sheet. Cash and cash equivalents are stated at face value.

Summary of Significant Accounting Policies

2.11 Equity
The consideration paid for the repurchase of shares is deducted from other reserves, until such time that these shares are cancelled or sold. If shares are sold, any proceeds are added to the other reserves.

Costs directly related to the purchase, sale and/or issue of new shares are recognized directly in shareholders' equity net of any relevant tax effects. Other direct movements in shareholders' equity are also recognized net of any relevant tax effects.

2.12 Minority interest
The minority interests as part of the group equity are stated at nominal value at the amount of the net participation in the relevant group companies. Where the group company in question has an equity deficit, the negative value and any other losses are not allocated to the minority interest, unless the minority interest holders have a constructive obligation, and are able, to clear the losses. As soon as the group company manages to post an equity surplus, profits are allocated to the minority interest.

2.13 Dividends
Dividend distribution to shareholders is recognized as a liability in the Group's financial statements in the period in which the dividends are approved by the company's shareholders.

2.14 Provisions
General information
Provisions are measured at the best estimate of the amount that is necessary to settle the liability at the balance sheet date. With the exception of the long-term employee benefits, provisions are stated at face value and charged against project result as much as possible. Unless otherwise stated, provisions are of a long-term nature.

Provisions for professional indemnity claims, restructuring costs and legal claims are recognized when: the Group has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated.

Pension benefits
The Koninklijke Haskoning DHV Groep B.V. has a number of pension schemes, including defined benefit pension schemes. A defined benefit pension scheme is understood to mean a scheme whereby the actuarial risk, including the investment risk, lies with the Group.

The pension provision included in the balance sheet is the present value of the pension commitments in respect of the defined benefit pension scheme with a deduction for the fair value of the plan assets. Adjustment is made for the actuarial gains and losses and pension costs related to elapsed years of service that have not yet been taken into account. The pension provision is actuarially calculated each year by independent actuaries.

The present value of the commitment is the present value of the estimated future cash flows. This is calculated using interest rates that apply to high quality corporate bonds with a term approximately equal to the term of the related pension commitments.

Actuarial profits and losses resulting from changes in actuarial assumptions that are more than ten percent greater than the higher of the pension commitments and the fair value of the plan assets at the beginning of the financial year are charged or credited to the profit and loss account for a period equal to the expected average future years of service of the employees concerned.

Other provisions
Deferred income tax is provided on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled. Deferred tax is stated at nominal value.

Deferred income tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

The provision for jubilee benefits is measured at the present value of expected benefits payable during employment. The calculation of the provision, takes the expected future salary increases and the likely stay into account.

The other provisions are recognized at the nominal value of the, for the settlement of the obligation expected outflow of money.

2.15 Non-current liabilities
Borrowings are initially recognized at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost, being the amount received taking account of any premium or discount, less transaction costs.

Any difference between the proceeds (net of transaction costs) and the redemption value is recognized as interest in the income statement over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

2.16 Leases

Finance lease

The Group leases some of its fixed assets where it retains substantially all the risks and rewards of ownership of these assets. These assets are capitalized as soon as the lease contract is concluded at the lower of the fair value of the asset or the present value of the minimum lease instalments. Lease commitments are recognized as long-term liabilities exclusive of interest. The interest component is recognized in the profit and loss account proportionate to the lease instalments. The relevant assets are depreciated based on their estimated useful life or the lease period, if shorter.

Operating lease

Leases in which a significant portion of the risks and rewards of ownership are not retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the income statement.

2.17 Financial instruments

The Group hedges interest and currency risks through the use of financial instruments. The policy states that the cash flow of a transaction should be highly probable to occur and should present an exposure to variations in cash flows that could ultimately affect reported profit or loss. This hedging strategy is documented and tested annually.

In applying cost price hedge accounting, the initial recognition of, and the accounting policies for, the hedging instrument are dependent on the hedged item, which has the following implications:

- If as the hedged item is recognized at cost in the balance sheet, the derivate instrument is also stated at cost;
- As long as the hedged item is not yet recognized in the balance sheet, the hedging instrument is not remeasured. This applies, for instance, to hedging currency risks on future transactions;
- If the hedged item qualifies as a monetary item denominated in a foreign currency, the derivative instrument, where it has currency elements, is also stated at the spot rate at the balance sheet date.

The Company applies cost price hedge accounting to hedging fixed-interest risk on borrowings. The gain or loss relating to the ineffective portion is recognized in the income statement within finance costs.

The company also uses cost price hedge accounting for its forward exchange contracts intended for future purchases/ sales in foreign currencies. Where appropriate, the gain or loss relating to the ineffective portion of the change in value of forward exchange contracts is recognized in the income statement within operating costs.

2.18 Revenue recognition

General

Profit represents income from services rendered less expenses and other costs attributable to the financial year. Gains or losses on transactions are recognized in the year in which they are posted.

Profit on orders is recognized in accordance with the percentage-of-completion (POC) method. It includes profit on orders executed entirely for the Group's own account and risk as well as a share of the profit on orders executed together with partners.

Revenue from time and material contracts, typically from delivering design services, is recognized at the contractual rates, as labour hours are delivered and direct expenses incurred.

Revenue from fixed-price and percentage fee based contracts for delivering design services is recognized under the POC method. Under the POC method, revenue is generally recognized based on the services performed to date as a percentage of the total services to be performed.

Expected losses and known risks are provided for in the period in which they become known and are credited against Work in progress.

Exchange differences arising upon the settlement or conversion of monetary items are recognized in the income statement in the period that they arise, unless they are hedged.

Summary of Significant Accounting Policies

2.19 Net turnover

Turnover comprises the fair value of the consideration for the sale of goods and services to third parties, net of discounts and exclusive of value added tax attributable to activities performed during the reporting period.

2.20 Movement work in progress

At the balance sheet date, the invoicing of projects does not equal project costs or project results. The difference between these two amounts at 1 January and 31 December is shown separately as a part of total revenue.

2.21 Operating costs

Operating costs are allocated to the reporting period to which they relate.

2.22 Amortisation and depreciation

Intangible assets, including goodwill, are amortised and property, plant and equipment depreciated over their estimated useful lives as from the inception of their use. Land and investment property are not depreciated. Future depreciation and amortisation is adjusted if there is a change in estimated future useful life.

2.23 Government grants

Operating grants are recognized as an income item in the profit and loss account in the year in which the subsidized costs are incurred, income is lost or a subsidized operating deficit has occurred. Grants are recognized as soon as it is likely that they will be received and the Group will comply with all attached conditions.

2.24 Employee benefits

Benefits payable on a regular basis

Wages, salaries and social security contributions payable pursuant to employment conditions are incorporated in the income statement to the extent that these are payable to employees.

Pensions

Koninklijke Haskoning DHV Groep B.V. has applied the liability method for pension plans. The premiums payable for the financial year are charged to the result. Changes in the pension provision are also charged to the result. The amount in the pension provision is the best estimate of the unfunded obligations as at balance sheet date.

Foreign pension plans comparable to the Dutch pension system are also accounted for using the liability method. Foreign pension plans that are not comparable to the Dutch pension system are accounted for at the best estimate of the obligation as at balance sheet date, based on generally accepted actuarial measurement principles. In the United Kingdom there is a 'defined benefit' scheme, which has been closed since 2005, which is further explained in note 11.

2.25 Finance income and costs

Interest paid and received

Net interest expense comprise of interest received and paid, and are allocated to the period to which they relate.

Dividends

Dividend income is recognized when the right to receive payment is established.

2.26 Income tax expense

Tax on the result is calculated by using the rate applicable to the result in the financial year in accordance with applicable regulations, taking into consideration the permanent differences between the profit for financial reporting purposes and that based on tax rules. These differences are included in the tax on profit from ordinary activities. The corporation tax immediately due in the year under review is charged against the head of the group tax entity.

Notes to the Consolidated Financial Statements

3. Intangible assets

Movements in intangible fixed assets can be broken down as follows: *(€ thousands)*

	Goodwill	Computer software	Total
At 1 January 2012			
Cost	70,167	17,884	88,051
Accumulated impairment and amortisation	(25,478)	(11,854)	(37,332)
Book value	**44,689**	**6,030**	**50,719**
Movements			
Purchased	3,668	2,624	6,292
Sold	–	(40)	(40)
Exchange rate differences	109	42	151
Newly consolidated / deconsolidated	(76)	13	(63)
Impairment	(500)	–	(500)
Amortisation	(3,478)	(2,344)	(5,822)
Balance	**(277)**	**295**	**18**
At 31 December 2012			
Cost	73,030	18,491	91,521
Accumulated impairment and amortisation	(28,618)	(12,166)	(40,784)
Book value	**44,412**	**6,325**	**50,737**
Amortisation rate	5–7%	12–33%	

At the balance sheet date, the book value amount of internally generated intangible assets amounted to € 0.4 million. An impairment charge of € 0.5 million was charged to the profit for the year, relating to region Europe.

The book value of Goodwill is geographically divided as follows:

	2012	2011
The Netherlands	13,270	15,245
United Kingdom	4,764	4,902
Europe (other)	2,327	2,602
Africa	11,519	12,454
Asia	3,589	–
Americas	8,943	9,486
Total	**44,412**	**44,689**

(€ thousands)

4. Tangible fixed assets

Movements in tangible fixed assets can be broken down as follows:

	Land and buildings	Furniture and fixtures	Hardware	Other fixed assets	Total
At 1 January 2012					
Cost	57,050	31,370	30,902	19,235	138,557
Accumulated impairment and depreciation	(29,299)	(24,106)	(27,108)	(9,563)	(90,076)
Book value	**27,751**	**7,264**	**3,794**	**9,672**	**48,481**
Movements					
Purchased	393	892	4,439	(234)	5,490
Sold	(89)	(142)	(45)	(193)	(469)
Exchange rate differences	365	(34)	(28)	(93)	210
Newly consolidated / deconsolidated	–	(32)	(2)	211	177
Depreciation	(1,582)	(2,403)	(2,841)	(1,219)	(8,045)
Impairment	(600)	(774)	–	–	(1,374)
Balance	**(1,513)**	**(2,493)**	**1,523**	**(1,528)**	**(4,011)**
At 31 December 2012					
Cost	57,687	31,302	27,941	18,435	135,365
Accumulated impairment and depreciation	(31,449)	(26,531)	(22,624)	(10,291)	(90,895)
Book value	**26,238**	**4,771**	**5,317**	**8,144**	**44,470**
Depreciation rate	0–10%	20–33%	20–33%	20–33%	

Land and buildings with a value of € 13.9 are mortgaged. Land is stated at costs, being € 5.1 million.
The actual value of the buildings, based on the most recent appraisal (2011) is well above the book value.
The impairment relates to office restructuring in the Netherlands and Poland.

The book value of assets under financial lease is as follows:

Land and buildings	Furniture and fixtures	Hardware	Other fixed assets	Total
5,146	–	–	21	5,167

(€ thousands)

5. Financial assets

Movements in financial fixed assets can be broken down as follows:

	Participating interests	Loans	Securities	Deferred income tax assets	Total
At 1 January 2012	**4,038**	**–**	**826**	**2,806**	**7,670**
Investments	198	1,667	(1,016)	6,063	6,912
Share of profit of associates	501	–	–	–	501
Exchange differences	(71)	–	317	58	304
Dividends	(1,157)	–	–	–	(1,157)
Impairment	–	–	–	–	–
At 31 December 2012	**3,509**	**1,667**	**127**	**8,927**	**14,230**

Participating interests

Please refer to page 36-38 for the company's interests in other companies.

Deferred income tax assets

Deferred income tax assets relate amongst others to unused tax losses.
Recognised and unrecognised deductible temporary differences and tax losses can be broken down as follows:

	2012	2011
	Financial assets	**Financial assets**
Deductible temporary differences	1,299	1,257
Tax losses	7,628	1,549
	8,927	**2,806**

Deferred tax assets and liabilities are only offset when they relate to the same entity and taxation authority.
Tax losses not valued amount to € 16.5 million (2011: € 7.5 million).
The deferred tax asset for tax losses include a deferred tax benefit of € 3.4 million for the liquidation of the DHV entities in Portugal (expected to be finalised in 2014 - 2015)

When the unrecognised deductible temporary differences and tax losses are concerned, it is not (yet) probable that these may be utilised against future taxable profits or set off against other tax liabilities.

(€ thousands)

6. Work in progress

	2012	2011
Balance of work in progress	8,636	9,295
Payments on account	(6,158)	(6,229)
	2,478	**3,066**
Positive balance of work in progress	64,181	66,021
Negative balance of work in progress	(61,703)	(62,955)
	2,478	**3,066**

7. Receivables

	2012		2011	
	Total	**Remaining term > 1 year**	**Total**	**Remaining term > 1 year**
Trade receivables	141,943	5,834	138,461	4,294
Loans to participating interests	3,129	90	5,122	149
Taxes and social security contributions	3,186	141	7,224	446
Receivables Stichting SBAH & STAD	–	–	3,631	–
Other receivables, prepayments and accrued income	22,961	742	20,954	2,386
Total	**171,219**	**6,807**	**175,392**	**7,275**

	2012	2011
Trade receivables	162,201	155,875
Less: provision for bad debts	(20,258)	(17,414)
	141,943	**138,461**

8. Cash and cash equivalents

All cash and cash equivalents are at free disposal.

9. Group equity

For details to equity, please refer to the notes to the company financial statements.

(€ thousands)

10. Minority interest

Movements in the minority interest can be broken down as follows:

	2012	2011
At 1 January	3,117	3,893
Newly consolidated	1,017	505
Profit for the year	973	(414)
Dividends	(370)	(240)
Exchange differences	(281)	(627)
At 31 December	4,456	3,117

11. Provisions

Movements in provisions were as follows:

	Pensions	Re-organisation	Long-term employee benefits	Other provisions	Total
At 1 January 2012	3,307	13,132	3,039	1,033	20,511
Additions	(75)	15,570	310	1,239	17,044
Withdrawals	–	(9,714)	–	(181)	(9,895)
Exchange differences	65	–	–	(7)	58
At 31 December 2012	3,297	18,988	3,349	2,084	27,718

Of the provisions, € 11 million qualifies as long-term (in effect for more than one year)

Pensions

Obligations are recognised as at balance sheet date for unfunded obligations resulting from contractual arrangements with pension funds and from obligations to employees in the United Kingdom. These obligations are based on actuarial calculations, in which the following assumptions are made:

- Discount rate of 4.50% per annum
- Expected long term rates of return on cash of 3.80% to 6.80% per annum
- Inflation rate of 2.00% to 2.80% per annum
- Mortality/life table: 120% of PNxA00 with Long Cohort

Following the completion of the triennial valuation of the scheme as at 1 November 2009 the level of regular funding increased to € 0.8 million per annum and increasing thereafter by 3% p.a. until completion of the next review. All benefits accrual in the plan ceased on 30 June 2005 at which time all remaining active members became deferred members.

The defined benefit pension cost during the year include interest charge of € 0.3 million (2011: € 0.2 million) and the annual amortisation of actuarial losses of € 0.3 million (2011: € 0.2 million).

As from 1 January 2013, the revised IAS19R standard on employee benefits is applicable. As a result, actuarial gains and losses in defined benefits schemes have to be recorded in the profit & loss account. Previously these actuarial gains and losses were kept in the so-called corridor and subsequently recorded in the profit & loss account based on the remaining duration of the pension plan. Applying IAS19R is a change in accounting principles and will therefore result in a decrease of equity with € 13.6 million net as per 1 January 2013 (€ 17.6 million gross minus an increase in deferred tax assets of some € 4 million).

Reorganisation

The provision for reorganisation is directly related to initiated reorganisations. The provision is made as soon as a detailed plan has been drawn up for a reorganisation and this plan has been communicated to those affected. The addition in 2012 is mainly related to the reorganisation of the Netherlands based business and to the winding down of Portugal.

Other provisions

Other provisions relate mainly to claims and obligations. The expected utilisation period of these provisions is between one and five years.

(€ thousands)

12. Non-current liabilities

	At 31 December 2012	Repayment obligation in 2013	Remaining term > 1 year	Remaining term > 5 years
Subordinated loans	7,666	427	1,867	5,799
Loans	9,181	22	1,651	7,530
Finance lease liabilities	20,110	394	20,110	–
	36,957	**843**	**23,628**	**13,329**

Subordinated loans

Repayment obligations due within 12 months of the end of the financial year are disclosed under current liabilities. The mortgage loan has a remaining term of 7 years. A fixed interest rate of 4.79% applies to an amount of € 4.2 million. An Euribor denominated interest rate (3.684% as of 31 December 2012) applies to an amount of € 3.9 million.

On 27 September 2011, DHV Holding B.V. concluded a secured loan/guarantee facility of € 115 million with two banks in the Netherlands at an Euribor denominated interest rate. A part of € 9 million has already been repaid.

As of 1 January 2013 this facility and a loan/guarantee facility of € 30 million have been integrated to a secured loan/guarantee facility of € 132 million. This integrated facility consists of a revolving credit facility (€ 32 million), an overdraft facility (€ 20 million), a multipurpose facility (€ 20 million) and a guarantee facility (€ 60 million). The credit margin on the loans is based on the leverage ratio; a lower leverage ratio results in a lower credit margin. An amount of € 18.5 million is swapped to a fixed rate of 1.67%.

The debt covenant for this facility states that the leverage ratio must not exceed 2.5 at 31 December 2012 and the interest coverage ratio shall not be lower than 4.0. At 31 December 2012, the leverage ratio is -0.2 and the interest coverage ratio is 9.4.

13. Current liabilities

	2012	2011
Bank overdrafts	5,758	3,936
Short term part of non-current liabilities	843	4,021
Trade payables	40,171	50,398
Taxation & social security contributions	32,132	31,335
Owed to participating interests	227	20
Pensions	2,096	1,850
Other debts, accruals and deferred income	59,242	57,302
	140,469	**148,862**

14. Guarantees

At 31 December 2012 the Group had contingent liabilities in respect of guarantees provided to third parties in the ordinary course of business to the value of € 50 million.

15. Commitments and contingencies not included in the balance sheet

(Long-term) financial obligations

At the balance sheet date, the Company has forward contracts to hedge foreign currency risks against the euro. The total value of the contracts on the expiry date is € 0.6 million negative. The contracts expire in the next three years.

At the balance date, the Company has interest rate swaps to hedge the interest rate risk. The total value of the contracts at balance date is € 0.5 million negative.

Operating leases

The total rental commitments agreed with third parties for real estate property amount to € 50.8 million.

The commitment for the coming year totals € 13.1 million. An amount of € 10.1 million has a term of more than five years.

Long-term commitments have been concluded with suppliers for ICT products and services. The total amount of the current commitments at the balance sheet date is € 12.5 million. The commitment for the coming year totals € 7.5 million.

The total lease commitments agreed with third parties for cars and office equipment amount to € 13.9 million. The commitment for the coming year totals € 6.4 million.

The obligations from operating leases at the end of the reporting period can be specified as follows:

(€ thousands)

No later than 1 year	27,013
Later than 1 year and no later than 5 years	39,702
Later than 5 years	10,402
	77,117

Contingent liabilities

The Company in the Netherlands is liable for any obligations arising under the Dutch Sequential Liability Act.

In exceptional cases the Company issued guarantees to customers of operating companies regarding the implementation of projects.

The Company executes certain projects in partnership with other parties. Based on contractual agreements, the Company bears joint and several liability for the contractual obligations of the partnership resulting from these projects.

Tax group liabilities

The Company forms two tax entities for VAT and income tax with a number of group companies. Under the standard conditions, the Company and its fellow members of the tax group are jointly and severally liable for any taxes owed by the group.

By virtue of its operations in various countries, the Company incurs operational and/or tax claims. Where their effect can be reasonably estimated, such claims are provided for as soon as they arise. The existing provisions are considered sufficient to cover the potential consequences of pending claims.

Contingencies

The Company is involved in certain legal proceedings relating to its projects. Provisions have been created for these in so far as the Board of Management considers necessary.

(€ thousands)

16. Net turnover by region

	2012	2011
The Netherlands	369,618	404,236
United Kingdom	40,052	39,644
Europe (other)	48,097	50,124
Africa	126,191	109,558
Asia	99,700	104,776
Americas	20,370	39,309
	704,028	**747,647**

See key figures for % segmentation of turnover by geographical area and activity

17. Short-term employee benefits

	2012	2011
Salaries and wages	315,041	322,852
Social security contributions	35,328	35,501
Pension contributions	32,189	38,088
	382,558	**396,441**

18. Director's remuneration

	2012	2011
Current and former managing directors	2,968	2,700
Current and former supervisory directors	336	285
	3,304	**2,985**

(€ thousands)

19. Other operating costs

	2012	2011
Temporary staff	16,623	18,362
Office expenses	27,826	27,846
Travel and accommodation	24,923	27,093
Occupancy costs	27,433	34,105
Work by third parties	7,062	11,595
Other operating expenses	23,250	16,926
Restructuring / merger costs	22,099	9,000
	149,216	**144,927**

Restructuring costs include provisions for staff redundancy and vacant office space.

Audit fees

The following audit fees were expensed in the income statement in the reported period (included in Work by third parties) to the statutory auditor of the Group (PricewaterhouseCoopers Accountants N.V.)

	2012	2011
Audit fees - annual accounts PwC Netherlands	323	440
Audit fees - annual accounts other PwC network	353	332
Audit fees - other	125	177
Fiscal services	165	130
Other services	170	97
	1,136	**1,176**

20. Related party transactions

In 2012 Steward Scott International (SSI) entered into an arrangement with Sangena Investments, one of the other shareholders in SSI, to buy-back its 14.25% share in SSI. Part of this transaction was executed in 2012; this transaction will be completed the coming years.

21. Average number of employees

During the year 2012 on average 7,109 (2011: 7,936) employees were employed by the Group. The headcount per end of year is split by the following regions:

	2012	2011
The Netherlands	3,633	3,797
United Kingdom	584	623
Europe (other)	557	632
Africa	1,108	1,120
Asia	969	1,085
Americas	54	55
	6,905	**7,312**

(€ thousands)

22. Income tax expense

The income tax expense of € 1 million can be broken down as follows:

	2012	2011
Operating income	(17,877)	9,149
Income tax expense	1,047	5,203
Effective tax rate	–5.9%	56.9%
Applicable tax rate	25.0%	25.0%

The applicable tax rate is based on the relative proportion of the group companies' contribution to profit and tax rates ruling in the countries concerned. The effective tax rate differs from the applicable tax rate due to the amortisation of goodwill, which is not tax-facilitated and the exclusion of deferred income tax assets in respect of losses for the financial year (past years).

23. Movement in consolidated investments

The following investments and divestment were made in 2012:

	Country	Holding at 01-01-2012	Acquired/ divested	Holding at 31-12-2012
Acquisitions				
ELC	Turkey	0%	90%	90%
Divestments / liquidations				
Haskoning France SARL	France	100%	–100%	0%
Haskoning Romania Srl Bukarest	Romania	100%	–100%	0%
Haskoning S.A.	Gabon	100%	–100%	0%
Haskoning Sakhalin O.O.O.	Rusland	100%	–100%	0%
DHV Planetek Co. Ltd.	Taiwan	49%	–49%	0%

(€ thousands)

24. Reconciliation Royal Haskoning and DHV

Reconciliation opening balance 2012

Assets

	DHV	Royal Haskoning	Reclassifications	Royal HaskoningDHV
Non-current assets				
Intangible assets	36,916	13,135	668	50,719
Tangible fixed assets	39,600	9,549	(668)	48,481
Financial fixed assets	4,917	3,777	(1,024)	7,670
	81,433	**26,461**	**(1,024)**	**106,870**
Current assets				
Work in progress	(2,358)	9,736	(4,312)	3,066
Receivables	100,101	75,291	–	175,392
Cash and cash equivalents	30,043	40,686	–	70,729
	127,786	**125,713**	**(4,312)**	**249,187**
	209,219	**152,174**	**(5,336)**	**356,057**

Equity and liabilities

	DHV	Royal Haskoning	Reclassifications	Royal HaskoningDHV
Group equity				
Equity	71,950	77,304	–	149,254
Minority interest	3,117	–	–	3,117
	75,067	**77,304**	**–**	**152,371**
Provisions	6,307	5,807	8,397	20,511
Non-current liabilities	33,168	4,138	(2,993)	34,313
Current liabilities	94,677	64,925	(10,740)	148,862
	209,219	**152,174**	**(5,336)**	**356,057**

Reclassifications have been made to align the accounting principles between DHV and Royal Haskoning.

Reconciliation Income statement 2012

	DHV	Royal Haskoning	Adjustments	Royal HaskoningDHV
Net turnover	406,200	305,033	(7,205)	704,028
EBITA Recurring	2,461	7,305	(31)	9,735
Exceptional items			(22,599)	(22,599)
Result for the year				**(19,898)**

The following adjustments were made:

- Intercompany turnover elimination (7,205)
- Impact merger into new Holding company (31)
- The exceptional items consist of:
  - merger costs (6,336)
  - restructuring costs (15,763)
  - other (500)

(22,599)

Company Balance Sheet as at 31 December 2012

(before profit appropriation) *(€ thousands)*

Assets

	Note	2012		2011	
Non-current assets					
Intangible assets	26	17,797		15,849	
Financial fixed assets	27	157,586		152,659	
			175,383		**168,508**
Current assets					
Receivables	28	11,640		15,625	
Cash and cash equivalents		45		10,112	
			11,685		**25,737**
			187,068		**194,245**

Equity & liabilities

	Note	2012	2011
Equity	29	123,606	149,254
Provisions	30	2,681	1,697
Non-current liabilities	31	20,000	17,000
Current liabilities	32	40,781	26,294
		187,068	**194,245**

Company Income Statement for 2012

	Note	2012	2011
Share of result of participating interest after tax		(14,524)	8,994
Company result after tax		(5,374)	(4,697)
Result for the year		**(19,898)**	**4,297**

Notes to the Company Financial Statements

25. General information

The company financial statements have been prepared in accordance with the statutory provisions of Part 9, Book2, of the Netherlands Civil Code and the firm pronouncements in the Dutch Accounting Standards as issued by the Dutch Accounting Standards Board.

The accounting policies for the company financial statements and the consolidated financial statements are the same. Group companies are stated at net asset value in accordance with Note 2.7 to the consolidated financial statements.

For accounting policies for the company balance sheet and income statement, reference is made to the notes to the consolidated balance sheet and income statement on pages 10 to 16.

26. Intangible assets

Movements in intangible fixed assets (goodwill) can be broken down as follows:

(€ thousands)

	Total
At 1 January 2012	
Cost	24,234
Accumulated impairment and amortisation	(8,385)
Book value	15,849
Movements	
Purchased	–
Sold	–
Exchange rate differences	–
Newly consolidated / deconsolidated	3,210
Impairment	–
Amortisation	(1,334)
Balance	1,876
At 31 December 2012	
Cost	28,319
Accumulated impairment and amortisation	(10,522)
Book value	**17,797**
Amortisation rate	5%

(€ thousands)

27. Financial assets

Movements in financial fixed assets can be broken down as follows:

	Participating interests	Loans to participating interests	Deferred income tax assets	Total
At 1 January 2012	**112,999**	**38,647**	**1,013**	**152,659**
Investments	16,698	(38)	5,749	22,409
Share of profit of associates	(14,524)	–	–	(14,524)
Exchange differences	(686)	790	–	104
Dividends	(2,835)	–	–	(2,835)
Impairment	(227)	–	–	(227)
At 31 December 2012	**111,425**	**39,399**	**6,762**	**157,586**

One of the participating interests has a negative equity value. It is the intention to convert the loan which has been granted to this entity, into a capital contribution in 2013.

28. Receivables

	2012	2011
Receivables from group companies	5,988	5,800
Taxes and social security contributions	3,855	2,802
Receivables Stichting SBAH & STAD	795	3,973
Other receivables, prepayments and accrued income	1,002	3,050
Total	**11,640**	**15,625**

29. Group equity

The authorised and issued share capital amounts to € 5,000,000 divided into 5,000,000 shares of € 1.00 each, of which:

- 4,995,590 A class shares (nominal value of € 1.00 each)
- 4,410 B class shares (nominal value of € 1.00 each)

For more information on the Company's shareholding structure, we refer to page 39.

(€ thousands)

Statement of changes in shareholders' equity

	Issued share capital	Share premium	Reserve for translation differences	Legal and statutory reserves	Other reserves	Total
At 1 January 2012	**5,000**	**72**	**(3,542)**	**3,673**	**144,051**	**149,254**
Changes	–	–	–	–	–	–
Statutory reserves	–	–	–	(162)	162	–
Exchange rate differences	–	–	144	–	(180)	(36)
Result for the period	–	–	–	–	(19,898)	(19,898)
Dividend distribution	–	–	–	–	(5,475)	(5,475)
Repurchase	–	(72)	–	–	–	(72)
Other changes in reserves	–	–	–	–	(167)	(167)
	–	(72)	144	(162)	(24,708)	(24,798)
At 31 December 2012	**5,000**	**–**	**(3,398)**	**3,511**	**118,493**	**123,606**

Statutory reserves
The statutory reserve relates to undistributed income of participations.

30. Provisions
In other provisions an amount of € 0.9 million is included for long-term employee benefits. The remaining part is mainly related to claims and obligations.

31. Non-current liabilities
For terms and conditions of the loan and guarantee facility, refer to note 12 of the consolidated notes on page 22.

32. Current liabilities

	2012	2011
Bank overdrafts	32,676	20,013
Short term part of non-current liabilities	–	–
Receivables from group companies / subsidiaries	2,284	2,035
Taxation & social security contributions	1,502	1,291
Preferred dividend	–	–
Other debts, accruals and deferred income	4,319	2,955
	40,781	**26,294**

33. Commitments and contingencies not included in the balance sheet

Tax group liabilities

Per the end of 2012, there are still two corporate income tax groups within the company:

DHV Holding B.V.
The company forms a corporate income tax group with DHV B.V., DHV China B.V., DHV Global Engineering B.V., NACO and DHV NPC B.V. Under the standard conditions, the members of the tax group are jointly and severally liable for any taxes payable by the group.

Koninklijke Haskoning Groep B.V.
The company forms a corporate income tax group with Haskoning Nederland B.V., Haskoning Advies Beheer B.V., Haskoning International B.V., Haskoning International Services B.V., Haskoning B.V., BM Managers Bouwproces B.V., IM Consultancy B.V., Dordtse Engineering B.V., Raadgevend Technies Buro van Heugten B.V., Van Heugten Engineering B.V., VHP Stedebouw B.V., Corsmit Raadgevend Ingenieursbureau B.V., Ketel Raadgevend Ingenieurs B.V., De Weger Adviesgroep B.V., De Weger Architecten en Ingenieursbureau B.V. and IWACO B.V. Under the standard conditions, the members of the tax group are jointly and severally liable for any taxes payable by the group.

Amersfoort, 14 March 2013
The Netherlands

Executive Board

B.M. van Ee, Chairman
E. Oostwegel, Vice Chairman
J.M. de Bakker, CFO
P.W. Besselink
F. Heemskerk
H.J.D. Rowe

Supervisory Board

J.A.P. van Oosten, Chairman
W. van Vonno, Vice Chairman
J. Bout
S.M. Dekker
M.T.H. de Gaay Fortman
J.H.M. Lindenbergh
A.P.M. van der Poel
K.G. de Vries

Other Information

Other Information

Independent auditor's report

To: the General Meeting of Shareholders of Koninklijke Haskoning DHV Groep B.V.

Report on the financial statements

We have audited the accompanying financial statements 2012 of Koninklijke Haskoning DHV Groep B.V., Amersfoort, which comprise the consolidated and company balance sheet as at 31 December 2012, the consolidated and company income statement for the year then ended and the notes, comprising a summary of accounting policies and other explanatory information.

Management board's responsibility

The management board is responsible for the preparation and fair presentation of these financial statements and for the preparation of the management board report, both in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore, the management board 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 company'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 company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the management board, 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

In our opinion, the financial statements give a true and fair view of the financial position of Koninklijke Haskoning DHV Groep B.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 Dutch Civil Code.

Report on other legal and regulatory requirements

Pursuant to the legal requirement under Section 2: 393 sub 5 at e and f of the Dutch Civil Code, we have no deficiencies to report as a result of our examination whether the management board report, 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 management board report, to the extent we can assess, is consistent with the financial statements as required by Section 2: 391 sub 4 of the Dutch Civil Code.

Utrecht, The Netherlands, 14 March 2013
PricewaterhouseCoopers Accountants N.V.

P. Tieleman RA

Profit appropriation

Summary of the articles of association provisions governing profit appropriation

Articles 23 and 24 of the articles of association contain (in summary) the following relevant provisions of profit appropriation and dividend:

- The A shares and the B shares shall have equal rights to the profit. Insofar as the general meeting does not reserve the profit otherwise, and insofar as no replenishment, takes place out of the profit in any one financial year, this profit shall be added to the retained A surplus and the retained B surplus, and this in the same ratio as that in which the nominal amounts of all the issued A shares and B shares, respectively, stand to the issued capital.
- Shares and depositary receipts issued therefore held by the company or a subsidiary thereof, from which no rights to distributions can be derived, shall not be included in the determination of the ratio referred to in the preceding sentence.
- Any addition and replenishment shall take place after the adoption of the annual accounts from which it appears that there is profit available for such addition or replenishment.
- The company may make distributions to the holders of B shares and any other persons entitled to the distributable retained B surplus only insofar as the shareholders' equity exceeds the amount which must be maintained under the law. No distributions may be made out of the retained A surplus or out of any reserves other than the retained B surplus.
- Subject to provisions of article 23.3, distributions out of a retained B surplus as referred to in paragraph 1, may be made at all times pursuant to a resolution of the general meeting. The general meeting cannot resolve to discontinue a retained surplus. A resolution of the general meeting to proceed to a distribution out of the retained B surplus shall be subject to the approval of the management board. The management board may withhold its approval only if it knows or reasonably ought to have foreseen that the company, after such distribution, will be unable to continue to pay its due debts.
- No losses may be offset against a retained surplus, unless it concerns losses which cannot be defrayed out of a reserve – not being a retained surplus – or offset in any other way and the general meeting resolves, with the approval of all the holders of the shares corresponding with the retained surplus in question, to charge losses against the balance of the retained surplus in question. If and insofar as such is possible, losses shall be charged against the retained surpluses pro rata to the number of issued A shares and B shares at the time of the adoption of the aforementioned resolution.
- If a loss has been charged against one or both retained surpluses, as referred to in the preceding sentence, the profits made in the subsequent years shall be applied first of all in replenishing the amount that was charged against the retained surplus or surpluses.
- The general meeting may resolve that dividends will be paid in whole or in part in a form other than cash, but then only in the form of B shares of the company itself.
- The general meeting can, on a proposal thereto from the management board, decide, an interim addition shall be made to the retained surpluses, either chargeable against the profit or chargeable against a reserve other than a retained surplus.

Proposed profit appropriation

Given the loss over 2012, the Executive Board proposes that no dividend will be distributed to holders of A and B shares.

Participating interests

The following is a list of the main consolidated participating interests of Koninklijke Haskoning DHV Groep B.V. (unless stated otherwise, all interests are 100%):

Haskoning Advies Beheer B.V.,	**Nijmegen, The Netherlands**	
Haskoning Nederland B.V.,	**Nijmegen, The Netherlands**	
Haskoning B.V.,	Nijmegen, The Netherlands	
Ketel Raadgevende Ingenieurs B.V.,	Delft, The Netherlands	
Van Heugten Engineering B.V.,	Capelle a/d IJssel, The Netherlands	
De Weger Adviesgroep B.V.,	Rotterdam, The Netherlands	
De Weger Architecten- en Ingenieursbureau B.V.,	Rotterdam, The Netherlands	
Adviesbureau voor Wateren Milieu IWACO B.V.,	Rotterdam, The Netherlands	
BM Managers van het bouwproces B.V.,	Hoofddorp, The Netherlands	
IM Infra consultancy en management B.V.,	Hoofddorp, The Netherlands	
Dordtse Engineering B.V.,	Dordrecht, The Netherlands	
VHP Stedebouwkundigen + Architekten B.V.,	Rotterdam, The Netherlands	
Corsmit Raadgevend Ingenieurs B.V.,	Rijswijk, The Netherlands	
Haskoning UK Holdings Ltd,	**Peterborough, UK**	
Haskoning UK Ltd,	Peterborough, UK	
Posford (Malaysia) Sdn Bhd,	Malaysia	
Haskoning Belgium NV,	**Mechelen, Belgium**	
Haskoning International B.V.,	**Nijmegen, The Netherlands**	
Haskoning International Services B.V.,	Nijmegen, The Netherlands	
Haskoning Consultants, Architects and Engineers O.O.O.,	Moscow, Russia	
PT Haskoning Indonesia,	Jakarta , Indonesia	
Haskoning India PvT Ltd,	Mumbai, India	
Haskoning Caribbean Ltd,	Port of Spain, Rep. of Trinidad and Tobago	
HaskoningLibya JSC,	Tripoli, Libya	65%
Royal Haskoning Consulting (Shanghai) Co. Ltd.,	Shanghai, China	
Haskoning Sénégal Sarl,	Dakar , Senegal	
Haskoning Singapore Pte. Ltd,	Singapore	
Haskoning Australia Pty Ltd,	Sydney, Australia	
Haskoning Brasil Participacões Ltda,	Rio de Janeiro, Brasil	99%
Haskoning Consultaria E Projectos Ltda,	Rio de Janeiro, Brasil	99%
Haskoning Vietnam Ltd,	Ho Chi Minh City, Vietnam	
Haskoning Cambodia Ltd,	Phnom-Penh, Cambodia	
Royal Haskoning Qatar WLL,	Doha, Qatar	
ELC Group Turkey,	Istanbul, Turkey	90%

DHV B.V.,	**Amersfoort, The Netherlands**	
DHV NPC B.V.,	**Amersfoort, The Netherlands**	
NACO, Netherlands Airport Consultants B.V.,	**The Hague, The Netherlands**	
DHV Global Engineering Center B.V.,	**Amersfoort, The Netherlands**	
InterVISTAS Holding Inc.,	**Vancouver, Canada**	
InterVISTAS Consulting Inc.,	Vancouver, Canada	
InterVISTAS Consulting B.V.,	The Hague, The Netherlands	
DHV Holdings USA Inc.,	Wilmington, Delaware, United States of America	
InterVISTAS GA2 Consulting Inc.,	Washington D.C., United States of America	
InterVISTAS Consulting LLC	Washington D.C., United States of America	
InterVISTAS Servicos	Sao Paulo, Brazil	
DHV China B.V.,	**Amersfoort, The Netherlands**	
DHV Beijing Environmental Engineering Co. Ltd.,	Beijing, China	
DHV Engineering Consultancy Co. Ltd.,	Shanghai, China	
PT DHV Indonesia,	**Jakarta, Indonesia**	85%
PT Mitra Lingkungan Dutaconsult,	**Jakarta, Indonesia**	77.4%
HV India Private Ltd.,	**New Delhi, India**	
DHV Vietnam Company Ltd.,	**Hanoi, Vietnam**	
DHV CR, spol s.r.o.,	**Prague, Czech Republic**	
DHV Polska Sp. z o.o.,	**Warsaw, Poland**	
Hydroprojekt Sp. z o.o.,	**Warsaw, Poland**	
Prokom Sp. z o.o.,	**Warsaw, Poland**	
DHV SGPS, S.A.,	**Algés, Portugal**	
DHV, S.A.	Algés, Portugal	
SEED Lda.,	**Maputo, Mozambique**	
DHV Holding Africa Pty Ltd.,	**Johannesburg, South Africa**	
Stewart Scott International Holdings Pty Ltd.,	**Johannesburg, South Africa**	76.95%
Turgis Technology Pty Ltd.,	**Johannesburg, South Africa**	

Participating interests

Joint Ventures

VOF HR / DHV,	Amersfoort, The Netherlands	50%
Infraflex B.V.,	Utrecht, The Netherlands	33%
VOF Ingenieursbureau Vathorst,	Amersfoort, The Netherlands	50%
VOF Protected Storage Engineering,	Nijmegen, The Netherlands	100%
VOF Tunnel Engineering Consultants,	Veenendaal, The Netherlands	50%
VOF Segmeer,	Capelle a/d IJssel, The Netherlands	50%
VOF Ontwikkeling Maaslandziekenhuis Van Heugten/Huygen I.A.	Nijmegen, The Netherlands	50%
VOF Ontwikkeling Atrium Sante Van Heugten/Huygen I.A.	Nijmegen, The Netherlands	50%
VOF Ontwerpteam Bernhoven,	Rotterdam The Netherlands	50%
VOF Ontwikkeling St. Laurentius Huygen I.A. / Van Heugten,	Maastricht, The Netherlands	50%
VOF Arup / Van Heugten Het Nieuwe Rijksmuseum,	Amsterdam, The Netherlands	50%
VOF Railinfra Solutions,	Utrecht, The Netherlands	40%
VOF Royal Haskoning - Arup MC Renovatie Bruggen,	Amsterdam, The Netherlands	50%
VOF Adviesburean Noord/Zuidlijn,	Amsterdam, The Netherlands	50%
VOF Grontmij - De Weger,	Rotterdam, The Netherlands	
VOF EGM Deerns Corsmit,	Rotterdam The Netherlands	33%
Maatschap van Rossum - Corsmit samenwerkende ingenieurs,	Rijswijk, The Netherlands	50%
Maatschap Benthem Crouwel NACO,	The Hague, The Netherlands	50%
VOF Mecanoo Haskoning New Premises Eurojust,	Rotterdam, The Netherlands	

Other Group companies

BERA SARL,	Ouagadougou, Burkina Faso	30%
Chuchawal - Royal Haskoning Ltd,	Bangkok, Thailand	48.925%
Design 103 International Ltd,	Bangkok, Thailand	48.97%
DHV MED Ltd.,	Netanya, Israel	37%
SADECO,	Jeddah, Saudi Arabia	49%

Shareholding Structure

Koninklijke Haskoning DHV Groep B.V. has currently only one shareholder: the Stichting (foundation) HaskoningDHV. This foundation is the result of the merger in 2012 between the foundations, including trust offices, of Royal Haskoning and DHV, that held the shares in the respective companies. On short term a new trust office, the Stichting Administratiekantoor HaskoningDHV ("the Trust Office") will be incorporated by demerger from the Stichting HaskoningDHV. This process is in progress and will result in a final shareholders structure that consists of the Stichting HaskoningDHV that will hold all A shares (being min. 75.5% of the entire issued share capital) and the Trust Office that will hold the B shares (max. 24.5% of the entire issued share capital) equal to the issued certificates.

The B shares allow for the issue of certificates (the depository receipts) to eligible HaskoningDHV staff, but until the completion of the demerger all A and B shares are held by the Foundation HaskoningDHV. The Board of the foundation currently exists of eight members being representatives from the Supervisory Board, the Executive Board, the combined Works Councils and the depository receipt holders. This board acts as an interim board but, will be succeeded shortly by a new board that will consist of five members. One member will be appointed by (not out of) the Supervisory Board, the Executive Board, the combined Works Councils respectively. One member will be appointed by and out of qualified staff. The fifth member will be the Board's chair and will be an independent external individual to be appointed by the four members.

Trust Office
The scope of the Trust Office will be to manage the B shares and to issue and administer the depositary receipts for shares issued to HaskoningDHV staff. This Board will consist of 3 or 4 members, and will be appointed out of and by the receipt holders. The first board of the Trust Office will also be an interim board and will consist of only three members (all a board member of the previous trust office of Royal Haskoning and DHV respectively).

Stichting HaskoningDHV (Foundation HaskoningDHV)
Objective: to manage the A shares and until demerger also the B shares).

Composition of the Board:
1. J.J.M. Veraart (chair)
2. W. van Vonno (vice-chair)
3. B.M. van Ee
4. E. Oostwegel
5. N. van der Eerden
6. F.T. van der Molen
7. M.G.J. Grashof
8. T.F. Huber

This foundation currently holds 4,995,590 A shares and (temporarily) 4,410 B shares

Stichting Administratiekantoor HaskoningDHV (anticipated)
Objective: to manage the B shares in Koninklijke Haskoning DHV Groep B.V., and to issue and administer the depositary receipts for shares to eligible HaskoningDHV staff members.

Composition of the anticipated Board:
1. T.F. Huber (chair)
2. F.T. van der Molen (vice-chair)
3. M.J. Vermeulen

Structure Koninklijke Haskoning DHV Groep B.V.

HaskoningDHV Foundation (4,995,590 A shares and 4,410 B shares)

100%

Koninklijke Haskoning DHV Groep B.V.

Europe

- Architects and Engineers O.O.O.
- Corsmit Raadgevend Ingenieurs B.V. (in merger)
- De Weger Adviesgroep B.V.
- DHV CR spol.s.r.o.
- DHV Global Engineering Center B.V.
- DHV NPC B.V.
- DHV Polska Sp.z.o.o.
- DHV S.A.
- DHV SGPS S.A.
- Haskoning Advies Beheer B.V.
- Haskoning B.V.
- Haskoning Belgium N.V.
- Haskoning Consultants, ELC Ltd. (Turkey, 90%)
- Haskoning International B.V.
- Haskoning International Services B.V.
- HaskoningDHV Nederland B.V.
- Haskoning UK Holdings Ltd.
- Haskoning UK Ltd.
- Hydroprojekt Sp.z.o.o.
- InterVISTAS Consulting Ltd. UK
- NACO B.V.
- NACO Holding B.V.
- Raadgevend Technies Buro Van Heugten B.V.
- Turgis Consulting Ltd. UK

+ various subsidiaries

Asia & Middle East

- Chuchawal – Royal Haskoning Ltd. (49%)
- DHV China B.V.
- DHV Engineering Consultancy (Shanghai) Company Ltd.
- DHV (Beijing) Environmental Engineering Co. Ltd.
- DHV India Private Ltd.
- DHV MED (50%)
- DHV Vietnam Company Ltd.
- Haskoning Cambodja Ltd.
- Haskoning India Pvt. Ltd.
- Haskoning Qatar Ltd. (49%)
- Haskoning Singapore Pte. Ltd.
- Haskoning Vietnam Ltd.
- PT DHV Indonesia (85%)
- PT Haskoning Indonesia
- PT Mitra Lingkungan Dutaconsult (77%)
- Royal Haskoning Consulting (Shanghai) Co. Ltd.

+ various subsidiaries

Africa

- DHV Lda
- Haskoning Engineering Cons. (Nigeria) Ltd. (65%)
- Haskoning Lybia JSC (65%)
- Haskoning Senegal – SARL
- Stewart Scott International Holdings (Pty) Ltd. (76,95%)
- Turgis Technology (Pty) Ltd.

+ various subsidiaries

North & South America

- DHV Holdings USA Inc.
- InterVISTAS Consulting Inc.
- InterVISTAS Holding Inc.
- Haskoning Brasil Participações Ltda (99%)

+ various subsidiaries

Oceania

- Haskoning Australia Pty. Ltd.

+ various subsidiaries

Risk Profile

Introduction

On 28 February 2012 the announcement was published about the intention to merge between Royal Haskoning and DHV. Both companies did a due diligence which resulted in a satisfactory basis to continue the merger. On 1 July 2012 both companies started working closely together based on a 'modus operandi' which clearly indicated the rules and responsibilities to be followed until the legal merger as of 1 January 2013 to Koninklijke HaskoningDHV Groep BV.

Royal Haskoning and DHV had a risk management system in place where the most important risks were assessed periodically and measures were taken to control these risks. In the second half of 2012 these risk management systems were aligned and subsequently integrated based on the best practices of both companies.

In 2012 the most important corporate risks identified for the company were capacity, project control and taxes.

Corporate risks

Royal HaskoningDHV executes a large number of projects worldwide for both private and public sector clients. As an internationally operating company our activities are spread over various geographical regions and clients which have a mitigating effect on the capacity. However, as a consequence of the worldwide economic slowdown, decreased public expenditures, especially in Europe, and increased competition Royal HaskoningDHV has not been able to generate a satisfactory utilization rate. The capacity in relation to the order portfolio has received continuous attention of the Board. Focus was on the development of new earning models, intensify business development to generate new leads, further improve structured account management to strengthen the relationship with our existing clients and rightsizing staff capacity to the order portfolio.

An important risk is related to the adequate control of the execution of our projects. During 2012 both companies continued with their own risk control procedures. Mid 2012, a combined authorization matrix came in place that defined the approval limits for certain transactions. In addition, a combined Risk Assessment Board was established, consisting of the entire Board and Corporate Director Legal, which reviews and assesses the high risk prequalifications and proposals of both companies. In the second half of 2012 a Quality Management System was developed that incorporates controls that have to mitigate risks during prequalification, proposal and project execution. This corporate Quality Management System will be rolled out in the course of 2013 to all Business Lines and companies. As Royal HaskoningDHV operates internationally in a Business Line dominated structure where entities are set up as a vehicle to generate (new) business, tax compliance is of utmost importance. As part of the Quality Management System review of tax consequences is incorporated for international work. In addition, Royal HaskoningDHV is setting up a combined tax control framework that should further strengthen our tax compliance.

Other risks

Systems

To ensure reliable operations of the global ICT systems, operations of these ICT systems have been partially outsourced to an international ICT service provider. Further, the project administrations of both companies have to be integrated and/or aligned. In the largest market of Royal HaskoningDHV, The Netherlands, both companies successfully merged to one ERP project administration.

Currency risk

Royal HaskoningDHV has currency risk on a part of the turnover. For the most part this concerns a risk pertaining to the US Dollar, but also less traded currencies are included in our portfolio. Our policy aims to cover the currency risk during the execution of our projects as much as possible.

Guarantee risk

A number of our clients require the issuance of corporate guarantees for the execution of a project. It is our policy to limit the issuance of such guarantees as much as possible. Because of this, the internal balance sheet management aims to ensure that solvency of our companies is sufficient in order to operate independently in the market.

Risk Profile

Pensions

Royal HaskoningDHV has pension plans with so called 'defined contributions'. This will prevent that the volatility of assets and liabilities of the pension funds will have an important impact on the balance sheet.

In the United Kingdom a pension plan is operated with 'defined benefits' which was closed to future accrual during 2005. All benefits accrual in the plan ceased on 30 June 2005 at which time all remaining active members became deferred members. In respect of the defined benefit scheme following the completion of the triennial valuation of the scheme as at 1 November 2009 the level of regular deficit funding increased to EUR 1.2 million per annum from the start of 2011 and increasing thereafter by 3% per annum until completion of the next review.

Business integrity

Doing business in a responsible manner and with integrity is of utmost importance for the reputation of Royal HaskoningDHV. Non- compliance with international and local legal and regulatory prescriptions may damage our reputation and thus might have a great impact on its results.

DHV had instituted a Business Integrity Management System (BIMS) which lays down clear guidelines and rules of conduct regarding integrity. BIMS helps to conduct our global business in accordance with the highest standards of integrity. In 2012 an external compliance audit was successfully completed.

Royal Haskoning had its own building blocks to ensure that the company acts according to its values and business principles.

The Executive Board considers BIMS a best practice and decided to implement BIMS for Royal HaskoningDHV.

World-wide expertise delivered locally

Royal HaskoningDHV is an independent, international project management, engineering and consultancy service provider. Ranking globally in the top 10 of independently owned, non-listed companies and top 40 overall, the company's 7,000 staff provide services across the world from more than 100 offices in over 35 countries.

Our connections

Innovation is a collaborative process, which is why Royal HaskoningDHV works in association with clients, project partners, universities, government agencies, NGOs and many other organisations to develop and introduce new ways of living and working to enhance society together, now and in the future.

Memberships

Royal HaskoningDHV is a member of the recognised engineering and environmental bodies in those countries where it has a permanent office base.

Royal HaskoningDHV consultants, engineers, architects, planners, environmental and other specialists are members of their individual branch organisations in their various countries.

royalhaskoningdhv.com

Royal HaskoningDHV
Enhancing Society Together