

HEVO HAZENBERG BOUW
MOBILIS KOOPMANS BOUWGROEP ERI-JADCO COMFORT PARTNERS
J.P. VAN EESTEREN
KORTEWEG BOUW SHVL WOLTER & DROS
EKEKELS SYNCHROON NICO DE CROON
ELEKTROTECHNIEK
WTH VLOERVERWARMING ACTO BONT CROON
INFORMATISERING SYNCHROON ELEKTROTECHNIEK



ANNUAL REPORT 2012

STRENGTH IN UNITY

ERA MIDB ALFEN
CONTOUR VOORBIJ
RETON

> THE ANNUAL REPORT 2012 IS PUBLISHED BY TBI HOLDINGS B.V. AND FORMS PART OF A TRIO OF PUBLICATIONS TOGETHER WITH THE ANNUAL MAGAZINE 2012 AND THE SUSTAINABILITY REPORT 2012.

'STRENGTH IN UNITY'

In the annual report we render account for the financial year 2012. The sustainability report gives an insight into our sustainability strategy and performance in 2012. The annual magazine provides background information on current developments and notable projects at TBI.

CONTENTS

Strength in unity	2	Financial statements 2012	49
TBI 2012 at a glance	4	Consolidated balance sheet as at 31 December 2012	50
Key figures TBI	6	Consolidated profit and loss account for the year 2012	51
1 Profile, strategy and ambitions	7	Consolidated cash flow statement 2012	52
1.1 Profile	7	Notes to the consolidated financial statements	53
1.2 Ambitions and strategy	8	Notes to the consolidated balance sheet	59
Members of the Supervisory Board	10	Notes to the consolidated profit and loss account	66
2 Report of the Supervisory Board	11	Company balance sheet as at 31 December 2012	70
2.1 Annual report 2012 and proposed appropriation of result	11	Company profit and loss account for the year 2012	70
2.2 Composition and functioning of the Board of Management	11	Notes to the company financial statements for the year 2012	71
2.3 Composition and independence of the Supervisory Board	12	Other information	75
2.4 Activities of the Supervisory Board	12	Provisions of the Articles of Association concerning appropriation of the result	75
2.5 Corporate governance	14	Appropriation of result 2011	75
2.6 Supervisory Board committees	14	Proposed appropriation of result 2012	75
2.7 Central Works Council	15	Independent auditor's report	76
2.8 Conclusion	15	Overview of operational structure and managements of TBI companies	78
Members of the Board of Management	16	Business developments at a glance	79
3 Report of the Board of Management	18	Operational structure of TBI	86
3.1 General	18	Definitions	87
3.2 Strategic Agenda 2013-2015	20	Colophon	88
3.3 Personnel and organisation	21		
3.4 Sustainable enterprise	27		
3.5 Financial results, capital and finance	29		
3.6 Market developments and outlook for 2013	33		
3.7 Developments in the segments	35		
3.8 Corporate governance	38		
3.9 Risk management	41		

STRENGTH IN UNITY

INTRODUCTION

TBI Holdings B.V. (TBI) achieved a good operating result before impairment in 2012. After allowing for a reorganisation charge and an adjustment in the value of the real estate portfolio, a positive net result was still recorded. Given the continued deterioration of the market, declining consumer confidence and increased competition, this is something to be proud of. Our operating revenue and operating results before impairment are in line with the previous year, and we have also maintained our strong balance sheet position. A solvency ratio of 34 percent can serve as a source of confidence for all our clients.

FUTURE

We completed our strategic review in 2012. This led to the adoption at the end of 2012 of our Strategic Agenda 2013-2015. The Agenda clearly expresses two characteristics of our business: the strength of our decentralised group structure with entrepreneurship as the basis, and the benefits of scale of the group as a whole. Together we have marked out a route towards more multidisciplinary cooperation. This cooperation is of great importance, because the market mechanisms which held sway for many years have disappeared or changed markedly. The market no longer wants stand-alone construction and/or installation contracts, but is looking for total solutions in which the operating costs of a building are also known in advance. Demand for integrated solutions has increased. The TBI portfolio strikes an optimum balance between construction activities and our very strong position in the installation contracting market. This unique combination puts us in a perfect position to play a leading role in the drive to make the built environment more sustainable. In December 2012, a presentation was given to our TOP 250 employees on how we can maintain and build our prominent and distinctive market position. Our companies feel stronger because of the clear course, shared values and concentrated focus on the growth objectives in our agenda.

ORGANISATIONAL IMPROVEMENTS

In formulating the Strategic Agenda 2013-2015, we are moving with the changes in the market. In preparation for this Agenda, we conducted a review of our organisation. In the Engineering segment, we decided to implement organisational improvements in order to offer an even better service to our clients through total solutions. Changes were instigated at a number of our companies in 2012. We began making preparations to amalgamate Croon Elektrotechniek B.V. and HVL B.V. to create a single, nationally operating electrical engineering company. In addition, the maintenance departments of Croon Elektrotechniek B.V. and Ingenieursbureau Wolter & Dros will merge their electrical and mechanical engineering disciplines in 2013 with a view to generating further growth in the market for integrated long-term maintenance, thereby matching the needs of clients. There will also be greater cooperation at regional level.

GROUP STRUCTURE

The TBI companies draw strength from our decentralised group structure. They operate close to their clients and have commercial striking power. They endorse the way in which TBI organises the collective entrepreneurship. A Management Advisory Council has been created, comprising directors from the larger TBI companies, to ensure unity within the group. The Council advises the Board of Management on overarching themes such as sustainability, safety, innovation and multidisciplinary cooperation.

POINTS FOR IMPROVEMENT

TBI takes opportunities for improvement seriously. There is a strong drive for innovation within the group, but the results of that drive are not always sufficiently visible for the market. Innovative concepts could be brought to the market more quickly. Safety also warrants extra attention. Safety awareness is better embedded in the Industry segment than in Construction. TBI takes this as an example for working more safely.

SUSTAINABLE ENTERPRISE

Sustainability forms the basis of our entrepreneurship. It marks the contours of the new reality: the transformation from volume growth to sustainable progress. Our group is a leading concern on many fronts. Our collective presence enables us to stand out clearly in the creation and management of the built environment. Being involved from the design stage right through to the maintenance phase affords us the opportunity to make the built environment more sustainable. Sustainable enterprise also means targeting long-term continuity and seeking to instil a sense of responsibility in our employees. The need for this in society is great: future generations also deserve to have a world which is fit to live in. There is no shortage of opportunities. The housing construction market has changed from a supply-driven to a demand-led market. There are many opportunities in reusing buildings and making them more sustainable, for example through energy improvements, recycling of building materials and management of total building operating costs. Our challenges include the building of affordable homes and making the existing building stock more sustainable.

APPROPRIATE CONFIDENCE

The results achieved and the choices made in 2012 show that we have made thorough preparation for the future. TBI has a unique portfolio with construction, infrastructure and engineering companies which engage in multidisciplinary cooperation and are therefore able to offer total solutions to complex problems. TBI is built on a combination of strong, leading companies each with strong distinctive features in their own field and/or market segment. The Strategic Agenda 2013-2015 and the reconfiguration of the organisation have made TBI future-proof.

We wish to thank our employees for their dedication and commitment in 2012. We would also like to thank our clients for the confidence they have placed in TBI and its companies. The group has a solid basis and goes into the coming period with an appropriate measure of confidence.

Rotterdam, 14 March 2013

On behalf of the Board of Management of TBI Holdings B.V.

D.A. Sperling (Chairman)

TBI 2012 AT

TBI attaches high priority to safety in construction

Fifteen partners, including TBI, established a raft of agreements in 2012 designed to eliminate accidents from the construction and infrastructure industries and to achieve safety in a more efficient and effective way. Each year an average of five people lose their lives on construction sites and dozens suffer permanent injury following an accident.

Agreements on achieving better safety with less effort are therefore sorely needed. The belief is that by harmonising the agreements in a Governance Code, much more can be achieved. This involves an integrated approach incorporating risk management, working methods, education and training, personal protective equipment and supervision.



February

TBI and the Delft University Fund (UfD) establish internship fund

TBI Holdings B.V. and Delft University Fund (UfD) founded the 'UfD-TBI Internship Fund' in early 2012. The fund, which is financed by TBI, will be used to provide discretionary funding for students at Delft University of Technology (TU Delft) who request financial support from Delft University Fund during their internship.

April

Wolter & Dros supply technical plant for the most sustainable building in the Netherlands

In April 2012, the new UPC Nederland offices in Leeuwarden became the first building in the Netherlands to receive the BREAAAM NL Excellent certificate. With an average GPR score of 8.3, this building is extremely energy-efficient. The building also employs geothermal heating and is cooled by water from the Harlingertrekvaart waterway. This produces energy savings without sacrificing comfort.

Wolter & Dros supplied the technical plant for the building.



May

Hazenberg creates homes in historic convent

Bouwbedrijf Hazenberg, in partnership with sister company Nico de Bont, began implementing the 'Parc Glorieux' plan in Vught in May 2012. This former convent is being given a new and sustainable lease of life. Splendid, characterful apartments will be created within the existing building. The two companies are also working together on the Grasso machine factory in 's-Hertogenbosch. Hazenberg is transforming the production halls while production continues, while Nico de Bont is restoring the historic building shell.

JANUARY

FEBRUARY

MARCH

APRIL

MAY

JUNE

March

Fri Jado develops an integrated cooling and heating system

Fri-Jado, which celebrated its 75th anniversary in 2012, has developed an integrated cooling and heating system for climate control in supermarkets. Combining these two functions in a single climate system creates an efficient energy balance between cooling and heating. As well as saving costs, reusing heat in supermarkets is also very attractive from an environmental and sustainability perspective.

March

HVL wins bronze medal for sustainable enterprise 2012

At the end of March 2012, HVL was awarded a bronze medal by the Keurmerk Duurzame Ondernemer organisation for sustainable enterprise in Eindhoven. Companies in Eindhoven which carry this organisation's quality mark are marked out as being consciously committed to people, planet and the economy.



May

TBI installs wind energy on all construction sites

Since May 2012, all TBI construction sites have been supplied with electricity generated entirely from wind energy. In 2011, TBI became the first construction company in the Netherlands to switch entirely to green electricity for all its offices. In the context of sustainable enterprise, all TBI companies will be required to reduce their energy consumption, and therefore their CO₂ emissions, substantially in the coming years. A 75 percent saving in CO₂ emissions was already being achieved in 2011, and emissions fell further in 2012 due to switch to wind energy on all construction sites.



June

Korteweg begins construction at Markdal nature reserve

On the edge of the city of Breda, looking out over the Markdal nature reserve, Korteweg is creating the prestigious new-build project 'Buitenplaats Marckhoek', consisting of apartments and patio homes. The topping-out point was reached in 2012 and completion of the project is expected at the end of 2013.



Acto software advances The New World of Work

Acto Informatisering produced a new generation of ERP software in 2012 for the construction, infrastructure and installation contracting sectors. The project management and service management software can be installed on a tablet, making it fully compatible with the New World of Work. A number of apps are also being developed.

A GLANCE

July

Eekels works on major order from Damen Shipyards

Eekels Elektrotechniek is installing the electrical plant for eight Platform Supply Vessels for Damen Shipyards, including the propulsion drive systems. The vessels must be environmentally friendly, efficient and profitable, which is why electrical propulsion systems have been chosen. A number of other measures are also being taken in order to lessen the environmental impact. The vessels meet the guidelines for 'Clean Design' and 'Environmental Protection'.

October

Disabled employees totally normal for WTH

Since October 2012, WTH has been a member of the employers' platform *De Normaalste Zaak* ('The most natural thing in the world'), a collaborative venture in which around 70 companies participate in order to support people who are at a distance from the labour market. WTH has for years had its distributors produced by around a hundred people in sheltered employment places, where most of them are also assembled and tested. For WTH, it is the most natural thing in the world to give people who face challenges in accessing the labour market an opportunity to become engaged in 'social return'.



November

Croon-BAM-Mobilis win contract to maintain Western Scheldt Tunnel

The contract for the maintenance of the Western Scheldt Tunnel and the approach roads has been awarded for the period 2013-2033 to the consortium Croon-BAM-Mobilis. In awarding the contract, quality counted for 70 percent and the price for 30 percent. The companies concerned see the contract as an affirmation of the confidence in their expertise in maintaining complex infrastructure projects.

JULY

AUGUST

SEPTEMBER

OCTOBER

NOVEMBER

DECEMBER

October

Croon among top ten Best Employers 2012

This emerged from a joint survey by Effectory and VNU Media. Croon achieved sixth place in the rankings thanks to its unflinching devotion to being a good employer. This is also apparent from the score it achieved for general employee satisfaction, which rose in 2012 from 7.7 to 8.1.



November

Groothuis Wonen ready for today's housing market

Surplus®Advanta and Groothuis Woningbouw pooled their strengths at the end of 2012. Together, these two organisations will continue under the new name Groothuis Wonen B.V. The new company will concentrate on small serial production and short construction times, a segment which offers many opportunities for the realisation of construction projects in the current housing market. The construction system developed by Groothuis Wonen will also be used in TBI's lekkerEIGENhuis housing concept, a system which gives consumers maximum freedom of choice and links conceptual construction with sustainable neighbourhood and district development.



lekkerEIGENhuis
smk • dea • baar • op smak

November

Koopmans delivers energy-efficient supermarket

A new, energy-efficient supermarket for the Albert Heijn chain was opened in November 2012 in the town of Almere. The supermarket car park is lit with LED lighting, and solar panels have been installed on the roof. The heat emitted by the supermarket's refrigeration systems will be used to heat the building. This means that the supermarket requires no gas or district heating. Water capture reservoirs have been installed beneath the car park, which will function as a buffer in the event of heavy rainfall. Koopmans was awarded the contract to construct the building by Bun Projectontwikkeling.

December

J.P. van Eesteren completes Paleis van Justitie law courts in Amsterdam

Quality and sustainability are the key words for the new law courts (Paleis van Justitie) in Amsterdam, part of the IJDock development. The building has been given a two-star BREAAAM accreditation ('Good'). The building is heated and cooled using underground heat and cold storage combined with a heat pump. Other distinctive features of the building include the use of high-grade, sustainable materials, ceramic tiles, natural stone, white prefabricated concrete and glazed brick. The law courts, covering a total area of 34,000 square metres, are also a striking example of collaboration between TBI companies. J.P. van Eesteren had overall responsibility for the project, while Wolter & Dros and Croon carried out the installation contracting work.



KEY FIGURES TBI

	2012	2011	2010	2009	2008
CONSOLIDATED FIGURES¹					
Operating revenue	2,122	2,172	2,024	2,137	2,404
EBITDA ²	56.5	59.4	45.3	47.3	85.3
Operating result ²	31.7	33.3	18.0	22.3	61.5
Net result	5.8	24.2	-33.6	15.5	47.8
Total assets	763.5	793.9	738.3	785.5	868.0
Shareholders' equity	261.7	263.3	239.4	277.5	276.3
Interest-bearing long-term liabilities	8.6	-	-	12.5	29.3
Net working capital	19.4	-74.4	-99.3	-55.9	40.2
Cash at bank and in hand	129.4	216.1	237.4	246.0	167.0
Orders received	1,780	1,940	2,140	2,066	2,956
Order book	1,916	2,394	2,796	2,573	2,885
Net investments in tangible assets	24.2	24.2	21.0	16.1	18.7
Depreciation of tangible assets	24.0	25.2	26.6	24.5	23.4
Amortisation of intangible assets	0.9	0.8	0.7	0.5	0.4
Cash flow	51.2	50.2	50.6	40.5	71.6
Average number of employees	8,216	8,498	8,736	8,930	9,146
Number of employees at year-end	8,143	8,253	8,742	9,000	9,254
RATIOS					
Operating result as % of operating revenue ²	1.5	1.5	0.9	1.0	2.6
Net result as % of					
– operating revenue	0.3	1.1	-1.7	0.7	2.0
– shareholders' equity	2.2	9.2	-14.0	5.6	17.3
Capital ratio (%)	34.3	33.2	32.4	35.3	31.8
Current ratio	1.30	1.26	1.22	1.32	1.31

¹ Amounts x EUR 1 million.

² Before impairment.

1 PROFILE, STRATEGY AND AMBITIONS

(all amounts are in euros, unless stated otherwise)

1.1 PROFILE

GENERAL

With an average of 8,200 employees, TBI Holdings B.V. (TBI) generated operating revenue of 2.1 billion in 2012 and an operating result before impairment and deduction of reorganisation costs of 41.6 million. After deduction of reorganisation costs (9.9 million) the remaining operating result was 31.7 million.

TBI comprises a network of companies active in the following segments, markets and areas of society:

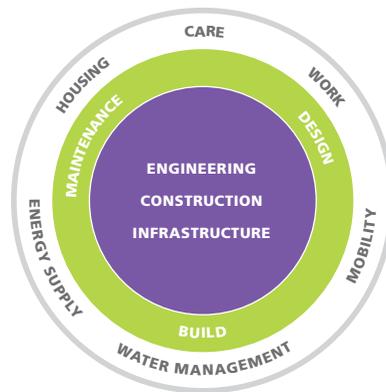
SEGMENT	MARKET	DOMAIN
ENGINEERING	Residential construction	Housing
	Non-residential construction	Care
	Infrastructure (civil engineering)	Work
	Industry	Mobility
	Marine & Offshore	Energy supply
CONSTRUCTION	Residential construction	Housing
	Non-residential construction	Care
	Non-residential construction	Work
INFRA-STRUCTURE	Infrastructure (civil engineering)	Work
	Industry	Mobility
	Industry	Water management
		Energy supply

The TBI companies operate both independently and in partnership, primarily in the Dutch home market. The companies share knowledge, deploy their capacity to best advantage and focus on the integral design, construction and maintenance of a sustainable residential, working and living environment. Through multidisciplinary cooperation between its engineering, construction and infrastructure activities, TBI is able to create added value for its stakeholders, including its customers, staff, shareholder, suppliers and the wider

community. TBI is a private company with limited liability which operates a full two-tier (dual board) regime under Dutch law. The company sets itself apart through its shareholder structure, in which the sole shareholder is an independent foundation, Stichting TBI.

TBI has a decentralised group structure, in which entrepreneurship is embedded as low down in the organisation as possible, within the individual TBI companies themselves. This structure ensures that each TBI company is able to develop autonomous entrepreneurship. Unity is reflected in the pursuit of a common course, in the embracing of shared core values and in the code of conduct applied by TBI and its companies. Part of this philosophy involves providing an inspiring working environment and adopting the principles of sustainable enterprise.

TBI companies are at the heart of the community and conduct themselves in a way that fully reflects their corporate social responsibility.



VISION

Housing, work, care, mobility, energy supply and water management are essential themes in a modern society. There have been great changes in these areas in recent years, driven by underlying trends such as the need for more efficient use of energy and our natural resources, the use of sustainable materials and processes and the

emergence of alternative energy. These changes are closely interrelated and together result in a 'different' economy. Instead of quantitative growth, the world is moving towards a new equilibrium in which corporate social responsibility and sustainability are key notions. Together they form the context for modern enterprises which wish to make a genuine contribution to improving quality of life.

For TBI, sustainable enterprise is the basis, both now and in the future.

MISSION

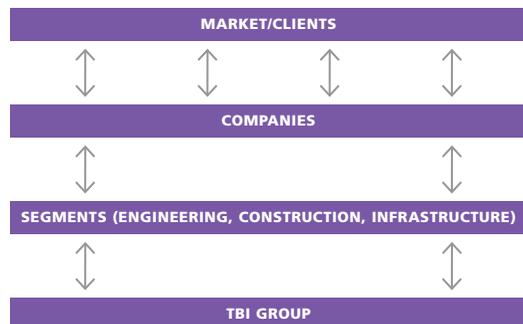
The staff of TBI work together to create a profitable, sustainable business active in the Engineering, Construction and Infrastructure sectors. To this end, TBI creates an optimum balance between social commitment, economic progress, personal development, sustainable entrepreneurship and corporate social responsibility. TBI sets itself apart through high-quality construction and technologically advanced applications, achieved through powerful mutual cooperation and a strong focus on the needs and wishes of our clients. This enables TBI and its staff to make an active contribution both to resolving current issues facing the wider community and to the sustainable development of our society.

1.2 AMBITIONS AND STRATEGY

AMBITIONS

- TBI is committed to maintaining and if possible improving its present market position as one of the leading group of companies in the engineering and construction sectors.
- TBI seeks to achieve an acceptable return which matches the risk profile of the portfolio. TBI companies only carry out those projects which fit with their existing know-how and capability. Projects must be carried out in a safe, sustainable and cost-effective way.
- TBI strives for financial stability, for TBI as a whole and for its companies. Financial stability gives our stakeholders certainty about the continuity of our businesses in the short and long term. It entails combining solid ratios (return on equity, capital ratio and liquidity) with the certainty of a long-term banking facility.

In December 2012 the Board of Management adopted the Strategic Agenda for the years 2013-2015. The strategic objectives set out in the Strategic Agenda will be achieved through three interrelated and mutually reinforcing strategic levels. The relationship between these levels is as follows:



A Management Advisory Council has been created to safeguard the mutual relationship between these three levels.

STRATEGY

TBI's strategy is to create an optimum balance between the decentralised group structure (entrepreneurship as the basis) and the benefits of scale of a large concern, based on the guiding principle of sustainable entrepreneurship.

TBI achieves its strategic objectives through:

- Autonomy in unity
 - Decentralised group structure (autonomy)
 - Exploitation of benefits of scale (unity)
- Social awareness
 - Leadership in corporate responsibility
- Employership
 - Safe working environment
 - Staff fulfilment, development and training
- Cooperation
 - Total solutions for the construction and management of the built environment

Key points here are:

- Focus on an integrated approach; multidisciplinary cooperation
- Cost optimisation and control
- Being a top player in relevant markets
- Development and marketing of group-wide innovative concepts
- Strengthening of TBI corporate identity

GROWTH AREAS

- Growth in management and maintenance (asset management)
- Development of market position in sustainable energy supply
- Strengthening of market position in infrastructure segment

From a position of strength in unity, TBI pursues a course which entails a stronger focus on the market and the customer, more pooling of knowledge and strengths and more joint presentation of our strong products.

MEMBERS OF THE SUPERVISORY BOARD

as at 14 March 2013

J.B. VAN DONGEN (69) (CHAIRMAN)

Appointed in April 2003; most recent reappointment: 2011; resigning in 2015; Dutch nationality.

- Chairman of the Audit Committee
 - Chairman of the Remuneration Committee
- Former Chief Financial Officer of Eneco Holding N.V. and NBM Amstelland N.V.

PRINCIPAL OTHER POSITIONS OR OFFICES HELD

Chairman of the Supervisory Board of Remia B.V.

E.H.M. VAN DEN ASSEM (63)

Appointed in July 2012; resigning in 2016 (available for reappointment). Dutch nationality.

- Chairman of the Strategic Committee
- Former positions held: Chairman of the Board of Management of TBI Holdings B.V., Cofely Nederland B.V., member of the Board of Management of Hagemeyer N.V., DAF Trucks N.V., and various positions at ITT, Alcatel Nederland B.V. and Fokker Aircraft B.V.

PRINCIPAL OTHER POSITIONS OR OFFICES HELD

Chairman of the Supervisory Board of Eneco B.V., MCB International B.V., member of the Supervisory Board of Flight Simulation Company, member of the Board of FME-CWM, member of the Advisory Board of DAS Rechtsbijstand, Mentha Capital, advisor to young starting entrepreneurs (Home Automation Europe B.V., The Next Web B.V.).

A.L.M. NELISSEN (64)

Appointed in September 2012; resigning in 2016 (available for reappointment). Dutch nationality.

- Member of the Audit Committee
 - Member of the Selection and Appointments Committee
- Former member of the Board of Management of Dura Vermeer Groep N.V.

PRINCIPAL OTHER POSITIONS OR OFFICES HELD

Member of the Supervisory Board of APG Groep N.V., VADO Beheer B.V., Van Nieuwpoort Groep N.V., Zuid Nederlandse Theater Maatschappij N.V., vice-chairman of the Supervisory Board of Stichting Deltares, member of the board of Rijksmuseum Fonds.

J.E. DE VRIES (56)

Appointed in April 2006; most recent reappointment: 2010; resigning in 2014 (available for reappointment). Dutch nationality.

- Chairman of the Selection and Appointments Committee
 - Member of the Strategic Committee
- Managing director of Investeringsmaatschappij Schansborgh B.V.

PRINCIPAL OTHER POSITIONS OR OFFICES HELD

Chairman of the Supervisory Board of Itho-Daalderop B.V., member of the Supervisory Board of Koninklijke Dekker B.V., Koninklijke Oosterhof Holman Beheer B.V., Investerings- en ontwikkelingsmaatschappij N.V. NOM.

2 REPORT OF THE SUPERVISORY BOARD

2.1 ANNUAL REPORT 2012 AND PROPOSED APPROPRIATION OF RESULT

Pursuant to Article 22, paragraph 4 of the Articles of Association of TBI Holdings B.V., we have the pleasure in presenting the annual report for 2012 and the Report of the Supervisory Board to the Annual General Meeting of Shareholders. The annual report, incorporating the Report of the Board of Management and the financial statements for the financial year 2012, has been prepared by the Board of Management. An unqualified auditor's report has been issued in respect of the financial statements by the external auditor, PricewaterhouseCoopers (PwC). The auditor's report may be found on page 76 and 77 of this report.

We invite the Annual General Meeting of Shareholders to:

- adopt the financial statements 2012, including the proposed appropriation of the result;
- discharge the members of the Board of Management from liability in respect of the policy pursued in the financial year 2012;
- discharge the members of the Supervisory Board from liability in respect of their supervision of the policy pursued in the financial year 2012.

The financial statements and annual report 2012 were discussed at length with the external auditor by the Audit Committee in the presence of the Board of Management. The financial statements were also discussed in a meeting of the full Supervisory Board with the Board of Management, in the presence of the external auditor. The quality of the internal risk management and control systems was also discussed at this meeting.

TBI recorded a net result of 5.8 million in 2012. The Supervisory Board has approved the appropriation of the result as proposed by the Board of Management. It is proposed that, from the net result of 5.8 million, an amount of 1.7 million will be distributed in the form of a cash dividend to the shareholder and that the remaining 4.1 million will be added to the general reserves.

2.2 COMPOSITION AND FUNCTIONING OF THE BOARD OF MANAGEMENT

On 31 December 2012, the Board of Management comprised the following members:

- D.A. Sperling (Chairman);
- L.J. Pruis.

Mr E.H.M. van den Assem stepped down as Chairman of the Board of Management on 1 July 2012 and with effect from the same date became a member of the Supervisory Board. Mr D.A. Sperling was appointed Chairman of the Board of Management by the Supervisory Board with effect from 1 July 2012.

At the nomination of the Selection and Appointments Committee, the Supervisory Board decided in September 2012 to appoint Mr L.J. Pruis to the Board of Management. Mr Pruis replaced Mr A.A. Voogel, who held this office from 1 February to 30 September 2012 inclusive. Mr Pruis will be chiefly responsible for the Finance and ICT portfolios.

Given the size of the Board of Management, the criterion set by the legislator that a minimum of 30 percent of the seats must be occupied by women was not met.

During the financial year 2012, the Supervisory Board evaluated the functioning of the Board of Management and of its individual members. In the view of the Supervisory Board, the Board of Management possesses the necessary competences and functions satisfactorily. This is reflected in the emphasis on unifying themes between the companies and the clear Strategic Agenda 2013-2015. The positive contribution to the operating result by all sectors of TBI should also be mentioned in this regard. The annual assessment of the development positions led to the application of an impairment, but on balance TBI recorded a positive operating result in 2012.

2.3 COMPOSITION AND INDEPENDENCE OF THE SUPERVISORY BOARD

The composition of the Supervisory Board has changed in 2012. On 31 December 2012, the Supervisory Board comprised the following members:

- J.B. van Dongen (chairman);
- E.H.M. van den Assem;
- A.L.M. Nelissen;
- J.E. de Vries.

On 12 April 2012, Mrs I.P. Asscher-Vonk and Messrs J.C. ten Cate and P.A.M. Berdowski ended their membership of the Supervisory Board at their own request. They performed their duties for a great many years and made an important contribution to the development of TBI. TBI greatly appreciates their support and dedication over a long period.

Mr Van Dongen took over the chairmanship of the Supervisory Board from Mr Ten Cate. On 1 July 2012 the (former) chairman of the Board of Management of TBI Holdings B.V., Mr E.H.M. van den Assem, joined the Supervisory Board, followed on 1 September 2012 by Mr. A.L.M. Nelissen.

The Articles of Association limit the term of office of Supervisory Board members to a maximum of 12 years. All members of the Supervisory Board were independent in 2012 within the meaning of best practice provision III.2.2 of the Dutch Corporate Governance Code.

The Supervisory Board will attempt to fill the remaining vacancy as soon as possible in order to bring the Board back up to the desired number of five (5) members. At the invitation of the Supervisory Board, the Central Works Council exercised its right of recommendation and nominated a candidate for membership of the Supervisory Board. The Annual General Meeting of Shareholders did not exercise its right of recommendation. The Supervisory Board has adopted the nomination by the Central Works Council. The intention is that the candidate will be appointed to the Supervisory Board at the next Annual General Meeting of

Shareholders (April 2013). The Supervisory Board discussed the managerial competences required for adequate performance of its duties on several occasions in 2012. The Board believes that, after the proposed addition of a new member, the composition of the Supervisory Board will be adequate and in accordance with the requirements of the Dutch Management and Supervision Act (*Wet Bestuur en Toezicht*).

2.4 ACTIVITIES OF THE SUPERVISORY BOARD

The Supervisory Board held scheduled meetings with the Board of Management on four occasions in 2012. These meetings were preceded as usual by a closed meeting of the Supervisory Board. In addition, two further meetings took place in 2012 in connection with the administrative changes highlighted as mentioned before.

The chairman of the Supervisory Board held regular informal meetings with the chairman of the Board of Management to discuss the course of business. In addition, the chairman of the Supervisory Board held several meetings with the individual members of the Board of Management.

SAFETY

During the year under review, the Supervisory Board and the Board of Management together devoted attention to the safety policy of TBI. Key topics discussed included raising safety awareness and strengthening the culture of compliance with safety rules. The safety policy was a permanent point on the agenda of meetings with the Supervisory Board in 2012. We also refer to section 3.3 of this annual report for more information on this topic.

RESULTS

The regular meetings in March, June, September and December devoted a good deal of attention to the financial results of TBI. The Supervisory Board focused particularly on assessing the measures proposed and taken by the Board of Management to ensure an adequate response to the greatly changing market conditions and the consequences for TBI. In addition to the permanent attention given to cost control, the unfortunately necessary reorganisations were also discussed. The progress of the internal integrations stemming from the strategic review in the Construction and Engineering sectors were also discussed with the Board of Management.

The meeting in March 2012 discussed the following topics:

- the Board of Management report on the fourth quarter of 2011;
- the draft annual report 2011 including the financial statements for 2011 and the interim report 2011 by the Board of Management;
- the auditor's report for the financial year 2011.

In anticipation of their discussion by the full Supervisory Board, the draft annual report, financial statements and auditor's report for the financial year 2011 were discussed at length in the Audit Committee. Following the discussions by the Supervisory Board, it was decided to adopt the annual report and financial statements for the financial year 2011 and to submit them to the Annual General Meeting of Shareholders for approval.

The annual report and financial statements 2011 were adopted by the Annual General Meeting of Shareholders on 12 April 2012. This adoption discharged the members of the Board of Management from liability in respect of the policy pursued during the financial year 2011 and the members of the Supervisory Board for their supervision of the management during the financial year 2011. In accordance with the proposed appropriation of the result, it was decided to distribute a cash dividend of 7.3 million from the net result of 24.2 million achieved in 2011, and to add the remaining 16.9 million to Equity.

In December 2012 the Supervisory Board adopted the Strategic Agenda 2013-2015 and the Operational Plan 2013.

The radically changed market conditions in the real estate sector also affected TBI. Extensive analysis of the real estate and land portfolio, as well as the discussions between the Board of Management, Supervisory Board and the external auditor, led to the application of a sizeable write-down on this portfolio. One positive note here is that TBI has financed its real estate portfolio from its own resources, and after this write-down the balance sheet ratios and cash position remain healthy.

STRATEGY

The strategic review was fleshed out further in 2012. This resulted in a Strategic Agenda for the years 2013-2015, in which TBI sets a course for the years ahead to enable to continue operating at the top of the Engineering, Construction and Infrastructure markets. Prior to the formulation of the Strategic Agenda, attention was directed towards strengthening the positioning of the group, the segments and the companies in the markets that are relevant for TBI. TBI is now clearly recognisable through its three regional housing construction companies (ERA Contour, Koopmans and Hazenberg), which together offer national coverage, and a major nationally operating non-residential construction company (J.P. van Eesteren). The Infrastructure market is well catered for by Mobilis and the Voorbij companies. There are two major players in the Engineering sector, focusing on electrical engineering (Croon) and installation contracting (Wolter & Dros). Several other companies also play a key role within TBI, all of them major players in their specific market segments (Eekels: marine & offshore; WTH: underfloor heating; Alfen: charging points for electric vehicles and energy distribution; Fri-Jado: cooling and heating technology). TBI's corporate identity was also discussed.

OTHER TOPICS

Based on the internal quarterly reports by the Board of Management, the Supervisory Board conducted in-depth discussions of the policy in relation to safety, sustainability, management development, risk management, developments in relation to a number of major projects, developments on the tax front and funding aspects. The internal compliance measures were also discussed at length. See section 3.9 of this annual report for more information

In its meetings with the Board of Management during the year under review, the Supervisory Board discussed various investment and divestment opportunities. The acquisition in the summer of 2012 of the activities of Groothuis Woningbouw B.V., a nationally operating prefabricated housing construction company, was also discussed.

Matters discussed at the meetings of the Supervisory Board which were not attended by the Board of Management included the functioning of the Board of Management as a collective and of its individual members. Other discussion topics were the remuneration of the members of the Board of Management and the changes in the Board of Management.

2.5 CORPORATE GOVERNANCE

Application of the Dutch Corporate Governance Code (the Code) is not mandatory for non-listed companies. The corporate governance structure of TBI is described in section 3.8 of this annual report and a substantiated explanation is given of the approach taken to the application of the principles and best practice provisions from the Code. The provisions are important in particular in relation to the functioning of the Audit Committee, the method of financial reporting and the independence of the auditor. The TBI Articles of Association are in line with the legislative framework that applies for statutory two-tier (dual board) companies in the Netherlands. In connection with this, pursuant to a notarial deed amending the Articles of Association dated 15 March

2005, the Annual General Meeting of Shareholders acquired additional powers in respect of the appointment of Supervisory Board members.

2.6 SUPERVISORY BOARD COMMITTEES

The Supervisory Board has four committees. The Audit Committee, the Remuneration Committee, the Selection and Appointments Committee and the Strategic Committee each comprise two members.

AUDIT COMMITTEE

The Audit Committee met twice in 2012. The topics discussed were the financial statements 2011, the related reports, the auditor's report and the Management Letter. The chairman of the Audit Committee held regular talks with the Board of Management member with responsibility for the Finance portfolio, when required in the presence of the external auditor.

SELECTION AND APPOINTMENTS COMMITTEE

The Selection and Appointments Committee met several times in the year under review in connection with the changes to the Board of Management.

STRATEGIC COMMITTEE

The Strategic Committee held two meetings with the Board of Management in 2012 to discuss the Strategic Agenda for the years 2013-2015.

REMUNERATION COMMITTEE

The Remuneration Committee fixed the remuneration of the members of the Board of Management in 2012. That remuneration consists of a fixed and a variable component. The amount of the variable remuneration is dependent upon the achievement of both financial and personal objectives.

2.7 CENTRAL WORKS COUNCIL

Members of the Supervisory Board attended a number of meetings of the Central Works Council. In addition, an informal meeting was held on 13 September 2012 between the Supervisory Board and Board of Management and the Central Works Council, which this time featured a presentation on 'Innovation in Construction' followed by the sharing of ideas.

2.8 CONCLUSION

TBI is not immune from the economic crisis, and in 2012 this led to radical measures being taken at a number of TBI companies in relation to staffing.

We are aware that this has far-reaching consequences for the staff concerned and those close to them.

However, in order to safeguard the continuity of the business and maintain employment at the highest possible level, these are measures which the companies have no alternative but to take.

The measures taken have added to the financial strength of TBI. The Strategic Agenda adopted in 2012 will also ensure that TBI remains strong in the coming three years. Nonetheless, current developments in the markets where it TBI operates could force TBI and its companies to take further measures.

The strong financial position is attributable not only to the good position occupied by TBI in the markets in which it is active; above all it has been achieved thanks to the great efforts made in very many instances by the TBI companies and their employees in order to achieve the targets. We would therefore like to express our great appreciation to the Board of Management and all employees for their dedication and for the results achieved in the past year.

Rotterdam, 14 March 2013

Supervisory Board

J.B. van Dongen (chairman)

E.H.M. van den Assem

A.L.M. Nelissen

J.E. de Vries

MEMBERS OF THE BOARD OF MANAGEMENT

as at 14 March 2013

D.A. SPERLING (57) (CHAIRMAN)

Dutch nationality; appointed in February 2002. Appointed Chairman of the Board of Management in July 2012. Also managing director of TBI Bouw B.V. and TBI Techniek B.V.

HOLDING COMPANY STAF

C.T.L. HAMAKER (52), Director of Communications

R.M. DE KONING (52), Director of Corporate Responsibility

M.W.L. TROMM (49), Head of Legal Affairs

L.J. PRUIS (60)

Dutch nationality. Appointed in October 2012 with specific responsibility for Finance and ICT. Also managing director of TBI Bouw B.V. and TBI Techniek B.V.

MANAGEMENT ADVISORY COUNCIL

P.J. HEIJBOER (49), managing director TBI Techniek B.V.

H. HOMBERG MBA (58), chairman ERA Contour B.V.

H. VAN KEULEN (53), chairman J.P. van Eesteren B.V.

J.M.H.R. KNUBBEN (52), chairman Ingenieursbureau Wolter & Dros B.V.

L.B. KOEK MBA (45), managing director Croon Elektrotechniek B.V.

J. LUIJTEN (52), chairman Mobilis B.V.

H.C. SMIT (52), chairman Koopmans Bouwgroep B.V.

The TBI structure is characterised by direct contact between the Board of Management and the managements of the individual TBI companies, backed up by a small professional support staff. The Management Advisory Council advises the Board of Management on business-overarching themes and on aspects in which the multidisciplinary collaboration between the different segments can be strengthened further.



- ▲ **FRIES MUSEUM** The Fries Museum in Leeuwarden is part of the major Nieuw Zaailand project in the centre of the city. The Leeuwarden Centrum construction consortium, in which the TBI company Koopmans Bouwgroep participated, was responsible for the construction of the Fries Museum (photo), the two-storey underground car park, 40 apartments and 3,800 square metres of retail space. The consortium partnered the TBI companies Mobilis and Croon Elektrotechniek for the underground car park.

Engineer Hajji Hamid (right) from TBI company Comfort Partners (part of Wolter & Dros) with apprentice Carlo Margaroli on the Waterhof project, involving the creation of 102 homes in Heemstede.

- ▼ **WATERHOF PROJECT**



3 REPORT OF THE BOARD OF MANAGEMENT

HIGHLIGHTS IN 2012

- Focus on working in a safe and sustainable way.
- Strategic Agenda 2013-2015 adopted.
- Operating revenue 2.122 billion (2011: 2.172 billion).
- Operating result before impairment 31.7 million (2011: 33.3 million).
- All segments made a positive contribution to the operating result.
- Impairment of 20.5 million on land positions.
- Positive net result of 5.8 million (2011: 24.2 million).
- Healthy financial position: balance sheet and solvency ratio.
- Creating scope for innovative developments.
- Market conditions and outlook are sombre. Companies are adapting their organisations accordingly.

3.1 GENERAL

TBI succeeded in maintaining operating revenue at 2.1 billion in 2012. The operating result before impairment (after deduction of reorganisation costs of 9.9 million) came in at 31.7 million. All segments made a positive contribution to this result.

In December 2012 TBI adopted the Strategic Agenda for the years 2013-2015. As a result of the strategic review carried out in preparation for this, the organisation of the group across the real estate, construction and engineering segments which applied until 2011 was

changed with effect from 1 January 2012 to the following three segments:

- Engineering;
- Construction;
- Infrastructure.

To facilitate comparison, where relevant the figures included in this report have been adapted to the new organisational structure.

TBI is one of the leading companies in the Netherlands in the construction and engineering sectors. In order to maintain and where possible improve this position – one of the group's strategic objectives – projects are carried out on a multidisciplinary basis wherever possible. The sombre market conditions and weak outlook for the sector as a whole play an important role here.

The market situation deteriorated further in 2012 compared with the previous year. Research by the Economic Institute for the Building Industry (*Economisch Instituut voor de bouw – EIB*) has shown that building production in the Netherlands fell by 7 percent in 2012. The decline in housing construction was even more marked, at over 10 percent. Building production is likely to continue falling in 2013 and 2014, but could show a slight recovery from 2015 onwards. All of this puts pressure on the markets that are relevant for TBI, which are affected by shrinking volumes, growing competition and considerable pressure on prices.

The operating result before impairment totalled 31.7 million, 4.8 percent lower than in 2011 (33.3 million). The operating margin was the same as in 2011, at 1.5 percent.

KEY FIGURES

(x 1 million)	2012	2011
Operating revenue	2,122	2,172
Operating result*	31.7	33.3
Operating margin*	1.5%	1.5%
Net result	5.8	24.2
Order book	1,916	2,394
Net working capital	19	-74
Cash at bank and in hand	129	216

* Before impairment.

All three segments made a positive contribution to the operating result in 2012. With a view to securing continuity and profitability, a number of companies are further modifying the organisation of their business to reflect the (expected) market conditions. The costs of these reorganisation around 9.9 million impacted on the profitability of the group in 2012. Excluding these reorganisation costs, the operating result before impairment stood at 41.6 million.

REVALUATION OF LAND POSITIONS

The housing market is being badly affected by the economic climate. In the light of the low consumer confidence, reticence on the part of finance providers in combination with proposed government policy, stricter financing terms and a decline in investments by housing associations, the production of new homes continues to fall.

This downward trend is likely to continue in the years ahead. Many local authorities have put new and existing projects on hold and scrapped plans. All this translates into a sombre outlook for the Dutch housing market. More and more projects are being postponed or cancelled. In current projects, too, delays, dilution and rationalisation are leading to later and lower revenues.

Given the (anticipated) developments on the Dutch housing market, with no sign of a recovery in prices and the production of new homes in the short term, we were forced to apply a write-down of 20.5 million on the value of the land positions held by Synchroon as well as the land bank held by TBI Vastgoed. This non-operational and non-cash value adjustment pushed the net result down to 5.8 million, lower than in the previous year (2011: 24.2 million).

When times are tough, the challenge is to see and exploit opportunities. Our philosophy of 'entrepreneurship as the basis' is an important starting point here. This entrepreneurship and professionalism mean that TBI staff are in a position to provide clients with an optimum service every day. This offers opportunities, though the risks should also not be underestimated. Although TBI and its companies are in a good (financial) starting position, enabling them to deliver a competitive advantage, the focus must be on margins, optimum project management and solid cash flows. This will enable TBI to continue generating a healthy financial return.

See section 3.5 for further details of the development of the financial results, capital position and financing.

CREATING SCOPE FOR INNOVATION

In the present market climate, innovation is of great importance as a means of standing out from the competition. Where possible, the development of new product/market combinations and intelligent concepts is therefore encouraged and where necessary supported financially.

The TBI companies are each responsible for innovations within their own business. By creating the Innovation Fund, the Board of Management is also seeking to make a (financial) contribution to innovations that go beyond the interests of an individual company and are useful for TBI companies or for TBI as a whole. Where possible,

developments are supported which stem from multidisciplinary cooperation between TBI companies.

An amount of 4.0 million was spent in 2012 (2011: 3.6 million) on the following items among others:

- the continued development of the lekkerEIGENhuis self-design housing concept and the associated home configurator;
- the development of (rapid) charging technology for electric vehicle charging points.

Further background information on these innovations is presented in the TBI year magazine 2012, which is published simultaneously with this Annual Report.

3.2 STRATEGIC AGENDA 2013-2015

In December 2012 TBI adopted the Strategic Agenda for the years 2013-2015. In the light of the challenging and changing market climate, it was decided in 2011 to carry out a strategic review and reassessment of the strategic priorities, based on extensive market research and portfolio analysis. This market research also mapped out the projected market developments and the views of clients. Those developments relate to sustainability, energy-efficiency, the importance of 'total cost of ownership' and offering total solutions.

A key conclusion of the portfolio analysis was that better use could be made of the opportunities for multi-disciplinary cooperation between the TBI companies.

The market positioning could also be made clearer, which in turn would make better use of the benefits of the portfolio structure. This conclusion led to the following measures being taken before the end of 2011:

- Creation of a Management Advisory Council.

The Management Advisory Council reinforces the multidisciplinary cooperation between the different segments in the light of the strategic choices made by TBI. The Council has advisory authority vis-à-vis the Board of Management.

- Changes to the internal control of our activities. With effect from 2012, TBI's activities are divided across the following segments: Engineering, Construction and Infrastructure. The previous

classification into real estate, construction and engineering has been discontinued.

- Repositioning and profiling of Aanneming Maatschappij J.P. van Eesteren B.V. and Heijmerink Bouw B.V. These two companies were merged on 1 February 2012 under the name J.P. van Eesteren B.V., thereby strengthening the position in the non-residential construction market.
- Repositioning and profiling of ERA Contour B.V. and Kanters Bouw en Vastgoed B.V. This repositioning led to ERA Contour B.V. becoming the direct shareholder of Kanters Bouw en Vastgoed B.V. with effect from 2 February 2012. This move has strengthened the market position in the west of the Netherlands.

Based on extensive research and analyses, it was decided in 2012 to reposition and reprofile the companies within the Engineering segment. Among other things, this will lead to the following measures in 2013:

- Repositioning and profiling of Croon Elektrotechniek B.V. and HVL B.V. The repositioning means that, from 1 January 2013, Croon Elektrotechniek B.V. is the direct shareholder of HVL B.V. Pooling the strengths of the two businesses has created a powerful, nationally operating electrical engineering company. The aim of this move is to raise the profile and strengthen the position of TBI in the electrical engineering market throughout the Netherlands.
- By way of preparation, it was decided to sell (the activities of HVL Armada Outdoor B.V.; the sale was completed in early 2013. The financial results of HVL Armada Outdoor B.V. were consolidated up to and including 31 December 2012.
- Repositioning and profiling of the activities of Croon Elektrotechniek B.V. in the Industry market segment in the north of the Netherlands. With effect from 1 January 2013, these activities will be carried out by Eekels Elektrotechniek B.V.

In addition, the maintenance departments of Croon Elektrotechniek and Ingenieursbureau Wolter & Dros will merge their electrical and mechanical engineering disciplines in 2013 with a view to generating further growth in the market for integrated long-term maintenance, thereby matching the needs of clients. This move is also a response to the continued growth of the market for long-term integrated maintenance (structural and installation contracting).

These companies will also increase their cooperation in their regional activities. See page 7 for further details of the strategic profiling of TBI in the 'Profile, strategy and objectives' section.

3.3 PERSONNEL AND ORGANISATION

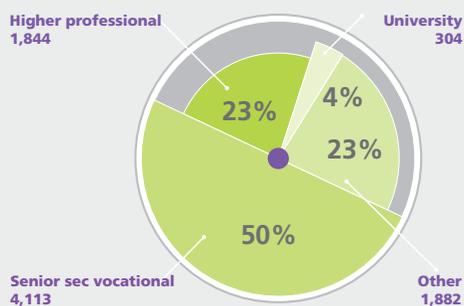
TBI wishes to offer its employees an inspiring and safe working environment with a strong focus on professional expertise and sustainability. In order to distinguish the group further from the competition, (multidisciplinary) cooperation between the group companies is explicitly encouraged and promoted.

PROFILE OF THE WORKFORCE

At the end of the year under review, TBI had a total of 8,143 employees (2011: 8,253). The reduction in the number of staff was due mainly to regular mutations and restructuring.

The mismatch between supply and demand means there is a persistent shortage of technical personnel. The average age of employees is between 40 and 45 years. Roughly 8 percent of our workforce are women.

Each TBI company pursues its own personnel policy, in accordance with the specific market conditions and local situations in which it operates. In addition to the efforts



Education level staff

by the individual TBI companies to address the labour market in a more efficient and effective manner, activities will also be developed in 2013 to raise the labour market profile of TBI as a whole. TBI companies devote much attention to labour market communication and positioning themselves as attractive employers. Croon Elektrotechniek is a good example of this. Croon acquired sixth position in the Best Employers 2012 ranking in the year and review. As one of the largest installation contracting companies in the Netherlands, Croon endorses the importance of investments in technical education. Croon launched the free iPad app 'Connectro' in June 2012, and a partnership agreement was signed with TU Delft University of Technology for a joint recruitment and training programme for technical personnel.

SAFETY

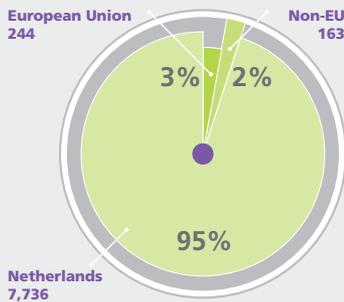
TBI has a moral duty to offer a good, safe working environment to its staff, subcontractors, suppliers and everyone connected with the activities of TBI companies.

The Board of Management decided in 2011 to make a major push to raise safety awareness. The managements of the TBI companies have primary responsibility for ensuring an adequate safety management system within their companies. The main focus is on maintaining and improving the safety procedures, guidelines and systems. Given the importance of a clear safety policy, a Safety Committee was established at the end of 2011.

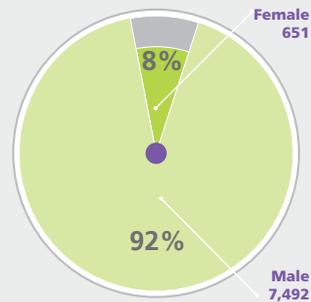
Safety Committee

The TBI Safety Committee consists of MT members and safety officers from the TBI companies and is headed by the Chairman of the Board of Management. The Safety Committee meets an average of once a quarter; its most important task is to develop and establish a central safety policy with a view to achieving:

- better safety awareness leading to a further reduction in the number of incidents and accidents;
- central frameworks/minimum standards for safety systems.



Country of origin staff



Staff

Current TBI safety culture

A number of activities were carried out in 2012 in preparation for the development of the central safety policy. In the early part of the year, a start was made on an analysis of the present corporate culture with respect to safety in the TBI companies. For this purpose, the safety consultancy firm Aboma reviewed existing information at each TBI company (including management systems and reports, risk inventories and assessments, absenteeism figures). Discussions were also held with the relevant managements and employees of the companies were surveyed on the safety culture and their perceptions of safety in their companies. The findings were discussed with each TBI company in mid-2012. The company managements were asked whether they recognised the findings, which changes (if any) are needed in the present safety culture and what form those changes should take. This feedback exercise was completed at the end of 2012, following which Aboma explained the key findings and conclusions to the TBI Safety Committee.

Safety Action Plan 2013-2015

Based on these findings and conclusions, the Safety Action Plan 2013-2015 was drawn up under the auspices of the TBI Safety Committee. The most important element in the Safety Action Plan 2013-2015 is the development and establishment of the 'TBI guideline for managing safety' in 2013.

The following are among the topics covered by this guideline:

- policy principles and declaration;
- terms and definitions;
- minimal standards for the health and safety management system;
- the audit process;
- accident notifications, investigations and reports;
- communication.

The central theme in this safety guideline is the management of safety at the various levels within TBI and its companies. The guideline is based on the OHSAS 18001 and on cultural surveys such as 'Hearts & Minds' and the 'Safety Awareness Survey'(SAS) by Den Norske Veritas.

Further approach

A first version of the safety guideline was presented at the end of 2012, which will be fleshed out further over the coming period together with representatives of the TBI companies. The aim is to adopt this safety guideline during the course of 2013, so that it can be implemented in the business operations of the TBI companies in the second half of 2013. A start will be made from 2014 on audits aimed at establishing correct compliance with the TBI Safety Guideline. The TBI guideline for managing safety will become fully operational from 2015.

ATTENTION FOR STAFF DEVELOPMENT

Having sufficient and sufficiently skilled personnel continues to be the most critical success factor for achieving our ambitions in the future. Being an attractive employer and leadership style are important conditions for this.

In addition to initiatives within the different TBI companies, extensive attention is devoted to the theme of leadership in the numerous management development programmes provided by TBI academy.

Management development

To foster internal career progression and retain top talent, TBI devotes explicit attention to management development in addition to the decentralised activities in relation to staff development. The development programmes provided by TBI academy play a part here. This enables TBI and its companies to project themselves as an attractive employer for talented higher professionals and university graduates with good career prospects.

To ensure that there is sufficient top talent available in the future, it is necessary to identify, develop and hold on to that talent. Attention at TBI companies remains strongly focused on development within their own organisation. Where necessary, career development programmes are developed across the individual companies. This is necessary where there are insufficient career opportunities for 'potentials' within their present company, or where it is desirable to gain knowledge and experience through a temporary placement elsewhere in the TBI organisation in order to foster an employee's development in the longer term.

TBI distinguishes between two complementary categories of potentials:

- TALENT: staff with the potential to progress to the level of project leader/manager, company manager or departmental head within two to five years.
- TOP: staff who can progress to (company) director or MT member within a period of five years

The quality of and attention given to management development within the TBI companies has increased considerably in recent years.

TBI acadmy

TBI invests heavily in personal development. TBI acadmy offers an extensive management development programme with numerous training courses and a traineeship.

In a world in which projects increasingly demand integrated solutions, the sharing of knowledge is of crucial importance. TBI acadmy meets this need.

The TBI acadmy advisory board, consisting of directors from the different segments and companies, was set up to foster liaison between and commitment by the various managements to TBI acadmy. In addition, the HRM quarterly meetings devoted a good deal of attention to (future) developments within TBI acadmy.

TBI operates four management development programmes, TRAINEE, TALENT, TEAM and TOP,

- The TRAINEE programme (duration two years) is for new higher professional and university graduates. In addition to gaining work experience during three eight-month project periods at different TBI companies, trainees undergo a training programme focusing on project management and personal skills.
- The TALENT programme (duration two years) is aimed at employees aged under 35 with between two and seven years' work experience, with a minimum of a higher professional (HBO) degree. The focus in this training programme is on finance, project management and personal skills.
- The TEAM programme (duration six months) is aimed at employees aged between 35 and 45 with at least five years' middle management experience. The main focus of this programme is on broadening candidates' insight into personal effectiveness, leadership and coaching management.
- The TOP programme (duration 18 months) is aimed at employees aged between 35 and 45 years working at the level of project leader/manager, company manager or departmental head, with at least a higher professional (HBO) degree. The focus is on leadership, strategy development, corporate finance and multidisciplinary project management.

TBI acadmy CONNECTED

TBI acadmy CONNECTED offers former participants in the TRAINEE, TALENT, TEAM or TOP programmes an annual opportunity to stay in touch with each other and with TBI acadmy. The central focus is on maintaining contacts. TBI acadmy organises an annual CONNECTED day, at which an inspiring guest speaker talks about a relevant current topic. During the second TBI acadmy CONNECTED meeting, on 9 November 2012, guest speaker Professor H. de Ridder gave a presentation ('Legolisation in Construction') on his vision of future developments in the construction industry.



- ▲ **ROTTERDAM CENTRAL STATION** The TBI companies Mobilis, Croon Elektrotechniek and Wolter & Dros are intensively involved in the new-build at Rotterdam Central Station.

Construction of new 'G' building at Groene Hart Hospital in Gouda by TBI company J.P. van Eesteren. The construction site equipment was provided by TBI company MDB.

- ▼ **GROENE HART HOSPITAL**



TOP 250

TBI organised interactive meetings for its 'TOP 250' employees on 20 June and 18 December 2012. These meetings devoted attention among other things to the strategy of TBI and the themes of safety, sustainability and care facilities. During the meeting on 20 June 2012, held at 't Spant in Bussum, the first copy of the TBI Sustainability Report 2011 was also presented and the highlights contained within it were discussed. This meeting also discussed a number of best practices within TBI, including innovative developments such as the lekkerEIGENhuis housing concept (collaboration between ERA Contour/Hazenberg/Koopmans).

The meeting on 18 December 2012, held at the Brabanthallen in 's-Hertogenbosch, was dominated by the TBI Strategic Agenda 2013-2015. Mr Tj.H.J. Joustra (chairman of the Dutch Safety Board) was invited to give his view on the development of safety within the construction and engineering sectors.

PENSIONS

The pension schemes applying for employees of the TBI companies are operated by the following pension funds or insurance schemes, depending on the relevant Collective Labour Agreement or employment contract:

- Pension Fund for the Construction Industry (*Bedrijfstakpensioenfonds voor de Bouwnijverheid*);
- Pension fund for the Metalworking and Mechanical Engineering industry (*Pensioenfonds Metaal en Techniek*);
- Pension Fund for the Mechanical and Electrical Engineering Industry (*Pensioenfonds voor de Metalektr*);
- Insured company pension schemes;
- Stichting Pensioenfonds TBI pension fund.

The pensions of the majority of employees of the companies within the Engineering segment are accrued in the Pension Fund for the Metalworking and Mechanical Engineering Industry or the Pension Fund for the Mechanical and Electrical Engineering Industry. The performance of these two sector pension schemes is unfortunately not good; primarily due to the low interest rates, both pension funds are faced with a funding ratio of less than 100 percent. Both funds are expected to curtail pensions with effect from on April 2013 by (a maximum of) 7 percent and 6 percent, respectively. TBI can exercise no influence over this.

Although the Pension Fund for the Construction Industry did not curtail accrued pensions in 2013, this pension fund also took a number of measures as a result of the financial crisis. The most far reaching was the lowering of the pension accrual from 2.25 percent to 1.8 percent from 1 January 2013 and the curtailing of the conditional rights pursuant to supplementary schemes by 10 percent. Here again, TBI could exert no influence.

The pensions accrued with Stichting Pensioenfonds TBI have been fully reinsured with an insurance company under a guarantee contract. Under this contract, the insurer guarantees the pension benefits paid by the pension fund, regardless of the investment result or the age attained by pension scheme members. The guarantee contract between the Stichting Pensioenfonds TBI pension fund and the insurer runs until 31 December 2016. A comparable situation applies for the company pension schemes.

SOCIAL RESPONSIBILITY

Stichting Studiefonds TBI warrants a mention in relation to corporate social responsibility. It is a fund that promotes the education, study and training of children of all staff of TBI companies by providing school and study grants to children following a course of study at an institution recognised by the Dutch government.

TBI and the TBI companies also express their social responsibility in many different ways, varying from cultural and social initiatives to making donations to help maintain national heritage and participation in national and international development projects and volunteering. A number of social initiatives by TBI and the TBI companies will be described in the separate sustainability report for 2012 to be published by TBI in June 2013.

EMPLOYEE PARTICIPATION/CENTRAL WORKS COUNCIL

TBI regards good cooperation with staff representatives as very important. The Central Works Council currently consists of 17 members, elected by the individual company works councils. A consultative meeting with the Board of Management is held five times per year. A joint meeting with the Supervisory Board and the Board of Management is held once a year, at which a preselected theme is presented and discussed. This meeting took place on 13 September 2012, this time with a presentation on 'Innovation in Construction' followed by a discussion.

3.4 SUSTAINABLE ENTERPRISE

TBI wishes to make sustainability an integral part of its business operations across the group in the years ahead and to maximise awareness both among its staff and its external stakeholders. Sustainability must be seen as a natural concept and a moral duty. TBI wishes to be recognised by its clients as one of the leaders in the field of sustainable enterprise.

For TBI, reducing energy consumption and lowering CO₂ emissions within its own operations are high on the agenda. One of the benefits of sustainability is greater scope to develop integrated solutions. This involves pursuing a multidisciplinary approach for the design and realisation of projects, including technical plant and maintenance of total systems. The benefits lie in cooperation, which generates creative solutions and limits the costs of failure. In addition, total solutions lead to a shift from an approach focused on the assignment to a focus on the client, in which innovations are applied

that add value in the long term for the client and more broadly for society.

TBI's policy in respect of sustainable enterprise has been given new impetus since 2010, among other things through the accreditation of all TBI companies in accordance with the CO₂ performance ladder (*CO₂ prestatieladder*), measures for the sustainable application of wind energy on construction sites and in buildings, the creation of a more sustainable vehicle fleet and the introduction of the LekkerEIGENhuis housing concept for sustainable and affordable housing construction.

SUSTAINABILITY REPORT 2011

TBI published its first sustainability report, 'Sustainable Enterprise 2011', in June 2012. The report was sent to one of the most important stakeholders of TBI and its companies. The 2012 sustainability report will be presented in June 2013.

SUSTAINABILITY PHILOSOPHY

The world will be faced with a large number of (sustainability) trends in the coming decades which will have major consequences for a concern such as TBI. These trends include population ageing, urbanisation, exhaustion of fossil fuels, scarcity of raw materials and climate change. TBI wishes to be a sustainable enterprise which is well positioned for these developments, able to continue to set itself apart from the competition in the long term and to continue offering value for clients. Sustainable enterprise is enterprise for the long term. The 2012 sustainability report discusses the long-term sustainability vision for 2020 at length. It is an appealing vision which unites and inspires and therefore gives direction to the sustainability ambitions and objectives of TBI for the years ahead. The report also discusses the core themes on which TBI wishes to distinguish itself even more emphatically from its competitors.

SUSTAINABILITY STRATEGY

The market increasingly demands sustainable products, and TBI can respond to this by continually innovating and offering sustainable solutions. There are also financial benefits to be obtained from quotations which incorporate a good CO₂ performance. Under the leadership of the Board of Management, in 2011 the Sustainability Steering Group began developing a cohesive sustainability strategy. This gives rise to the ambition of TBI to be recognised as one of the leaders in the field of sustainable enterprise within the Construction and Engineering sectors.

As part of the sustainability strategy, eleven themes have been selected with which TBI plans to give practical form to its ambition. In liaison with experts, KPIs have been established to measure and monitor the performance in relation to sustainable enterprise.

The eleven sustainability themes are:

- 1 Energy and CO₂
- 2 Health and safety
- 3 Staff training and development
- 4 Materials and commodities
- 5 Sustainability in the supply chain
- 6 Sustainable innovation
- 7 Employee satisfaction
- 8 Social responsibility
- 9 Integrity
- 10 Environmental awareness and regulation
- 11 Economic value

ORGANISATION

The Sustainability Steering Group formed in 2011 reports to the Chairman of the Board of Management. To reflect the decentralised group structure, this Steering Group has a broad composition, incorporating both directors and employees from TBI companies.

Its primary objective is to establish the strategic framework for the TBI sustainability policy, to translate this policy into sustainability targets and to create support within the TBI companies.

The Board of Management appointed a Corporate Responsibility Director on 1 September 2012 in order to develop and implement a group-wide sustainability policy in close liaison with the Sustainability Steering Group and the TBI companies. A sustainability coordinator at each TBI company serves as the point of contact. The Corporate Responsibility Director is also responsible for the further development and implementation of the group-wide safety policy.

RESEARCH, INFORMATION DISSEMINATION AND KNOWLEDGE DEVELOPMENT

The TBI Belevingscentrum (Innovation Centre) in Amersfoort presents demonstrations of the latest energy-saving techniques in practical applications. The Centre makes its facilities available for meetings by external groups and provides information on energy-saving opportunities. TBI and the TBI companies take part in various initiatives in the field of sustainability or are members of organisations focusing on sustainability in the built environment, measuring sustainability performance or community-oriented activities. They include the Dutch Green Building Council, the Rotterdam Climate Initiative, FSC Nederland and MVO-Nederland.

3.5 FINANCIAL RESULTS, CAPITAL AND FINANCE

OPERATING REVENUE AND OPERATING RESULT BEFORE IMPAIRMENT

Operating revenue totalled 2.1 billion in 2012, a reduction of 50 million (2.3 percent) compared with 2011.

Operating revenue (before elimination of intercompany revenue) can be broken down by segment as follows:

(x 1 million)	2012	2011
Engineering	989	1,029
Construction	922	953
Infrastructure	258	257
	2,169	2,239
Less: intercompany turnover	47	67
Operating revenue	2,122	2,172

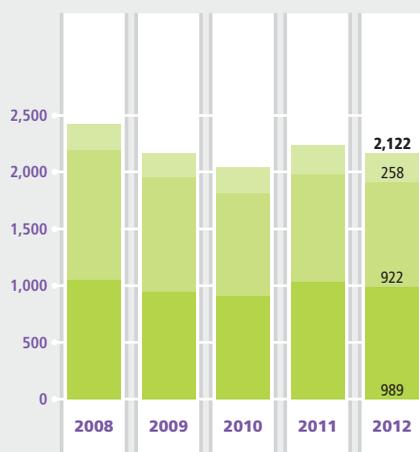
The operating result before impairment declined by 1.6 million to 31.7 million (2011: 33.3 million).

The operating result before impairment can be broken down by market segment as follows:

(x 1 million)	2012		2011	
		%		%
Operating result*				
Engineering	17.0	1.7	18.5	1.8
Construction	23.1	2.5	30.5	3.2
Infrastructure	8.6	3.3	6.2	2.4
Group costs + other	-17.0	-	-21.9	-
TBI	31.7	1.5	33.3	1.5

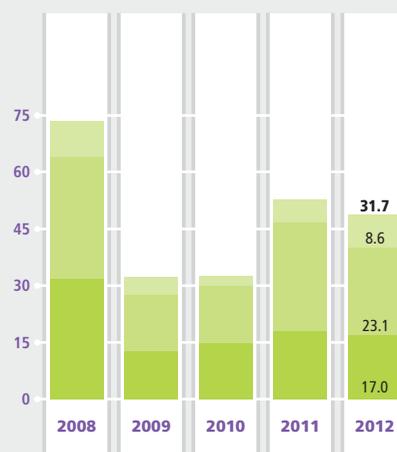
* Before impairment.

The impairment charge in 2012 relates to the property portfolio in the light of adjusted expectations concerning a market recovery in the sector. The non-operational and non-cash impairment totalled 20.5 million (2011: nil).



Operating revenue

(in million euros)



Operating result before impairment

(in million euros)

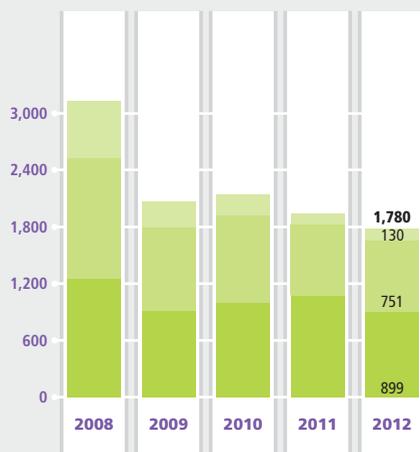
The balance of financial income and expenditure, consisting of interest income and charges, amounted to –3,1 million in 2012 (2011: 0.1 million). The result from participating interests amounted to 0.3 million (2011: –5.5 million).

The negative result from participating interests in 2011 relates mainly to the sale of the activities of Baas Groep, which were sold in 2011 as part of the strategic review.

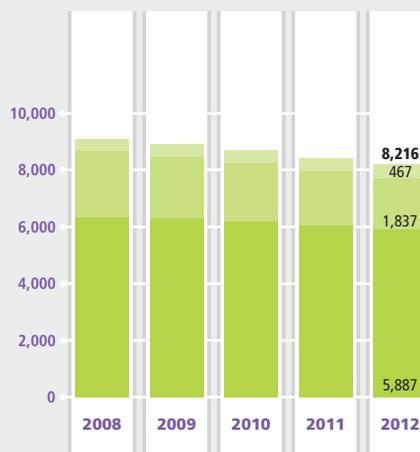
The balance of financial income and expenditure fell by 3.2 million compared with 2011. This was due among other things to lower revenues from cash placed on deposit in the year under review in combination with a non-recurring increase on the interest charges paid on the settlement of project claims. The interest rate result was positively influenced in 2011 by interest payments from the tax authorities.

The effective tax rate for the year amounts to 30.2 percent (2011: 10.3 percent). The corporation tax for 2011 of 3.5 million includes a non-recurring tax credit.

Net profit in 2012 amounted to 5.8 million. It is proposed that, of this total, a cash dividend of 1.7 million will be distributed to the shareholder, with the remainder being added to Other reserves.



Orders received
(in million euros)



Average number of staff

CAPITAL AND FINANCE

The balance sheet based on capital invested can be analysed as follows:

(x 1 million)	2012	2011	Change
Non-current assets	146	140	6
Net working capital	19	-74	93
Net cash at bank and in hand	124	209	-85
Invested capital	289	275	14
Shareholders' equity	263	264	-1
Provisions	17	11	6
Long-term liabilities	9	-	9
Financing	289	275	14

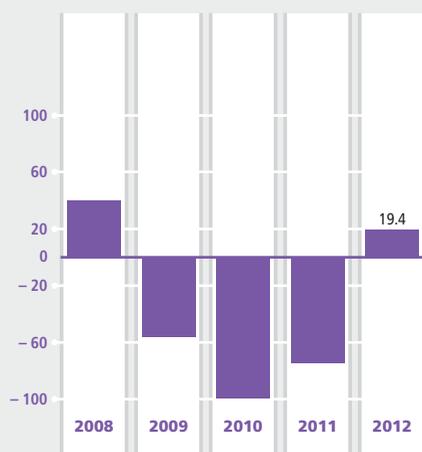
NON-CURRENT ASSETS

Net capital expenditure (investments less divestments) amounted to 24.2 million in 2012 (2011: 24.2 million). Depreciation of tangible assets amounted to 24.0 million (2011: 25.2 million).

NET WORKING CAPITAL

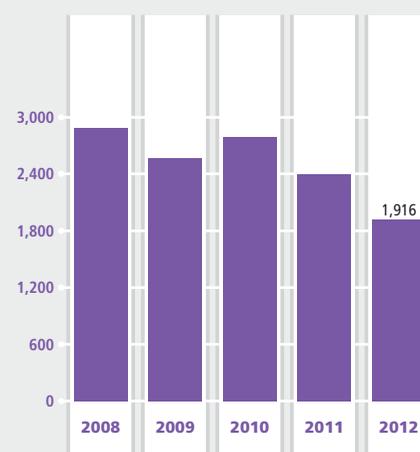
Net working capital amounted to 19.4 million (2011: -74.4 million). The net working capital can be broken down as follows:

(x 1 million)	2012	2011
Engineering	27	3
Construction	83	15
Infrastructure	-82	-74
Other	-9	-18
	19	-74



Net working capital

(in million euros)



Order book

(in million euros)

Net working capital increased by 93 million compared to the previous year, primarily because of reduced (negative) financing of works in progress in the Engineering and Construction segments. The increased need for net working capital was met from the available net liquidity, which reduced by almost 87 million compared to the previous year.

Investment in the property portfolio (land positions, building rights, unsold homes, etc.) amounted to 205.4 million at year-end 2012 (2011: 217.6 million). This figure includes the stock of unsold homes with a cost price of 15.4 million at year-end 2012 (2011: 11.3 million). The organic increase in land holdings as a result of purchase commitments was limited in 2012.

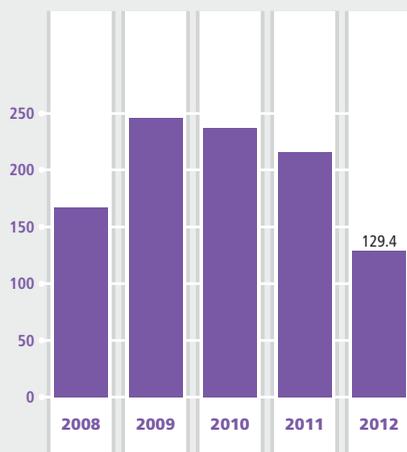
NET LIQUIDITY

The net cash position, less the repayment obligations and a drawn-down current account credit which has been taken to Current liabilities, amounted to 122.9 million at year-end 2012 (2011: 209.5 million).

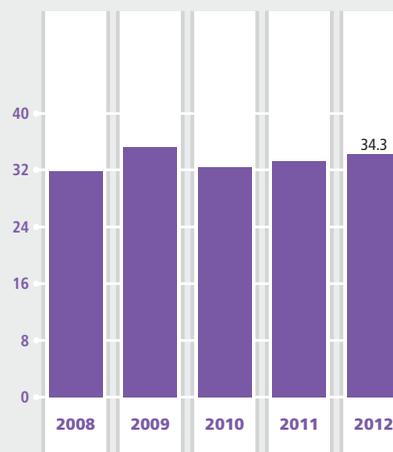
The management/reduction of the working capital requirement, as well as ensuring a timely insight into the development of the net liquidity position and requirement, are a continuous focus of attention within the group. The central treasury monitors the liquidity movements on a daily basis.

FINANCING

TBI has access to bank guarantee facilities totalling almost 440 million. The current financing facility of 100 million, with an option to increase by a further 50 million, runs until December 2016. At year-end 2012 TBI more than met the agreed banking terms. The balance sheet total of the group based on total assets stood at 763.5 million as at year-end 2012, a reduction compared with 2011 (793.9 million). Shareholders' equity totalled 261.7 million at year-end 2012 (2011: 263.3 million), a net reduction of 1.6 million compared to the previous year. This reduction was due to a dividend distribution to the shareholder of 7.3 million. The unappropriated net result for 2012 of 5.8 million was added to shareholders' equity as at 31 December



Cash at bank and in hand
(in million euros)



Solvency
(in percentage)

2012. Based on total assets, the capital ratio as at year-end 2012 stood at 34.3 percent (2011: 33.2 percent).

The abridged cash flow statement, based on the indirect method, is as follows:

(x 1 million)	2012	2011
Operations	-56	26
Investments	-32	-25
Financing	1	-22
Cash flow	-87	-21

There was a negative cash flow of 87 million in 2012, largely caused by the pressure on the cash flow from operations in 2012 compared with 2011 as a result of movements in the working capital. The cash flow from financing activities showed a net improvement in 2012 due to the drawdown of project finance. The outgoing cash flow in relation to investment activities includes the capital expenditure.

3.6 MARKET DEVELOPMENTS AND OUTLOOK FOR 2013

MARKET DEVELOPMENTS

TBI generated approximately 97 percent of its net turnover on the Dutch market in 2012. The Dutch economy is not in a good position. In its December forecast in 2012, the Netherlands Bureau for Economic Policy Analysis (CPB) forecast that the Dutch economy would turn out to have shrunk by 1.0 percent in 2012 and would shrink by a further 0.5 percent in 2013. This means that the Dutch economy has remained virtually flat over the last 18 months. Building construction has a major influence on the development of the Dutch economy. After years of steep decline and a short-lived revival in early 2011, building production fell sharply again in 2012. Research by the Economic Institute for the Building Industry (EIB) showed that building production was hit hard in 2011 and fell by an average of 7 percent. Worst affected were housing construction (-10 percent), non-residential construction

(-9 percent) and civil engineering (-7 percent). Building production is projected to decline further in 2013, with some recovery possible in 2014.

Residential construction

The uncertain economic outlook has a major impact on the housing market, which has virtually ground to a halt on the back of historically low consumer confidence. Sales of homes are being negatively influenced by stricter lending conditions and (proposed) government policy measures. The EIB is forecasting that production of new homes in 2013 will be 8.5 percent lower than in 2012 in volume terms. In the longer term, based on current demographic forecasts, the growth in building production will manifest itself most strongly in the housing sector.

TBI sold 638 homes in 2012 (2011: 565 homes). Of this total, 327 were sold to private buyers, 109 to investors and 202 to housing associations. The stock of completed but unsold homes amounted to 26 on 31 December 2012 (31 December 2011: 22 dwellings). The number of unsold homes under construction at year-end 2012 was 218 (31 December 2011: 242).

These homes are available for sale to private individuals. By way of additional security, sale agreements were signed with investors and housing associations for 58 dwellings. These sale agreements relate to dwellings which had not been sold to private individuals on completion. The effect of this is to reduce the net risk of unsold homes under construction.

Non-residential construction

Production volumes in the non-residential construction market have also fallen back sharply in recent years. Developments in this market are influenced primarily by the offices segment, which is characterised by overcapacity. As a result, a large number of offices are standing empty, and the outlook for the building of offices is therefore relatively weak. There are opportunities in the renovation and maintenance market and in the public sector real estate segment, such as

education, care and public administration. TBI seeks to offer integrated solutions for projects of this type; Together with the HEVO advisory and building management consultancy, a recognised authority in the education and care market, TBI companies offer a unique proposition for providing clients with integrated and optimum solutions.

Civil engineering

Civil engineering production in the Netherlands declined by 7 percent in 2012. The EIB is projecting a further decline of 3 percent in 2013. This market segment is largely influenced by the budgetary scope of central and local government; those budgets are expected to remain under pressure in the coming years.

Installation contracting

The installation contracting market is closely tied in with the construction market. Installation contracting companies are however positioned later in the construction chain, making this sector late-cyclical. As a result, developments in the installation contracting market show largely the same pattern as those in the housing and non-residential construction sectors.

OUTLOOK

Research by the Netherlands Bureau for Economic Policy Analysis (CPB) suggests that the Dutch economy will barely grow in 2013, while research by the Economic Institute for the Building Industry (EIB) points to a further reduction in building production in the Netherlands. Current indicators suggest that it will be 2014 and beyond at the earliest before there is any kind of recovery. These forecasts are hedged in with a good deal of uncertainty and are largely dependent on the performance of the global economy and the development of the euro crisis in Europe. The further shrinkage in building production in the Netherlands will exert further pressure on a market climate that is dominated by overcapacity on the supply side, as well as putting pressure on prices and margins.

TBI will need to work even harder in 2013 to secure orders. The flexibility of TBI companies will be important in 2013, so that they are able to respond quickly and adequately to the demand from the market and clients. Responding to the wishes and needs of the client in the right way will be even more important than in the past. It will not only be 'what' is made that is important, but above all 'how'.

Solid starting position

In a nutshell, the circumstances in the markets that are relevant for TBI can be described as changeable and challenging. The challenge is to cash in on the opportunities that arise. TBI companies address the market with entrepreneurship, innovation, creativity, know-how and professionalism in order to offer an optimum proposition to clients. TBI and the TBI companies are in a solid starting position, including financially, and this will give us a competitive edge in the present time of economic uncertainty and provide assurances for our clients. This offers opportunities, but the risks should not be underestimated and will require a continual focus on margins, optimum project management and solid cash flows.

Orders received and order book

Orders to a total value of 1.8 billion were received in 2012 (2011: 1.9 billion). This can be broken down by segment as follows:

(x 1 million)	2012	2011
Engineering	899	1,076
Construction	751	754
Infrastructure	130	110
Total orders received	1,780	1,940

TBI has begun 2013 with a solid (financial) position and an order book (value of orders still to be carried out and pipeline orders) totalling 1.9 billion (year-end 2011: 2.4 billion).

The distribution across the segments can be analysed as follows:

	Year-end	Year-end
(x 1 million)	2012	2011
Engineering	818	898
Construction	886	1,140
Infrastructure	212	356
Order book	1,916	2,394

The order books of the companies within the Engineering segment are more limited due to the nature of their activities (short-cycle/product-related).

It is expected that 1.2 billion of the order book will be executed in 2013, with the remainder being available for production in 2014 and subsequent years.

The production volume in 2013 will be lower than in 2012. Based on the size of the order book and the prevailing market conditions, TBI expects to generate operating revenue of 1.9 billion. The operating result before impairment is likely to turn out lower than in 2012, mainly due to lower volumes in combination with pressure on prices and margins. The aim is to maintain profitability through a continual focus on project management and cost optimisation.

The policy of creating scope for innovative solutions in the area of product, process and/or concept development will be continued.

The size of the workforce will also be reviewed continuously in 2013 in relation to the order book and market developments.

Optimisation of the portfolio through acquisitions or disposals will continue to be a focus of attention.

3.7 DEVELOPMENTS IN THE SEGMENTS

A brief outline of the development in each segment in 2012 is given below. A fuller description of the government set each TBI company is given under 'Business developments at a glance' on page 79 of this Report.

ENGINEERING

(x 1 million)	2012	2011	Change
Operating revenue	989	1,029	-4%
Operating result*	17.0	18.5	-8%
Margin	1.7%	1.8%	
Orders received	899	1,076	-16%
Order book	818	898	-9%

* Before impairment.

The companies within the Engineering segment are active in different sectors of the market, where clients increasingly demand specific technical know-how. Collaborative arrangements are also created in which responsibilities and risks are increasingly placed with the contractors.

2012 was a very capricious year and was greatly influenced by macroeconomic developments which had a mainly negative impact on prices. New construction activity in the offices market, especially in the private sector, was virtually at a standstill and still shows little sign of recovery. Construction of new homes is also under pressure. The maintenance activities in these market segments were stable.

The industrial market fell back rather less steeply. The marine construction segment showed a more positive picture, and although investments in the infrastructure segment fell back, this market still offers opportunities.

The performance of the companies in the Engineering segment generated an average of 1.7 percent of operating revenue, roughly the same as in 2011 (1.8 percent). The absolute downturn in the operating result before impairment was due to a decline in the production volume, lower project results and reorganisation costs.

CONSTRUCTION

(x 1 million)	2012	2011	Change
Operating revenue	922	953	-3%
Operating result*	23.1	30.5	-24%
Margin	2.5%	3.2%	
Orders received	751	754	-%
Order book	886	1,140	-22%

* Before impairment.

The climate in both the residential and non-residential construction markets was difficult in 2012. The housing market stagnated as a result of the further decline in consumer confidence and uncertainty about mortgage interest tax relief. Negative developments at housing associations were a new factor in 2012, as measures in the Coalition Agreement made associations extremely cautious about investing in new homes and maintaining existing stock, while investors were also cautious owing to the risk of (unacceptably) low returns.

Conditions in the non-residential construction market were also tough. The reduction in the total volume continued. Although the (semi-)public sector still commissioned a number of projects, the competition was fierce, leading to pressure on prices. The maintenance market did by contrast show a positive trend. The enormous vacancy rates and steadily growing public resistance to the addition of new commercial and office buildings offer opportunities for the future redevelopment of real estate.

The financial performance of the companies in the Construction segment was lower compared to 2011. The operating result before impairment stood at 23.1 million. The absolute downturn in the operating result before impairment was due to a decline in the production volume, lower project results and reorganisation costs.

In addition, an impairment charge was taken on the land positions held by Synchroon and on the land holdings in the TBI Vastgoed land bank, to a total of 20.5 million. See section 3.9 for more details.

INFRASTRUCTURE

(x 1 million)	2012	2011	Change
Operating revenue	258	257	-%
Operating result*	8.6	6.2	39%
Margin	3.3%	2.4%	
Orders received	130	110	18%
Order book	212	356	-40%

* Before impairment.

The well-filled order book at the start of 2012 meant it was possible to maintain the production volume. The operating margin of 2.4 percent in 2011 was improved to 3.3 percent in 2012. However, the market climate is becoming more difficult. Although the volume is holding up reasonably well, there is heavy pressure on prices. In addition, the selection standards are becoming ever more demanding. Innovation and specialisation are becoming ever more important. The number of orders received in 2012 lagged behind the production volume as a result of the selective renewal policy. This is likely to mean that operating revenue in 2013 will be lower than in 2012.



- ▲ **NIEUW WATERLANDPLEIN** Construction of six residential towers with car park, roof gardens and commercial spaces at Nieuw Waterlandplein in Amsterdam by TBI companies Koopmans Bouwgroep and ERA Contour.

Development, conversion and renovation to create splendid apartments in the Parc Glorieux project in Vught by TBI companies Synchron, Nico de Bont and Hazenberg. The project will give the building a new, sustainable life.

- ▼ **PARC GLORIEUX**



3.8 CORPORATE GOVERNANCE

GENERAL

TBI is a private company with limited liability which operates a full two-tier (dual board) regime under Dutch law. The company sets itself apart through its shareholder structure, in which the sole – indirect – shareholder is an independent foundation, Stichting TBI. Stichting TBI has not made use of the possibility of opting for the ‘weakened two-tier regime’. This means among other things that the members of the Board of Management are appointed by the Supervisory Board and not by the Annual General Meeting of Shareholders.

COMPLIANCE WITH THE DUTCH CORPORATE GOVERNANCE CODE

TBI is not a listed company and is therefore not required by law to apply the Dutch Corporate Governance Code (the Code). Nonetheless, the Board of Management and Supervisory Board apply the principles and best practice provisions of the Code as far as possible. In particular, the principles embedded in the Code relating to integrity, accountability and transparency, are an important guideline for TBI.

The applied provisions from the Code are incorporated in the Articles of Association of TBI, the Board of Management Regulations and the Supervisory Board Regulations, though taking into account the TBI ownership structure. The justification for the deviations is set out below.

The principles and best practice provisions of the Code as set out in Sections II.1 Role and procedure, II.2 Remuneration and II.3 Conflicts of interest, have been largely incorporated in the Board of Management Regulations, with the exception of the provisions on the provision of information on the individual remuneration of individual members of the Board of Management.

BOARD OF MANAGEMENT

The tasks and procedures of the Board of Management are laid down in the Regulations of the Board of Management of TBI. The Board of Management is charged with managing TBI. Among other things this means the Board is responsible for the policy pursued, aimed at achieving the strategy and aims of the company, and for developing and incorporating the ensuing results. The Board of Management is also responsible for complying with all relevant legislation and regulations, managing the risks associated with the business activities and financing the company. The Board of Management exercises its authority as a collective, and thus takes joint decisions on all matters that are of essential importance for the group. Within the framework of the Board’s collective management responsibility, each member of the Board of Management has an individual focus area. With the prior approval of the Supervisory Board, the Board of Management determines this division of tasks itself.

Given the size of the Board of Management, the criterion set by the legislator that a minimum of 30 percent of the seats must be occupied by women was not met. TBI is sympathetic to the emancipatory and socioeconomic factors underlying the legal requirements which recently came into force for a balanced gender distribution on the Board of Management and Supervisory Board. TBI believes that its organisation benefits from diversity in its workforce, and in this connection strives to achieve a better representation of women at all levels of the organisation. TBI is aiming to increase the representation of female workers in its personnel policy by devoting particular attention in recruitment and selection procedures to female potential.

SUPERVISORY BOARD

The composition, tasks and procedures of the Supervisory Board are laid down in the TBI Supervisory Board Regulations. The Supervisory Board supervises the general course of business in the company and the associated enterprise, as well as the policy pursued and the functioning of the Board of Management, and supports the Board of Management with advice. To this end the Supervisory Board receives all the information needed for the fulfilment of its tasks from the Board of Management in good time. The members of the Supervisory Board do not receive any bonuses, pensions or other forms of remuneration related to the result of the company.

Supervisory Board committees

Given the size of the company, and with a view to ensuring the proper exercise of its supervisory tasks, the Supervisory Board has appointed the following committees from among its members:

- Audit Committee;
- Remuneration Committee;
- Selection and Appointments Committee;
- Strategic Committee.

Under Dutch legislation these committees have no independent decision-making authority. Their task is to prepare the decisions of the Supervisory Board on matters relating to the structure and strategy of the group, internal risk management and control systems and the remuneration and appointments policy.

Audit Committee

The Audit Committee has its own Regulations, comprises at least two members and meets at least twice per year. Audit Committee meetings are held in the presence of the Chairman of the Board of Management member with responsibility for the Finance portfolio and, if desired, the external auditor.

The Audit Committee assesses the structure of the internal control measures and the rules and guidelines relating to financial reporting. The Audit Committee also advises the Supervisory Board on all matters concerning the appointment or dismissal of auditors and assesses the content and scope of the audit. The chairman of the Audit Committee reports the findings in a meeting of the Supervisory Board.

The members of the Audit Committee as at 31 December 2012 were as follows:

- J.B. van Dongen (chairman);
- A.L.M. Nelissen.

Remuneration Committee

The task of the Remuneration Committee is to advise the Supervisory Board on the remuneration of members of the Board of Management. The Committee reports to the Supervisory Board.

The members of the Remuneration Committee as at 31 December 2012 were as follows:

- J.B. van Dongen;
- vacancy.

Selection and Appointments Committee

The Selection and Appointments Committee consists of two members and meets at least once a year. Among other things the Selection and Appointments Committee is charged with making proposals to the Supervisory Board relating to the selection and appointment policy for members of the Supervisory Board and the Board of Management.

The members of the Selection and Appointments Committee as at 31 December 2012 were as follows:

- J.E. de Vries (chairman);
- A.L.M. Nelissen.

Strategic Committee

The Strategic Committee consists of two members and held two meetings with the Board of Management in 2012 to discuss the Strategic Agenda for the years 2013-2015.

The members of the Strategic Committee as at 31 December 2012 were as follows:

- E.H.M. van den Assem (chairman);
- J.E. de Vries.

EXTERNAL AUDITOR

The appointment of the auditor and the instructing of the audit of the financial statements as compiled by the Board of Management is the task of the Annual General Meeting of Shareholders following a recommendation by the Supervisory Board. During the Annual General Meeting of Shareholders held on 12 April 2012, the external auditor PwC was reappointed for a period of one year. The Supervisory Board, the Board of Management and the auditor have taken steps to guarantee the objectivity and impartiality of the external auditor. These measures mean that the auditor performs only audit activities for TBI and provides no tax or other advisory services. This is tested periodically by the Supervisory Board and the Audit Committee. The auditor reports to the Board of Management and Supervisory Board on the measures taken to ensure that the auditor complies with professional and statutory requirements intended to guarantee impartiality vis-à-vis TBI.

REMUNERATION

The remuneration of the members of the Board of Management is fixed by the Supervisory Board on the recommendation of the Remuneration Committee. The remuneration policy for the members of the Board of Management is designed to motivate the directors of TBI and to keep them motivated to lead TBI as a prominent Dutch construction and engineering group.

The remuneration of the members of the Board of Management consists of a fixed and a variable component. The amount of the variable remuneration depends on the extent to which both financial and personal targets are achieved. Pay levels of members of the Boards of Management of other Dutch (AMX-listed) groups are taken as a guide in determining the remuneration of members of the Board of Management, bearing in mind the complexity of the company. In determining the remuneration of the chairman and other members of the Board of Management, their specific responsibilities are taken into account. The Remuneration Committee periodically assesses the level of remuneration, where necessary drawing on advice from an (external) remuneration expert in weighing the relevant criteria.

FINANCIAL REPORTING

TBI bases its financial reporting on the principles ensuing from the prevailing provisions of Part 9, Book 2 of the Netherlands Civil Code. The interpretation of the statutory provisions is tested against the applicable Guidelines issued by the Dutch Council for Annual Reporting, which apply in full to financial years beginning on or after 1 January 2012. The financial statements are discussed by the Audit Committee in the presence of the external auditor before publication and in preparation for their discussion by the Supervisory Board. The TBI companies are required to follow the TBI financial reporting principles. To this end, internal reporting guidelines have been established in the periodically updated TBI Reporting Handbook.

3.9 RISK MANAGEMENT

Entrepreneurship is closely associated with the taking and controlling of risks. Dealing with those risks in an aware and responsible manner is a necessary condition for successful operation. TBI operates a strict risk management policy aimed at accommodating and managing present and future risks as far as possible.

The Board of Management has a responsibility in structuring and monitoring compliance with the internal risk management and control systems. As far as possible, the decentralised organisational structure of TBI serves as the guiding principle here.

The aim is also to develop risk management systems which are appropriate to the size, type of activities and risk profile of the different TBI companies, with the objective of managing the business risks as well as possible whilst providing maximum assurance that the objectives set will be realised.

The (rapidly) changing economic climate naturally leads to a heightened risk profile in some cases. Where necessary, proactive steps are taken to strengthen the risk management systems so that they continue to match the changing market conditions.

The risk management systems functioned adequately in the year under review, and there are no reasonable indications that the risk management and control systems will not function properly in 2013. Consequently, no material changes to these systems are foreseen. However, TBI can offer no guarantees that no risks will occur. This also does not mean that the risk management systems require no further improvement. Optimisation of the internal risk management systems remains a key focus of attention for the Board of Management. This could lead to further tightening up of or additions to the systems.

The real estate market has been badly hit by the economic crisis for several years in succession. TBI's real estate activities have suffered badly as a result of the crisis. As long ago as 2010, the persistently difficult

market climate and outlook led to the decision to take very radical measures at Synchroon. This also led to downward value adjustments and the formation of provisions for the land positions held by Synchroon and the TBI Vastgoed B.V. land bank. Although there appeared to be a slight revival in the property market in 2011 and early 2012, the outlook has deteriorated consistently since mid-2012. The property market is dominated by reticence on the part of consumers, financiers and investors. The valuation of land positions is largely a matter of market valuation. This once again led to downward value adjustments and the formation of provisions in 2012, to a total of 20.5 million. The Board of Management believes that the organisational measures taken earlier at Synchroon are still appropriate as a means of piloting Synchroon through the difficult economic climate. However, developments are monitored closely and, if necessary, further measures will be taken to prevent losses.

The principal risks and the design and operation of the internal risk management systems are described below.

INTERNAL CONTROL AND RISK MANAGEMENT

The Supervisory Board monitors the management of the risks to which the group is exposed by discussing the quarterly results, the annual report, the financial statements, the Strategic Agenda and the Operational Plan with the Board of Management. The Supervisory Board meets the Board of Management to discuss these issues at least four times a year.

Role of Audit Committee

The Supervisory Board Audit Committee monitors compliance with financial regulations, the quality of the financial reports and the effectiveness of the internal control systems, and advises the Supervisory Board on these matters. The full Supervisory Board consults with the external auditor at least once per year. The external auditor is appointed annually by the Annual General Meeting of Shareholders.

TBI uses the following instruments for the planning, implementation and adjustment of its business operations:

- The long-term strategy is laid down in the Strategic Agenda for the years 2013 to 2015 inclusive. The TBI companies base their plans and budgets on this Agenda.
- Implementation of the TBI Annual Plan is the responsibility of the management boards of the TBI companies. The associated powers and responsibilities are laid down in an authorisation chart and in the management instructions.
- The TBI companies report on progress periodically to the Board of Management. The financial reports are assessed at central level and compared with approved budgets. Forecasts are reviewed on a quarterly basis and adjusted where necessary.
- The operational reports and performance of the TBI companies are discussed on a quarterly basis, with a strong focus on the principal risks and the actions taken to control them.
- There is regular contact with the TBI companies in between the quarterly discussions of the operational processes and the associated risks.
- Reporting guidelines are laid down in the periodically updated TBI Reporting Manual, which is based on the prevailing legislation and regulations.

The Board of Management monitors compliance with the relevant financial and other guidelines, supported by the Reporting and Control department. This department reports directly to the Board of Management and operates on the basis of a programme approved by the Board of Management. Audits by the Reporting and Control department focus on the design and functioning of the administrative organisation and internal control systems at the TBI companies.

Project management plays a central role in the management of risks within TBI, from the preparation of the quotation up to and including the delivery of the end product and the guarantee period. TBI divides the

risks into the following categories: compliance, market, operational, safety and financial.

MANAGEMENT OF COMPLIANCE RISKS

TBI believes it is important to do business in a way that takes full account of the interests of the stakeholders. This approach safeguards the continuity of the group and contributes to the well-being of the individual companies and their employees. Against this background, the TBI companies and their employees are expected to respond to the trust that is placed in them in an expert and professional manner.

The TBI group is active in several markets through a large number of companies. This creates the risk that incidents at individual TBI companies could have consequences for the general reputation of the group. TBI is aware of its position in society and attaches great value to its dictation; that is a key reason for making no concessions as regarding the integrity policy. Partly for this reason, TBI has introduced the TBI Code of Conduct across the group.

The TBI Code of Conduct is a living document, which means it is regularly reviewed to determine whether it still meets the required standards. The TBI Code of Conduct imposes a duty on every TBI employee to act in a professional, skilled and expert manner in performing his or her tasks, and also requires that all employees conduct themselves with due care, integrity and in a socially responsible way.

All employees must act in accordance with the rules set out in the TBI Code of Conduct. Additionally, any TBI employee who is aware of an infringement of this Code of Conduct has a duty to report this to the supervision officer at the TBI company concerned. These reports are treated as confidential, and an employee who reports an infringement can be assured that he or she will not suffer any disadvantage as a result.

The BAM-TBI consortium prepares for the drilling of the Sluiskil Tunnel beneath the kanaal van Gent naar Terneuzen. TBI companies Mobilis and Croon Elektrotechniek are collaborating on the construction project. The Sluiskil will be a bore tunnel, with twin bores each 1,145 metres long.

▼ SLUISKIL TUNNEL



Compliance with the TBI Code of Conduct is strictly monitored. Incidents are investigated and may lead to the imposition of employment-law sanctions. A supervision officer has been appointed within all TBI companies. He or she oversees compliance with the Code of Conduct and advises management on its application. The supervision officer also advises on the implementation of an information programme concerning the content and scope of the Code. The supervision officers report to the management of their respective TBI companies.

The supervision officers receive no instructions from their company managements regarding the exercise of their duties. The supervision officers' reports are made available to the Board of Management. The supervision officers perform their tasks autonomously. The Code of Conduct enables TBI employees to report any suspected problems or unusual circumstances to the 'External Supervisor' of TBI.

Other measures designed to manage compliance risks are as follows:

- A Letter of Representation, signed by the management of the TBI company concerned, is issued annually as evidence of compliance with internal rules and external legislation and regulations. In addition, the company managements furnish the Board of Management with an In Control declaration each year.
- Quarterly reports on risks and compliance matters.
- A whistle-blower's charter which protects employees who draw attention to practices that are contrary to the TBI Code of Conduct.

Horizontal Supervision

TBI has signed a Horizontal Supervision Agreement with the Dutch Tax and Customs Administration. This is intended to enable TBI to meet its tax obligations effectively and efficiently. The aim is to create a permanent and up-to-date insight into relevant events and to facilitate a rapid definition of standpoints by the tax authorities, thereby increasing the legal certainty. Core values for horizontal supervision are mutual trust, transparency and understanding. TBI ensures that an

internal management and internal and external control system is in place, with the aim of submitting compliant tax returns that are free of material errors. Facts and circumstances which could lead to a difference of opinion about the fiscal consequences are tabled and discussed as soon as possible.

Sector-specific codes of conduct

Depending on the sector in which TBI companies are active, sector-specific codes of conduct apply. These are as follows:

SBIB business code

The Foundation for the Assessment of Integrity in the Construction Industry (SBIB) has the object of formulating self-disciplinary integrity rules for the construction industry in relation to order acquisition and competition in the Netherlands. All TBI construction companies and construction-related engineering companies are affiliated to SBIB.

Although the SBIB business code is a self-disciplinary scheme, it also has a real external impact. On the one hand because TBI companies inform third parties that they endorse the code and consider compliance with it to be important, and on the other hand because (potential) clients and/or tendering departments consider it important that their contractors compete for tenders in a transparent and above-board way, and that they behave with due care, integrity and social responsibility when carrying out assignments.

NEPROM code of conduct

Members of the Association of Dutch Project Developers (NEPROM) are bound by the NEPROM code of conduct. NEPROM members are expected to behave in a socially responsible way, and this is given form in the code of conduct in a set of rules governing conduct towards public authorities, clients, third parties, employees, etc. More specifically, this code contains all manner of rules indicating how a NEPROM member should behave in relation to property and land transactions.

To ensure compliance with the code, the NEPROM Transaction Register was introduced within TBI in

mid-2010. The Transaction Register is an internal system designed to make key aspects of property transactions transparent and centrally accessible, with a view to promoting transparency and verifiability. As part of its audit, TBI's external auditor PwC assessed the proper design and functioning of this system in 2012.

Dutch Construction and Infrastructure Federation code of conduct

All TBI construction companies are members of the Dutch Construction and Infrastructure Federation (Bouwend Nederland). Members of this Federation attach great value to corporate social responsibility, with integrity and competition as the keystones.

MANAGEMENT OF MARKET RISKS

The diversity of TBI's operations means that the risks associated with the activities in the various markets vary. Maintaining a balanced portfolio and spreading the activities across client categories and market sectors reduces the sensitivity of the business to variable market conditions.

Changed political priorities, changes in the central or local administrations and amendments to existing legislation and regulations resulting in changes to long-term plans and ongoing projects, and intensification of competition, all bring risks for TBI. The infrastructure sector is the most susceptible to these risks, since this market sector is situated specifically in the 'public domain'.

MANAGEMENT OF OPERATIONAL RISKS

TBI companies carry out a diversity of projects which differ from each other in their complexity, size, contract type and throughput time. In order to be able to carry out these projects successfully, the risks during the preparation, execution and completion of the projects must be identified at an early stage and then managed effectively.

The following measures have been taken to manage operational risks:

- A constant focus on compliance with internal project management procedures.
- Clear assignment of responsibility for acceptance of assignments. Within the parameters set in the management instructions and authorisation charts, this responsibility lies with the managements of the TBI companies. Large projects or quotations with a heightened risk profile require the prior approval of the Board of Management.
- Working in accordance with ISO quality systems. This offers guarantees that projects will be offered and implemented in a structured way and also provides guidelines for bringing in partners and advisors at the right time.
- Insurance of risks stemming from the implementation of projects.
- Prior approval by the Board of Management for investments in land positions, entering into long-term commitments, commencing sale proceedings and commencing construction projects for own risk.

The personnel policy is also important in relation to risk management. This is an area where project managers play a key role, and they accordingly follow special courses and training programmes. Other measures include keeping up standards of professional knowledge and, where possible, outsourcing of ICT services to specialists.

MANAGEMENT OF SAFETY RISKS

In view of the nature of the activities, the biggest risk of injury occurs on construction sites. For this reason, TBI pursues a policy aimed at taking all necessary measures to prevent accidents, occupational illnesses and damage. Health and safety risks are managed as far as possible by preparing projects in a planned way. The work is organised in such a way (including the layout of the construction site) that it has no detrimental impact on the health and safety of workers. Employees, loan staff and subcontractors also receive instructions on safe working methods.

Within the decentralised group structure of TBI, the managements of the individual TBI companies are responsible for putting in place an adequate safety management system within their company. See section 3.3 for further information on the specific measures taken in 2012 in order to raise safety awareness among employees and the development of the Safety Action Plan 2013-2015.

MANAGEMENT OF FINANCIAL RISKS

The financial risks include financing risks, liquidity risks and credit, interest rate and currency risks. The project-based character of TBI's activities leads to a wide variation in the use of operational funds. TBI meets its working capital requirements by raising external finance centrally. This central treasury function then serves as the basis for an internal financing structure. Based on internal credit assessments, the Board of Management extends credit lines to the individual TBI companies. There is a continual focus on optimising the management of working capital, including an assessment of the liquidity and solvency of clients. If necessary, additional collateral is requested or receivables are insured.

In the light of the prevailing market conditions, a cautious approach is adopted to taking on new investment commitments. TBI seeks to maintain a good liquidity position at all times, with key elements being strict control of working capital and a healthy interest coverage and debt/earnings ratio.

TBI uses a variety of financial instruments which are included on the balance sheet, such as liquid assets, debtors and other receivables as well as interest-bearing loans, creditors and other liabilities. TBI makes no use of derivatives such as forward exchange contracts and/or currency options, and does not deal in these financial derivatives.

- Credit risk is the risk of financial loss if a client fails to meet the contractual obligations they have entered into. Credit risks stem mainly from receivables from clients. TBI pursues an active policy to minimise the credit risk. Information from recognised institutions which specialise in the provision of credit information is used to manage this risk. Continual monitoring of the credit risk forms part of the credit management system. Where necessary, risks are in principle hedged using credit insurance, bank guarantees, prepayments, etc. The trade debtors present as at the balance sheet date do not represent a significant concentration of receivables in specific market sectors. In addition, part of the trade receivables are concentrated in the Dutch public sector.
- Property development risks, such as the acquisition of land and commencing construction of own development projects, may only be taken on with the prior written approval of the Board of Management. Every investment application or request to commence sale or construction is assessed on its own merits.

The managements and staff of the TBI companies worked hard in 2012 to achieve the financial and other objectives of the TBI concern. The Board of Management would like to express its great appreciation to everyone who contributed to this.

Rotterdam, 14 March 2013

Board of Management

D.A. Sperling (Chairman)

L.J. Pruis



- ▲ **M.S. VOLGABORG** TBI company Eekels supplied the complete electrical plant for its client Royal Wagenborg for the largest and heaviest vessel ever to enter the water in the northern Netherlands (Volgaborg). In addition to the engineering, Eekels also supplied and installed all operating desks, switch boxes, distribution units and a frequency drive for the 600 kW bow screw unit. The Eekels Alarm System (EAS) was also part of the installation project.

Under the name ICU, TBI company Alfen is developing and producing charging points for electrical vehicles. Alfen works closely with other TBI companies for the construction and installation of the units. For example, Voorbij Funderingstechniek makes the pedestals for the charging posts and Fri-Jado produces the housings. Croon Elektrotechniek takes care of the connections and installation

- ▼ **ICU** contracting company Comfort Partners is involved in the service and maintenance.



FINANCIAL STATEMENTS 2012

Consolidated balance sheet as at 31 December 2012	50
Consolidated profit and loss account for the year 2012	51
Consolidated cash flow statement 2012	52
Notes to the consolidated financial statements	53
Notes to the consolidated balance sheet	59
Notes to the consolidated profit and loss account	66
Company balance sheet as at 31 December 2012	70
Company profit and loss account for the year 2012	70
Notes to the company financial statements for the year 2012	71

CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2012

(before appropriation of result)

(amounts x EUR 1,000)

	31 December 2012	31 December 2011
Non-current assets		
1 Intangible assets	4,950	2,635
2 Tangible assets	133,561	133,284
3 Financial assets	<u>7,880</u>	<u>3,879</u>
	146,391	139,798
Current assets		
4 Work in progress:		
– Construction contracts	–97,121	–189,177
– Land positions, etc.	205,421	217,638
– Property developments	<u>28,362</u>	<u>15,856</u>
	136,662	44,317
5 Stocks	28,363	26,740
6 Receivables	322,607	366,933
7 Cash at bank and in hand	<u>129,428</u>	<u>216,106</u>
	617,060	654,096
Current liabilities		
	6,533	6,635
8 Other liabilities	<u>468,232</u>	<u>512,372</u>
	474,765	519,007
Balance of current assets/current liabilities	<u>142,295</u>	<u>135,089</u>
	288,686	274,887
9 Long-term liabilities	8,552	–
10 Provisions	17,313	10,605
Group equity		
11 Shareholders' equity	261,730	263,254
Minority interests	<u>1,091</u>	<u>1,028</u>
	262,821	264,282
	288,686	274,887

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR 2012

(amounts x EUR 1,000)

	2012	2011
12 Operating revenue	2,121,639	2,171,952
Operating costs		
Costs of raw materials and consumables contracted-out work and other external costs	-1,410,032	-1,439,742
13 Wages and salaries	-396,984	-409,347
Social security charges	-77,149	-74,814
14 Pension charges	-31,922	-30,468
15 Depreciation of tangible assets	-23,958	-25,244
16 Amortisation of intangible assets	-903	-785
Other operating costs	-149,003	-158,210
	<u>-2,089,951</u>	<u>-2,138,610</u>
Operating result before impairment charge	31,688	33,342
4 Impairment	<u>-20,533</u>	<u>-</u>
Operating result after impairment charge	11,155	33,342
17 Interest	<u>-3,133</u>	<u>170</u>
Result from ordinary operations before tax	8,022	33,512
18 Taxation	<u>-2,422</u>	<u>-3,461</u>
Result from ordinary operations after tax	5,600	30,051
Result from participating interests	257	-5,536
Minority interest in result of group companies	<u>-57</u>	<u>-294</u>
Net result	5,800	24,221

CONSOLIDATED CASH FLOW STATEMENT 2012

(amounts x EUR 1,000)

	2012	2011
Net result for year	5,800	24,221
Adjusted for impairment (net)	15,400	–
1 Amortisation of intangible assets	903	785
2 Depreciation of tangible assets	23,958	25,244
Increase in provisions due to consolidation	224	–
Decrease in provisions due to deconsolidation	–	–1,401
Other movements in provisions	6,484	2,273
Movements in working capital excluding cash	<u>–109,182</u>	<u>–24,757</u>
Cash flow from operating activities	–56,413	26,365
1 Investments in intangible assets	–3,226	–876
2 Investments in tangible assets	–26,933	–26,351
2 Disposals of tangible assets	2,699	1,572
Disposals of intangible assets	8	–
2 Disposals of tangible assets as a result of deconsolidation	–	4,319
1 Investments in intangible assets from acquisitions	–	14
Movements in financial assets	–4,001	–3,300
Goodwill paid	<u>–264</u>	<u>–358</u>
Cash flow from investment activities	–31,717	–24,980
Long-term liabilities drawn down	8,552	–
Repayment of credit institutions	–102	–23,411
Increase in minority interests	63	673
Dividend	–7,266	–
Other movements	<u>205</u>	<u>9</u>
Cash flow from financing activities	1,452	–22,729
Net cash flow for year	–86,678	–21,344
Movements in cash at bank and in hand:		
7 Cash at bank and in hand at start of year	216,106	237,450
Movements	<u>–86,678</u>	<u>–21,344</u>
7 Cash at bank and in hand at end of year	129,428	216,106
Of which movements in year in construction consortia and other strategic alliances	–2,056	702

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

GENERAL

TBI Holdings B.V. comprises a network of companies active in the engineering, construction and infrastructure segments. The TBI companies operate both independently and in partnership, primarily in the Dutch home market. TBI Holdings B.V. has its registered office in Rotterdam, the Netherlands.

ACCOUNTING POLICIES

PRESENTATION OF FINANCIAL STATEMENTS

The consolidated financial statements of TBI Holdings B.V. are prepared in accordance with the statutory provisions as set out in Part 9, Book 2 of the Netherlands Civil Code.

Pursuant to Section 402 of Part 9, Book 2 of the Netherlands Civil Code, the company profit and loss account is presented in simplified format.

The consolidated financial statements are presented in euros, the functional currency for the Company. Unless stated otherwise, all financial information is stated in thousands of euros. The balance sheet, profit and loss account and cash flow statement contained reference numbers. These refer to the Notes.

In drawing up the financial statements, it is necessary for the management to make estimates and assumptions which influence the application of the accounting policies and the reported values of assets and liabilities, income and expenditure. The actual outcomes may differ from these estimates. The estimates and underlying assumptions are continually assessed. Revisions to estimates are included in the period in which the estimate concerned was revised and in future periods for which the revision has consequences.

CONSOLIDATION

The consolidated financial statements contain the financial particulars of TBI Holdings B.V., the group companies in which TBI Holdings B.V. holds more than half the capital with a voting entitlement or in which TBI Holdings B.V. has a decisive say in the management and financial policy on the grounds of supplementary rules, and other legal entities in which TBI Holdings B.V. has a controlling interest or conducts the central management. In general these are participating interests in which TBI Holdings B.V. has a stake of more than 50 percent. The assets, liabilities and results of these companies are fully consolidated. Minority interests in group equity and group results are stated separately.

Participations in consortia – participating interests in which control is exercised jointly with third parties on the basis of a cooperation agreement – are consolidated on a pro rata basis. The duration and legal form of the consortia are not important here. If contracting consortia take the form of a partnership firm, allowance is made for joint and several liability if and in so far as there are grounds for doing so on the basis of the financial position of the consortium and/or one or more of the partners therein.

Intercompany receivables and liabilities and the results of transactions between group companies and other legal entities included in the consolidation are eliminated in so far as the results did not derive from transactions outside the group.

Results of acquired participating interests are consolidated from the moment that a material influence can be exercised on the commercial and financial policy. Results of participating interests sold during the year under review are consolidated until the moment control can no longer be exercised.

Pursuant to Sections 379 and 414 of Part 9, Book 2 of the Netherlands Civil Code, a list of participating interests has been filed for inspection with the Trade Register in Rotterdam. A declaration as referred to in Section 403 of Part 9, Book 2 of the Netherlands Civil Code has been issued in respect of one Dutch consolidated company.

FOREIGN CURRENCY

Transactions in foreign currencies during the reporting period are disclosed in the financial statements at the exchange rate prevailing on the transaction date.

Monetary assets and liabilities in foreign currencies are translated into the functional currency at the exchange rate prevailing on the balance sheet date. Gains or losses ensuing from the settlement and translation are taken to the profit and loss account.

Non-monetary assets and liabilities which are valued in a foreign currency based on the acquisition price are translated at the exchange rate prevailing on the transaction date. Translation differences arising from the net investment in a foreign participating interest are taken directly to shareholders' equity in the legal translation differences reserve.

VALUATION

The valuation principles applied are unchanged compared with the previous financial year. Unless stated otherwise, assets and liabilities are stated at nominal value.

IMPAIRMENT CHARGES ON FIXED ASSETS

An assessment is made on the balance sheet date each year as to whether there are indications that a non-current asset could be subject to an impairment. If such indications are present, the realisable value of the asset is determined. An impairment applies if the book value of the asset is higher than the realisable value, where the realisable value is the higher of the sales value and the net present value. An assessment is also made on the balance sheet date as to whether circumstances

exist which could lead to the reversal of an earlier impairment.

INTANGIBLE ASSETS

Intangible assets mainly relate to expenditure for development projects for the production of new or materially improved products and processes. This expenditure can be capitalised if the product or process is technically and commercially feasible. The capitalised costs are stated at cost price. Straight-line amortisation is applied to intangible assets on the basis of an estimated useful life of five years or, if this better matches the economic reality, pro rata the units produced in connection with the development.

TANGIBLE ASSETS

Tangible assets are stated at historical cost or net present value, whichever is the lower. Straight-line depreciation is applied to tangible assets on the basis of the estimated economic life of the asset, calculated at the following annual percentages:

Buildings	2½ to 4 percent
Plant, equipment and machinery	20 percent
Other assets	10 – 20 percent

FINANCIAL ASSETS

Participating interests in which the Company can exercise a material influence over the commercial and financial policy are stated at net asset value in accordance with the accounting policies applying for the financial reporting of TBI Holdings B.V. Participating interests in which the Company exerts no significant influence are stated at acquisition cost. Allowance is made for reductions in value occurring on the balance sheet date.

Goodwill is defined as the positive difference between the acquisition cost and net asset value of the participating interests acquired, which is charged to the Other reserves.

The acquisition cost consists of the purchase price paid for the acquisition plus any directly attributable costs. The net asset value of the participating interest is determined by valuing the assets, provisions and liabilities of the participating interest and calculating its result using the same accounting policies as those which apply for TBI Holdings B.V..

Other receivables are stated at amortised cost price, which generally corresponds with the nominal value, taking into account the effective interest rate and less a value adjustment for irrecoverability.

WORK IN PROGRESS

Work in progress for third parties (construction contracts) are stated at direct project cost – chiefly materials, third-party services and subcontracting, wages and social insurance premiums – plus a mark-up to cover project costs. The projected profit on projects is calculated in proportion to the completed or executed portion of the project. In calculating the progress of projects consideration is given among other things to the quotient of the costs incurred up to the balance sheet date for activities already carried out and the estimated total costs. Profit is not recognised as long as no reliable estimate can be made of the project result. Provisions for losses are deducted from the valuation. Profit on the large number of smaller projects generally having a term of less than one year is recognised on completion of the project. This method does not have a material influence on capital or results.

Land owned by the Company is valued at acquisition cost plus the costs of infrastructural development and other costs arising from the ownership of the land, less any provisions deemed necessary for development risks, as soon as these can be foreseen.

Projects under development by the Company are stated at direct project cost plus a mark-up to cover general costs. Profit is attributed to projects pro rata the progress of production and the realised sales. Provisions for losses are deducted from the value, as is project finance on the basis of non-limited recourse.

No interest is added to land owned by the Company or to projects under development by the Company, except in the case of project-based finance on the basis of limited recourse carried out in partnership with third parties.

STOCKS

Stocks are stated at historical cost or market value, whichever is the lower, allowing for a provision for obsolescence, using the FIFO (first in, first out) method.

RECEIVABLES

Receivables are stated at amortised cost price, which generally corresponds with the nominal value, taking into account the effective interest rate and less a value adjustment for irrecoverability.

CASH AT BANK AND IN HAND

Cash at bank and in hand consists of cash, bank balances and deposits with a term of less than twelve months. Cash at bank and in hand is stated at nominal value.

LIABILITIES

Liabilities are stated at amortised cost price, which generally corresponds with the nominal value, taking into account the effective interest rate. Repayment obligations falling due within one year on long-term liabilities are disclosed under Current liabilities: credit institutions, etc.

PROVISIONS

Provisions are formed for all legally enforceable or actual obligations arising from an event prior to the balance sheet date where it is likely that settlement of those obligations will require an outflow of funds and a reliable estimate can be made of the amount concerned.

Deferred tax credits and liabilities are recognised for temporary differences between the value of the assets and liabilities according to tax regulations on the one hand and the book values applied in these financial statements on the other. Deferred tax assets and liabilities are calculated at the tax rates applying at the end of the year under review or at the rates which will apply in the coming years. Deferred tax assets are deducted from the provision and valued if it can reasonably be assumed that they can be realised within the periods set by the tax authorities. Deferred tax credits and liabilities are stated at nominal value.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

TBI uses various financial instruments as part of its normal business operations. These financial instruments are stated on the balance sheet and include cash at bank and in hand, debtors and other receivables and interest-bearing loans, creditors and other liabilities. TBI makes no use of forward exchange contracts and/or currency options, and does not deal in these financial derivatives. Financial instruments expose TBI to credit or market risks.

CREDIT RISK

Credit risk is the risk of financial loss if a client fails to meet the contractual obligations they have entered into. Credit risks stem mainly from receivables from clients. TBI pursues an active policy to minimise the credit risk. Information from recognised institutions which specialise in the provision of credit information is used to manage this risk. Continual monitoring of the credit risk forms part of the credit management system.

Where necessary, risks are hedged using credit insurance, bank guarantees, prepayments and other forms of collateral security. The trade debtors present as at the balance sheet date do not represent a significant concentration of receivables in specific market sectors. In addition, part of the debtors are concentrated in the Dutch public sector.

Reference is made to section 3.9 of this annual report, 'Risk management', for further information on the policy in relation to financial instruments.

DETERMINATION OF THE RESULT

The principles for determination of the result are unchanged compared with the previous financial year.

Income and expenditure are attributed to the period to which they relate.

OPERATING REVENUE

Operating revenue and result are determined on the basis of historical cost and include net turnover, movements in work in progress (including profit mark-up and/or provisions formed to cover losses) and other operating revenue. Net turnover comprises the realisable value recognised in the reporting period of completed works and goods and services supplied (excluding turnover tax).

Profit on work carried out for third parties and on work under own development is recognised up to the amount of the expected profit which corresponds with the completed portion of the work. The status of sales is also taken into account in calculating the profit to be taken on work under own development.

OPERATING COSTS

Operating costs are stated at historical cost. The FIFO (first in, first out) method is generally used to determine the costs of raw materials and consumables.

Intercompany supplies within the group are reconciled at market prices.

Development expenses incurred are capitalised only if the prescribed capitalisation criteria have been satisfied. Costs of research are not capitalised.

STAFF REMUNERATION

Costs arising from staff remuneration such as wages, salaries and social insurance premiums are taken to the profit and loss account in accordance with the terms of employment, in so far as they are payable to employees. Other staff remunerations, with the exception of jubilee payments, are charged to the result for the year in which they are paid.

The costs ensuing from pension schemes are in principle equal on to the pension contributions payable to pension funds and insurance companies over that period. In so far as contributions payable have not yet been made as at the balance sheet date, a commitment is recognised for this. If contributions already paid as at the balance sheet date exceed the contributions payable, an accrual is recognised in so far as there will be a future repayment by the pension funds and/or insurance companies concerned or set-off against contributions payable in the future. A provision is also formed for existing additional commitments vis-à-vis the pension funds, insurance companies and employees as at the balance sheet date, if it is likely that the settlement of commitments will lead to an outflow of funds and if the extent of the commitments can be reliably estimated.

Whether or not such additional commitments exist will be assessed on the basis of the pension management agreement with the pension funds and/or insurance companies concerned, the pension agreement with employees and other (explicit or implicit) undertakings to employees. The provision is valued at the best estimate of the amounts needed to settle the commitments as at the balance sheet date.

INTEREST INCOME AND CHARGES

Interest income and charges relate to interest and other finance charges that can be attributed to the year under review.

RESULT FROM PARTICIPATING INTERESTS

The results from non-consolidated participating interests are calculated based on the portion of the results corresponding with the participating interest held by TBI during the year under review, after deduction of the relevant taxes. Dividends are recognised if the right has been acquired to them.

TAXATION

Tax on the profit is calculated on the basis of the result from ordinary activities taking into account any available tax facilities such as tax loss carry-over and substantial holding exemption. Income from tax loss carry-over is recognised once it can be foreseen.

Together with its shareholder and a number of subsidiaries located in the Netherlands, TBI Holdings B.V. forms a fiscal entity for the purposes of corporation tax. Pursuant to statutory provisions, all members of a fiscal entity are jointly and severally liable for the tax liabilities of this fiscal entity. The tax burden for each individual entity within the fiscal entity is determined as if that individual entity had an individual tax liability. Settlement takes place in current account.

CASH FLOW STATEMENT

The cash flow statement is drawn up using the indirect method. Under this method, the net profit is adjusted for profit and loss account items which have no influence on revenue and expenditure in the year under review, movements in balance sheet items and profit and loss account items in respect of which revenue and expenditure are not regarded as forming part of the operational activities. The cash position in the cash flow statement comprises cash at bank and in hand.

NOTES TO THE CONSOLIDATED BALANCE SHEET

(amounts x EUR 1,000)

1 INTANGIBLE ASSETS

	Development
Position as at 1 January 2012	
Cost of acquisition	5,672
Cumulative depreciation	-3,037
Book value	2,635
Movements in book value	
Investments	3,218
Depreciation	-903
Balance	2,315
Position as at 31 December 2012	
Cost of acquisition	8,583
Cumulative depreciation	-3,633
Book value	4,950

2 TANGIBLE ASSETS

	Land and buildings	Plant and machinery	Other non-current assets	Pre- payment etc.	Total
Position as at 1 January 2012					
Cost of acquisition	116,309	102,335	150,728	685	370,057
Cumulative depreciation	-52,407	-69,597	-114,729	-40	-236,773
Book value	63,902	32,738	35,999	645	133,284
Movements in book value					
Investments	6,031	4,771	14,244	1,887	26,933
Disposals	-978	-1,144	-548	-28	-2,698
Depreciation	-4,161	-6,282	-13,514	-1	-23,958
Reclassifications	-13	13	454	-454	-
Balance	879	-2,642	636	1,404	277
Position as at 31 December 2012					
Cost of acquisition	119,027	99,888	161,658	2,049	382,622
Cumulative depreciation	-54,246	-69,792	-125,023	-	-249,061
Book value	64,781	30,096	36,635	2,049	133,561

> NOTES TO THE CONSOLIDATED BALANCE SHEET

3 **FINANCIAL ASSETS**

The movements in financial assets are as follows:

	Non-consolidated participating interests
Position as at 1 January 2012	
Book value	3,879
Movements in book value	
Acquired equity participations	5,050
Finance repayments received	-1,184
Profit distributions and dividends received	-122
Share in result for year	257
Balance	<u>4,001</u>
Position as at 31 December 2012	
Book value	7,880

4 **WORK IN PROGRESS**

The work in progress as at 31 December can be analysed as follows:

	31 December 2012	31 December 2011
Construction contracts		
Costs including profits recognised pro rata the progress, less provisions for losses	2,122,223	2,058,774
Less: invoiced instalments	<u>-2,219,344</u>	<u>-2,247,951</u>
	-97,121	-189,177
Land positions, building rights, unsold dwellings, etc.		
Costs, less provisions for losses	223,569	224,406
Less: invoiced instalments and project finance	<u>-18,148</u>	<u>-6,768</u>
	205,421	217,638

> Table continued on page 61.

> Continued table.

31 December 2012

31 December 2011

Property developments

Costs including profit recognised pro rata the progress, less provisions for losses	212,477		177,585	
Less: invoiced instalments and project finance	<u>-184,115</u>		<u>-161,729</u>	
		<u>28,362</u>		<u>15,856</u>
		136,662		44,317

The composition is as follows:

Balance of works in progress greater than invoiced instalments	307,239		338,581	
Balance of works in progress smaller than invoiced instalments	<u>-170,577</u>		<u>-294,264</u>	
		136,662		44,317

The balance of costs and invoiced instalments for third-party orders includes building production not yet invoiced to clients or financed by clients, respectively, against which there are construction commitments.

The item Land positions, building rights and unsold dwellings relates mainly to land positions acquired in the Netherlands for property development in the near future. A substantial proportion of these positions are expected to be developed within three years. This item also includes the stock of physically completed but unsold homes, with a value of 15.4 million (31 December 2011: 11.3 million). In the light of the weak market conditions and outlook and the absence of a structural recovery in the near term, TBI performed analyses of its real estate positions in 2012. These analyses focused on the positions carrying the highest risk, predominantly positions in land and associated plan development costs. On the basis of these analyses, based on a residual land value method, TBI concluded that the anticipated (future) realisable values of a number of positions needed to be permanently written down. An impairment charge was accordingly applied amounting to 20.5 million in 2012 (2011: nil; 2010: 56.9 million).

The item Own development includes the capitalised costs of unsold homes under construction of 48.9 million (31 December 2011: 55.6 million). No profit was taken on these dwellings.

> NOTES TO THE CONSOLIDATED BALANCE SHEET

5 **STOCKS**

	31 December 2012	31 December 2011
Raw materials and consumables	14,988	13,379
Goods in production and semi-manufactures	1,132	1,217
Finished product and goods for resale	12,243	12,144
	28,363	26,740

6 **RECEIVABLES**

	31 December 2012	31 December 2011
Accounts receivable	253,433	293,073
Tax assets	7,883	19,301
Other receivables	53,071	45,620
Prepayments and accrued income	8,220	8,939
	322,607	366,933

The majority of the receivables have a term of less than one year.

7 **CASH AT BANK AND IN HAND**

	31 December 2012	31 December 2011
Banks	126,290	169,207
Deposits	2,981	46,751
Cash	157	148
	129,428	216,106

The cash at bank and in hand is at the free disposal of the group, with the exception of an amount of approximately 33.6 million (31 December 2011: 35.6 million) held in partnership firms and proportionally consolidated other participating interests. The Dutch bank balances also include the balances of frozen 'G'-type bank accounts to an amount of approximately 5.2 million (31 December 2011: 6.2 million). The majority of the deposits have a term of less than one year.

8 **OTHER LIABILITIES**

Other current liabilities can be analysed as follows:

	31 December 2012	31 December 2011
Trade payables	242,269	262,291
Tax and social insurance premiums	43,355	52,961
Other participating interests	347	349
Personnel costs	56,595	54,899
Pension contributions	1,940	1,622
Other liabilities	112,369	122,523
Accruals and deferrals	11,357	17,727
	468,232	512,372

9 **LONG-TERM LIABILITIES**

The long-term liability relates to a long-term project finance arrangement taken out by a group company. The interest rate is based on one-month Euribor plus a mark-up.

10 **PROVISIONS**

	Deferred tax liabilities	Staff- related commitments	Restructuring	Other	Total
Position as at 31 December 2011	–	4,295	3,047	3,263	10,605
Movements in 2012					
Additions	1,120	950	9,893	3,263	15,226
Withdrawals	–	–145	–5,411	–1,164	–6,720
Amounts released	–	–482	–34	–1,282	–1,798
Balance	1,120	323	4,448	817	6,708
Position as at 31 December 2012	1,120	4,618	7,495	4,080	17,313

The majority of the provisions have a term of more than one year and probably less than five years.

The provision for staff-related commitments relates to:

- pension commitments;
- commitments in respect of early retirement of employees;
- commitments in respect of jubilee payments (staff anniversaries).

> NOTES TO THE CONSOLIDATED BALANCE SHEET

The pension commitments relate mainly to self-administered pension schemes and are of negligible size. The provision for jubilee payments relates to the cash value of payments made to employees in respect of long-service anniversaries. In calculating the provision, allowance is made for the likelihood of employees leaving the Company.

The commitments in respect of jubilee payments are calculated on the basis of an actuarial interest rate of 4.0 percent (2011: 4.0 percent).

The provision for restructuring serves to cover the costs associated with reorganisation, cessation of activities and environmental risks.

Other provisions relate among other things to foreseeable commitments and potential losses arising from disputes and legal proceedings, maintenance and rent guarantees in respect of development projects.

11 **SHAREHOLDERS' EQUITY**

	31 December 2012	31 December 2011
Issued capital	45,378	45,378
Reserves	210,552	193,655
Non-distributed profit	5,800	24,221
	261,730	263,254

The authorised capital consists of 2,250,000 ordinary shares each having a nominal value of 100. 453,780 of these shares have been issued and fully paid up. The share premium reserve created on payment for shares is not distributable on a tax-free basis.

Reference is made to the Notes to the company balance sheet for further information on the composition of and movements in shareholders' equity.

OFF-BALANCE SHEET COMMITMENTS

	31 December 2012	31 December 2011
Bank guarantees and suretyships		
Guarantees in connection with letters of intent	57,080	24,132
Guarantees in connection with execution of works	166,923	186,600
Guarantees in connection with prepayments received	37,768	45,832
Other	26,779	28,224
	288,550	284,788

	31 December 2012			31 December 2011		
	< 1 year	1 – 5 years	> 5 years	< 1 year	1 – 5 years	> 5 years
Other (x 1 million)						
Lease contracts	23.1	33.2	0.2	20.5	29.4	0.1
Rental agreements, etc.	13.4	36.1	16.7	13.0	40.2	21.2
Land purchase commitments	31.2	19.8	–	29.5	37.2	–

The commitments in respect of lease contracts relate mainly to the vehicle fleet. The commitments in respect of rental contracts relate mainly to property. The commitments in respect of operational lease and rent are in nominal amounts and are recognised in the profit and loss account on a straight-line basis over the term of the agreement.

The commitments entered into in relation to land purchases are partially subject to planning changes and/or the issuing of (building) permits.

If contracting consortia take the form of a partnership firm, allowance is made for joint and several liability if and in so far as there are grounds for doing so on the basis of the financial position of the consortium and/or one or more of the partners therein.

TBI Holdings B.V. and its group companies are involved from time to time in legal disputes. A provision is formed where settlement of disputes is likely to lead to an outflow of funds and the extent of this outflow can be reliably estimated. For the remaining disputes, based partly on legal advice, the Company management believes that the outcome of current proceedings will not exert a material influence on the consolidated position of TBI Holdings B.V.

NOTES TO THE CONSOLIDATED PROFIT AND LOSS ACCOUNT

(amounts x EUR 1,000, unless otherwise stated)

SEGMENTED INFORMATION BY AREA OF ACTIVITY

(x EUR 1 million)

	Engineering		Construction		Infrastructure		Total	
	2012	2011	2012	2011	2012	2011	2012	2011
Operating revenue								
External	960	976	915	951	246	242	2,122	2,172
Internal	29	53	7	2	12	15	–	–
Total	989	1,029	922	953	258	257	2,122	2,172
Operating result*	17.0	18.5	23.1	30.5	8.6	6.2	31.7	33.3
Operating margin								
Operating result / operating revenue	1.7%	1.8%	2.5%	3.2%	3.3%	2.4%	1.5%	1.5%
Investments in tangible assets	14.1	9.6	8.1	9.7	4.7	6.8	26.9	26.4
Investments in intangible assets	1.8	0.8	1.3	–	0.1	–	3.2	0.8
Depreciation of tangible assets	13.0	14.2	6.4	5.9	4.3	4.8	24.0	25.2
Amortisation of intangible assets	0.5	0.5	0.4	0.3	–	–	0.9	0.8
Order book								
Written orders	714	828	707	861	206	346	1,628	2,033
Pipeline orders	104	70	179	279	6	10	288	361
	818	898	886	1,140	212	356	1,916	2,394

* Before impairment.

12 **OPERATING REVENUE**

	2012	2011
Net turnover	2,051,081	1,992,901
Change in balance sheet value of work in progress and capitalised own production	70,558	179,051
	2,121,639	2,171,952
Geographical distribution of net turnover		
Netherlands	1,984,106	1,932,878
Other EU countries	29,420	20,023
Rest of Europe	1,521	2,044
Outside Europe	36,034	37,956
	2,051,081	1,992,901

13 **STAFF**

The average number of employees can be analysed by activity as follows:

	2012	2011
Engineering	5,887	6,048
Construction	1,837	1,959
Infrastructure	467	464
Other	25	27
	8,216	8,498

14 **PENSIONS**

The pension schemes applying for employees of TBI and its group companies are placed with the following entities, depending on the relevant Collective Labour Agreement and/or employment contract:

- Pension Fund for the Construction Industry (*Bedrijfstakpensioenfonds voor de Bouwnijverheid*)
- Pension fund for the Metalworking and Mechanical Engineering industry (*Pensioenfonds Metaal en Techniek*)
- Pension Fund for the Mechanical and Electrical Engineering Industry (*Pensioenfonds voor de Metalektro*)
- Insured ‘dispensation’ schemes:
 - Construction industry scheme (*Gedispenseerde bedrijfstakregeling Bouw*)
 - Company pension schemes
- Stichting Pensioenfonds TBI pension fund

The first three pension schemes above are operated by sector pension funds. In all cases where the pension scheme is placed with a sector pension fund, TBI group companies have no obligation in the event of a shortfall to make additional contributions other than the future contributions payable. Similarly, TBI group companies cannot make any claim on any surpluses in the funds. The foregoing also applies for the insured schemes and the schemes placed by the Stichting Pensioenfonds TBI pension fund with an insurance company.

> NOTES TO THE CONSOLIDATED PROFIT AND LOSS ACCOUNT

Based on the foregoing characteristics, the principle is that the pension charge to be recognised in the reporting period is equal to the pension contributions payable over that period to the pension funds or insurance companies, respectively.

On the initiative of TBI Bouw B.V. and its allied companies, the dispensation for the Construction Industry pension scheme has been withdrawn with effect from 2012. From that point on, all schemes have been placed with pension funds. The pensions accrued up to 1 January 2012 will however remain within the insured scheme.

15 DEPRECIATION OF TANGIBLE ASSETS

	2012	2011
Land and buildings	4,161	4,587
Plant and machinery	6,282	6,771
Other assets	13,514	13,885
Other	1	1
	<u>23,958</u>	<u>25,244</u>

16 AMORTISATION OF INTANGIBLE ASSETS

	2012	2011
Development	903	785
	<u>903</u>	<u>785</u>

17 INTEREST

	2012	2011
Other interest income	1,448	3,154
Interest charges	<u>-4,581</u>	<u>-2,984</u>
	<u>-3,133</u>	<u>170</u>

18 TAXATION

Taxation relates to the tax payable on the results obtained in the Netherlands and elsewhere, taking into account the movement in the provision for deferred corporation tax liabilities. The tax payable is calculated at the applicable rates, taking into account tax-exempt profit components, permanent discrepancies and non-deductible costs.

The effective tax rate for the year amounts to 30.2 percent (2011: 10.3 percent). The relationship between the average effective tax rate and the statutory corporation tax rate is as follows:

(in percentage)	2012	2011
Corporation tax rate	25.0	25.0
Liquidation loss and carry-forward losses	-0.6	-17.2
Non-deductible costs	4.9	1.1
Other	0.9	1.4
Effective tax rate	30.2	10.3

TRANSACTIONS WITH RELATED PARTIES

TBI has the following related parties: the shareholder, group companies and the members of the Board of Management and the Supervisory Board. Any transactions with related parties take place on terms which are also applied to transactions with third parties.

A total of 3,125 was charged to the Company in 2012 (2011: 2,080) for the remuneration of current and former members of the Board of Management. This amount includes past-service commitments and other pension charges. A total of 158 was charged to the Company in 2012 (2011: 234) for the remuneration of the members of the Supervisory Board.

AUDITOR'S FEES

The auditor's fees can be analysed as follows:

	2012	2011
Audit of the consolidated financial statements	926	1,055
Other audit assignments	92	97
Tax advice	-	-
	1,018	1,152

COMPANY BALANCE SHEET AS AT 31 DECEMBER 2012

(before appropriation of result)

(amounts x EUR 1,000)

	31 December 2012		31 December 2011	
Non-current assets				
1	Tangible assets	419		820
2	Financial assets	<u>331,804</u>		<u>307,206</u>
			332,223	308,026
Current assets				
3	Receivables	5,398		4,476
4	Cash at bank and in hand	<u>68,339</u>		<u>144,116</u>
		73,737		148,592
5	Current liabilities	<u>141,461</u>		<u>192,360</u>
	Balance of current assets/current liabilities		<u>-67,724</u>	<u>-43,768</u>
			264,499	264,258
Long-term liabilities				
			-	-
6	Provisions		2,769	1,004
7	Shareholders' equity			
	Issued capital	45,378		45,378
	Share premium reserve	7,683		7,683
	Other reserves	202,869		185,972
	Result for year	<u>5,800</u>		<u>24,221</u>
			<u>261,730</u>	<u>263,254</u>
			264,499	264,258

COMPANY PROFIT AND LOSS ACCOUNT FOR THE YEAR 2012

(amounts x EUR 1,000)

	2012	2011
Result from participating interests after tax	18,527	40,095
Other income and expenditure after tax	<u>-12,727</u>	<u>-15,874</u>
	5,800	24,221

NOTES TO THE COMPANY FINANCIAL STATEMENTS FOR THE YEAR 2012

(amounts x EUR 1,000)

GENERAL

The company financial statements of TBI have been drawn up in accordance with the statutory provisions as set out in Part 9, Book 2 of the Netherlands Civil Code. The accounting policies used for the company financial statements are the same as those used in drawing up the consolidated financial statements. Reference is made to the Notes to the consolidated balance sheet and profit and loss account for the principles of valuation of assets and liabilities and for the determination of the result. In accordance with these principles, participating interests in group companies are stated at net asset value.

COMPANY BALANCE SHEET

1 TANGIBLE ASSETS

The tangible assets relate to Other non-current assets.

2 FINANCIAL ASSETS

	31 December 2012	31 December 2011
Share in group companies	331,804	307,206

The movements in financial assets are as follows:

	Share in group companies
Position as at 1 January 2012	
Book value	307,206
Movements in book value	
Net result for 2012	18,527
Dividends received	-2,372
Investments less provisions	8,500
Other	-57
Balance	24,598
Position as at 31 December 2012	
Book value	331,804

3 RECEIVABLES

The receivables relate to other receivables and prepayments and accrued income. A substantial proportion of the receivables have a term of less than one year.

4 CASH AT BANK AND IN HAND

	31 December 2012	31 December 2011
Deposits	-	40,000
Cash	2	-
Banks	68,337	104,116
	68,339	144,116

> NOTES TO THE COMPANY FINANCIAL STATEMENTS

5 **CURRENT LIABILITIES**

	31 December 2012	31 December 2011
Amounts owed to group companies	136,732	180,304
Credit institutions	–	–
Other liabilities, accruals and deferrals	4,729	12,056
	141,461	192,360

TBI acts as a banker for its subsidiaries. Under this arrangement the funds of these subsidiaries which are not required for the day-to-day running of the business can be deposited in an interest-bearing, instant-access 'financing account' operated by the parent company. These amounts are payable daily on demand. The interest paid on these current accounts is based on the base rate set by the commercial banks, plus a mark-up. The average rate of interest in 2012 was 5.5 percent (2011: 5.4 percent).

6 **PROVISIONS**

	Other
Position as at 31 December 2011	1,004
Movements in 2012	
Additions	2,755
Withdrawals	–990
Balance	1,765
Position as at 31 December 2012	2,769

The provisions have been formed mainly to cover the costs of restructuring and legal disputes.

7 SHAREHOLDERS' EQUITY

The authorised capital consists of 2,250,000 ordinary shares each having a nominal value of 100. 453,780 of these shares have been issued and fully paid up. The share premium reserve created on payment for shares is not distributable on a tax-free basis. The composition of and movements in shareholders' equity can be analysed as follows:

	Issued capital	Share premium reserve	Other reserves	Non- distributed profits	Total
Position as at 1 January 2011	45,378	7,683	219,932	-33,611	239,382
Addition to the reserves	-	-	-33,611	33,611	-
Dividend 2010	-	-	-	-	-
Result 2011	-	-	-	24,221	24,221
Exchange differences and other movements	-	-	-349	-	-349
Position as at 31 December 2011	45,378	7,683	185,972	24,221	263,254
Addition to the reserves	-	-	16,955	-16,955	-
Dividend 2011	-	-	-	-7,266	-7,266
Result 2012	-	-	-	5,800	5,800
Exchange differences and other movements	-	-	-58	-	-58
Position as at 31 December 2012	45,378	7,683	202,869	5,800	261,730

Of the Other reserves, an amount of 0.2 million relates to gains and losses on participating interests and an amount of 5.0 million relates to development costs in respect of intangible assets. Pursuant to Section 389, subsection 8 and Section 365, subsection 2 of Part 9, Book 2 of the Netherlands Civil Code (legal reserves), these amounts are not freely distributable.

In April 2012, the Annual General Meeting of Shareholders accepted the recommendation of the Supervisory Board and resolved to adopt the financial statements 2011 unchanged. The Meeting resolved to distribute the net result for 2011 as follows: distribution of a cash dividend totalling 7.3 million with the remainder of the net result being added to the Other reserves. The dividend was made payable by the Company in 2012.

The net profit for 2012 amounts to 5.8 million. The Company proposes to distribute a cash dividend in respect of 2012 amounting to 1.7 million, and to add the remainder of the net result, amounting to 4.1 million, to the Other reserves.

OFF-BALANCE SHEET COMMITMENTS

The Company has undertaken joint and several liability in respect of liabilities of a number of group companies based in the Netherlands ensuing from legal acts.

The Company has issued corporate guarantees, mainly to project principals, in place of bank guarantees. At year-end 2012 these guarantees amounted to 60.9 million (year-end 2011: 55.0 million).

Together with its shareholder and a number of subsidiaries located in the Netherlands, the Company forms a fiscal entity for the purposes of turnover taxes and/or corporation tax. Pursuant to statutory provisions in the Netherlands, all members of a fiscal entity are jointly and severally liable for the tax liabilities of the fiscal entity.

Reference is also made to the Notes to the consolidated balance sheet.

COMPANY PROFIT AND LOSS ACCOUNT

In drawing up an abridged profit and loss account, use has been made of the facility provided by Section 402, Part 9, Book 2 of the Netherlands Civil Code.

The Company employed an average of 25 staff in 2012 (2011: 26).

Rotterdam, 14 March 2013

Supervisory Board

J.B. van Dongen (Chairman)

E.H.M. van den Assem

A.L.M. Nelissen

J.E. de Vries

Board of Management

D.A. Sperling (Chairman)

L.J. Pruis

OTHER INFORMATION

PROVISIONS OF THE ARTICLES OF ASSOCIATION CONCERNING APPROPRIATION OF THE RESULT

ARTICLE 24

Reserves charged to the profit shall be formed as determined by the Board of Management with the approval of the Supervisory Board. The amount remaining thereafter shall be at the disposal of the Annual General Meeting of Shareholders.

APPROPRIATION OF RESULT 2011

Pursuant to the stipulations of the Articles of Association, out of the profit of 24.2 million an amount of 16.9 million was added to the Other reserves. The remainder, totalling 7.3 million, was distributed to shareholders in the form of cash dividend.

PROPOSED APPROPRIATION OF RESULT 2012

The net profit for 2012 amounts to 5.8 million. The Company proposes to pay a cash dividend for 2012 amounting to 1.7 million. The remaining amount of 4.1 million will be added to the Other reserves.

INDEPENDENT AUDITOR'S REPORT

To: the Annual General Meeting of TBI Holdings B.V.

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements 2012 as set out on pages 49 to 74 of TBI Holdings B.V., Rotterdam, which comprise the consolidated and company balance sheet as at 31 December 2012, the consolidated and company profit and loss account for the year then ended and the notes, comprising a summary of accounting policies and other explanatory information.

BOARD OF MANAGEMENT'S RESPONSIBILITY

Board of Management 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, Board of 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 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 Board of 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

In our opinion, the financial statements give a true and fair view of the financial position of TBI Holdings 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.

Rotterdam, 14 March 2013

PricewaterhouseCoopers Accountants N.V.

P. Tieleman RA

OVERVIEW OF OPERATIONAL STRUCTURE AND MANagements OF TBI COMPANIES

as at 14 March 2013

ENGINEERING	Management	Website
Acto Informatisering B.V.	W.F. Verhoef, W.J.C. Zegers	www.acto.nl
Alfen B.V.	M. Roeleveld	www.alfen.com
Croon Elektrotechniek B.V.	C. Smit, L.B. Koek, J. Vogel	www.croon.nl
HVL B.V.	C.W. Padmos, Croon Elektrotechniek B.V.	www.hvl.nl
Eekels Elektrotechniek B.V.	H. de Haan, L.H.J.D. Brom	www.eekels.com
Fri-Jado B.V.	R.J. Goedhart, F.J.J. Vissers	www.frijado.nl
Ingenieursbureau Wolter & Dros B.V.	J.M.H.R. Knubben, J.M. Kuling	www.wolterendros.nl
WTH Vloerverwarming B.V.	R.A. Heuperman	www.wth.nl
CONSTRUCTION	Management	Website
J.P. van Eesteren B.V.	H. van Keulen, J.H.A. Vaags, Th.F.C. Jansen	www.jpvaneesteren.nl
ERA Contour B.V.	H. Homberg, R.P. van den Bergh, J.P. van Zomeren	www.eracontour.nl
Kanters Bouw en Vastgoed B.V.	ERA Contour B.V.	www.kanterstbi.nl
Groothuis Wonen B.V.	E.J.C. Groothuis, J.P. van Zomeren	www.groothuis.nl
Hazenberg Bouw B.V.	B.N.W. de Bont, A.J.C.J. van de Loo, S.J.F. de Wit	www.hazenberg.nl
Aannemingsbedrijf Nico de Bont B.V.	B.N.W. de Bont	www.nicodebont.nl
B.V. Bouwbedrijf Hazenberg	A.J.C.J. van de Loo	www.hazenberg.nl
Korteweg Bouw B.V.	S.J.F. de Wit	www.kortewegbouw.nl
Koopmans Bouwgroep B.V.	H.C. Smit, E.J.C. Groothuis	www.koopmans.nl
MDB B.V.	J.H.S. Mulkens	www.mdb.nl
Voorbij Groep B.V.	TBI Bouw B.V.	www.voorbij-groep.nl
Hevo B.V.	E.R. van der Sluis, R.J. Teunissen	www.hevo.nl
Synchroon B.V.	A.J.H. van Breukelen	www.synchroon.nl
TBI Vastgoed B.V.	TBI Holdings B.V.	www.tbi.nl
INFRASTRUCTURE	Management	Website
TBI Infra B.V.	J. Luijten	www.tbi-infra.nl
Mobilis B.V.	J. Luijten, J. de Jong	www.mobilis.nl
Timmermans Infratechniek B.V.	TBI Infra B.V.	www.timmermans-infra.nl
Voorbij Betonsystemen B.V.	TBI Infra B.V.	www.voorbij-betonsystemen.nl
Voorbij Funderingstechniek B.V.	TBI Infra B.V.	www.voorbijfunderingstechniek.nl
Voorbij Prefab Beton B.V.	TBI Infra B.V.	www.voorbij-prefabbeton.nl
Voorbij Spantechiek B.V.	TBI Infra B.V.	

BUSINESS DEVELOPMENTS AT A GLANCE

(in alphabetical order)

ENGINEERING

ACTO INFORMATISERING

Acto Informatisering, based in Amersfoort, provides total ERP solutions for project-based service and other companies. Acto completed a number of major projects in 2012 at various engineering companies, both within and outside TBI, which optimised their information technology and automation of their internal and other processes in order to reduce costs and maintain profitability. Acto launched a new method of publishing software releases in 2012, to enable it to respond more quickly to the wishes of clients in a rapidly changing world and the technologies that go with it.

ALFEN

Alfen is a developer and provider of fully assembled transformer substations, as well as products for energy distribution and sustainable energy solutions. Alfen is based in Almere and is the preferred supplier of Dutch energy network operators. Alfen markets charging points for electric cars on the European market under the IEC label. To date, more than 5,000 charging points have been completed, putting Alfen among the market leaders in this field.

Alfen completed and developed a number of interesting sustainable energy projects in 2012. A Smart storage solution was built for the electricity distribution network (neighbourhood energy storage) to enhance the reliability of local energy supplies. Alfen was nominated for the Jan Terlouw innovation prize for the SOPRA project (independent sustainable networks for small areas and buildings).

A derived project linked to the distribution network will be completed in 2013. Together with Croon Elektrotechniek, a solution for storing energy within buildings is being completed.

Alfen is converting large numbers of existing transformer substations into intelligent units for network operators as part of the Smart Grid.

In partnership with the network operator Netbeheer Nederland, Alfen is developing an intelligent unit which

provides a simple means of managing and controlling all the functions within a transformer substation, reaffirming Alfen's innovative strength.

CROON ELEKTROTECHNIEK

Croon Elektrotechniek is the largest service provider in the Netherlands specialising in electrical engineering, with activities in the industrial, non-residential, marine & offshore and infrastructure sectors. Croon Elektrotechniek is based in Rotterdam and has branches throughout the Netherlands. The services provided by Croon contribute to the sound, sustainable and cost-effective functioning of buildings, vessels, infrastructural and industrial plant. Croon is involved from the design stage right through to the management and maintenance phase. Despite the difficult economic climate, Croon built up a strong order book in 2012 and achieved its objectives. Notable projects include the construction of the Sluiskil Tunnel, the Paleis van Justitie law courts in Amsterdam, the RWG terminal at Tweede Maasvlakte and the upgrade of the Gryphon A Floating Production Storage and Offloading (FPSO) vessel for Maersk.

With effect from 1 January 2013, Croon Elektrotechniek acquired the shares of its sister company HVL from TBI Techniek.

EKELS ELEKTROTECHNIEK

Eekels supplies technological solutions in the fields of electrical and mechanical engineering for the Marine & Offshore and Industry & Infrastructure market segments. The company's headquarters are in Kolham (Groningen). Eekels received large orders from the shipbuilder Damen in the year under review for the construction of a total of eight Platform Supply Vessels. Major work was undertaken in 2012 on the engineering of part of the electrical plant for these vessels, including the diesel electric drives. The vessels will be completed in 2013. In January, Eekels began marketing the MarPower systems which it acquired from Exendis. The order intake in the first year was above expectations.

In the Industry & Infrastructure market, Eekels considerably increased its client base in the northeast of the Netherlands in 2012. To strengthen its position in the Province of Drenthe, on 15 November 2012 Eekels opened a new subbranch on the Emmtec Industry & Business Park.

FRI-JADO

Fri-Jado is a specialist in the development, production, installation and maintenance of refrigeration systems and equipment for the preparation, storage and presentation of food and drink. As a total installation contractor, Fri-Jado is the technical partner for its clients in the retail sector. Fri-Jado's Dutch bases are in Etten-Leur and Moordrecht. In addition, the company has locations in the United States, China, the UK and the Czech Republic. Fri-Jado opened a new location in the Czech Republic in 2012 in order to be able to offer total solutions to its retail sector clients in this market. The refrigeration technology is monitored continuously from the Netherlands. The start-up costs for this business development were charged in full to the annual result. The collaborative The Green Retailer project, which was launched by Fri-Jado in 2011, was followed up with chain partners in the retail and supermarket sector and with industrial and building supply companies. Partners in The Green Retailer work together in a multidisciplinary way to develop concepts that are sustainable, low-energy and energy-producing, for use in the ultra-low-energy supermarkets of the future. The project will be completed successfully in 2013. Fri-Jado supplied equipment, hot and chilled merchandisers, to the Platinum and Gold format of all Shell Select Deli-2-Go outlets in Hungary, Poland, the Czech Republic, Slovakia, Bulgaria and the UK. The export activities for Fri-Jado equipment were focused on Eastern Europe and North America. Fri-Jado was closely involved in the construction and remodelling of stores for several supermarket formulas in 2012. Fri-Jado has developed an integrated cooling and heating system for climate control in supermarkets. Cooling and heating are two independent technologies which have traditionally been

controlled separately. Fri-Jado has now integrated these two separate technologies in a single climate system. In addition to the financial savings, reusing heat in supermarkets is also very attractive from an environmental and sustainability perspective. Fri-Jado took its own experimental kitchen for grill equipment / merchandisers into use in the year under review. A new R&D facility was also created for refrigeration technology and store layout.

HVL

As a technical installation contractor, HVL delivers intelligent solutions. HVL has its headquarters in Eindhoven, and also has a presence in Dordrecht, Gorinchem, Maastricht, Nijmegen, 's-Hertogenbosch, Venlo and Breda. HVL is giving tangible form to the strategic choice of further professionalising service and maintenance. Among other things, in 2012 HVL signed multi-year maintenance contracts with ROC Zadkine training college, Koning Willem I College, Level 3 and a 35-year contract for the energy supply system at the Albert Schweitzer Ziekenhuis Hospital. Other new projects include new-build activities at the Fontys Sporthogeschool sports college, Decathlon in Best and Diffutherm, renovation at the Oosterhout softening plant for AVR waste processing, a district heating project for residential neighbourhoods in Rotterdam Zuid and a pumping station maintenance system at AA and Maas. HVL signed a contract with Waterschapshuis for the use, management and maintenance of AquaVision, an ultra-modern system which enables the majority of Dutch water boards to provide users with accurate information at every level.

With effect from 1 January 2013, the shares of HVL were acquired from TBI Techniek by its sister company Croon Elektrotechniek.

INGENIEURSBUREAU WOLTER & DROS

Ingenieursbureau Wolter & Dros is an installation and maintenance contractor specialising in the design, installation, maintenance and management of technical installations. The company has its headquarters in Amersfoort, and also has locations throughout the Netherlands. Wolter & Dros continued its focus in 2012 on Operational Excellence, an improvement project which will lead to standard concepts and uniform systems and working methods based on best practices. This enables the strengths of the group to be exploited whilst preserving local entrepreneurship. Another improvement programme which was developed further in 2012 was Total Cost of Ownership, which makes it easier to control the costs of use of a building or technical installation. A toolkit was also under development to enable the right choices to be made during the design phase and to embed and anchor know-how firmly in the organisation.

Among the new orders acquired in 2012 were a combined heat and power plant (CHP) for the VU/VUmc energy company in Amsterdam, Hotel IJdock in Amsterdam and a maintenance contract for 28,000 installations for the Ymere housing association.

WTH

WTH is a supplier of floor and wall systems for heating and cooling buildings. WTH is based in Dordrecht, with secondary locations in Zaandam and Deventer. WTH was hit by the downturn in building production in 2012, leading to lower sales. Despite this, WTH maintained its leading position in this market. A number of innovative products were introduced for the control of underfloor heating. The systems launched earlier for the renovation market have been very well received and produced excellent orders. In the continuing trend towards greater sustainability of the built environment, WTH remains the leading partner for installation contractors and commissioners.

CONSTRUCTION

J.P. VAN EESTEREN

With effect from 1 February 2012, the sister companies Aanneming Maatschappij J.P. van Eesteren B.V. (Barendrecht, Amsterdam) and Heijmerink Bouw B.V. (Bunnik) were merged. The integrated company operates under the name J.P. van Eesteren B.V. in non-residential construction, industry, housing construction, restoration and remodelling/maintenance/renovation sectors. Its long experience in technically and/or organisationally complex projects, both new-build and renovation, makes J.P. van Eesteren one of the leading non-residential construction companies in the Netherlands. J.P. van Eesteren's activities also include smaller and medium-sized projects. The remodelling of the main Rijksmuseum building in Amsterdam, the extension and renovation of the Ministry of Economic Affairs, Agriculture and Innovation in The Hague and the first phase of the new construction of the Stadskwartier district (shops and dwellings) in Nieuwegein were completed in 2012. The major extension of the Groene Hart Ziekenhuis Hospital in Gouda reached the topping-out point. J.P. van Eesteren is building several sustainable projects with BREEAM accreditation, such as the Paleis van Justitie IJdock law courts in Amsterdam, projects begun in 2012 for the Nieuwe Haagse Passage in The Hague, the head offices of Avery Dennison in Leiden and the multifunctional Markthal building in Rotterdam. The Markthal project, is unique in the Netherlands, with a horseshoe-shaped shell 40 m high in which 226 apartments have been created and which encloses a covered marketplace the size of a football field. Together with the installation contracting companies Wolter & Dros and Croon, J.P. van Eesteren has made great strides in terms of integral cooperation on projects, responding to the growing demand from clients for total solutions. Cooperation featured in a number of projects in 2012, including the Sint Nicolaas school in Amsterdam, the Nederlands Belgische School voor Defensie in Den Helder and the Paleis van Justitie IJdock law courts in Amsterdam. An integral order was

also acquired for the building of the new O|2 building for VU University Amsterdam, and as part of an integral tender a quotation was drafted for the build and maintenance of the New Main European Patent Office in Rijswijk. The activities in the field of planned maintenance were greatly expanded, with a focus on integral assignments based on key performance indicators (KPIs). Maintenance contracts were signed or extended in 2012 for the headquarters of Europol in The Hague, Zwaag prison, several locations of De Nederlandsche Bank and buildings belonging to ING throughout the Netherlands.

ERA CONTOUR

ERA Contour carries out new build and renovation projects both for its own account and for third parties. In partnership with municipalities, housing associations, other developers and the consumer, the almost 500 staff devise and create locations where people can live happily and safely. The company is based in Zoetermeer. ERA Contour creates spaces for people, cities and society. The three spearheads of its operations are: the consumer as co-producer; making cities stronger; and 360 degree sustainability. ERA Contour's strength is cooperation; this is reflected in a working method characterised by co-creation. Every stakeholder, from client, co-maker up to and including the end user, delivers added value within its own discipline and therefore contributes to a better, faster and cheaper end product, in addition to making working together on the project a more positive experience. ERA Contour's clear focus on the urban environment and the consumer leads to successful concepts such as Eén Blok Stad, the Buurtlift, lekkerEIGENhuis (in collaboration with its TBI sister companies Koopmans Bouwgroep and Hazenberg Bouw) and Co-Green. The Eén Blok Stad concept was awarded the Rotterdam Architecture Prize in 2012 and the Amsterdam Groene Speld award was presented for the Stadstuin Overtoom project as part of the Co-Green sustainability initiative. On 2 February 2012, ERA Contour acquired the shares of its sister company Kanters Bouw en Vastgoed from TBI Bouw.

HAZENBERG BOUW

Hazenberg Bouw is an all-round construction company which carries out projects in the housing and non-residential construction sectors. The organisation has its headquarters in Vught (Bouwbedrijf Hazenberg and Nico de Bont) and also has a location (Korteweg Bouw) in Breda. These companies, which concentrate their activities in the south of the Netherlands, hold a distinctive position in the markets for restoration, renovation, change of use, transformation and maintenance. Hazenberg worked intensively with other TBI companies in 2012 on knowledge-sharing and product development in relation to change of use, housing concepts, maintenance and BIM. Based on the Surplus(r)systeem – an innovative housing concept developed by TBI – Korteweg is building 96 homes at Waterdonken-West in Breda. In addition, 77 apartments and commercial premises are being developed at Tramsingel in Breda. The prestigious Marckhoek project reached the topping-out point in 2012. Bouwbedrijf Hazenberg transformed the Terraza building in 's-Hertogenbosch within a short time from an office to an educational facility for Avans University of Applied Sciences. 69 homes are being created in Sint-Michielsgestel as part of the ParkHagen plan, based on the 'buyer as co-designer' principle. Nico de Bont began the restoration of the Jachthuis Sint Hubertus hunting lodge in Hoenderloo in 2012. The Geofort project in Herwijnen received a compliment from the National Restoration Fund. Together with Bouwbedrijf Hazenberg, Nico de Bont is giving the former Mariaoord convent in Vught a new lease of life as a housing complex (Parc Glorieux). The two companies are also working together on the Grasso factory in 's-Hertogenbosch. Hazenberg is transforming the production halls while production continues, while Nico de Bont is restoring the historic building shell. The restoration of the elephant house at Blijdorp Zoo in Rotterdam was a notable project.

HEVO

HEVO is a real estate specialist which is active in the market for accommodation advice and project management. With its unique concept of risk-bearing project management, HEVO offers firm guarantees on the price and quality of accommodation. HEVO creates solutions for complex accommodation problems for clients in education, the public sector, the care sector and the commercial sector. The company is based in 's-Hertogenbosch.

HEVO regularly produces leading publications, such as the Sustainable Quality Guideline for Primary Education (*Duurzame Kwaliteitsrichtlijn Primair Onderwijs*) and a series of publications for the care sector. HEVO presented the last edition of the care dossier 'Finance and Ownership: from vision to strategy' on the financing of care facilities, during the meeting of the TOP 250 TBI employees in December 2012. During Dutch Design Week, in October 2012, a number of advisors demonstrated configuration principles for homes for older persons based on scientific research and assessments by a large group of older persons. The Schravenlant state school community is a notable project. During a series of special sessions, discussions were held with the stakeholders on how to make the new building as sustainable as possible, taking the life cycle of the building as the starting point.

KOOPMANS BOUWGROEP

Koopmans Bouwgroep is a leading and innovative construction company specialising in the development of both residential and non-residential projects. Product development, innovative production methods and making optimum use of new and existing relationships result in a company which occupies a prominent position in comparison with its direct competitors. Koopmans Bouwgroep is based in Enschede and also has locations in Apeldoorn and Deventer. Koopmans worked on the further development of the Surplus® and lekkerEIGEN-huis housing concepts in 2012, the latter in partnership with ERA Contour and Hazenberg Bouw. In addition, Koopmans increasingly focused on

strengthening its position in multi-year maintenance and management and taking over the maintenance concerns from large clients. Cooperation (both internal and external) and partnership with the client are central in the making of choices. Investments were made in staff in the year under review by providing training projects to improve customer focus. In the area of sustainability, Koopmans believes that a healthy balance must be struck between ecological, economic and social factors. Koopmans achieved FSC accreditation in 2012 and attained level 4 on the CO₂ performance ladder. Koopmans complies with the accreditation requirements under the ISO 14001 standard. The company's offices in Enschede will be adapted in 2013 to facilitate more intelligent working and to achieve the BREEAM accreditation 'very good'.

Among the projects completed by Koopmans in 2012 was the Nieuw Zaailand project in Leeuwarden incorporating the Fries Museum, housing, retail outlets and a covered car park with more than 700 spaces. New offices were built for Agrifirm in Apeldoorn within the space of nine months. The office comprises four storeys (including an underground car park) with a gross floor area of 8,610 sq.m. The Wijtenhorst project in Schalkhaar is proceeding extremely well, with sales above expectations. Construction of the 115 owner-occupied and 43 rented homes began in April, and the first homes were completed in December. In the autumn of 2012, the companies SurPlus®Advanta from Apeldoorn and Groothuis Woningbouw in Harbrinkhoek pooled their strengths. The latter company was declared bankrupt in the summer and continued under the banner of TBI. Together, these two organisations will continue under the new name Groothuis Wonen B.V. The construction system developed by Groothuis Wonen will be used in the lekkerEIGENhuis housing concept.

MDB

MDB specialises in the hiring out of contracting equipment; it is based in Bergambacht. MDB's clients include companies within TBI as well as outside the group. MDB began applying safety procedures in 2012

to enable staff to work at higher levels on various projects. The company also upgraded its corporate identity in 2012 as part of the repositioning of TBI. This will also contribute to a more sustainable society.

SYNCHROON

Synchroon is a 'pure' project developer with more than 70 years' experience in development, primarily of housing and retail projects. Many projects are developed together with partners (investors, housing associations and construction companies). Synchroon and its staff are characterised by its social awareness coupled with a level-headed approach to the discipline. A number of notable projects were begun in 2012, including Parc Glorieux in Vught (in partnership with Hazenberg and Nico de Bont) and the Van Hogendorpkwartier shopping centre in Vlaardingen (in collaboration with the Waterweg Wonen housing association and ERA Contour). The completed Wateringsesingel project was handed over to Syntrus Achmea at the end of the year and major strides were made in the further development of Waterfront Harderwijk (together with Koopmans) and Stappegoor in Tilburg. The Biezenhof and Dorps haven housing projects in Woerden and Aalsmeer, respectively, were successfully completed in 2012. Sales also began at the Essengaarde housing development in Waddinxveen and the Pointe project in Oegstgeest.

For more information on the impairment charge applied to Synchroon's land holdings and the land holdings in the TBI Vastgoed land bank, please refer to section 3.9.

INFRASTRUCTURE

TBI INFRA

TBI Infra is an enterprise which takes its social responsibility seriously in its approach to fuels, raw materials and the environment. TBI Infra offers sustainable solutions for infrastructure projects, including tunnels, viaducts and ecoducts, bridges and car parks, as well as for public transport. TBI Infra has locations in Apeldoorn (Mobilis), Capelle aan den IJssel (Mobilis), Hoensbroek

(Timmermans) and Amsterdam (Voorbij companies). The activities of the bankrupt Timmermans Infratechniek B.V. in Hoensbroek (Province of Limburg) were taken over in 2012. Timmermans specialises in ground and plastics technology, management and long-term maintenance and complements the existing activities of TBI Infra, which also comprises the companies Mobilis B.V., Voorbij Funderingstechniek B.V. and Voorbij Prefab Beton B.V.

TBI Infra attained ISO 14001 accreditation in October 2012; this is an internationally recognised standard for the design of environmental management systems. TBI Infra focuses mainly on four areas, for which work instructions and control measures have been established: energy and CO₂, waste management, hazardous substances and soil pollution.

MOBILIS

In the year under review Mobilis, in partnership with other companies, completed a new power plant for the energy company E.ON at Maasvlakte, which meets 7 percent of Dutch energy needs. Mobilis worked in collaboration with other companies to build the substructure and underground car park for the multifunctional Markthal in Rotterdam. Also working in collaboration with other companies, Mobilis completed 25 civil engineering structures for the Hanzelijn railway line as well as a doubling of the number of tracks from two to four for Lelystad station. Preparations are being made in Terneuzen for the construction of the Sluiskil Tunnel. The first tunnel sections have been transported to the site by train, and the tunnel drilling machine is currently being assembled on location. The works on the A50 traffic intersection at Valburg are nearing completion. The girder beds have been installed, as have the transition curves from 's-Hertogenbosch to Rotterdam and from Bemmelen to 's-Hertogenbosch. Mobilis was awarded the maintenance contract for the Western Scheldt Tunnel in 2012. As part of a consortium which among others includes Croon, Mobilis will carry out the maintenance of the tunnel and the approach

roads during the period 2013 to 2033. Mobilis is part of a consortium that will be carrying out the Frederikssund project in Denmark, involving the design and build of a new 3.8 km long expressway as well as five bridges.

VOORBIJ

Voorbij Funderingstechniek and Voorbij Prefab Beton made a substantial contribution to several projects being carried out by Mobilis in 2012. In Sachalin (Russia), Voorbij Funderingstechniek also built a coffer dam for bringing pipelines ashore, and completed a similar assignment for an oil extraction project in Brazil.

Voorbij Prefab Beton is working in partnership with ERA Contour on the 'Vlaardings Geluk' housing project, comprising 300 houses and 60 apartments. The ARN fermentation and composting plants were scheduled for completion in January 2013.

OPERATIONAL STRUCTURE OF TBI

as at 31 December 2012



DEFINITIONS

CURRENT RATIO	The current ratio is calculated as the ratio of the current assets to the current liabilities.
INVESTED CAPITAL	The invested capital includes non-current assets, intangible assets, net working capital and tied cash.
OPERATING REVENUE	Operating revenue broadly comprises the value of production carried out in return for income. Operating revenue includes net turnover, movements in work in progress (including profit mark-up and/or provisions formed to cover losses) and other operating revenue. Net turnover comprises the realisable value recognised in the reporting period of completed works and goods and services supplied (excluding turnover tax).
OPERATING RESULT BEFORE DEPRECIATION AND AMORTISATION (EBITDA)	The operating result before allowing for financial income and charges, taxation, depreciation of tangible assets and amortisation of intangible assets. EBITDA is used as a measure of the ability of the business to generate cash and forms part of the financial covenants of the syndicate.
ORDER BOOK	The order book comprises the portion not yet implemented of the value of work in progress or work and/or projects still to be implemented as at the balance sheet date, as well as the 'pipeline', i.e. the total orders to be received for projects on which price agreement has been reached (construction teams) or with the lowest tender (tender contracts).
RESULT FROM ORDINARY OPERATIONS	The result from ordinary operations comprises the operating result, interest and the result from non-consolidated participating interests.
SOLVENCY RATIO	The solvency ratio reflects shareholders' equity as a percentage of total assets.

COLOPHON

Editorial and production

TBI Holdings B.V., Rotterdam

Concept and production

C&F Report Amsterdam B.V.

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Michel Kievits (page 17)

David Rozemeyer Fotografie (page 17)

Kees Stuij Fotografie (page 25)

Studio Henk van der Veen / J.P. van Eesteren B.V. (page 25)

CamKopter vof (page 37)

Synchroon B.V. (page 37)

C&F Report Amsterdam B.V. (page 43)

Kees de Vries / Eekels Elektrotechniek B.V. (page 47)

Roelof de Vries (page 47)

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TBI Holdings B.V., Rotterdam

April 2013

This is an English translation of the Dutch language report. Should different interpretations arise, the Dutch version prevails.

CREATE THE FUTURE



As a group of companies, TBI is focused on the future. But TBI is not just building towards the future: TBI is creating the future. Buildings, homes, tunnels and bridges which will contribute for  generations to come to a high-quality working, housing and living environment. That is why we regard sustainability as so essential. Both in the development and realisation of projects. **CREATE THE FUTURE**