Heijmans Annual Report

2012

heijmans

SMART HIGHWAY

The 2012 annual report of Heijmans N.V. is available in digital
and interactive form at jaarverslagheijmans.nl and as a PDF
at heijmans.nl

Publication date: 28 February 2013

This annual report is also published in both the Dutch
language and the English language. In case of textual
contradictions between the Dutch and the English versions,
the former shall prevail.

Contents

Chairman's message

Bert van der Els
CEO Heijmans NV

Change

As in previous years, the eurozone economy faced a headwind in 2012. The building industry has suffered heavily. Bankruptcies are the order of the day, and consumer confidence is low. The housing market has come to a standstill. The appointment of the new Cabinet in the Netherlands will bring reforms to the housing market and delays to investments in infrastructure. The reforms of the housing market will benefit movement and confidence in the medium to long term, but in the short term there will be further declines in house prices and cautiousness with regard to investment. The reduced investment in infrastructure marks an important shift in policy. The building industry is in the middle of a period of drastic change, with radical changes in market conditions.

Housing, employment and connections

Last year, taking these market conditions into consideration, we therefore adjusted our vision of the course to be followed.. We see opportunities in the changed conditions. We have identified a number of clear trends that will affect all our segments. The rapid increase in internet and wireless communication is increasingly making smart solutions possible, especially for our clients. Sustainable materials and new technology are extending the useful life of our products and are providing more sustainable applications. The scale of contracts and customer desire for integrated solutions, for instance with PPP contracts, are rapidly increasing. We are positioning ourselves in anticipation of these changes.

Housing

The share of rental housing held by institutional investors in the housing sector is increasing rapidly. In 2011 this share was around 40%, whereas last year it rose to around 70%. The strategic alliance with Syntrus Achmea is one of the changes that will enable us to anticipate the movement in the market from buying to renting. A feature of this cooperation is the technical and design input at an early stage, which means that the design of these projects can be more specifically geared for future tenants. A project such as the CAN in Amsterdam is an example of this. Besides the decline in the owner-occupied housing market, we saw a sharp reduction in the potential for investment and the need for new housing in the second half of 2012, which forced us to reorganise the Residential Building sector into a centrally managed business. This led to the loss of more than 250 jobs.

Employment

Non-Residential focuses on a limited number of markets. Within these markets, we deliver projects in which technical services and construction are fully integrated. There is still a clear demand for projects in the markets for education, health care and government facilities. The demand for commercial property has decreased substantially. Last year, for a number of projects, the management was replaced and the project organisation was changed during the first half of the year.

In the second half of the year, we made further progress on improving the quality of our preparatory work. The management of new types of contracts such as design & construct, which involve responsibility for design, require different management skills and experience than those that – until recently – were required in these sectors. This process takes time.

The buildings we construct are complex and meet high standards with regard to usage and useful life, and therefore a combined knowledge of equipment, maintenance and construction is needed. Over 70% of Heijmans' construction in this segment is already integrated. Here too we have a centrally managed business with a collective tender organisation. Last year, we were awarded the National Defence Museum in Soesterberg, which will be open to the public in 2014. Heijmans is building this new museum, and will also be responsible for its maintenance. In addition to new projects, service and maintenance are also being given an increasingly higher priority. What is known as recurring business consists of long-term and close customer relationships. Despite every effort, the financial result of Non-Residential in 2012 was negative. In the coming months, the improvements to quality, knowledge and expertise on the one hand and the organisation and unwavering attention to risk and project management on the other should lead to a gradual and permanent improvement in the results.

Infrastructure

The market segment of infrastructure (roads and civil engineering) is undergoing unprecedented change. While it is still a market featuring small and recurring jobs, it also encompasses large complicated assignments such as the reconstruction of the Kerensheide intersection of the A2 motorway. This work, which is being carried out while retaining traffic throughput, takes place in a very challenging environment. Kerensheide is actually located in the centre of the petrochemical industry, and therefore every change, in terms of building activities, has to be suitable for the environment. Also projects like the new parking garage Vonk&Vlam in 's-Hertogenbosch, which is being realised with the retention of the historical city walls, or the project 'Water in de Gracht' in Sittard, where construction is taking place in the city centre, require a lot of time and thought at the drawing board stage.

Innovation

We also launched innovations in 2012 with far-reaching consequences for our industry. The light-weight bridge over the A27, the wind energy system IRWES and the Smart Highway with Studio Roosegaarde – these are all ground-breaking innovations by Heijmans which show that the future of the building industry is increasingly shifting towards the drawing board, and that it concerns the provision of alternative solutions. Solutions are ones that use less fossil fuels are ones that bring additional comfort and the integration of adjacent technologies. We are realising these innovations together with parties in the eco-system of building and technology, featuring both creativity and high-tech solutions. In 2012 this approach culminated in the presentation of a 'Dutch Design Award' to Heijmans for best future concept during the Dutch Design week in Eindhoven.

Strategic agenda: creating value for our customers

This is the development which, in our view presents, many opportunities and in which we can add value. At the same time, the market conditions in the last four years have had significant consequences for the building industry. The emphasis has to shift from supply to demand. We have to change, to sharpen up and to anticipate developments. But it is not only the market that is forcing us to change. We can – and must – make progress in the areas of failure costs, procurement effectiveness, simplification of processes, and project management. We are therefore particularly looking at ways to improve the operation of our own business.

For these reasons, we carefully reviewed our internal organisation and the opportunities presented by the market in the spring of 2012. This did not lead to a new strategy, but it did result in an important understanding and thereby refocusing of effort. The market is changing; change is the order of the day. To earn the right to exist and create value, it is essential to deliver added value and the highest quality, as this is the only way to retain customers.

Being a project-based organisation, this means that risk management, a healthy cash position and decent margins are essential. For customers, it is important that processes and systems are designed to meet their needs. We achieve this in three ways. First of all, we are strengthening our core businesses of residential, employment and connections by bundling our procurement strength and managing our business on the basis of project and tender management. We are doing this by means of several implementation programmes, each of which have established targets, and for which it is clear what allocation is necessary. Implementation is directed at achieving consistency, project and organisation comparability, and control of risks. This will mean that 80% of our procurement will be conducted centrally, and this programme is designed to ensure the continuation of this strategy.

Secondly, we need to strengthen our market position in our existing markets. Finally, according to size and scale, we will take advantage of new opportunities in the market. A much stronger development of the sales operation will be needed in order to strengthen the market position and create new opportunities. Like procurement, tender and project management, sales management will also become a directorial responsibility.

Under one flag

This is the Heijmans strategic agenda for 2012 to 2016. In 2013 therefore we will return to operating under one flag as we did at the start of the company in 1923, so that we can increase our name recognition and our brand experience. Together with our customers and partners, this will increasingly lead to more innovative products created out of cooperation at an early stage. This is how we will provide the right response for these times, and differentiate ourselves in the market.

Bert van der Els
CEO Heijmans NV

Heijmans profile

Vision, mission and strategy

Vision
Heijmans is building the spatial contours of tomorrow. These contours are increasingly being determined by the scarcity of space, raw materials and other resources. This situation requires change, creativity and integration of systems. Tomorrow's spatial solutions will not be about more and larger, they will be about smarter and more efficient.

Mission
It is our mission to play a leading role in making the building industry in the Netherlands smarter and more efficient. In this endeavour, we take responsibility for achieving change and innovation, entering into partnerships, and providing customers with the best information. In order to achieve and continue its strategic focus on margin, Heijmans aspires over time to realise an EBIT margin in the building sectors of between 3% and 4 %. In the development sectors, particularly Property Development, the target margin is around 8%.

Strategy and ambition 2012-2016
Our objective is to be the best company in our sector. We will achieve this aim by striving for continuous improvement in our core activities through the bundling of our procurement, consistency in tender management, and the best possible project management. In addition, we will further increase our market share in existing markets through integration of knowledge and expertise. We will gain a position in new markets through innovation and cooperation in order to realise this ambition.

Added value
Heijmans distinguishes itself by creating solutions together with its partners at an early stage in the design process, and by realising these solutions through the integration of knowledge and expertise. Our work starts on the drawing board, and encompasses management and maintenance. We combine high tech knowledge and creativity in innovative products, services and concepts that we apply on a wide basis, in each case in a different local manifestation, but always based on the same knowledge and expertise. Heijmans positions itself as a distinct innovative player in the market.

History
Heijmans' history goes back to 1923, when Jan Heijmans started his paving company in Rosmalen. He had ample opportunities for growth in the post-war reconstruction period, with the restoration and laying of roads and airports. The first business acquisition occurred in this period and marked the beginning of a period of huge growth and versatility. Heijmans obtained a listing on the Amsterdam Exchanges in 1993. This gave the company a new source of capital, which enabled further growth and acquisitions.

The company changed course radically in mid-2008. The new direction, or turnaround, consisted of several main elements: ensuring the availability of funding, disposing of foreign operations, scaling back the property development and residential building activities, positioning non-residential building and technical services as a niche player, improving results in road-building, and reducing overheads.

Market areas and themes

Heijmans focuses on three market areas: residential, non-residential and infrastructure. Within these areas we are engaged in five sectors, which are: Property Development and Residential Building (residential), Non-Residential , and Roads and Civil Engineering (infrastructure). All sectors are centrally managed in order to optimise cooperation, synergy, scale and the use of knowledge and expertise.

Operations

Property Development

Property Development focuses on area development of both large and smaller-scale projects in both inner-city areas and suburban areas, and acts as initiator, developer and seller of mainly residential properties. This is carried out by the property development business, which consists of three locations with one central management. High-quality expertise in area development is bundled into one area development organisation.

Residential Building

The core activity of Residential Building is to build homes of different types. Maintenance and service are increasingly becoming part of this activity. Activities primarily consist of new-build, but also involve the restoration, redevelopment and renovation of existing housing stock. Residential Building operates from regional offices with central direction.

Non-Residential

Non-Residential designs, realises and maintains high-quality electro-technical and mechanical installations, and realises premises in the segments of health care, government and semi-government organisations, commercial property, the high-tech clean industry (such as laboratories), and data centres. Non-Residential operates from regional offices with central direction.

Roads

Roads focuses on the laying, maintenance and improvement of infrastructure relating to mobility for road users and the road networks in the Netherlands and Belgium, but also on the design of the public space. This may involve roads and underground infrastructure, but may also include installations and technical services (such as lighting, camera and reference systems) in and around roads and the related public space. The Roads organisation has a number of specialist knowledge areas and supporting disciplines. These include engineering services, focusing on engineering and design & construct, asset management, and specialist areas. Infrastructure Belgium focuses mainly on road building, maintenance contracts and PPP (public-private partnership) projects. The activities in Belgium thereby reinforce the company's infrastructure activities in the Netherlands. The German subsidiary Oevermann specialises in building and road building.

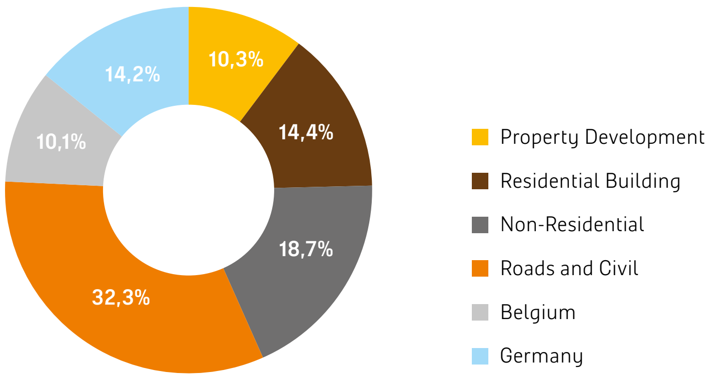
Civil Engineering

Civil Engineering focuses on location-linked infrastructure above and below ground, such as viaducts, tunnels, cables, pipelines, energy supplies, sluices and water purification. The focus is on design, realisation, and management & maintenance. The development of smart grids in the Netherlands is seen by Heijmans as an opportunity to further differentiate itself as a 'smart builder'. Franki, our German subsidiary, strengthens the integrated quality of Civil Engineering through cooperation on specialist foundation components and projects. Van den Berg, our Belgian subsidiary, specialises in service and new-build infrastructure contracts in relation to energy, water and electricity.

Overview of company profile: activities vs. Countries

	Housing	Employment	Connections
The Netherlands	•	•	•
Belgium	•		•
Germany	•		•

Revenues in 2012 by activity



Vision of corporate governance

Generally speaking, corporate governance concerns five basic issues for businesses. The first element consists of the company's strategy and the realisation of its business objectives. The next element is the effective management of the relationships between directors, supervisors and other stakeholders such as the shareholders and the Works Council, but also customers and suppliers. The third element is the corporate culture, which concerns ethical conduct within the organisation. The fourth element concerns monitoring and evaluation, in which implementation and direction are important. The final element relates to reporting and transparency in internal and external communication.

Strategy and corporate governance

Heijmans' ambition is to be the best company in its industry. We will achieve this by expanding our business operations, among other things by improving our procurement, tender and project management, and moreover our market share in existing markets and growing in related markets. A culture of discipline and unity is needed to realise this ambition. Heijmans endorses the importance of good corporate governance and a code of conduct in order to achieve its business objectives and associated corporate culture, and accordingly strives to apply the highest possible standards with respect to corporate governance. This means that Heijmans respects and complies with legislation, monitors its own compliance with that legislation, and observes and initiates guidelines that apply either to the industry as a whole or the company in particular. Moreover, this means that Heijmans strives to achieve the highest possible integrity and transparency in its actions and decision-making towards its stakeholders, conducts a permanent dialogue with its stakeholders, and has a policy of simultaneous and accessible distribution of information.

Executive Board, supervision and management

Heijmans is a public limited company that is subject by law to the dual-board structure. Among other things, this means that the Executive Board manages the company, and that supervision of its management is carried out by a Supervisory Board. Heijmans is organised via a two-tier board. Both the Supervisory Board and the Executive Board of Heijmans have expressed their preference for use of the two-tier board model.

Executive Board

The Executive Board establishes the company strategy and gives direction to the operational management, assisted by the Executive Committee. The Executive Board is responsible for the realisation of the objectives and the implementation of strategy, and is furthermore responsible for the result and relevant social aspects of the conduct of the company's business. The Executive Board is also responsible for compliance with all relevant legislation and regulations, for the management of the risks associated with the business activities, and for the financing of the company. The control and management systems manifest in quarterly and management reporting and review meetings with the line management. The performance of the Executive Board is evaluated by the Supervisory Board on a regular basis. The Executive Board is accountable to the Supervisory Board and the General Meeting of Shareholders.

Supervision

The Supervisory Board appoints and dismisses the Members of the Executive Board. The interests of the company and its related enterprises are the main concern in both the company's management and its supervision. Through these activities, the two boards endeavour to create long-term shareholder value, among other things. The Supervisory Board is charged with supervising the policy of the Executive Board and the general course of affairs. The Supervisory Board is available to advise the Executive Board. When discharging their duties the supervisory directors focus on the interests of the company and its affiliated enterprises.

Control

Depositary receipts for Heijmans shares are held by the Heijmans Share Administration Trust ('SA Trust'). The depositary receipts for shares are listed on the stock exchange of NYSE Euronext in Amsterdam. The voting rights on ordinary shares are vested in the SA Trust. Holders of depositary receipts for shares wishing to vote at a shareholders' meeting are granted an unconditional proxy by the SA Trust. This year, the Executive Board and the Supervisory Board have once again confirmed that, for the time being, depositary receipts will continue to be issued for shares. SA Trust also stated this at the Meeting of Depositary Receipt Holders held on November 23rd.

Employee participation

The arrangements for employee participation are laid down in the Works Councils Act. The European Works Council, the works councils in Belgium and Germany and the Central Works Council in the Netherlands, together with 11 works councils at operating company level, implement these arrangements. At meetings with the company's Executive Board, these councils represent the employees by whom they are elected. The term of appointment for the current works councils is expiring, and elections will be held in May 2013 which will also involve changes to the employee participation structure.

Corporate culture

Heijmans implemented a new code of conduct known as 'the Heijmans kr8' in 2011. The new code reflects the latest developments in the industry, and expresses what Heijmans expects from its employees in eight core values. A start was made on the transition from a multi-brand structure to a single brand structure in 2012. In practice, this means that all the brands will come under the Heijmans brand. The measure is intended to promote cooperation and integration within the company, as one of Heijmans' most important core values. Further progress will be made with the transition in 2013.

Corporate governance instruments

Within its corporate governance policy, Heijmans uses a number of instruments, sub-divided into rules, regulations and codes, on the one hand, and resources (such as training courses, meetings, education and social media) on the other hand. The application of these instruments depends on the objective in question and the stakeholder group.

Stakeholder analysis and application of instruments

Heijmans endorses the principle of the Corporate Governance Code that the company is a joint venture between the various parties involved with the company. The stakeholders are the groups and individuals that directly or indirectly affect – or are affected by – the company's realisation of its goals: principals/customers, employees, shareholders and other capital providers, suppliers and subcontractors, the industry, governments, knowledge and educational institutions, and social groups.

Stakeholder	Heijmans responsibility
Principals/Customers	An appropriate offering of products and services, clarity regarding responsibilities, risks and other conditions in the execution of projects.
Employees	Good and safe working conditions and competitive employee benefits: potential for personal growth and use of everyone's capacities.
Shareholders and other capital providers	A sound financial basis and a good return, focused on the continuity of the business. Another objective is the creation of shareholder value in the long term.
Chain partners (e.g. suppliers and subcontractors)	A professional collaboration and a fair conduct of business, based not only on price but also on quality, professionalism and sustainability.
Industry	Co-responsibility for the development of the industry, focusing on progress and innovation, development of expertise, and maintaining the attractiveness of the industry for young people.
Society (including governments, knowledge and education institutions and social groups)	Solutions for social issues, products and services with added social value. Good citizenship (with the law as the minimum standard) and the acceptance of responsibility for the footprint of our organisation and our projects.

Accented instruments in 2012

Integrity and code of conduct

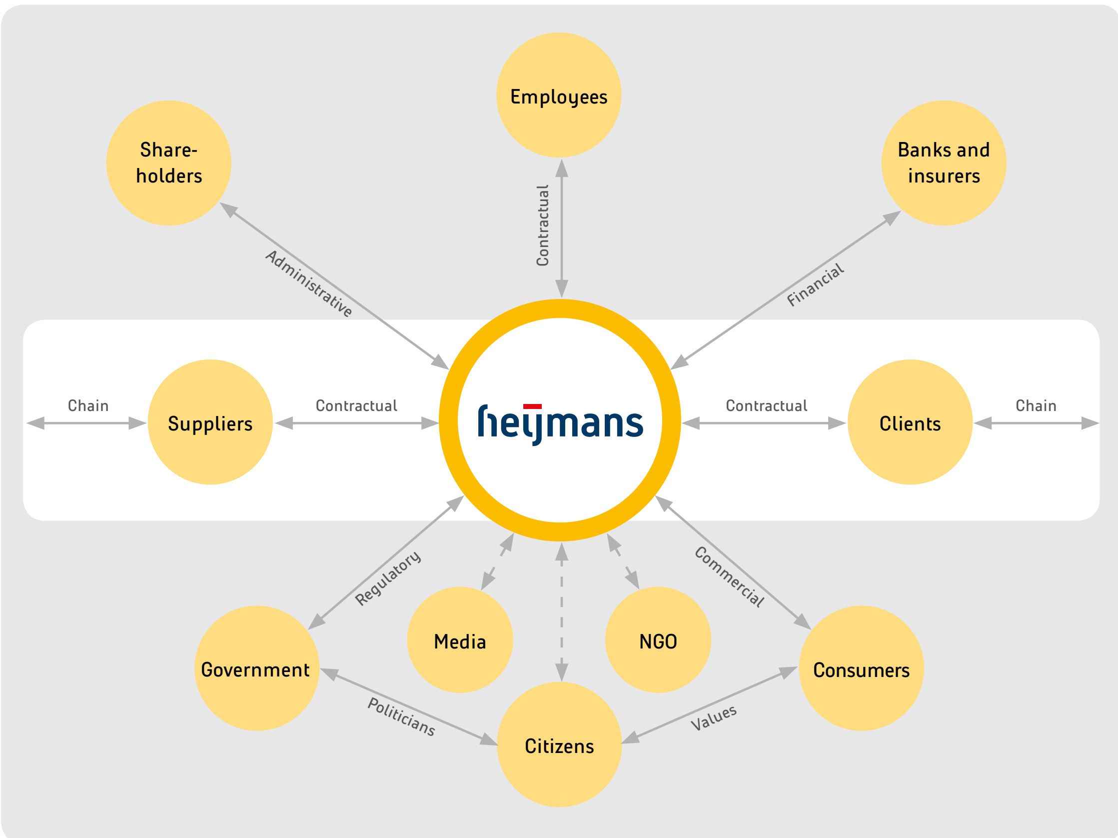
As in 2011, an Integrity Committee was active in 2012 to discuss issues, dilemmas and themes every six months, and to put forward, on the basis of these discussions, recommendations for changes in policy or for the institution of training courses. Many of the management employees underwent training regarding integrity in 2012, as was also the case in 2011. For instance, a tool kit has been formulated which includes relevant dilemmas that are also discussed during the training days of the direct employees.

All new employees receive this training during the introductory meetings for new employees. The spring issue of the Heijmans staff magazine fully featured the issue of integrity, after all employees were asked to respond to statements regarding conduct and integrity via intranet and Yammer since the autumn of 2011.

Stakeholder dialogue

Heijmans intensified its dialogue with stakeholders in various ways in 2012, including:

- **Stakeholder meetings:** Heijmans organises annual stakeholder meetings to discuss qualitative strategic priorities in policy (quality, sustainability and diversity). These are attended by a representative sample of the relevant stakeholders. The primary aims are to explain policy, to discuss policy and use the input to refine policy. Heijmans held a sustainability webinar in 2012 (which featured sustainable innovation, with the Smart Highway as an inspirational example), a stakeholder meeting on sustainability for Roads and Civil, several afternoon sessions on diversity, and a LEAN6sigma year event for employees, suppliers and customers.



- **Road shows and conferences:** Heijmans is in contact with its shareholders on various occasions for the purpose of dialogue. Not only at the general meeting of shareholders and the regular meetings with major shareholders, but also through conferences and road shows at which individual discussions and meetings take place with existing and new shareholders.
- **Project meetings for shareholders:** Heijmans visited several projects with various shareholder groups last year.
- **Customer meetings:** Heijmans held a Customers Day for its customers last year.

Transparency and interaction

Technological and social developments are accelerating the distribution of information and communication, and making this available to the public. Information is being placed, shared within groups and thus made public via social media such as Twitter and Facebook. Participation and connection with these social media is essential for companies in order to achieve transparency and interaction. Heijmans does this by means of webinars, Yammer, Twitter, Facebook and its own blog at overruimte.nl, which was started by Heijmans at the end of 2011 to provide more detailed information on various themes in its business and to encourage a dialogue with its stakeholders. The themes include issues such as sustainability, area development, product innovation, diversity and mobility. The blog was visited more than 60,000 times in 2012.

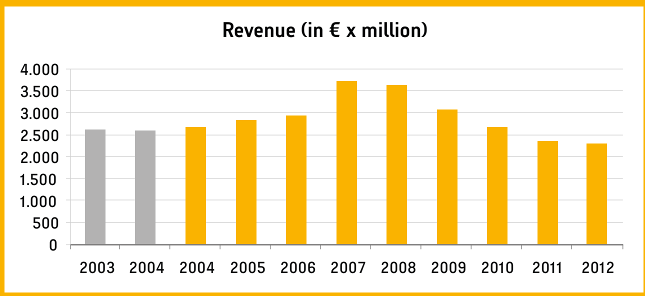

NATIONAL
MILITARY
MUSEUM
SOESTERBERG

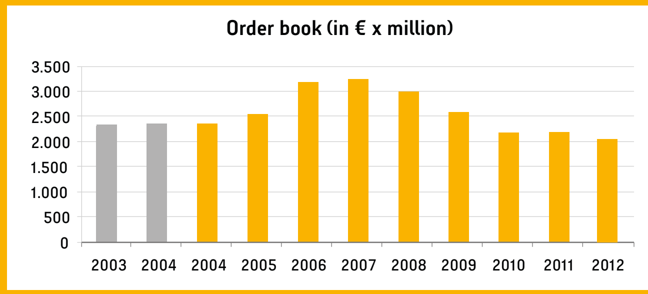
Heijmans' 10-year record in key figures

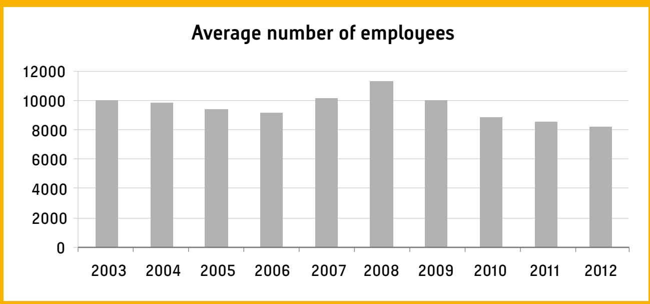
Key figures	2012 IFRS	2011 IFRS	2010 IFRS	2009 IFRS	2008 IFRS	2007 IFRS	2006 IFRS	2005 IFRS	2004 IFRS	2004 NL GAAP	2003 NL GAAP
Result x €million											
Revenue	2,318	2,361	2,680	3,079	3,631	3,732	2,942	2,835	2,672	2,594	2,604
Operating result[1]	-89.2	-35.7	48.4	-6.5	-13.6	88.2	117.2	128.8	80.6	85.4	97.4
Result after tax	-89.3	-37.6	15.7	-40.4	-34.1	56.4	82.5	87.1	40.1	44.9	60.0
Capital x €million											
Assets	1,386	1,554	1,600	1,853	2,220	2,205	2,130	1,906	2,011	1,585	1,518
Average capital invested	551	636	683	722	824	960	952	892	995	883	899
Equity	323	416	455	426	371	462	442	389	284	457	446
Net debt	154	103	178	223	331	366	497	403	515	197	344
Cash flow x €million											
Operating	-44	-6	74	-5	80	259	-30	109	245	219	59
Investment	-26	42	-34	30	0	-88	-39	-13	-15	-38	-64
Financing	8	-19	-131	-183	63	-126	77	-85	-167	-75	-5
Cash flow	-62	17	-91	-158	143	45	8	11	63	106	-10
Ratios in %											
Return on average capital invested	-16.2	-5.6	7.1	-0.9	-1.7	9.2	12.3	14.5	11.1	13.1	12.5
Result after tax:											
- as % of equity	-27.6	-9.0	3.5	-9.5	-9.2	12.2	18.7	22.4	14.0	10.0	13.7
- as % of revenue	-3.8	-1.6	0.6	-1.3	-0.9	1.5	2.8	3.1	1.5	1.7	2.3
Solvency on the basis of capital base	28.1%	31.0%	32.6%	26.6%	19.7%	23.9%	23.8%	23.9%	19.6%	35.8%	36.7%
No. of shares x 1.000											
At year-end	17,328	16,956	16,851	16,851	24,073	24,073	24,073	24,073	22,438	22,438	22,438
Average	17,191	16,917	16,851	12,504	8,156	24,073	24,073	23,696	22,438	22,438	22,438
Data per share[2] (x €1)											
Equity	18.79	24.53	27.00	25.28	15.41	19.21	18.35	16.42	12.66	20.37	19.88
Operating result	-5.19	-2.11	2.87	-0.39	-0.56	3.66	4.87	5.43	3.59	3.81	4.34
Result after tax	-5.19	-2.22	0.93	-3.23	-4.18	2.34	3.43	3.67	1.79	1.70	2.37
Dividend	0.25	0.35	0.35	0.00	0.00	1.45	1.45	1.45	1.22	1.22	1.22
Share price information x €1											
Year-end	7.05	8.19	15.05	12.21	3.40	25.83	41.66	36.49	24.10	24.10	19.10
High	9.68	23.90	15.25	21.18	27.52	47.19	43.75	40.80	24.34	24.34	19.81
Low	5.25	6.58	10.70	9.49	3.36	22.97	35.49	24.44	17.64	17.64	13.20
Other data											
Order book (€ x million)	2,026	2,192	2,188	2,597	3,004	3,248	3,196	2,559	2,362	2,350	2,341
Employees (average)	8,242	8,384	8,839	9,980	11,311	10,119	9,162	9,336	9,839	9,839	10,011

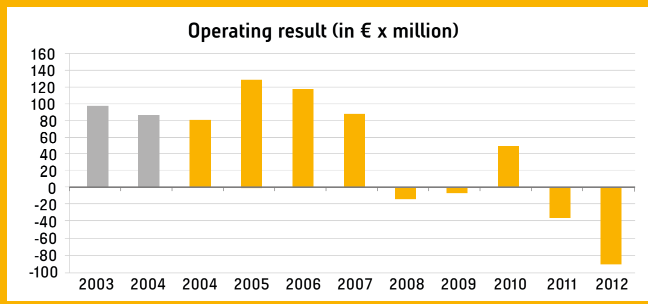
1 For the valuation and reporting differences between IFRS and NL GAAP, please refer to the 2005 annual report and financial statements.

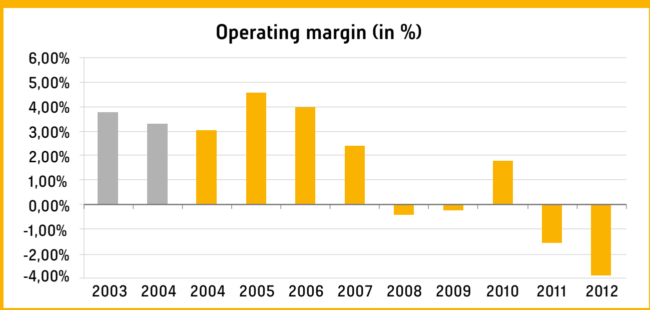
2 The data per share are expressed in terms of the weighted average number of ordinary shares. Dividend per share is based on the number of ordinary shares at year-end. The weighted average number of shares for 2009 has been adjusted due to the issue and the reverse stock split; the number for 2008 has been recalculated accordingly, as has the earnings per share.

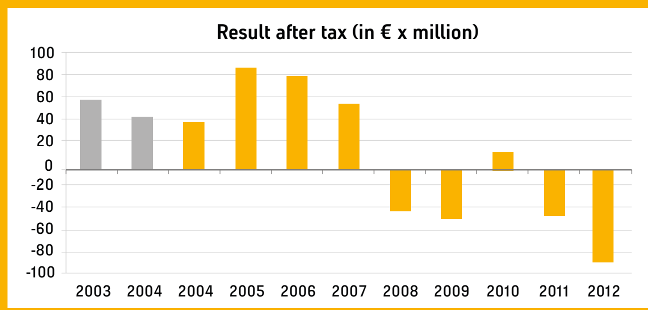

Revenue (in € x million)
4.000 3.500 3.000 2.500 2.000 1.500 1.000 500 0
2003 2004 2004 2005 2006 2007 2008 2009 2010 2011 2012

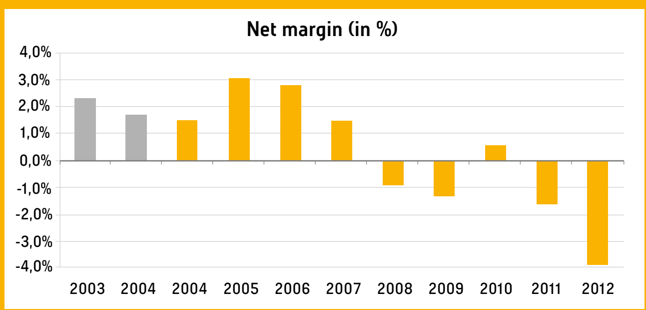

Order book (in € x million)
3.500 3.000 2.500 2.000 1.500 1.000 500 0
2003 2004 2004 2005 2006 2007 2008 2009 2010 2011 2012

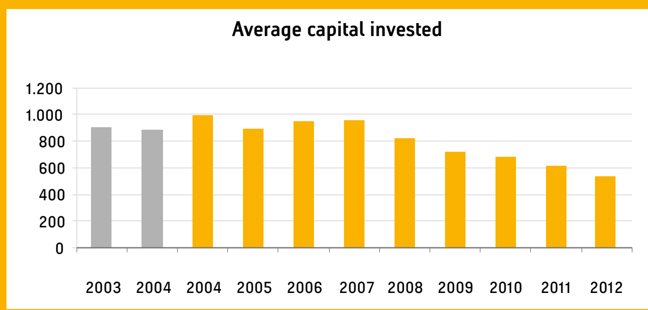

Average number of employees
12000 10000 8000 6000 4000 2000 0
2003 2004 2005 2006 2007 2008 2009 2010 2011 2012

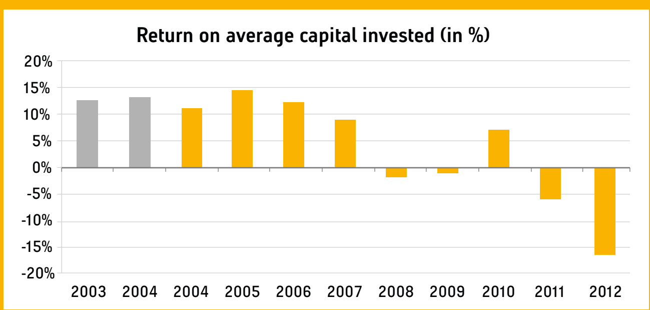

Operating result (in € x million)
160 140 120 100 80 60 40 20 0 -20 -40 -60 -80 -100
2003 2004 2004 2005 2006 2007 2008 2009 2010 2011 2012

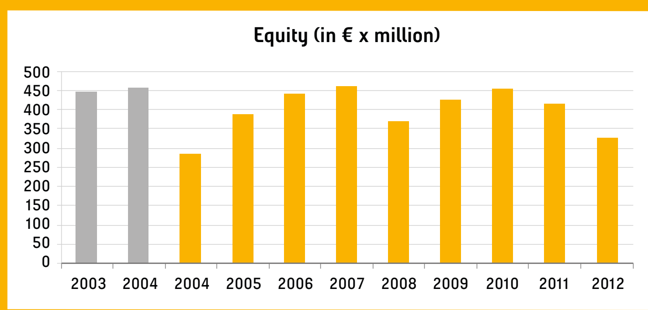

Operating margin (in %)
6,00% 5,00% 4,00% 3,00% 2,00% 1,00% 0,00% -1,00% -2,00% -4,00%
2003 2004 2004 2005 2006 2007 2008 2009 2010 2011 2012

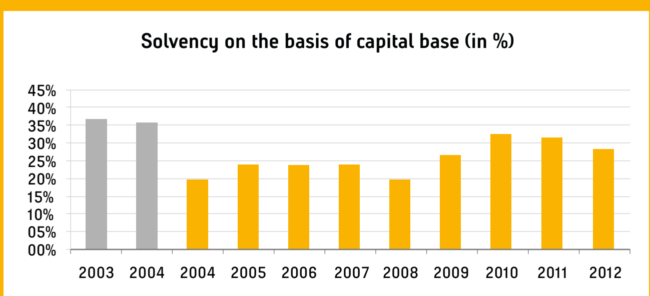

Result after tax (in € x million)
100 80 60 40 20 0 -20 -40 -60 -80 -100
2003 2004 2004 2005 2006 2007 2008 2009 2010 2011 2012


Net margin (in %)
4,0% 3,0% 2,0% 1,0% 0,0% -1,0% -2,0% -3,0% -4,0%
2003 2004 2004 2005 2006 2007 2008 2009 2010 2011 2012


Average capital invested
1.200 1.000 800 600 400 200 0
2003 2004 2004 2005 2006 2007 2008 2009 2010 2011 2012


Return on average capital invested (in %)
20% 15% 10% 5% 0% -5% -10% -15% -20%
2003 2004 2004 2005 2006 2007 2008 2009 2010 2011 2012


Equity (in € x million)
500 450 400 350 300 250 200 150 100 50 0
2003 2004 2004 2005 2006 2007 2008 2009 2010 2011 2012


Solvency on the basis of capital base (in %)
45% 40% 35% 30% 25% 20% 15% 10% 05% 00%
2003 2004 2004 2005 2006 2007 2008 2009 2010 2011 2012

IFRS
NL GAAP

NORTH-SOUTH LINE AMSTERDAM

The Heijmans share

Share capital

The composition of the share capital of Heijmans N.V. as at 31 December 2012 is as follows:

Shares (x 1,000)	Authorised share capital 2012	Authorised share capital 2011	Issued capital 2012	Issued capital 2011
Ordinary shares	35,100	35,100	17,328	16,956
Cumulative financing preference shares	7,000	7,000	6,610	6,610
Protective preference shares	8,000	8,000	-	-
	50,100	50,100	**23,938**	23,566

Ordinary shares

The shares are held by the Heijmans Share Administration Trust ('SA Trust'). The nominal value per ordinary share is €0.30. The SA Trust has issued 17,328,330 depositary receipts for shares, which are quoted on the Stock Exchange of NYSE Euronext in Amsterdam.

The voting rights on ordinary shares are vested in the SA Trust. Each ordinary share entitles the holder to 30 votes. Holders of depositary receipts for shares wishing to vote at a shareholders' meeting are granted an unconditional proxy by the SA Trust.

The movements in the number of ordinary shares and depositary receipts for shares and a summary of the key figures per ordinary share/depositary receipt are presented in the table below:

Shares (x 1,000)	2012	2011	2010	2009	2008
In issue on 1 January	16,956	16,851	16,851	24,073	24,073
Issue of share capital	-	-	-	144,435	
Stock dividend	372	105			
Sub-total	**17,328**	**16,956**	**16,851**	**168,508**	**24,073**
Decrease due to reverse stock split	-	-	-	-151,657	
In issue on 31 December	**17,328**	**16,956**	**16,851**	**16,851**	**24,073**
Average in issue for the year	17,197	16,917	16,851	12,504	8,156
Earnings per share (x €1)	-5,19	-2,22	0,93	-3,23	-4,18
Dividend per share (x €1)	0,25	0,35	0,35	-	-
Pay-out ratio %	**-**	**-**	**38%**	**0%**	**0%**

Heijmans is listed on Euronext Amsterdam and since 2004 forms part of the Midcap Index (AMX). The relevant data regarding the market listing are presented in the table below:

Beursnotering Heijmans	2012	2011	2010	2009	2008
Closing price (in €)	7.05	8.19	15.05	12.21	3.40
High price (in €)	9.68	23.90	15.25	21.18	27.52
Low price (in €)	5.25	6.58	10.70	9.49	3.36
Dividend yield at closing price (in %)	3.5%	4.3%	2.3%	0.0%	0.0%
Market capitalisation at year-end (in € x million)	122	139	254	206	82
Average daily turnover (in no. of shares)	**76,045**	**106,867**	**82,107**	**232,732**	**171,181**

Cumulative financing preference shares B

On 28 June 2002, a total of 6,610,000 cumulative financing B preference shares were issued at a price of €10 per share. The nominal value per share is €0.21. These shares are not quoted on a stock exchange, and no depositary receipts are issued for them. With effect from 1 January 2009, the yield is 7.25%. The dividend will be revised as at 1 January 2014 and every five years thereafter. The company is entitled to repurchase or cancel these preference shares at any time.

Issued share capital and equity holdings

The issued capital and the associated voting rights increased in 2012 as a result of the distribution of a stock dividend (in May 2012). One cumulative financing B preference share entitles the holder to 1.278 votes. The voting right associated with ordinary shares is 30 votes per share. The composition of the issued capital and associated voting rights as at 31 December 2012 was as follows:

	Issued capital		(Potential) Voting right	
	Number	%	Number	%
Ordinary shares	17,328,337	78.9%	519,850,110	98.4%
For which depositary receipts issued	17,328,330	78.9%	519,849,900	98.4%
Depositary receipts cancelled	**7**	**0.0%**	**210**	**0.0%**
Depositary receipts	17,328,330	78.9%	519,849,900	98.4%
Cumulative preference shares	6,610,000	21.4%	8,447,580	1.6%
Total year-end	**23,938,337**	**100.0%**	**528,297,690**	**100.0%**

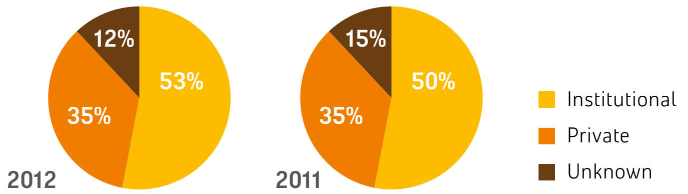
The WMZ (Major Holdings in Listed Companies Disclosure Act) register maintained by the Netherlands Authority for the Financial Markets (AFM) indicates that the following investors had a 5% or greater interest in Heijmans as at 31 December 2012:

Holdings in Heijmans	31 December 2012 Capital (%)	31 December 2012 Potential voting right (%)	31 December 2011 Capital (%)	31 December 2011 Potential voting right (%)
Delta Lloyd Levensverzekering N.V.	15.10%	7.21%	15.02%	6.94%
Kempen Capital Management N.V.	6.38%	0.48%	6.49%	0.49%
Van Lanschot Participaties B.V	5.01%	0.65%	5.03%	0.57%
ASR Nederland N.V.	5.34%	6.65%	5.01%	6.28%
Delta Lloyd Deelnemingen Fonds N.V.	6.60%	8.23%	5.00%	6.26%
FIL Ltd.*	9.01%	11.23%	4.96%	6.20%
	47.44%	**34.45%**	**41.51%**	**26.74%**
Other < 5%	52.56%	65.55%	58.49%	73.26%
Total	**100.00%**	**100.00%**	**100.00%**	**100.00%**

* Note: Concerns shareholdings in the AFM register for FIL Ltd. and FMR LLC.

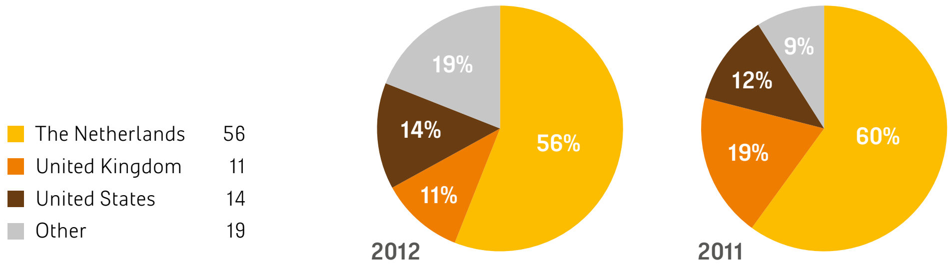
Based on the information provided by banks and custodians, the distribution of share ownership can be illustrated as follows:

Distribution of shares



The (estimated) number of shares held by institutional investors increased slightly during the 2012 reporting year to 53% of the number of outstanding shares and depositary receipts for shares. The geographical distribution of shares and depositary receipts held by institutional investors is as follows:

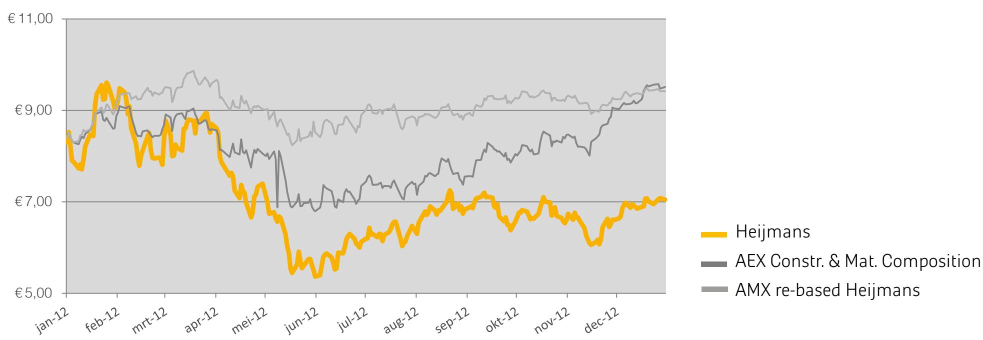
Geographical distribution of shares



A total of 56% of the depositary receipts for ordinary shares held by institutional investors are held in the Netherlands. This is lower than at year-end 2011 (60% in the Netherlands). It is estimated that 95% of the depositary receipts for ordinary shares held by private investors are held in the Netherlands.

Share price movement

The closing price for the ordinary share at the end of 2012 was €7.05. This is a decline of more than 13% compared to the price at the beginning of 2012. The decline in the share price over the year is greater than that of the AMX Index, in which the Heijmans share is included. The graph below shows the price movement of Heijmans shares in 2012 compared to both the AMX Index and the company's peers in the Netherlands in the 'AEX Constr. & Mat. Composition'.



Financial calendar

The following publication dates have been set for 2013-2014:

Date	Event	Time
17 April 2013	General Meeting of Shareholders	14:00 hours
8 May 2013	Trading update	before market opening
21 August 2013	Publication of half-year figures for 2013	before market opening
7 November 2013	Trading update	before market opening
27 February	Publication of year figures 2013	before market opening
16 April 2014	General Meeting of Shareholders	14:00 hours

The Executive Board

L.J.T. (Bert) van der Els (1954), Chairman

Dutch nationality; appointed Chairman of the Executive Board of Heijmans N.V. with effect from 18 April 2012 and as Vice-Chairman and Member of the Executive Board on 28 April 2010. He was previously Member of the Executive Committee for Non-Residential Building and Technical Services at Heijmans.
Prior to joining Heijmans, he was employed by Burgers Ergon, Yokogawa and ABB.
He was managing director of Burgers Ergon from 1999.
Additional functions: supervisory director of TCPM Ingenieurs & Adviseurs, chairman of Bossche Energie Convenant, member of the supervisory council of Spirit It. and chairman of the Muziekgebouw Eindhoven Fonds.

M.C. (Mark) van den Biggelaar MiF (1968), CFO and Member of the Executive Board

Dutch nationality; appointed as CFO and Member of the Executive Board of Heijmans N.V. on 1 September 2009.
Prior to joining Heijmans, he was employed by Samas N.V., ABN AMRO Bank N.V., Koninklijke Nedlloyd N.V. and Randstad Holding N.V.
At Samas N.V. he was CFO and member of the principal board from 2007 to 2009.

A.G.J. (Ton) Hillen (1961), Member of the Executive Board

Dutch nationality; appointed as Member of the Executive Board of Heijmans N.V. on 18 April 2012. He has held various positions at Heijmans since 1992, and has been Member of the Executive Committee for Property Development and Residential Building at Heijmans since 2008.
Prior to joining Heijmans, he was employed by BAM and Anton Obdeijn Projectontwikkeling.
Additional functions: member of the supervisory council of Stichting Waarborgfonds Koopwoningen (SWK) and member of the board of the Dutch Association of Property Developers and Investors (NEPROM).

Executive Board
From left to right:
Mark van den Biggelaar,
CFO and Member of the Executive Board;
Bert van der Els, Chairman of the Executive Board;
Ton Hillen, Member of the Executive Board

The Supervisory Board

(as at 31 December 2012)

A.A. (André) Olijslager (1944), Chairman

Dutch nationality; formerly Chairman of the Executive Board of Royal Friesland Foods N.V. Appointed Member of the Supervisory Board of Heijmans N.V. in April 2007.
Reappointed in 2011. Steps down in 2014.
Principal other positions: vice-chairman of the supervisory board of AVEBE U.A., supervisory director and chairman of Stichting Maatschappij en Onderneming (SMO), chairman of the supervisory council of Stichting Nyenrode, supervisory director of Beheer Fries Museum / het Princessehof, Leeuwarden and non-executive director of Pierre & Vacances SA, Paris.

P.G. (Pamela) Boumeester (1958)

Dutch nationality; formerly Managing Director of NS Poort.
Appointed Member of the Supervisory Board of Heijmans N.V. in April 2010.
Steps down in 2014.
Principal other positions: supervisory director of Ordina N.V, supervisory director of Delta Lloyd Groep, supervisory director of Persgroep Nederland B.V., supervisory director of Jaarbeurs Utrecht, chairman of supervisory council of TSM (Twente School of Management), chairman of supervisory council of Reinier de Graaf Groep (hospital in Delft), supervisory director of Hogeschool voor de Kunsten Utrecht, chairman of the advisory board of H&S Groep and member of the advisory board of the Faculty of Business and Economics at the University of Groningen.

R. (Rob) van Gelder (1945)

Dutch nationality; formerly Chairman of the Executive Board of Heijmans N.V. Mr Van Gelder was previously Chairman of the Executive Board of Koninklijke Boskalis Westminster N.V. Appointed Member of the Supervisory Board of Heijmans N.V. on 1 July 2010.
Steps down in 2014.
Principal other positions: chairman of the supervisory board of Atlas Services Group, vice-chairman of the supervisory board of SBM Offshore N.V, supervisory director of Koninklijke Ten Cate N.V, member of the advisory board of Value Enhancement Partners and chairman of the Dutch Association of Securities Issuing Companies (VEUO).

R. (Ron) Icke, RA (1957), Chairman of the Audit Committee

Dutch nationality; formerly Chairman of the Executive Board of USG People N.V. Appointed Member of the Supervisory Board of Heijmans N.V. in April 2008.
Reappointed in 2012. Steps down in 2016.
Principal other positions: chairman of the supervisory board of DPA Group N.V, chairman of the supervisory board of ORMIT B.V, chairman of the supervisory board of Orizon GmbH, supervisory director of Kas Bank N.V, supervisory director of Gropeco B.V., supervisory director of VvAA Groep B.V., supervisory director of Kinderopvang Nederland B.V, chairman of the Investment Committee Project Holland Fonds, member of the advisory board of the Land Registry and member of the board of Stichting Administratiekantoor V.O.Zee.

The Supervisory Board
From left to right:
Pamela Boumeester;
Ron Icke;
André Olijslager, Chairman;
Sjoerd van Keulen, Vice-Chairman;
Rob van Gelder.

S. (Sjoerd) van Keulen (1946), Vice-Chairman; Chairman of the Remuneration Committee and the Selection and Appointments Committee

Dutch nationality; Chairman of Stichting Holland Financial Centre; formerly Chairman of the Executive Board of SNS REAAL N.V.
Appointed Member of the Supervisory Board of Heijmans N.V. in April 2007.
Reappointed in 2011. Steps down in 2015.
Principal other positions: chairman of the supervisory board of Mediq N.V., chairman of the supervisory board of Access to Medicine, supervisory director of ING Groep N.V., supervisory director of APG Groep N.V., supervisory director of VADO B.V., chairman of the supervisory council of Stichting Investment Fund for Health in Africa, vice-chairman of the supervisory council of Stichting Het Wereld Natuur Fonds, vice-chairman of Regieorgaan Vestigingsbeleid, member of the supervisory council of Stichting Natuur en Milieu, member of the supervisory council of Stichting Health Insurance Fund and advisory member of PharmAccess International.

Strategic agenda in 2012

The market for the construction industry continued to be challenging during the past year. Consumer confidence is still low, and the housing market has come to a standstill. Reform of the housing market can restore movement and dynamics in the long term, but in the short term house prices are more likely to fall further than to rise. A further factor is that the level of investment by housing corporations is low, and the availability of funding for housing is under pressure. In other words, one should not expect any real improvement in the market next year. Furthermore, the government is cutting back its spending on infrastructure. The fact is that the market is shrinking, margins are under serious pressure, and competition is intensifying.

The only way to maintain a sustainable position in this highly competitive market is to add value, so that you are first choice for customers. This requires the delivery of the highest quality to customers, which in turn requires optimisation of processes, reduction of failure costs, use of procurement power, and a clear focus on the customer and market segments that offer the best opportunities. This is the basis of the Heijmans strategic agenda.

Strategy for 2012-2016: to be the best builder in the Netherlands

The company changed course radically in mid-2008. Most of the priorities for this turnaround have now been achieved. The company's strategy was reviewed in the spring of 2012, partly due to the developments in the market. Based on this review, the strategy is being focused on the integration of disciplines, knowledge and expertise, and the focus on adding value has been reconfirmed. A further refinement of the core activities, an improvement of the market share and the realisation of opportunities in new markets were additional priorities that were identified as a result of this analysis.

Strategic items of attention

Sales management

Given the above priorities, a focus on sales is also an important factor in realising the company's strategy. Attention will thus be directed at customer groups and account management, product lines and adding value. The programme was put in motion at an internal sales conference at the end of 2012.

Tender management

Under the 'margin before volume' policy, the decisions regarding tenders and selections have been a major consideration. In addition to the substantive choice for margins, the tender management programme also provides for consistent development of processes to achieve the desired focus on sales and acquisition endeavours, as well as the designation of 'Go/No Go' moments. The programme was started in the autumn of 2012.

Project management

Project management is a continuous item of attention in the realisation of the strategy. The project management programme is designed to achieve consistent processes with a recognisable Heijmans signature: ‘everything right the first time’. This requires good engineering, preparation and tight control of processes.. The research phase was started in the autumn of 2012.

Procurement

The streamlining of the procurement process by bundling purchasing power through central coordination and knowledge, holding suppliers to quality criteria, and making agreements for the future, will make more effective use of our purchasing power and scale advantages. The programme was started in the autumn of 2012 and includes the designation of specific procurement strategies.

Financial strategy

Based on the strategic focus of adding value, Heijmans strives to achieve EBIT margins of at least 3%-4% for its building and infrastructure operations. Given the capital investment required and the different type of risk profile, the EBIT margin target over time for Property Development is around 8%. In view of the current market, it is not likely that Property Development will be able to achieve this target margin in the next few years. In order to bear the project risks that Heijmans undertakes in the normal course of its business, the company strives to maintain sound capital ratios, as expressed by measures such as solvency or net debt compared to operating cash flow. With this background, the aim is to maintain non-project-related net debt as part of normal business operation at around nil at each year end. There may be significant fluctuations during the year, however. In order to optimise its use of capital, the company actively manages its operating capital and pursues a targeted investment policy.

Strategy implementation in 2012

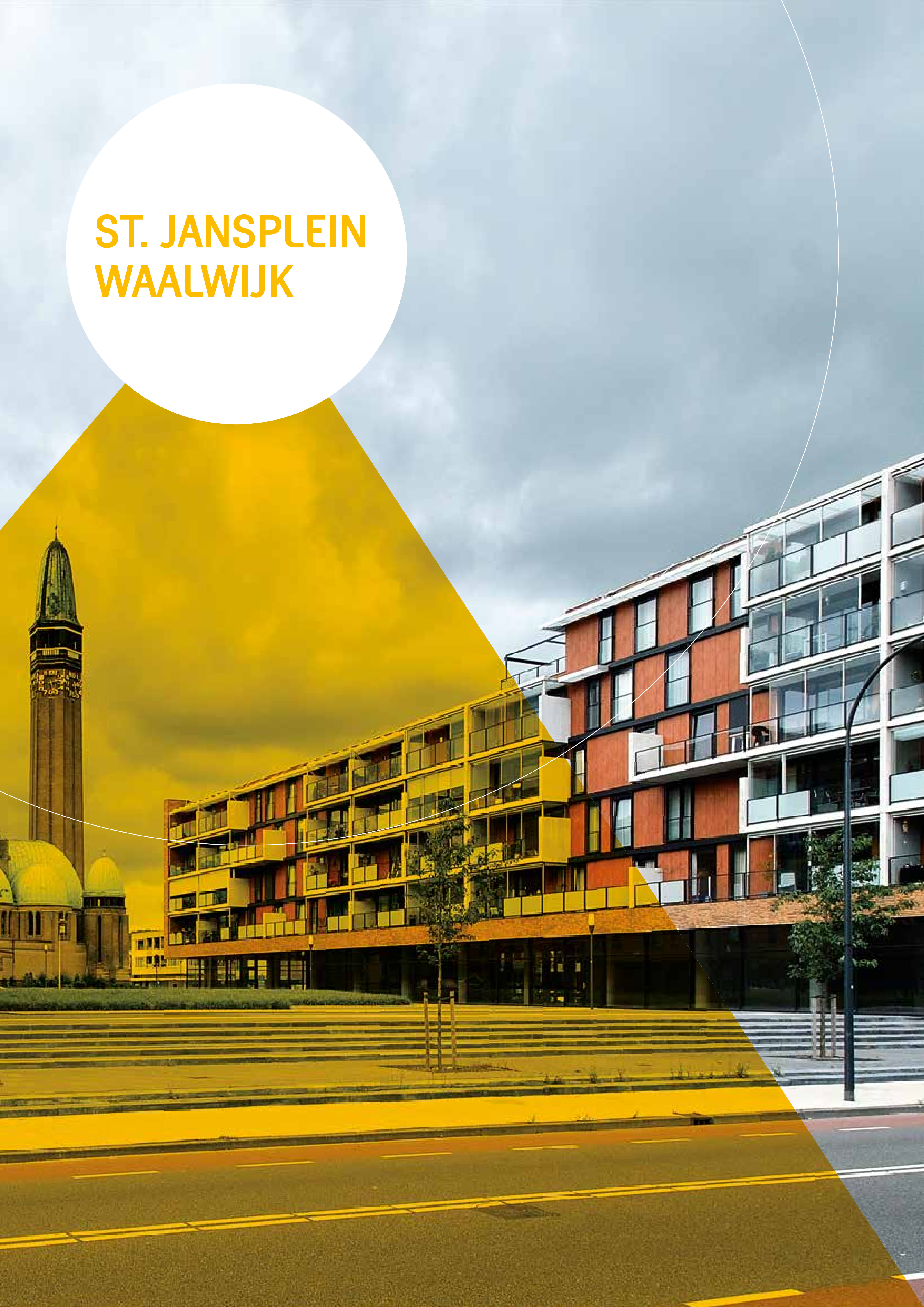
The following practical steps were taken in 2012 in the implementation of our strategy:

- ***Improve the core:*** this concerns the improvement of the core activities and processes within the company, for which four programmes have been initiated. Firstly, a tender management steering group has been set up and best practice has been considered from the perspective of various different disciplines. The tender process will subsequently be streamlined and centralised. This will be implemented in 2013. Product groups and targets have been established for the purpose of centralisation of procurement that will be implemented from the end of 2012. A research phase was initiated for project management in 2012 to analyse the streamlining and improvement of this process.
- ***Sales:*** Significant measures were taken to increase professionalism at the sales department in the Roads sector last year, resulting in a clear focus on markets, customers and prospects. A start was made in the autumn on further increasing the professionalism of sales throughout the organisation. A sales meeting was held for this purpose and a steering group has been set up.
- ***Innovation:*** several innovations were launched last year, including the Smart Highway with Studio Roosegaarde, and the composite bridge over the A27 with DSM and Prorail, and work is also in progress on numerous other innovative solutions.
- ***Quality improvement:*** the LEAN6sigma programme is generating a continuous improvement of processes and projects. Once again, a large number of projects were won on the basis of quality criteria.
- ***Sound solvency:*** the solvency ratio at year-end 2012 stood at 28%, and is therefore at a solid level.

Outlook

The challenging economic conditions we saw last year will continue in 2013. Government cuts, weak consumer confidence, a sluggish employment market and less readiness to invest on the part of the customers will lead to a further contraction in the market and pressure on margins. The Housing Agreement [Woonakkoord] may offer some hope, but it is not yet clear to what extent this will be the case. Heijmans will thus have to continue to manage its business strictly to improve its efficiency and its organisation. Additional reorganisations or adjustments to personnel and expenses in 2013 cannot be ruled out. Heijmans is convinced that it adds value with its integrated proposition, innovative products, contract types and joint ventures. On the basis of these distinguishing qualities and the financial soundness of the company, we look forward to 2013 with confidence. The level of investment, which includes expenses for research and development, is currently not expected to vary significantly from that seen in 2012.

ST. JANSPLEIN WAALWIJK



Operating performance

Property Development and Residential Building

The housing market failed to show any improvement in 2012. The number of homes sold fell further, reaching 1,081 in 2012 (2011: 1,248). The malaise is affecting investment by corporations in the social letting sector as well as the owner-occupied market for sale, bringing projects to a standstill in this segment of the housing market as well. The underlying factors are a serious shortage of funding among market participants, continuing lack of clarity regarding the changing legal frameworks, and weak consumer confidence. Property Development and Residential Building can anticipate developments in this market by focusing on transformation and renovation. It is moreover essential to be competitive in terms of price and build speed. Property Development and Residential Building can combine their collective knowledge with concepts such as Morph, Huismerk and Wenswonen. Heijmans is also developing a smart living concept, focused on reducing energy use and increasing comfort.

Property Development (in € x million)	**2012**	2011	Verschil
Revenue	257	349	-26%
Underlying operating result	1	1	
Underlying operating margin	0.4%	0.3%	
Order book	139	271	-49%

Revenue at Property Development fell further in 2012 by 26% to €257 million (2011: €349 million). The order book, which stood at €139 million at year-end 2012, was also much lower than at year-end 2011 (€271 million). Despite the fall in sales, the result in 2012 remained stable at a mildly positive figure of €1 million. Property Development is able to move with the market and actively take advantage of the few opportunities that the housing market still offers. For instance, it has focused on the liberalised rental sector through agreements with institutional and other investors such as Syntrus Achmea. Acquisitions by Property Development in 2012 included the CAN area in Amsterdam North, where a large number of liberalised rental housing, shops and parking spaces are being realised. Syntrus Achmea and the Ymere corporation are partners in this development.

In inner-city developments, Property Development is increasingly using its knowledge and expertise as a developer or consultant to smooth the progress of complex projects, with partners. The redevelopment of the GIT complex/Regentesse-Zuid in The Hague is a good example of this. Suburban locations, where previously there had been large-scale new-build, are now being used for the application of new housing concepts and phased small-scale developments. Property Development also supports corporations and investors in large-scale area development, renovation and building transformation.

Residential Building

Residential Building (in € x million)	2012	2011	Difference
Revenue	360	361	0%
Underlying operating result	1	16	
Underlying operating margin	0.3%	4.4%	
Order book	182	371	-51%

As an extension of the property market, the market for residential building was also affected by very low demand. The revenue from Residential Building was comparable to that realised in the previous year:
€360 million in 2012, compared to €361 million in 2011. The result was however much lower, falling from €16 million in 2011 to €1 million in 2012. The order book, which stood at €182 million at year-end 2012, was less than half the level seen at year-end 2011 (€371 million).
Demand for new-build is at a historical low due to the financial crisis, weak consumer confidence and uncertainty regarding political developments. Some opportunities exist in the form of development in combination with Property Development of concepts for which price and build speed are the central priorities, such as energy-neutral homes that meet the demand from consumers for low housing costs. Residential Building has made a start on this development in 2012 and can benefit from the experience gained on the very sustainable housing in Boxtel and Grijpskerke.
The market conditions and outlook for the coming years have forced Heijmans to make drastic changes to the organisation in 2012, resulting in the loss of more than 250 jobs. The new Residential Building organisation will be centrally managed and will concentrate on centralised procurement, reduction of failure costs and standardisation of processes.

Non-Residential

Non-Residential (in € x million)	2012	2011	Difference
Revenue	470	451	4%
Underlying operating result	-13	-6	
Underlying operating margin	-2.8%	-1.3%	
Order book	606	502	-21%

Revenue at Non-Residential increased slightly in 2012, by 4% to €470 million (2011: €451 million). The order book, which stood at €606 million at year-end 2012, was also at a higher level than at year-end 2011 (€502 million). During 2012, Non-Residential worked on the further

integration of the non-residential building and technical services operations to benefit more effectively from the good opportunities in the market for complex, combined contracts.
Projects that were acquired in 2012, such as the National Military Museum in Soesterberg and the municipal offices in Rotterdam, confirm the added value of combining the disciplines of construction, technical services and maintenance. Other projects such as the Muziekpaleis Vredenburg in Utrecht (now under construction), the high-tech research facility Orion at the University in Wageningen, and the Meander Hospital in Amersfoort, also demonstrate this quality.
The operating result of €13 million negative in 2012 compared to €6 million negative in 2011 was, however, disappointing. Results on projects still failed to show any improvement, while the market for technical installations remains under pressure. In addition, the result was affected by the settlement of an old dispute with an unexpectedly negative outcome.
Changes were made to the management team during 2012 in order to improve the integration and uniformity of the business processes, resulting in four sections: Initiative (Acquisition & Advice), Feasibility (preparatory work/engineering), Realisation (Projects) and Services. Large projects will be managed centrally. The integration of Non-Residential Building with Technical Services took place at the end of 2012. Despite the poor result in 2012, we are confident that this will provide a sound basis for the future progress of Non-Residential. Further refinement of the organisation and the operating performance are the main items of attention for the near future. In order to accelerate this process, an experienced manager, with experience in the sector, will be engaged on a temporary basis to strengthen the Executive Committee, starting in March 2013.

Roads and Civil

Roads and Civil had a stable year, in terms of both revenue (€812 million in 2012 compared to €820 million in 2011) and result (€35 million in 2012 compared to €34 million in 2011). The order book at year-end 2012 was slightly lower at €771 million, compared to €814 million at year-end 2011.

Roads and Civil (in € x million)	**2012**	2011	Difference
Revenue	812	820	-1%
Underlying operating result	35	34	
Underlying operating margin	4.3%	4.1%	
Order book	771	814	-5%

KERENSHEIDE GELEEN INTERSECTION

Roads

The market for roads is increasingly becoming divided into larger, more complex works, usually on the instructions of central government, where an integral approach and regional management are the decisive factors, and smaller works for local, provincial and regional authorities. The local market is becoming increasingly competitive due to cuts in spending in the regions that mostly involve variations in spending on maintenance, improvements and new-build of local infrastructure and public space. The results of the works on roads in the regions thus came under some pressure in 2012. On the other hand, we are seeing increased revenues from management, maintenance and contingency contracts. Heijmans is focusing more on a centrally managed integrated approach to mobility issues, whereby our distinguishing qualities are our vision, design capabilities and innovative strengths. The Roads sector has chosen to prioritise quality and added value over a strategy based on volume. Examples of this can be found at the Energieweg project in Nijmegen, where Best Value Procurement is being used to work on road reconstruction, including sewerage, and the N262 project between Roosendaal and Essen, in which knowledge of seamless and noiseless asphalt is being applied.

New concepts and innovations also offer this added value, such as Smart Highway, sustainable asphalt Greenway LE, self-repairing asphalt and LED lighting for playing fields. In addition, Roads will – more than ever – base its selection of new projects on their degree of integration, the potential for making a difference with a well-thought-out design, and the provision of service and high technology. During 2012, Roads worked on the organisation of integrated market and account teams and the development of a national signature. Roads is thus anticipating the changes in the market and creating new opportunities in the field of smart solutions, Design & Construct assignments, and management and maintenance contracts.

Civil Engineering

The civil engineering market also moved increasingly towards total solutions, both as regards the types of contract and the products themselves. More and more frequently the issue is no longer restricted to construction; instead it concerns the need for a comprehensive operational system. With its integrated approach and distinguishing design competences, Civil Engineering is a leading player in this field. Examples of this are the railway underpasses in Eindhoven and Bilthoven, the parking garages Vonk & Vlam in Den Bosch and Oosterstraat in Leeuwarden, and the A4 between Schiedam and Delft. DBFM (design, build, finance, maintain) contracts also require an integrated approach and a central and lengthy involvement by market participants in the areas of funding and maintenance. Service and maintenance is a market in development in which Civil Engineering is well positioned to be able to benefit from its integrated approach of building, management and technical services installation. In addition to the current service contracts for energy distribution (gas and electricity) for Nuon and Alliander, a number of new service contracts have been won, including the installation of water meters for Brabant Water and an assignment for the maintenance of the district heating system for Essent Local Energy Solutions.

Energy and water are market segments of the future in which Civil Engineering sees opportunities for adding value. The transition from fossil fuels to sustainable energy is an important item of attention and is encouraging the development of innovative solutions. In 2012 Heijmans won the assignment for the Energiefabriek in Tilburg whereby sewage treatment can be carried out on an energy-neutral basis. The Energiefabriek illustrates the change in thinking from sewage treatment and purification to energy generation, and is a product that Heijmans wants to realise nation-wide. Water purification offers potential opportunities in industry as well as in water management in the Netherlands. Heijmans also sees the maintenance, laying and development of sluices, embankments and dikes as a growth market. Heijmans won the tender for the Wilhelminakanaal project in Tilburg in 2012, involving the widening and deepening of the current canal, the demolition of an existing sluice and the construction of a new sluice.

Other countries

Belgium

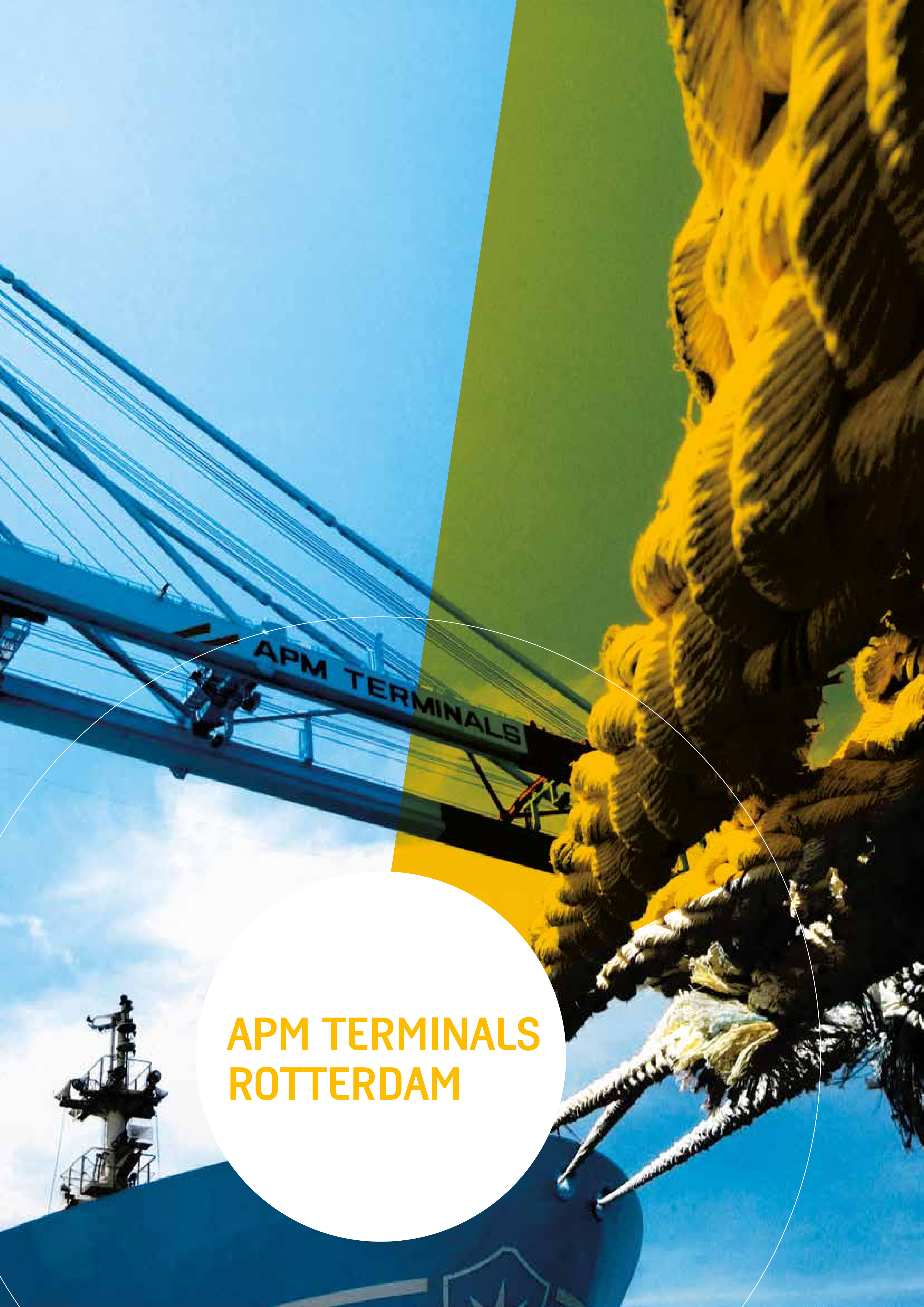
Belgium (in € x million)	**2012**	2011	Difference
Revenue	252	219	15%
Underlying operating result	13	8	
Underlying operating margin	5.2%	3.7%	
Order book	224	203	10%

The revenue and result of the operations in Belgium were at a high level of €252 million and €13 million respectively. A significant contribution came from the PPP project 'Brabo 1', the new tram line between Mortsel and Boechout in Antwerp that was delivered in August. The results of Van den Berg, which is engaged in cable and pipeline construction, were also excellent. The order book, which stood at €224 million at year-end 2012, was higher than at year-end 2011 (€203 million). The order book continues to be well filled with the laying and maintenance of the R4 South at Ghent and the recently acquired assignment for the laying and maintenance of a number of installations and the control system for the railway tunnel of the Liefkenshoek railway connection in Antwerp.

Germany

Germany (in € x million)	**2012**	2011	Difference
Revenue	356	352	1%
Underlying operating result	6	-2	
Underlying operating margin	1.7%	-0.6%	
Order book	182	185	-2%

The result from the operations in Germany showed a recovery in 2012, with revenue amounting to €356 million and a result of €6 million. The measures previously taken at Oevermann, with the intention of achieving a more compact and centralised business model, have borne fruit. The order book is stable and stood at €182 million at year-end 2012. The closer cooperation between the German company Franki and the operations in the Netherlands is clearly adding value to complex concrete-related projects such as the A4 Schiedam-Delft and the VleuGel project in Utrecht.



APM TERMINALS ROTTERDAM

Financial performance

Key points in 2012

Given the difficult market conditions, Heijmans' underlying operating result of €27 million is reasonably satisfactory. The results from the infrastructure operations in the Netherlands remained at a stable but satisfactory level, and the results from the Belgian and German companies rose. The operating result of Non-Residential, however, continued to be negative, which led to the implementation of additional measures during 2012 and at the beginning of 2013. Moreover, the financial results of Heijmans were affected on several fronts by the lack of positive developments in the Dutch housing market; the effect of this can be seen in the decreasing revenue at Property Development, the lower result from Residential Building and also the write-downs effected on property holdings and goodwill, as well as in the amount of the reorganisation expenses. The non-strategic prefab operations were disposed of.
On balance, the financial situation in 2012 presents a mixed picture, and the year closed with a net loss of €89 million (2011: €38 million loss). The underlying operating result for 2012 came to a profit of €27 million versus an operating result on a comparable basis of €32 million in the previous year.

Revenue remained more or less unchanged in 2012 compared to 2011. Heijmans was able to win new projects, even in the present difficult market conditions. Due to the stagnation in the Dutch housing market, the total order book of €2.0 billion was slightly lower than at year-end 2011.

Summary income statement (in € x million)	**2012**	2011	Difference
Revenue	**2,318**	**2,361**	-2%
Underlying operating result	**27**	**32**	-16%
Writedown on real estate and land holdings	-35	-43	
Impairment of goodwill	-60	-10	
Restructuring costs	-29	-9	
Release of pensions	13		
Result from divested entities	-5	-6	
Operating result	**-89**	**-36**	
Financial income and expense	-7	-3	
Result from associates	1	0	
Result before tax	**-95**	**-39**	
Income tax	6	1	
Result after tax	**-89**	**-38**	

As a result of the continuing poor state of the housing market and the worsened outlook for the coming years, impairments have been recognised on specific real estate and land positions. These non-cash impairments, on both land positions and real estate projects in development, concern positions in the Netherlands (€35 million), and – for the most part – strategic land positions.
An impairment of goodwill amounting to approximately €60 million was also recognised in 2012. This concerns a write-down of €52 million in connection with the poor state of the housing market and goodwill that was capitalised in relation to the housing portfolios of Proper Stok and IBC Woningbouw. The impairment recognised for Burgers Ergon relates to the brand name (€8 million).

The normal financial income and expense rose because less interest expense on real estate projects was capitalised in 2012 than in 2011. The income tax gain is relatively limited, mainly because the write-down of goodwill cannot be set off against tax. The same applies to the interest expense on the cumulative preference shares.

Capital invested fell only slightly, partly due to the limitation on the level of investment and the control /controlled management of the operating capital. Net debt increased to €154 million (2011: €103 million), the average debt rose by approximately €25 million through the course of the year. The solvency ratio came to 28% (year-end 2011: 31%), and thus remained comfortably above 25% despite the loss and the write-downs that were recognised.

Revenue

Revenue declined by approximately €40 million (around 2 %) to approximately €2.3 billion. The decline was mostly due to the contraction in the Property Development activities. The analysis of the revenue by sector is as follows:

Revenue (in € x million)	**2012**	2011	Difference
Property Development	257	349	-26%
Residential Building	360	361	0%
Non-Residential	470	451	4%
Roads and Civil	812	820	-1%
Other/elimination	-189	-191	-1%
The Netherlands	**1,710**	**1,790**	**-4%**
Belgium	252	219	15%
Germany	356	352	1%
Total revenue	**2,318**	**2,361**	–2%

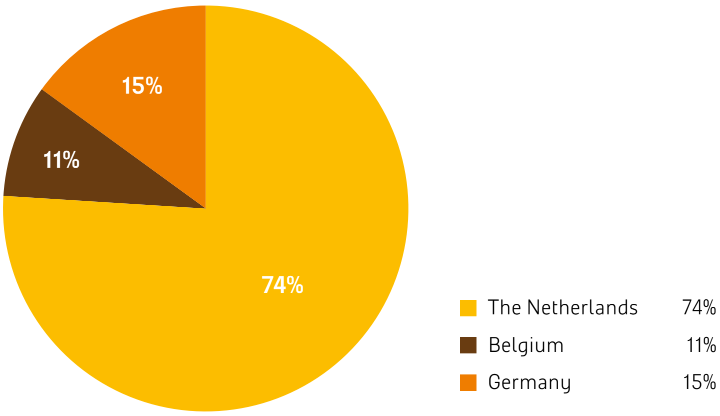
Revenue in the Netherlands

The decline in revenue in the Netherlands was approximately €80 million, or 4%. The majority of the decline occurred at Property Development (approximately €90 million). Non-Residential saw a slight increase in revenue. The decline in the number of homes sold in 2012 shows that the housing market is still in a poor condition. Heijmans is not expecting the market to recover soon, certainly not the owner-occupied market. The decline in revenue at Residential Building mostly occurred towards the end of 2012, and will continue in 2013. The same applies to the Infrastructure sector, however to a much lesser extent. The item 'Other/elimination' concerns internal revenue items mainly originating from the building segment for development projects by the Property Development sector.

Revenue in other countries

The autonomous increase in revenue from outside the Netherlands is mainly due to significantly higher revenue from the infrastructure operations in Belgium. The proportion of operations in other countries in the total revenue of the group rose slightly in 2012 to 26% (2011: 24%). The geographical distribution of revenue in 2012 is as follows:

Revenue per country in 2012



Underlying operating result

The underlying operating result is the operating result excluding write-downs of real estate and land positions, write-downs of goodwill, and restructuring expenses.
The underlying operating result in 2012 came to €27 million (2011: operating result €32 million). The analysis by sectors is as follows:

Underlying operating result (in € x million)	2012	2011	Difference
The Netherlands			
Property Development	1	1	
Residential Building	1	16	
Non-Residential	-13	-6	
Roads and Civil Engineering	35	34	
	24	45	-21
Other countries			
Belgium	13	8	
Germany	6	-2	
	19	6	13
Group/other	**-16**	-19	3
Underlying operating result	**27**	**32**	-5

Underlying operating result in the Netherlands

Despite the further deterioration in the Dutch housing market, the result of the Property Development sector was once again around the break-even level. This was also the case in 2010 and 2011. The underlying margin came under pressure due to the increased proportion of transactions with investors in the revenue. Income from development fees rose slightly, but continues to represent just a small proportion of total revenue and margin.
Residential Building's operating result was around break-even in a difficult market. Whereas in previous years there were still opportunities in the procurement market, these were not available in 2012. Where possible, work will be done in the coming years on improving the efficiency of execution, the streamlining of business processes, reducing the cost base and strengthening procurement in order to still be able to realise positive margins in a difficult market.
The measures previously introduced at Non-Residential have not yet led to a visible improvement in the operating result. While this was partly due to the settlement of an old dispute with an unexpected outcome, the negative operating result of €13 million is clearly

disappointing. Further tightening of the organisation and its processes, and speeding up the rate of change are necessary. These measures have been implemented.

Roads and Civil Engineering once again achieved an excellent result. With slightly lower turnover, the result remained more or less unchanged as a result of good project and risk management, a favourable procurement market, and tight cost control. Good results were achieved, especially from the larger projects, and the organisation's added value is increasingly being reflected in the margin.

The result from Group/other was positively affected in comparison to 2011 by factors including a reduction in overheads, lower variable remuneration for the management, and tender fees received.

Underlying operating result in other countries

The good results in Belgium were mainly achieved by Heijmans Roads in Belgium and Van den Berg. The successful delivery of the PPP project Brabo I in Antwerp had an additional positive effect on the results in 2012.

The result in Germany showed a clear improvement after the poor results from the non-residential operations of Oevermann in 2011. Road building showed particularly good results. Furthermore, the situation in the German market would appear to be improving, which will create potential for better operating results.

Operating result

The operating loss in 2012 came to €89 million (2011: operating loss of €36 million). The analysis is as follows:

Operating result (in € x million)	**2012**	2011
Underlying operating result	27	32
Write-down on real estate and land holdings	-35	-43
Impairment of goodwill	-60	-10
Restructuring costs	-29	-9
Release of pensions	13	
Result from divested entities	-5	-6
Operating result	**-89**	-36

Adjustment of valuation of real estate and land holdings

An impairment of €35 million was recognised on real estate and land holdings in the Netherlands in 2012 as a result of the continuing decline in the housing market. This mainly concerns strategic land holdings.

Impairment of goodwill

In view of the situation in the housing market described above, the goodwill for ProperStok was written down by €35 million to nil, and most of the goodwill (€17 million) for IBC Woningbouw was written down in 2012. As a result of the integration of Non-Residential Building and Technical Services into Non-Residential, the brand name Burgers Ergon was also written off, leading to a total write-down of €60 million.

Restructuring costs

As a result of the reorganisation that was implemented in 2012 at Residential Building and to a lesser extent at Non-Residential, Infra and group services, various restructuring costs have been recognised in the result for 2012 in an amount of €29 million (2011: €9 million).

Result from divested entities

The non-strategic prefab operations were disposed of in 2012. The amount realised including the realised operating results until the date of divestment came to a net book loss of €5 million. There were no other material divestments in 2012.

Financial income and expense

The analysis of the financial income and expense is as follows:

Financial income and expense (in € x million)	**2012**	2011	Difference
Interest income	4	7	-3
Interest expense	-16	-20	4
Balance	-12	-13	1
Capitalised interest	5	10	-5
Financial income and expense	**-7**	-3	-4

Interest income chiefly consists of balances outstanding in joint venture relationships (such as land exploitation consortiums), mainly in connection with property development projects. Interest expense includes an amount of €4.8 million in dividend on the cumulative financing preference shares.

Interest expense was lower in 2012 than 2011 due to the lower average level of interest rates. The item 'capitalised interest' mainly concerns interest capitalised on land and development positions being prepared for construction. The amount of interest capitalised in 2012 was however much less than in previous years. There was also an expense item relating to financial instruments concluded for the PPP project at Soesterberg.

Income tax

The tax burden in 2012 was affected by a number of non-deductible items: the write-down of goodwill and the interest expense on the cumulative financing preference shares are not tax-deductible. Tax losses at some associates have not been measured.

Capital and financing

The condensed balance sheet at 31 December on the basis of capital invested is as follows:

Condensed balance sheet (in € x million)	**31-12-2012**	31-12-2011	Difference
Non-current assets	369	409	-40
Working capital	158	166	-8
Invested capital	**527**	575	-48
Equity	323	416	-93
Provisions	50	56	-6
Net interest-bearing debt	154	103	51
Financing	**527**	575	-48

Invested capital fell by €48 million compared to year-end 2011, mostly as a result of the conservative investment policy and focus on the management of working capital. Impairments of real estate holdings and intangible assets have also been recognised. The Waalsprong real-estate development joint venture was ended at year-end 2012, which positively affected the invested capital in an amount of approximately €22 million.

Due to the payment behaviour of customers and large fluctuations in the state of project financing, the use of working capital was significantly higher during the year than the level at 31 December.

Capital invested: non-current assets

The analysis of the non-current assets is broadly as follows:

Non-current assets (in € x million)	**31-12-2012**	31-12-2011	Difference
Property, plant and equipment	124	132	–8
Intangible assets	114	176	–62
Other non-current assets	131	101	30
Carrying amount of non-current assets	**369**	409	–40

The item 'Property, plant and equipment' primarily includes company buildings and lands, machinery, installations, large equipment and other non-current assets. Investments in the year amounted to €22 million (2011: €22 million). These mostly concerned the replacement of old machinery that had been written off, premises, and also a renewal of the IT environment including investment in a new system.

The carrying amount of the intangible assets consists of goodwill and identified intangible assets. The intangible assets were reduced in this financial year due to the recognition of an impairment of the goodwill for Proper-Stok (€35 million) and IBC Woningbouw (€17 million). This also included a write-down of the brand name Burgers Ergon (€8 million). The other non-current assets consist mainly of long-term receivables from joint ventures in which Heijmans participates. This item increased with the acquisition of the PPP for the National Military Museum. The other non-current assets item also includes an employee remuneration with effect from 2011. This receivable increased during 2012.

Capital invested: working capital

Working capital was €8 million lower at year-end 2012 than at year-end 2011. The analysis of the working capital is broadly as follows:

Working capital (in € x million)	**31-12-2012**	31-12-2011	Difference
Strategic land portfolio	305	317	-12
Residential properties in preparation and under construction	99	126	-27
Other inventory	37	35	2
Work in progress	-81	-130	49
Receivables	378	423	-45
Payables	-580	-605	25
Working capital	**158**	166	-8

The carrying amount of the residential property in preparation and under construction fell because of the decline in the number of residential properties in preparation and construction to 225 (2011: 289).

The other inventory includes the number of completed and unsold residential properties from property development projects. In the Netherlands, this was 58 at year-end 2012 (year-end 2011: 52). Due to delays in the development of certain residential building projects (to a total of €16 million), these positions are no longer recognised in the balance sheet as 'residential property in preparation' but as 'strategic land holdings'. Receivables at year-end 2012 amounted to €378 million, a decline of €45 million. Trade receivables fell along with the decline in revenue in the Netherlands.

The unconditional commitments that may lead to real estate purchases at a later date fell to €85 million in 2012 (2011: €100 million). The conditional commitments that may lead to real estate purchases at a later date remained more or less unchanged at €224 million (2011: €223 million). The majority of these commitments (€169 million at year-end 2012) have only a limited cash impact on materialisation.

Financing: equity

Equity declined during the year by €93 million to €323 million at 31 December 2012 (2011: €416 million). The analysis of the changes in equity is broadly as follows:

Change in equity (in € x million)	2012	2011	Difference
Result after tax	-89	-38	-51
Dividend	-3	-3	0
Result from cash flow hedges	-1	2	-3
Total result for the year	**-93**	-39	-54
Change in equity	**-93**	-39	-54

The development of the solvency ratio on the basis of the capital base, defined as equity plus the cumulative preference share capital, was as follows:

(in € x million)	31-12-2012	31-12-2011	Difference
Equity	323	416	-93
Cumulative preference shares	66	66	0
Capital base	**389**	482	-93
Total assets	1.386	1.554	-168
Solvency	**28%**	31%	

Partly on the basis of the solid capital position and in accordance with the policy of distributing approximately 40% of the net profit from ordinary business operation, it is proposed that a dividend of €0.25 per share should be distributed, to be taken in either cash or stock.

Financing: net interest-bearing debt

The net interest-bearing debt (interest-bearing debt less cash and cash equivalents) increased €51 million in 2012 to €154 million.

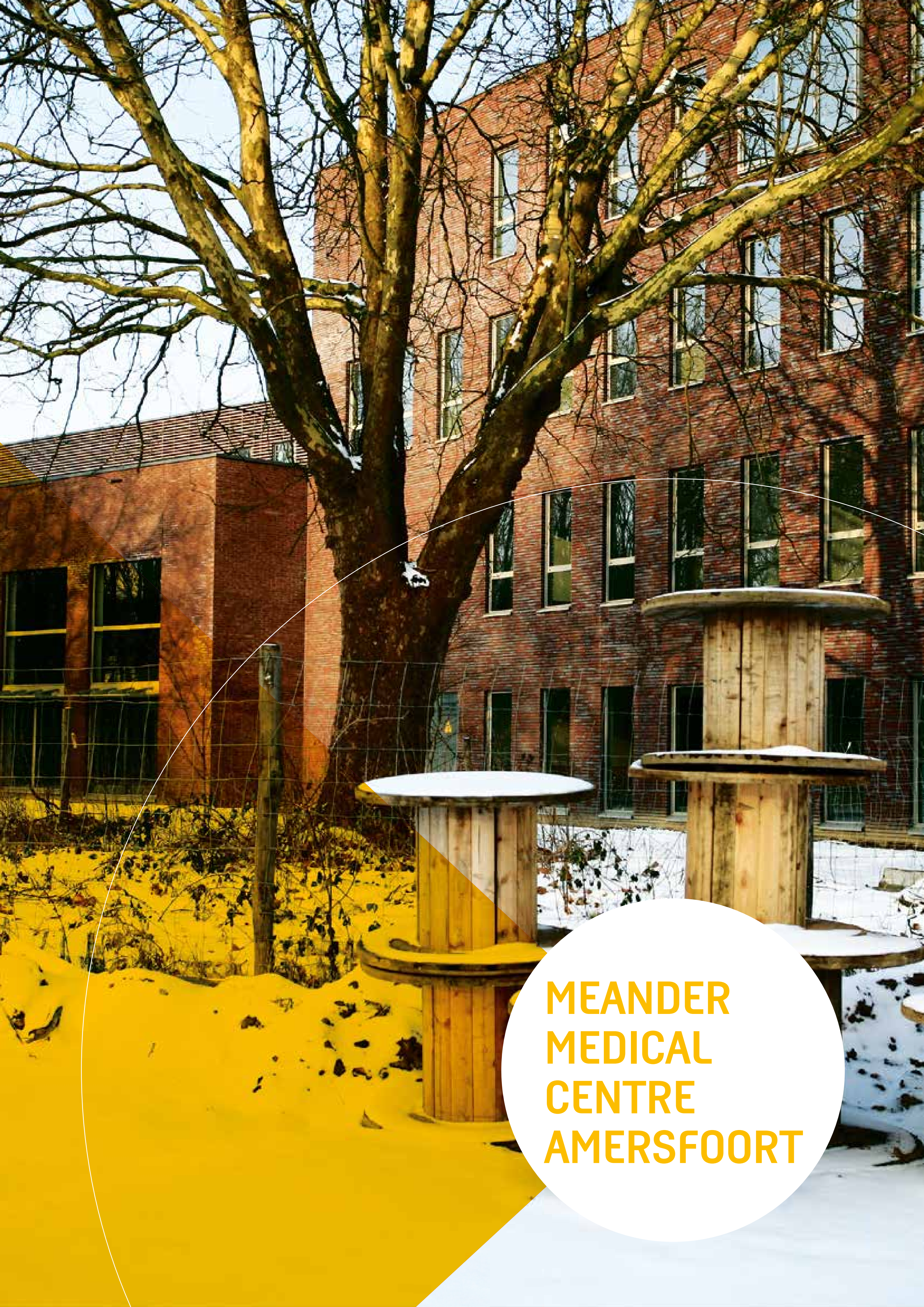
Interest-bearing debt (in € x million)	31-12-2012	31-12-2011	Difference
Non-current	152	203	-51
Current	80	40	40
Gross debt	**232**	243	-11
Cash and cash equivalents	-78	-140	62
Net debt	**154**	103	51

Important factors in the increase of the net debt were the divestment of the prefab operation, investments in land holdings (previous commitments), payment of guarantees, contributions to the pension fund, investments for the PPP NMM Soesterberg project, and a shortfall in results from projects.

The analysis of the gross debt is broadly as follows:

Gross debt (in € x million)	31-12-2012	31-12-2011	Difference
Cumulative preference shares	66	66	0
Syndicated bank financing	0	0	0
Project finance	107	144	-37
Other financing facilities	59	33	26
Gross debt	**232**	243	-11

Under IFRS, the cumulative preference shares are recognised as debt and not as equity. The holders of the preference shares are not able to call in the debt. The company is entitled to repurchase or cancel these preference shares before or at maturity.



MEANDER MEDICAL CENTRE AMERSFOORT

The syndicated bank finance concerns a committed facility of a total of €250 million. This facility was unused at year-end 2012. The facility has a remaining term expiring in March 2015. Collateral security has been provided for the syndicated bank financing. As at balance sheet date, the ratios agreed with the financiers were met.

Project financing is concluded in the context of specific projects, which are usually carried out in collaboration with third parties. The redemption of this type of financing depends on the duration of the project. The value of the project, including the future positive cash flows generated from these projects, is provided as security. An additional guarantee is provided by Heijmans for approximately €51 million of the total of €107 million in project financing. The remaining property development financing is therefore 'non recourse' for Heijmans N.V.

Project finance is also raised for the PPP projects, for example for the NMM Soesterberg project. This had not been used as at year-end 2012. As contractually agreed, this funding has been hedged to protect against exposure to future movements in interest rates and inflation.

The other financing facilities primarily consist of the Heijmans share of the non-current debts of joint ventures and the overdraft facilities maintained with credit institutions.

Cash flow

The condensed cash flow statement is based on the indirect method and is as follows:

Cash flow (in € x million)	2012	2011	Difference
EBITDA - underlying	55	62	
Organisation restructuring costs of redundancy plan	-7	-2	
Interest paid/received	-9	-13	
Income tax paid	-4	-21	
Movement in working capital and other	-79	-27	
Cash flow from operations	**-44**	-1	-43
Sale of subsidiaries	0	50	
Investments in property, plant and equipment	-27	-23	
Sale of property, plant and equipment	5	8	
Other	-4	7	
Cash flow from investment activities	**-26**	42	-68
Deconsolidation of the Meerstad joint venture	0	43	
Deconsolidation of the Waalsprong joint venture	22		
Dividend paid	-3	-3	
Settlement of swap	0	-5	
Refinancing expense	0	-1	
Movement in net debt	**-51**	75	-126

The termination of the participation in the Waalsprong project reduces the net debt by approximately €22 million, since the debt associated with the joint venture is no longer included in the consolidation pro rata. This has no direct cash effect. The same applies to the write-downs of the real estate holdings and the write-down of the goodwill.
The cash flow arising from the purchase and sale of land holdings is shown under 'change in working capital'.

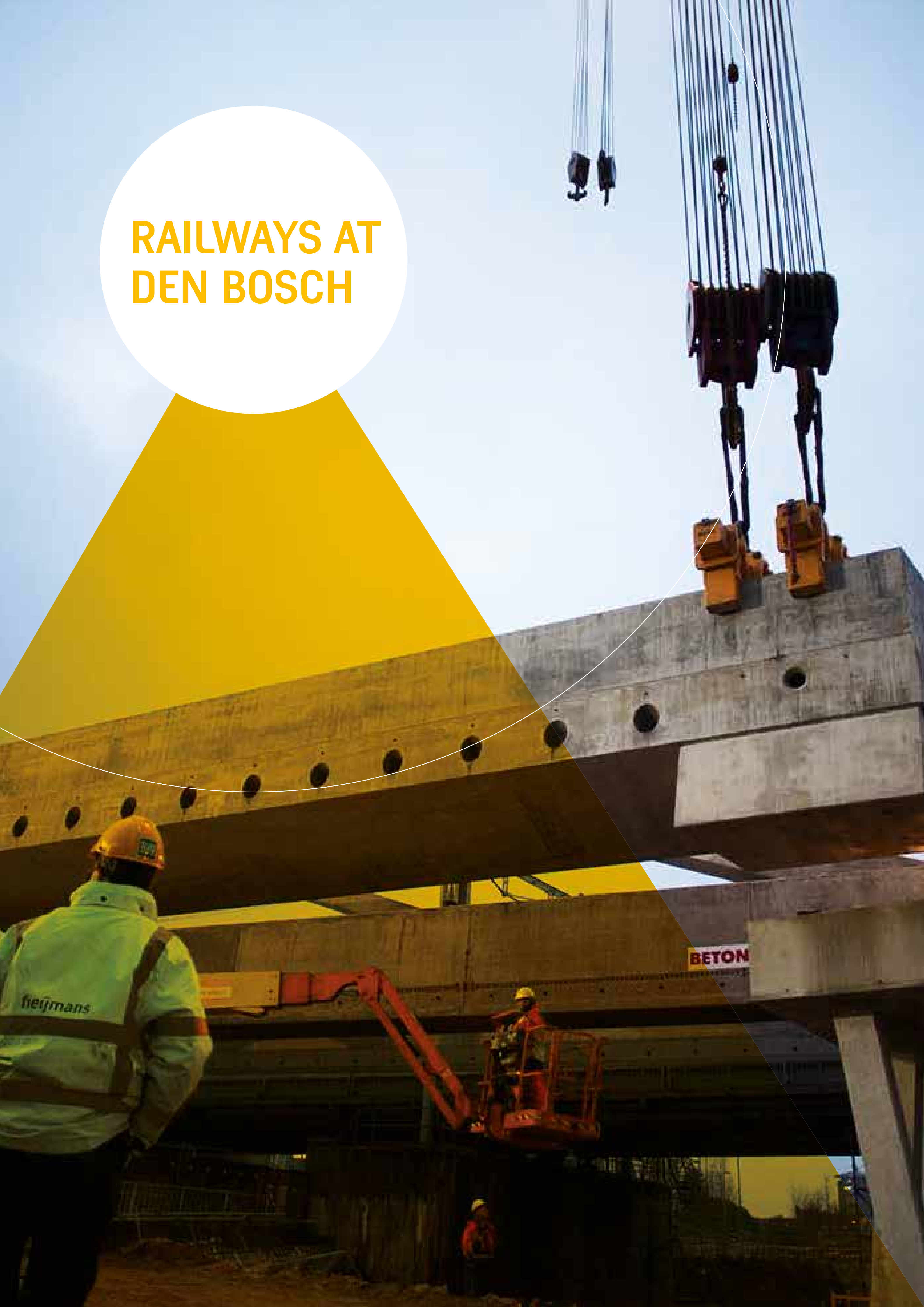
Order book

The order book stood at €2.0 billion at year-end 2012, and was thus lower than at year-end 2011. The composition of the order book at year-end 2012 and the comparative figures for 30 June 2012 and 31 December 2011 were as follows:

Order book (in € x million)	**Order book 31-12-2012**	Order book 30-06-2012	Order book 31-12-2011
Property Development	139	215	271
Residential Building	182	286	371
Non-Residential	606	664	502
Roads and Civil	771	783	814
Other/elimination	-78	-143	-154
The Netherlands	1.620	1.805	1.804
Belgium	224	199	203
Germany	182	212	185
Total order book	**2.026**	2.216	2.192

The further deterioration in the Dutch housing market has clearly affected the order book for the Residential sector (Property Development and Residential Building). The decline was only partially offset by an increase in the order book for Non-Residential.

RAILWAYS AT DEN BOSCH



Human Resource Management

Vision and policy

Heijmans pursues a sustainable HR policy, which is focused on using the quality available and the creation of flexibility. The essence of the policy is the sustainable operational capability of employees. The link between operational capability and vitality is therefore crucial. Sustainable operational capability achieves two aims. The first is that talent is better used, leading to lower absenteeism and higher quality. This requires active translation of talent and competences into practical possibilities. This can be achieved through job rotation, management development, personal development, and training (including re-training). In addition, sustainable operational capability means a flexible workforce, allowing changes in the employment market to be anticipated. In order to achieve this, the HR policy has four main priorities:

1. Learning organisation

Heijmans wants to enable its employees to develop their talents. Learning and talent development can take various forms. On the basis of the fact that learning is a responsibility of the individual employee, Heijmans facilitates the learning process. The best way for this to happen is close by the employee's work. This can include training on the job, job rotation and trainee programmes in which the employee is asked to take actual responsibility for doing a real job rather than simply having to attend. It is more effective to help each other to learn than automatically enrolling people in a training course. We prefer to organise our training 'in company', so that the training will reflect the Heijmans practice as closely as possible, with recognisable examples and Heijmans case studies. The same applies to our in-house training in the context of management development. Examples are the Heijmans Management Programme, the Heijmans All-Round Professional Programme and the Heijmans Higher Management Training. We also operate in-company learning facilities for project management and asset management at various levels. We strive to do this by working with Heijmans colleagues as co-trainers, experts or guests in order to ensure there is a direct link to the work, in practice. By having the higher management act as guest trainers, the importance of training is emphasised and connections are created. This creates a common vision.

Heijmans made various investments in knowledge development in 2012. Firstly, this has occurred through various graduate trainee positions and internships. We also have various agreements with educational institutions to promote the development of knowledge. These include the Business University of Nyenrode, the Avans University of Applied Sciences, the Technical University of Eindhoven and the Technical University of Delft. Heijmans organised a master class together with its partners Stedin and the Bossche Energie Convenant specifically for talented students in 2012, and participated in the 'Girls' Day' organised specifically to encourage technological education among female teenagers. Around 100 girls participated, spread across 5 locations.

Training

In the Netherlands, Heijmans invests €4.8 million in training and €3.7 million in contributions to training and development funds each year. These sums represent 2.9% (2011: 3.1%) of the gross payroll and an average of €1,437 per employee (2011: €1,541). Of the average number of 5,914 employees in the Netherlands, approximately 5,200 (88%) completed some form of education or training in 2012, and 244 students took their internship training at Heijmans (2011: 211). Of the Heijmans employees in the Netherlands, 195 qualified as 'master' (2011: 168). In the Netherlands, 323 work experience and graduate trainee positions were filled in 2012 (2011: 290).

2. Management Development

Management Development, or MD, shows how Heijmans can and wants to attract and retain talent through training, educating and preparing people so that they can take up a management position. With its MD system Heijmans strives to improve its selection process 'at the gate', and accelerate the process of placing the selected and suitable employees in a position which benefits both Heijmans and the employees concerned. There is always a need for employees who can grow rapidly into management or other key positions. Generally speaking around 70% of the management positions are filled internally and 30% externally; however, no fixed targets are set in this respect. It is also the case that the majority of the employees/management who report to the Executive Committee have been promoted internally. MD used to be carried out mostly by the different sectors; however, in recent years, responsibility for MD has been moved to the Executive Committee and the Group HRM department. MD involves so-called fleet reviews to discuss the company's potential and thus develop a collective view. Directed in this way, the mobility of management at Heijmans is more company-wide (whereas in the past it had been much more sector-related).

In the last two years, intense efforts have been made with regard to Management Development, which has led to several key positions being filled by promoted managers, also from other sectors. This enables an optimal usage of general knowledge and management experience, and enables issues to be approached from a different perspective. This ensures an objective view, and moreover offers management personnel attractive career opportunities. Job rotation will therefore continue to be an important item on the HR agenda in the coming years.

3. Diversity

Within this broad theme of diversity, Heijmans takes a phased approach, striving initially to achieve an organisation in which women are better represented in all elements of the organisation. In order to achieve this, action is necessary to raise awareness and bring about change. Ultimately, diversity policy means a wider deployment for a wider variety of employees. Heijmans intends to achieve a substantial increase in the percentage of women employees by means of the following measures:

- improving its attractiveness as an employer;
- devoting particular attention to female potential in its recruitment and selection;
- designing its HRM policy on the basis of life phases and a combination of work and care;
- giving consideration – in job assessments, promotions and training programmes – to the ambitions and capacities of female employees;
- raising awareness of traditional ways of thinking and taking a different approach.

A diverse workforce makes our company flexible, open and at home in many markets; this also makes our company an attractive partner for both customers and new employees.
In practice, the number of women in senior management positions increased from 3.3% to 8% in 2012, and there was a slight increase in the percentage of women in the total workforce, to 10.4%. This percentage was 10.1% in 2011. The diversity policy is a permanent element in acceptance, promotion and also the outflow of employees by means of exit interviews. Accurate information is collected by registering the data on a quarterly basis and reporting this to the management. On this basis, it was decided in 2012 to offer female leadership training and a coaching programme, and to actively promote the retention and development of talent. These initiatives will be reviewed on the basis of the quarterly measurement and reporting in 2013.

New targets were set at the end of 2012. The percentages set for the whole of Heijmans until the end of 2015 are as follows: within the whole organisation (13.5%); within the middle management (20%) and within the senior management (20%).
These figures are the total of the targets set for the various sectors.
The Roads and Civil Engineering sector is expected to show the greatest growth, on the basis of market developments. Residential Building and Non-Residential have been set lower growth targets due to the less favourable market conditions and the limited growth of these sectors.

The target for middle management has been added to the other two targets because it is essential to create a pool of talent that can move up to higher management and key positions in future.

In addition to the above qualitative targets, attention will be devoted throughout the organisation to diversity within teams. Heijmans is convinced that different types of people who think differently and who have their own competences, backgrounds and strengths will contribute to a dynamic cooperation that will lead to high-quality end products.

4. Sustainable working environment

Reorganisation and redundancy plan

Under pressure from the current market conditions, it was announced last November that more than 250 jobs at Residential Building would have to go. Heijmans has reached agreement with the employee representative organisations (CNV Vakmensen, FNV Bouw, Het Zwarte Corps and RMU Werknemers) regarding a redundancy plan. Representatives of both the Central Works Council and the Residential Building Works Council played a supporting role in this process. The redundancy plan has three basic principles. Firstly, Heijmans will offer employees counselling from work to work. A mobility centre (Heijmans@work) has been set up for this purpose. Advice, training courses and the search for new work will be coordinated here. Employees receiving counselling will receive, in addition to a lump-sum payment, a supplement to their unemployment benefit for up to two years. Employees who do not make use of the mobility centre can choose to receive a lump-sum severance payment. Lastly, for older employees who would have retired within two years, Heijmans has agreed to provide financial support until they reach retirement age. The redundancy plan applies to all Heijmans companies in the Netherlands.

Social return

Heijmans has participated in the development of the Prestatieladder Socialer Ondernemen of TNO. This is a guideline for organisations and institutions to generate a social return in a sustainable way. In practice, Heijmans worked in 2012 together with training institutes SPG and Civilion on 'learning at work' projects, and Heijmans has two business schools with a total of 195 instructors. Heijmans also works together with partners on social return, such as the commitment to facility services.

Safety

The trend accident index figures for Heijmans Netherlands are shown in the table below. The index figures are based on the number of accidents involving sick leave by the company's employees (including temporary employees) related to the number of hours worked.

Accident index figures	**2012**	2011	2010	2009	2008
IF (incident frequency)	8.0	9.9	9.7	12.3	11.0
ID (average incident duration/ absence)	184	184	205	151	129
IP (absenteeism due to accidents)	0.15%	0.18%	0.21%	0.18%	0.14%

IF: number of incidents with absenteeism of at least one day per million hours worked.
ID: average duration of absenteeism per incident in lost hours worked.
IP: number of hours worked lost due to incidents with absenteeism of at least one day, as a percentage of the total number of hours worked. Calculations in accordance with the VGM Contractors' Checklist.

Tragically, there were two fatal accidents at Heijmans projects in 2012. We very much regret this. The incidents concerned an employee of a sub-contractor carrying out our service activities, and a guest of a sub-contractor at works that were being carried out outside normal working hours. Heijmans has taken measures to improve supervision, also outside normal working hours. Accidents are moreover brought to the attention of the management by means of reports and photographs in order to raise awareness and understanding. 98 accidents with absence from work were registered among Heijmans' own employees (2011: 120). Although long-term absenteeism is falling and the seriousness of the absenteeism is also declining, there is as yet no improvement in the accident statistics.

The theme of safety was featured in various ways in 2012. Heijmans signed the governance code on safety in October. The total of 15 signatories include both contractors and large principals, including the Directorate General for Public Works and Water Management, the Government Buildings Agency, the Ministry of Defence and ProRail. In the declaration of intent, the signatories express the ambition to collectively strive to minimise risks to safety in the realisation and use of infrastructure works, installations and buildings, and thereby to prevent death, injury and unsafe situations.

Health: sickness and absenteeism

Heijmans refers employees with health problems directly to the network of specialists it has itself created. This means people get help faster, and both employee and employer become aware of the diagnosis and treatment sooner. This also positively affects absenteeism due to sickness. Last year Heijmans conducted a trial with insurer VGZ within Civil to test a healthy and more varied way of working. Around 50 employees took part, and were encouraged to do things differently each day and move more in order to reduce health problems. Heijmans has its own Health & Safety Service Centre (ASC), which provides optimal advice and involvement by the company with its employees in the event of absenteeism. The ASC advises and supports managers and their employees in managing and preventing absenteeism. The starting point is the employee and how he can be employed despite his disability.
The absenteeism rate of 4.66% in 2012 was unchanged from 2011 (4.66%).

Absenteeism since 2003	Indirect personnel	Direct personnel	Total
2003	3.04%	7.24%	5.36%
2004	3.14%	6.45%	4.97%
2005	2.97%	7.07%	5.21%
2006	2.42%	6.36%	4.50%
2007	2.29%	5.78%	4.27%
2008	2.39%	5.67%	4.20%
2009	2.24%	6.23%	4.45%
2010	2.20%	6.09%	4.36%
2011	2.36%	6.45%	4.66%
2012	**2.50%**	**6.37%**	**4.66%**

Employee participation

The European Works Council (EOR) met twice in 2012, on both occasions with the Chairman of the Executive Board. The items discussed included the refinement of the strategy and the theme of safety, the amended EOR guideline, the Dutch European Works Councils Act, and the implementation of the new strategy with regard to Heijmans' international operations.
The Central Works Council (COR) met 12 times in 2012, on 6 occasions involving consultation with the chairman of the Executive Board. A member of the Supervisory Board was also present at two of these meetings. The items discussed included sustainable operational capability, safety, and the redundancy plan in relation to the reorganisation of Residential Building. The COR approved the following arrangements in 2012: the excess average pay pension plan, various other pension plans, the regulations applying to integrity-sensitive positions, and the installation of CCTV surveillance at asphalt production locations and certain offices.

The COR issued recommendations to the company management on the following matters in 2012:

- the reappointment of Mr Ron Icke as a member of the Supervisory Board
- the appointment of Ton Hillen as a member of the Executive Board
- the organisational structure of Prefab, Non-Residential and Integrated Projects.

Workforce figures

At the end of 2012, the company employed 8,142 people (2011: 8,341) with the following geographical distribution:

Number of employees per country	**2012**	**Total in %**	2011	Total in %
The Netherlands	5,862	72%	5,970	72%
Belgium	1,116	14%	1,167	14%
Germany	1,164	14%	1,204	14%
Totaal	**8,142**	**100%**	8,341	100%

Almost all employees in the Netherlands are covered by a collective labour agreement (Dutch acronym: CAO).

Employees in the Netherlands covered by a CAO in %:	
CAO for the Construction Industry	67%
CAO for the Metal & Technology Industry	30%
CAO for the Horticulturalist Industry	2%
Other	1%
Total	**100%**

In the Netherlands, 90% of the employees are men and 10% are women (2011: 90% men and 10% women). 90% of the employees in the Netherlands work on a full-time basis, and 10% work part-time (2011: 90% full-time and 10% part-time). 50% of the employees in the Netherlands work in production, and 50% work in an administrative or management position (2011: 51% and 49% respectively). Approximately 93% of the employees in the Netherlands have an employment contract for an indefinite time period and 7% are employed on a temporary contract basis (2011: 93% and 7% respectively). The ratios of full-time/part-time workers and women/men at Heijmans are monitored to establish whether this adequately reflects the labour market outside of Heijmans.

The age distribution of the employees in the Netherlands is as follows:

Age categories in %	2012	2011
Employees aged 24 years or less	4%	5%
Employees aged between 25 and 39 years	36%	36%
Employees aged between 40 and 54 years	42%	41%
Employees aged 55 years and over	18%	18%
Total	**100%**	100%

The aim is to maintain the current age distribution in the construction industry, despite the increasing age of the population as a whole.

Inflow by age group (in the Netherlands):

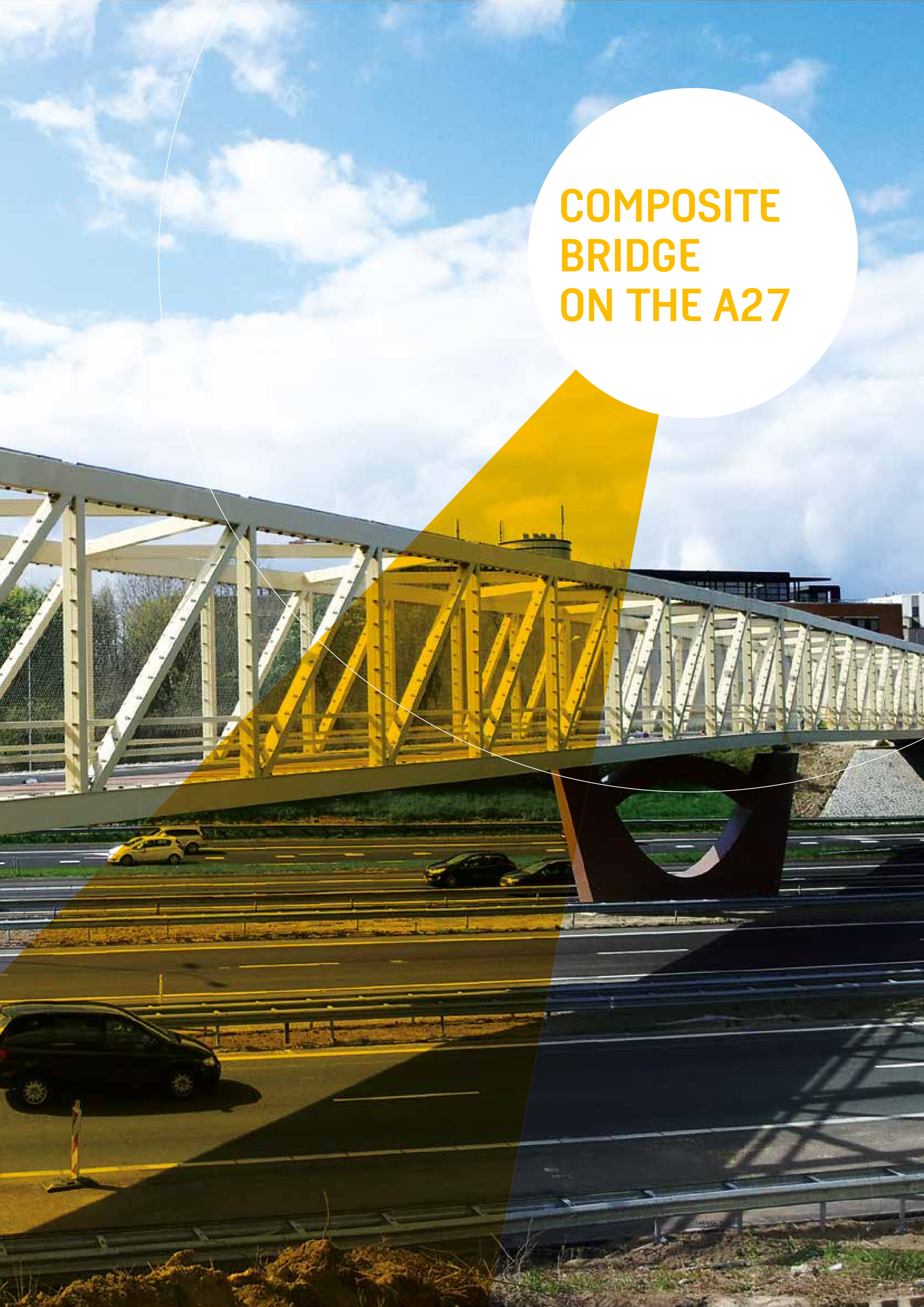
Inflow by age group (in the Netherlands) in %	2012	2011
Employees aged 24 years or less	26%	29%
Employees aged between 25 and 39 years	53%	51%
Employees aged between 40 and 54 years	19%	18%
Employees aged 55 years and over	2%	2%
Total	**100%**	100%

Outflow

In 2012, 893 employees (11%) left the company (18% in 2011). 364 of these employees worked outside the Netherlands. In the Netherlands, the employer terminated the employment in 183 cases and 346 employees left of their own accord. The inflow consisted of 754 employees or 9% (9% in 2011), 292 of whom are employed outside the Netherlands.

GZG PROJECT 'S-HERTOGENBOSCH

COMPOSITE BRIDGE ON THE A27



Sustainability

Vision

The construction industry is rapidly changing. The continuing economic crisis, technological developments and global competition are the prominent everyday themes for 2013. The result is that things will never be the same again. In 2020 this new world will have become a reality: a world in which sustainability will have long been accepted, and a world in which our country will have become knowledge-driven. This knowledge began, in our cultural history, with the creation and defence of our land, and with trade by sea, entrepreneurial spirit and courage. In 2020, building will still be a profession based on this history: something that requires knowledge and expertise. But more than ever before, our profession will be about invention rather than simply 'production'. And the world that buys these products and services will not be driven by ownership, but by sharing of ownership.

Ambition and strategic focus

As a building company, by virtue of our activities, we want to make a difference and have meaning in society. Our efforts to lead in this respect are unchanged. There will always be challenges, but we are convinced that economic growth and innovation go together with sustainability. Sustainability or 'greenness' is thus not an end in itself, but rather a principle that leads to better quality, added value and satisfied customers. We also acknowledge that there are dilemmas: how to maintain the balance between price and quality, the short term and the long term. Growth and sustainability go together, this is our conviction. But this does involve dilemmas.

The contribution that Heijmans wishes to make in the upcoming years concerns its own business conduct, its cooperation with partners, and the development of its products and services.

Definition

Sustainability means the continuous provision of products, solutions and services that deliver quality, not just today but in the future as well. The way in which Heijmans achieves this is through corporate social responsibility. This means operating the business so that the three principles of People (social aspects), Planet (the environment) and Profit (economic performance) are respected. This should lead to better results for both the company and society as a whole. In fact, sustainability means continuously finding a balance between people, the environment and the economy. Nobody will be worse off as a result; in fact we will all benefit.

Objectives

Heijmans' sustainability policy has six objectives:

Objective	Motivation
Contributing to solving the problem of climate change, by reducing our own CO2 footprint	The built-up environment uses approximately 40% of the energy in the Netherlands. Our business activities also need energy, as does the manufacturing of our products and the transportation of these products to building sites.
Contributing to closing raw materials chains, by reducing the amount of waste	40% of all waste is building waste. Some of this originates from new builds, and some from renovation. Recycling can reduce the exhaustion of raw materials and can save energy.
Preventing the exhaustion of raw materials and loss of biodiversity, though sustainable sourcing	Building can lead to the exhaustion of certain raw materials and a loss of biodiversity. The use of a number of raw materials such as wood, stone, steel and concrete is particularly important in the sector.
Ensuring that sustainability plays a role in the chain	60%-70% of the company's revenue is procured in the form of products or services. Introducing sustainability will have an effect throughout the whole chain.
Providing a healthy and safe working environment	The construction industry is a sector that is relatively unsafe, in terms of accidents and occupational disability. As an employer, Heijmans strives to introduce improvements in this area.
Increasing social return	As a large employer in the industry, we want to invest in corporate social responsibility by tackling issues such as employee diversity and involving social objectives in our projects (customer satisfaction, employee satisfaction, SROI projects and diversity).

In addition to these objectives there are a number of issues raised in the analysis that have not yet been included as objectives. The core business of Heijmans affects the usage of space in the Netherlands, and therefore involves the careful and qualitative design of buildings and roads (biodiversity). The core business also means that biodiversity, water use and emissions require continuous attention. Working with hundreds of different sub-contractors and suppliers also means that attention has to be paid to social themes such as the observance of human rights in the chain. Finally, chain integration is an issue that requires attention.

The ***sustainability programme*** realises the implementation of the sustainability objectives, by means of the following measures:

- Exchange of knowledge and information: matching supply and demand in the organisation using the online platform Yammer, a quarterly newsletter, lunch-time lectures and a sustainability desk at which initiatives can be registered.
- Application and translation into projects, and the application of new techniques in trials, in consultation with innovation managers and principals.
- Partnerships and profiling in the market, to promote knowledge, innovation and development of new markets.
- Change in corporate culture: inclusion of sustainability as an item and an aim in all training courses and in Management Development.
- Monthly management reporting of KPIs to the sustainability steering group.

Heijmans holds a number of stakeholder meetings each year at which various current sustainability issues are discussed. A number of stakeholder meetings were also held this year.

Trends

The following trends significantly affected our business, the chain and our actions in 2012:
(Unusual) cooperation: the challenges in the sector, partly due to the economic crisis, have meant that thinking outside the normal parameters has become more commonplace than ever. This has led to cooperation with very diverse partners, both inside and outside our industry.
Energy transition: In future, energy will increasingly be generated and distributed on a decentralised basis. In fact, everyone can become an energy producer with new technologies such as solar or wind energy. This is having a huge effect on the sustainability of energy, not only because alternative sources are being used, but also because of the increased awareness of the extent of energy use. Smart domestic equipment that operates when energy costs are low or at times that best suit the user is furthering this development.
Materials transition: The same transitional process is happening with building materials as is happening with energy. Whereas, in the past, materials such as wood, concrete and steel were the main materials used, from now on composite or self-healing materials can now also play a role. Technology such as 3D printing is furthering this process.
New standards: After a number of years, sustainability has now really become a new standard in the building industry. Housing can and has to be more energy-efficient, and actually can be self-sufficient with regard to energy. In other words, the norm has radically changed.
System integration: Logically, these trends are resulting in an integration of systems. The new forms of cooperation and new products are increasingly transforming the traditional building industry. This is also leading to new types of contract, for example contracts in which the contractor bears responsibility for both realisation and Design & Construct, or including maintenance and funding of the project. The decentralisation of the national government means there will be increasing demand for these types of contract and for these forms of collaboration.

Highlights 2012

In the spring of 2011 Heijmans decided to link the above objectives to key performance indicators, so that the result would be measurable and could be determined according to previously set parameters.

Smart Highway

There has been talk of smart highways since the 1980s, but until now the focus of innovation has been on the car. Studio Roosegaarde and Heijmans are extensively involved in road innovation with designs such as the 'Glow-in-the-dark lines', 'Dynamic Paint', 'Interactive Lighting', 'Induction Priority Lane', and 'Wind-Light'. The idea is to make the road sustainable and interactive by means of smart lighting, energy harvesting and traffic signals that adjust themselves to the road conditions. The photo-luminous powder that is used for the glow-in-the-dark lines gives light for up to ten hours and makes other lighting unnecessary. The dynamic paint only becomes visible when warnings are relevant. This means that traffic information can be provided locally and adequately, and there is less distraction. The Smart Highway is a new concept and programme that links a different way of looking with innovative ideas that intelligently utilise the possibilities offered by new technologies. The central themes of the concept are sustainability, safety and perception, which are expressed in technical solutions in the areas of energy and lighting.

BREEAM-NL

BREEAM-NL is an international evaluation method for assessing the sustainability of buildings. BREEAM-NL is not restricted to evaluating how sustainable the building is, it goes further. It looks at the usage of materials and energy, and the quality of life of the building and the environment, with the intention of analysing and improving the buildings. Obtaining a BREEAM-NL certificate means that strict conditions have to be met. The La Façade project, two office buildings at Stationsplein in Den Bosch, obtained BREEAM-NL certification in 2012. La Façade was also awarded a Green declaration and an A+ energy label. La Façade uses solar panels, an economical air-conditioning system, efficient lifts, and materials that are sustainable and environmentally aware, such as FSC timber and water-saving sanitary equipment.

Energiefabriek

Heijmans has won a contract from Waterschap De Dommel for the design, realisation and maintenance of an Energy Factory at the site of the sewage treatment plant in Tilburg. The aim is to process the sewage sludge from the entire catchment area of De Dommel in the most economically efficient way, in order to be able to operate the sewage treatment plant on an energy-neutral basis, and to sell biogas externally.

THE TIMMERHUIS ROTTERDAM

Self-healing asphalt

The very first self-healing asphalt was laid as a thin noise-reducing layer on Grootvenstraat in Tilburg. The unusual quality of this asphalt is that it can be repaired without being replaced, using a special treatment on site. Together with Heijmans, Intron and Altravie, scientists at TU Delft developed the self-healing product known as 'very open asphalt concrete', or ZOAB. Heijmans has translated this development into a product that can be applied in practice. The somewhat porous (and noise-reducing) mixture cannot be used at crossings, entry roads and alongside parking spaces since its technical life is too short. When using the self-healing asphalt mixture at difficult locations, quality can be maintained by means of a regular induction treatment. The asphalt is self-healing due to the addition of steel wool. The steel fibres are finely distributed through the asphalt. The asphalt is heated from the inside by driving an induction machine over the road surface. This closes the hairline cracks that appear in the asphalt over time.

PEFC certificate

One of Heijmans' objectives is to use sustainable raw materials as far as possible. Heijmans is thus actively involved in improving the sustainability of the timber chains in the Netherlands, and now has PEFC certification as well as FSC certification. PEFC is an international not-for-profit organisation for sustainable forestry management. The label guarantees that products originate from sustainably managed forests. According to the Dutch government guidelines, sustainable timber is supplied via the FSC or the PEFC quality certification. This means that if asked, companies can demonstrate to their customers that only sustainable timber has been used in their projects.

Improving the sustainability of materials

The CSR Netherlands Concrete Network, as the executive platform for the Green Deal Concrete, has concluded practical agreements in the short term in order to actually improve the sustainability of the concrete sector. This 10-point plan will be elaborated into an action plan for 2013-2014.

Sponsoring

Our sponsorship policy is designed to find a match between the application of our own expertise and the demands and needs of society. The guiding principle in the policy is 'Giving space': contributing to the design, quality and sustainability of the public space in the Netherlands. Heijmans sponsorships in 2012 included the Krajicek Foundation, Jheronimus Bosch 500, de Vestingwerken 's-Hertogenbosch, de Nederlandse Bouwpluim and de Veerstichting.

Outlook for 2013

In 2013 Heijmans will give new content and substance to its vision of the sector in 2020. Innovation and sustainability are inextricably linked to this vision, and are stimulating change and progress. Even more than previously, building will require brain work. This requires even stricter indices, which go further than the conduct of the business.
The Smart Highway has shown that new norms and a new market can be created, in collaboration with others. Heijmans will take further steps in this direction in 2013.

MINISTRY OF DEFENSE, THE HAGUE

Quality

LEAN6sigma

Heijmans strives to achieve the highest quality in its products and services. This drive to improve quality is monitored through the implementation of the LEAN6sigma principle, which is applied as a programme throughout the organisation. The improvement programme should ultimately contribute to the realisation of continuous improvement in both processes and projects. This endeavour not only needs practical initiatives, it also requires a culture which features improvement on a daily basis. Lean6sigma thus not only focuses on reducing costs, it promotes an approach in which awareness, change and actual improvements are realised. Due to these features, Lean6sigma is not a short-term measure but rather an approach that is based on long-term effects.

The LEAN6sigma methodology is very suitable for a repeating, producing and project-driven organisation such as Heijmans. The central method used in LEAN6sigma is known as DMAIC (Define, Measure, Analyse, Improve and Control). This is a systematic, structured and factually based methodology. By using statistics and other resources, decisions are made on the basis of facts rather than intuition. The methodology enables organisations to measure improvements and efficiency levels, and thus objectivise them. The results make it possible to introduce improvements and changes across the company as a whole, to develop a culture of improvement, and ultimately to achieve the highest quality possible. The results are shown in customer satisfaction.

Number of projects and courses

More than 100 projects have been initiated since the start. Half of them are in the DMAIC phase. This is the first step towards actual improvement. Around 30 projects have been successfully completed. If projects do not adequately contribute to the established objective in the first phase, or fail to achieve the expected efficiency, they are stopped. This has happened in approximately 25 cases. Over the last 2.5 years 600 Heijmans employees have started a LEAN6sigma training course, of whom 495 have completed the Yellow Belt training, 75 the Green Belt training and 11 the Black Belt training.

Type of improvements

All the projects started and implemented in the past period relate to three themes. These themes have been chosen because they make the best possible contribution to improving the core processes of the organisation. For instance, the theme of 'failure costs' is an important and conduct-related issue in the building sector.

These themes are:

- Customer demand and customer need: improvement is only useful if it ultimately contributes to what customers want; part of this is no remaining issues.
- Improved handling of guarantees and complaints, with the aim of improving customer satisfaction;
- Improved process management: in order to prevent unnecessary failure costs and waste in the process; operational excellence through logistics is an element in this.

Customer demand and customer need

Tender costs and effectiveness

Heijmans has four business agencies, whose primary task is to provide support for projects in the areas of preparatory work, calculation and procurement. In order to increase the effectiveness of these business agencies and to obtain a clearer picture of their performance, a dashboard is used to evaluate the scoring percentages of tenders made by the business agencies. The costs involved in preparing these tenders are also calculated. By comparing the scoring percentages with the costs, performance can be managed more effectively and directed more to meet customer demand.

Tender costs

The aim of this project is to identify the tender costs incurred for large tenders and to study how these can be reduced. It emerged during this study that budgets were exceeded. In addition, it emerged that, in the past, plans had been too detailed and that this had increased costs unnecessarily. This problem has largely been solved through tighter observance of the budget, and the requirements for a good and valid tender have been critically reviewed, which has identified potential cost savings.

Large Infrastructure Projects

Heijmans Roads and Civil Engineering have investigated the remaining issues for large projects. A total of 1,674 remaining issues were identified at three projects. The most frequent remaining issues were verges alongside roads, finishing of concrete, and signage, accounting for one third of all remaining issues. An improvement project has been initiated with regard to verge laying and maintenance. A central registration system has been set up for Roads and Civil Engineering to enable effective control of remaining issues. The measures taken with regard to remaining issues, including the registration system, are expected to lead to a reduction of 20% of the total number of remaining issues each year. It is also expected that 1,000 man hours can be saved in the process of large projects. A measurement taken at the beginning of 2013 will show whether these savings have been achieved for 2012.

Preliminary inspection
By giving home buyers the opportunity to make a preliminary inspection shortly before delivery of their home, a large number of complaints and points of improvement can be identified at an early stage. This could ultimately lead to a sharp reduction in the number of remaining issues. Measurement shows that, after such an inspection, the number of remaining issues was reduced to one.

Improved handling of guarantees and complaints

Guarantee contracts
The guarantee contracts at Heijmans Roads have been reviewed. Road markings, asphalt, and joints are guaranteed for a period of between 2 and 10 years. Heijmans guarantees the agreed level of performance for this period. Due to the increasing size and complexity of the projects concerned, it had become important to control these guarantees more effectively.

A central guarantee desk provides one central contact point for incoming complaints or guarantee notifications. The manager ensures that all notifications are passed to the appropriate person. In addition to the activities of this desk, projects are inspected by Heijmans. As a result of the updating of phase documentation and the updating of all notifications in one database, the guarantee process is embedded within the organisation, and the guarantee desk is easy to find for customers and principals.

Complaints Procedure
The procedure for dealing with guarantee complaints with respect to delivered housing at Heijmans Residential Building has been reviewed, with the aim of improving customer satisfaction and increasing the efficiency of the customer service department. As a result of the review, a customer service portal has been set up to enable purchasers to put questions via Internet, and to register complaints in the complaints management system. In the future, additional information for buyers and advice on maintenance issues will be added to the customer service portal. Feedback from sub-contractors, suppliers etc. will also be added to the portal, so that the processing time for any complaints will be reduced.

As-Built documentation for the RWS
Heijmans Roads and Civil Engineering use so-called 'As-Built' documentation for the Directorate-General for Public Works and Water Management (or 'RWS'). As-Built documentation establishes all the project data, including drawings, specifications, locations and descriptions of the ultimately completed project; in other words all the significant information for the project 'as it has been built'. The study focused on the exceeding of budgets in the compilation of this documentation and the delivery date.

After the implementation of this project, the exceeding of the budget has been reduced from 124% to 18%. Moreover, the deviation from the transfer date of the As-Built documentation has been reduced by 80%, from 256 to 57 days. The quality of the documentation has also demonstrably improved as a result of the review.

Improved process management

Reduction in the costs of building site facilities

The Materials Management department has reviewed the costs and effort involved in providing facilities for building sites. This process includes the installation, maintenance and removal of site installations, project premises and site security. The review showed that the travel time involved in cases of electrical failures was extremely high. The number of electrical failures at building sites in the Netherlands has been significantly reduced by improving the maintenance of electricity supply boxes. This reduces costs and also reduces downtime at the various project locations.

Separation of waste

The activities of Heijmans Roads and Civil Engineering create waste that is ultimately removed and processed by waste processing companies. The degree to which waste is separated determines its usability and therefore the costs of processing. The purpose of this project was to increase the percentage of separation to at least 75%. The analysis showed that the separation percentage achieved by Heijmans Roads and Civil Engineering amply met this objective.

The reporting process has also now been simplified, saving hours worked and increasing quality. Residential Building is also working on improving its separation percentages. Numerous improvements have already been implemented during the project. It is important that the waste management plans that are drawn up for every project are used and observed. Developments at the waste processing companies have moreover increased the number of separate waste flows that can be catered for, and this presents opportunities that can be clearly shared in several languages, with the help of the 'Afvalwijzer' (Waste Management Guide). There are also factors – such as space at a site – that mean that every project will have its own specific separation objectives.

Operational excellence through logistics

Unique building site logistics

The logistics at the site for the new-build project 'the Meander Medical Centre at Amersfoort' have been uniquely organised. Heijmans has entered into a joint venture with the wholesaler Technische Unie for the logistics at this site.
In addition to the necessary time gain because engineers no longer have to collect material, the project is more manageable, since the engineers always have access to the right material in sufficient quantity. Moreover, materials are no longer transported to the site at the busiest times of the day, as transport now takes place at times that the vehicles are free. This reduces the waiting times for transport vehicles for all parties.

Dialogue with stakeholders

Last November Heijmans organised the second 'Heijmans LEAN6sigma event' for employees, customers and suppliers. The purpose of the event is to share mutual consciousness, success and experience. The theme of the event this year was quality.
Following the event, agreements have been made with various parties to organise collective workshops with quality improvement as the theme and objective.

Agenda for 2013

The LEAN6sigma programme will focus further on translating the business objectives – with regard to quality and sustainability – into practical targets in 2013. To achieve this, the following targets have been established for 2013. The maximum number of delivery points per project has been set for each sector. In addition, each sector has targets with respect to the maximum number of complaints per project. Lastly, the number of LEAN6sigma projects to be completed each year has been established for each sector. These targets are set at management level and are centrally monitored and coordinated. Each sector will report on its targets at the end of 2013. The establishment of the targets and the reporting process will mean that effective control is exercised over the established quality issues. This will further raise awareness and ensure that the issue of quality becomes more of a priority in the Heijmans agenda.

MUZIEKPALEIS VREDENBURG UTRECHT

Conduct, integrity and dilemmas

Code of conduct

Heijmans attaches a high priority to ethical conduct by its employees. Openness is a basic requirement for this. A more open working attitude is encouraged by the example set by the management and directors, the discussion of large and complex works in the weekly board meeting, and the review meetings with management and the Executive Committee.

The Heijmans code of conduct reflects developments in the industry, the guiding principles of Bouwend Nederland (Dutch Building Association) and the code of conduct of NEPROM (Dutch Real Estate Development Association). All employees are familiar with the code of conduct, which is part of their employment agreement. A tool kit for integrity and dilemmas was introduced in 2012 in order to raise awareness among employees and encourage them to discuss the relevant issues. This tool kit has been distributed among the management at all our offices and facilities.

Conduct dilemmas

Heijmans is convinced that conduct has a significant effect on the quality of the company's work and its result. This concerns discipline, safety and the corporate culture, just as much as integrity.

Some frequently occurring dilemmas are:

Breaking with the accepted culture

Sometimes behaviour is tolerated within a group that is acceptable within that group but which outside the group would breach applicable standards and values. 'That's how we've always done things here', does not mean that it is right. Individuals in the group must dare to question acceptance of such matters in the group and the group dynamic, in order to expose the issues outside the group. Examples of this are manners and the attitude to expenses.

Calling conduct to account

The question of whether conduct is acceptable or not is sometimes very obvious, but often less so. Calling each other to account in case of undesirable conduct, in accordance with the standards that we strive to maintain, encourages increased openness and ultimately desirable behaviour. Examples of this are the wearing of safety clothing and the separation of waste at building sites. Resolving these dilemmas requires a clear understanding of what is and what is not acceptable.

Acceptable and unacceptable

The borderline between acceptable and unacceptable behaviour is sometimes difficult to define, but it is crucial for culture at the building sites. These issues may involve, for instance, behaviour towards women or minorities, or using company property for personal purposes. To achieve the change of culture, Heijmans organised so-called mind-bugs courses in 2011 for senior management and a number of peer groups in the organisation. The intention was to share prejudices and expose hindering behaviour. A Lower House debate was organised by Young Heijmans on the same subject in 2012.

Integrity dilemmas

Heijmans employees are mainly faced with the following dilemmas:

Dealing with information

Besides the share price sensitivity of information, commercially sensitive information plays a role in frequently occurring dilemmas. For instance, when new assignments are won or obtained, this information cannot in the first instance be shared. A few employees involved in the project will then be informed. However the wish to share good news or disseminate the results of tenders via principals can sometimes involve dilemmas. This can in some cases mean that Heijmans has to release information earlier than intended, in order for this to occur simultaneously to all stakeholders.

Interpretation of information

Information, such as contracts, can sometimes be interpreted in different ways. If incomplete information is released to colleagues, project teams, customers, etc., there may be differences in understanding without people being aware that this is the case. In some cases this can lead to information being interpreted in a way that creates an undesirable situation. These cases can concern, for instance, the handling of certificates from suppliers, and the operation of the associated guarantees.

Safety

A start was made on once again drawing attention to the theme of safety in 2012. Together with 14 other signatories, Heijmans has signed a collective Governance Code with regard to safe working in the industry. In the declaration of intent, the signatories express the ambition to collectively strive to minimise risks to safety in the realisation and use of infrastructure works, installations and buildings, and thereby to prevent death, injury and unsafe situations. Leadership, taking responsibility, and cooperation are important in this respect.

Compliance

Reports in 2012

Seven integrity issues were reported to the compliance officer and/or the counsellors in 2012. A number of these were subsequently qualified as an employment conflict or dispute between manager and employee. In one case this led to summary dismissal. The first consideration in each case concerns the seriousness of the facts. The matter is then dealt with in accordance with the sanctions policy, and those directly concerned – such as the customer or the principals – are informed. A forensic investigator is then engaged, if necessary. An approach is formulated on the basis of these investigations for further steps, to ensure that the matter does not recur. All records are evaluated with those involved by the management and the Executive Board.

Rules and guidelines

Integrity is established in a number of rules and guidelines:

- The rules for senior management concern the establishment of integrity-sensitive positions and the screening of senior management, who are subsequently requested to sign a declaration of integrity.
- Tool-box meeting and discussion of works: this is mainly devoted to the sharing of dilemmas, openness and the establishment of limits.
- Reviews: integrity issues are discussed by the Executive Board and shared in management teams (on an anonymous basis). The Integrity Committee monitors that notifications and issues are translated into appropriate policy.
- Code of conduct: under the motto 'an issue of character', the desired conduct is established in the Heijmans Code of Conduct. The Code deals with matters such as safety, integrity and competition and obliges Heijmans employees to act and behave in accordance with its provisions. A sanctions policy is linked to the Code of Conduct. Managers are required to set an example by their personal conduct.
- Integrity is a standard subject of discussion in employment interviews and introduction programmes, and is included as a competence in the performance evaluation system.

Organisation

Compliance Officer

Heijmans has appointed a compliance officer who acts as the central contact and reporting point for integrity issues. The anonymity of notifications is ensured, and the compliance officer considers the action necessary in each case, given the nature of the issue and the applicable rules.

Integrity Committee

This committee is responsible for the elaboration and implementation of improvements or additional measures to the integrity policy. The reporting structure includes a compliance function and a counselling function.

Compliance

A number of counsellors have been appointed for the business units and at the holding company level for the purpose of compliance with and implementation of the Code of Conduct. The job of the counsellor is to facilitate, advise and intermediate in relation to issues that may arise. For many years now, Heijmans has required its suppliers and sub-contractors to endorse the code of conduct of Heijmans, Bouwend Nederland or a code for their own specific industry.

Heijmans' subsidiaries, associates and joint ventures are included on the register of the Foundation for Evaluating the Integrity of the Building industry (SBIB). Every two years, any breaches of the Heijmans Code of Conduct, together with an account of how Heijmans dealt with these breaches, are reported to the SBIB.

Additional and separate regulations
In some cases, values from the Code of Conduct have been established in additional and separate regulations:

- ***Dossier statement***

The Heijmans Code of Conduct is also further elaborated in the so-called dossier statement. This statement is required with every bid issued. It states that no anti-competitive practices have been involved in the preparation of the tender or quotation.

- ***Transaction register***

Heijmans Property Development works with a Transaction Register, in which the relevant details of every business-to- business property transaction are investigated in advance, recorded and documented, so that the transactions can subsequently be checked for correctness, integrity and legality.

- ***Regulations governing whistle-blowing***

For those situations where it is difficult or impossible to find a solution within the scope of daily workplace activities, Heijmans has introduced a whistle-blower scheme which states the steps to be taken when submitting a report of an abuse. It also describes how such reports are investigated, and defines the role of management in the event a report is submitted. The Whistle-blower Scheme offers employees the possibility of reporting an abuse orally or in writing to the central reporting point (the compliance officer) or a counsellor, without endangering their employment law position.

- ***Insider Trading Regulations of Heijmans N.V.***

These regulations were introduced in compliance with the Financial Supervision Act (Wft). Members of management holding interests in the capital of Heijmans N.V. are subject to these regulations.

- ***Regulations applying to personal investments***

There are regulations applying to personal investments by members of the Executive Board and the Supervisory Board. The Chairman of the Executive Board is the compliance officer for transactions in shares, depositary receipts for and options on shares. The Chairman of the Supervisory Board acts as compliance officer for the Chairman of the Executive Board.

Corporate Governance

General

Heijmans places a high priority on an appropriate balance between the interests of its various stakeholders. Good business conduct, integrity, reliability, customer orientation, openness and transparent dealings by the management, as well as proper supervision thereof, are the basic principles of the Heijmans corporate governance structure. Heijmans endorses the principle of the Corporate Governance Code that the company is a joint venture between the various parties involved with the company.

Governance structure

The main principle of the governance structure of Heijmans is determined by the issuance of depositary receipts for shares through the Heijmans SA Trust. The purpose of this is to prevent resolutions being adopted by a shareholders meeting by means of an unrepresentative majority. The depositary receipts for shares are freely exchangeable for ordinary shares.

Compliance with the code

The underlying principles of the corporate governance code are endorsed by Heijmans and are implemented as such in the corporate governance structure.
Two of the best practices in the code are not observed. A full overview of the code (the 'Apply or Explain' report) is available at the website of Heijmans under the heading 'corporate governance'.

Deviations from the Code

The following best practice provisions are not observed:

- **Best-practice provision II.2.4,** if options are granted, they shall, in any event, not be exercised in the first three years after the date of granting. The number of options to be granted shall be dependent on the achievement of challenging targets specified beforehand. An option package was granted to a former Chairman of the Executive Board in 2008 for which vesting was not dependent on the achievement of previously set targets but was related to the management of a turnaround process over a period of two years. In relation to the appointment term of two years, the first exercise date for the option rights was set at the end of this term.
- **Best-practice IV.2.3,** a person may be appointed as a trustee of the trust office for a maximum of three 4-year terms on the board of trustees. There is a temporary deviation in respect of one trustee nominated by the management of the trust office to safeguard the management's independence and expertise. This trustee will step down in the spring of 2014 and has declared he will not be available for reappointment. From then on, there will be no further deviation from this best practice provision.

Company features

Executive Board and supervision of appointment and dismissal of members of the Executive Board: the Supervisory Board has the power to appoint or dismiss members of the Executive Board. It announces a proposed appointment to the General Meeting of Shareholders. The Supervisory Board has the power to appoint a chairman within the Executive Board and shall consult the General Meeting of Shareholders regarding a proposal to dismiss one of the members of the Executive Board. Heijmans endorses best-practice provisions II.1.1 and II.2.8 of the Code concerning appointment and dismissal.

Appointment and dismissal of members of the Supervisory Board: the Supervisory Board establishes a profile description for its size and composition, taking account of the nature of the Company, its business and the desired expertise and background of the supervisory directors, after this has been discussed by the General Meeting of Shareholders and with the Work Council. It also nominates candidates to the General Meeting of Shareholders, and gives notice of such nomination to the General Meeting of Shareholders and the Works Council. A member of the Supervisory Board can only be dismissed by the Enterprise Section of the Amsterdam Court of Appeal. Heijmans endorses best-practice principle III.3.5 of the Code with regard to the maximum term of appointment for members of the Supervisory Board.

The General Meeting of Shareholders: the General Meeting of Shareholders appoints the members of the Supervisory Board, and has the power to reject a nomination by the Supervisory Board after which a new nomination must be made. The Meeting also has the right to nominate candidates. The General Meeting of Shareholders may revoke its confidence in the Supervisory Board, but not before the Works Council has given its view on the matter. The General Meeting of Shareholders can only revoke its confidence by absolute majority of votes cast, representing at least one third of the issued capital. A decision to revoke confidence results in the immediate dismissal of the Supervisory Board.

The Work Council: the Works Council has the power to nominate a candidate as a member of the Supervisory Board and has an enhanced right of recommendation regarding one third of the total number of members. The recommended member is nominated by the Supervisory Board unless the Supervisory Board objects, on grounds of the expectation that the recommended member will be unsuitable, or that the composition of the Supervisory Board will not be appropriate as a result. In such a situation, the Supervisory Board and the Works Council will strive to reach agreement. If the Supervisory Board accepts the recommendation of the Works Council, the General Meeting of Shareholders is not bound to approve it.

Dividend policy

Heijmans N.V. maintains a dividend policy whereby, except in special circumstances, the pay-out ratio amounts to approximately 40% of the profit from ordinary business operation after tax. The remaining 60% is added to the reserves in accordance with Article 31 sub 5 of the Articles of Association of Heijmans N.V.

Heijmans Preference Share Trust

An option has been granted to the Heijmans Preference Share Trust for the issuance of protective preference shares. The purpose of the issuance of protective preference shares is to have the opportunity and the time to satisfy ourselves of the strategic fit with an acquiring party or the intentions of a party who – through the gradual purchase of shares/depositary receipts for shares on the stock exchange – wishes to exercise influence in the Company. For further details, please refer to the report of the Heijmans Preference Share Trust on pages 222 and 223.

Powers of the shareholders' meeting and the rights of shareholders

According to principle IV.1 of the Code, good corporate governance assumes full participation by shareholders in the decision-making at the general meeting. The Supervisory Board and the Executive Board consider it a matter of importance that as many shareholders as possible participate in the adoption of resolutions at shareholder meetings. The convening notice, agenda and documentation to be dealt with at shareholder meetings will be published at least 42 days in advance of the meeting on the Company's website. As far as possible, the Company gives shareholders the opportunity to vote by proxy and to communicate with all other shareholders.

Holders of shares or depositary receipts for shares who cannot attend the Meeting of Shareholders can issue an authorisation and voting instruction to ANT Trust & Corporate Services N.V., which is appointed to vote in accordance with the voting instruction.

Under the Heijmans Articles of Association, resolutions by the Executive Board that concern a significant change to the identity or character of the Company or its business are subject to approval by a shareholder meeting.

The Shareholders' Meeting also has a number of other important powers, including the adoption of the financial statements, the appropriation of the result, the discharge of responsibility of the members of the Executive Board and the Supervisory Board, the establishment of the remuneration policy for the Executive Board and the remuneration of the supervisory directors, resolutions to amend the Articles of Association or to dissolve the Company, the appointment of the external auditor of the Company, and designation of the Executive Board as the body authorised to repurchase or issue shares.

BRAINE L'ALLEUD
BELGIUM

Limitation on transfer of shares
There is no limitation, under contract or in the Articles of Association, on the transfer of shares or depositary receipts for shares issued with the cooperation of the Company, except for the statutory restriction of transfer and delivery of financing B preference shares.
Article 11 of the Company's Articles of Association states that the Executive Board of the Company must approve any transfer of financing B preference shares.

Substantial shareholdings in Heijmans
Holders of shares and depositary receipts for shares who, to the extent the Company is aware, held an interest of more than 5% in Heijmans as at 31 December 2012 (according to the Register of Substantial Shareholdings of the Authority for the Financial Markets) are listed on page 24 in the section entitled 'The Heijmans Share'.

Protective measures (special controlling rights, limitation of voting rights)
There are no special controlling rights attached to the shares into which the Company's capital is divided. The Company does not have any employee participation plan or employee share option plan. There are no limitations on the exercise of the voting rights attached to ordinary shares or the depositary receipts for ordinary shares. The number of votes conferred by a financing B preference share with a nominal value of €0.21 is restricted under contract to 1.278 votes. The Company's Articles of Association contain the usual provisions concerning registration as a recognised party entitled to attend and to vote at a General Meeting of Shareholders. Article 6 of the Company's Articles of Association states that the Executive Board, with the Supervisory Board's approval, is designated by the General Meeting of Shareholders as a body authorised to issue shares or depositary receipts for shares. The scope and duration of this power is stipulated by the General Meeting of Shareholders.

The Company is not aware of any agreement involving a shareholder that may result in a limitation on the transfer of ordinary shares or depositary receipts for ordinary shares issued with the cooperation of the Company, or in a limitation on voting rights.

A decision to amend the Articles of Association can only be made by at least a two-thirds majority of votes cast at a General Meeting, this majority representing at least half the issued capital, unless the proposal for such a resolution comes from the Executive Board, acting with the approval of the Supervisory Board.

If a proposal for a resolution stems from the Executive Board acting with the approval of the Supervisory Board, the resolution can then be made by absolute majority of the votes, regardless of the capital represented. The Company will discuss the content of a proposal to amend its Articles of Association with Euronext Amsterdam N.V. before submitting this proposal to the General Meeting of Shareholders.

Authority of the Executive Board with regard to the repurchase and issuance of shares

In accordance with the Articles of Association, on 18 April 2012 the General Meeting of Shareholders, with the approval of the Supervisory Board, designated the Executive Board – for the duration of 18 months commencing on 18 April 2012 – in as the body authorised to:

- issue shares and/or grant rights to acquire shares. The power to issue ordinary shares and financing B preference shares is limited to 10% of the issued share capital on the date of issue, plus 10% if the issue takes place as part of a merger or takeover.
  The power to decide to issue preference shares covers all preference shares in the authorised capital, either now (the date of the meeting of 18 April 2012) or at some future time, without prejudice to the provisions of Article 6 of the Articles of Association; and
- to limit or exclude the pre-emptive right to ordinary and financing B preference shares in the event that these shares are issued making use of the right to acquire shares as reported above.

The General Meeting of Shareholders on 18 April 2012 also authorised the Executive Board, subject to the approval of the Supervisory Board and for the duration of 18 months commencing on 18 April 2012, as follows:

- to cause the Company to obtain ordinary and financing preference shares B in its own capital by purchasing them in the market or otherwise. This authorisation covers the maximum number of shares that, pursuant to the provisions in Book 2 Section 98 sub 2 of the Dutch Civil Code, can be acquired by the Company on the date of acquisition, being 10% of issued share capital, at a price between nominal value and 110% of the average of the closing prices on the last five trading days before the date of purchasing the ordinary shares, and between nominal value and 110% of the issue price for financing B preference shares. The term 'shares' includes depositary receipts for shares.

Consequences of a public bid for important contracts

In the agreement with the banking consortium, a change-of-control clause is included with respect to the facility of €250 million, which states that the consortium must be informed about any change of control, at which time the consortium may have the option of demanding premature repayment. Change-of-control clauses may also appear in joint venture agreements to which subsidiaries are party.

Payments to members of the Executive Board on termination of employment in relation to a public bid

There are no agreements with Executive Board members or employees that provide for remuneration upon termination of service resulting from a public bid.

Corporate governance statement

This is a corporate governance statement as referred to in Sections 2a and Sections 3a and 3b of the Decree Adopting Further Regulations on the Content of Annual Reports.
The required information that has to be included in this corporate governance statement is provided in the sections, elements and pages referred to below and should be considered as having been inserted and repeated here:

- the corporate governance structure (see the section 'Corporate Governance');
- compliance with the principles and best practice provisions of the Dutch Corporate Governance Code (see the section 'Corporate Governance');
- information on the operation of the shareholder meetings of Heijmans N.V. and the principal powers and entitlements of the holders of shares and depositary receipts for shares and how these can be exercised see the section 'Corporate Governance');
- the composition and operation of the Executive Board, the Supervisory Board and its committees (see the sections 'Corporate Governance' and 'Corporate Governance Vision', 'Report of the Supervisory Board' and the 'Strategic Agenda';
- the information required in the context of the Decree on Article 10 of the Takeover Directive (see the sections 'Corporate Governance', 'the Heijmans Share' and 'Corporate Governance Vision');
- the most important characteristics of the internal risk management and control system, in connection with the Group's financial reporting process (see the section 'Risk Management'); and
- the Heijmans policy with regard to integrity (see the section 'Conduct, Integrity and Dilemmas').

The corporate governance statement, including the information required pursuant to the Decree on Article 10 of the Takeover Directive, can also be found on the Heijmans website under the heading 'corporate governance'.

Risk management is a necessary condition for operating successfully in the building and property development sector. Heijmans' basic approach to risk management is the structural and integrated identification and monitoring of key risks. The objective is to effectively deal with uncertainties, minimise threats and exploit opportunities. Much attention was devoted to the further improvement of our risk management during the reporting year. The move towards a different company-wide attitude to risk, especially through the creation of an open and transparent corporate culture, gained further ground during 2012 and will require continuing management attention in the years to come.

JEROEN BOSCH HOSPITAL ‘S-HERTOGENBOSCH

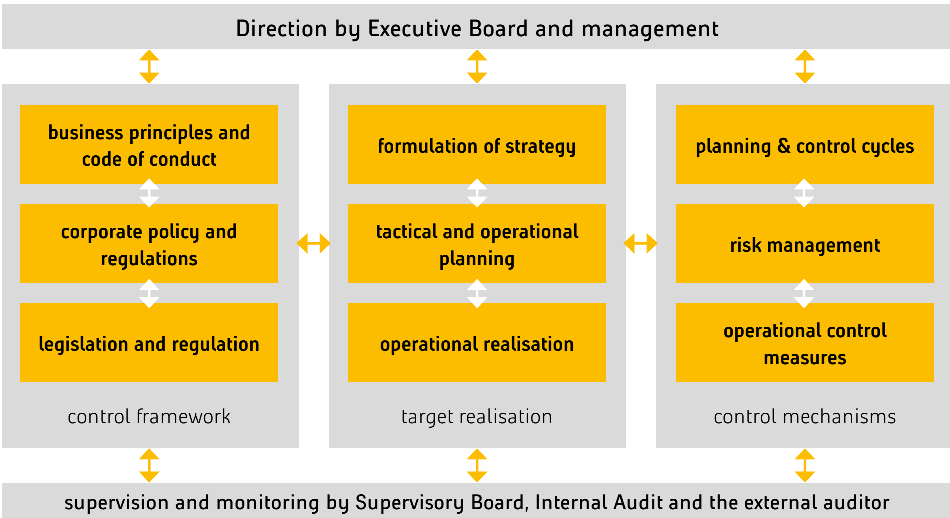
Risk management

Operating a business in the building and property development sector involves risks. In order to be able to achieve the established operating and financial objectives, it is essential that risks are adequately managed. Heijmans' basic approach to risk management is the structural, integrated and timely identification and monitoring of key risks. The objective is to effectively deal with uncertainties, minimise threats, and exploit opportunities.

Heijmans employs a management model that features centrally organised operating companies with short lines of communication to the Executive Board. A number of support functions are centrally organised and fall directly under the group management. This applies for instance to IT Procurement, Materials Management and Premises. In order to adequately manage risks, it is important that awareness of risk is embedded throughout the organisation. Heijmans strives to achieve this through the creation of an open and transparent corporate culture. The monitoring and further improvement of this corporate culture requires the continuing attention of the management.

Risk management was a high-priority item on the management's agenda during the reporting year. This section describes the main activities and results in 2012 with respect to risk management, and lists the main priorities for 2013.

General control measures



The various elements in the internal risk management and control system at Heijmans are shown in diagram form in the figure above.

Important aspects in the control framework are:

- ***Management regulations and instructions*** for the management of operating companies/ business units. These regulations and instructions define the authorities and the framework within which management operates, and address such matters as contracting for projects, making investment commitments and reporting obligations and accountabilities;
- ***Code of conduct:*** the conduct desired of Heijmans employees is established in a code of conduct under the slogan "de kr8 van Heijmans, een kwestie van karakter". Important themes in the code of conduct are safety, integrity and competition;
- ***An accounting manual*** that prescribes the internal and external financial reporting principles to be applied and the procedures to be followed for this purpose; and
- ***Quality management systems*** that include a standard structure for the primary and secondary processes of building and property development activities, including risk management systems which enable project-related risks to be identified and managed;

The control mechanisms at Heijmans include the following:

- ***Company-wide*** risk management process audits, designed firstly to establish whether control measures are adequately observed in the context of project-specific risks, and secondly to control other company-wide risks. Central organisation and coordination with feedback and follow-up primarily at business-flow level;
- ***A planning and control cycle,*** including periodic reporting by operational management on the trends in relevant markets, the financial state of affairs relative to the budget, and the financial and operational status of projects;
- ***Periodic project reviews,*** also known as work-in-progress meetings, which form the basis of the progress reporting in relation to projects;
- ***Periodic review meetings*** between the responsible operational management and the Executive Committee; and
- ***Monitoring*** of developments in the liquidity position of group elements and specific projects with various tools and frequencies.

See the section Risk Areas (Operational Risk) for a description of some of the other control measures in force.

Risk management in 2012

A number of items of attention in relation to risk management for the coming years were formulated in the 2011 annual report. The following measures and actions were taken in this context in 2012:

The centralisation of the administration at Property Development and Residential Building has been realised. This enables administrative processes to be uniformly and more efficiently carried out. The consistency of the financial reporting has moreover been increased. With regard to Infrastructure, further progress has been made on combinations within Roads and Civil. Examples of this are the integration of Heijmans Infra Technical Services within Heijmans Civil and the integration of Breijn in Heijmans Infra Integrated Projects.

There were changes to the management team at Non-Residential at the end of 2011 and in 2012. Progress was made on the integration and uniformity of the business processes, which are based on four blocks: Initiative (Acquisition & Advice), Feasibility (preparatory work/engineering), Realisation (Projects), and Services. Large projects will be managed centrally. The integration of Non-Residential Building with Technical Services took place in 2012.

The measures taken at Oevermann in 2011 continued to take further shape in 2012. Further progress was made on the items of improvement in the project management process and the reorganisation of Non-Residential and the closure of Civil Engineering were completed.

Much attention was devoted to improving the information on the real estate holdings, including the financing and the current and future obligations. Good progress was also made on reducing the real estate holding in Belgium during the reporting year.

The direction of the non-Dutch business units has been intensified and strengthened. More direct management is being provided by Infra Netherlands to Infra Belgium and Franki. The intention here is to cooperate more intensively on the acquisition and realisation of infrastructure projects in the countries in which Heijmans operates.

There was positive progress during the reporting year on the renewal programme in connection with the information system used by Roads that was started in 2011. The implementation of the new system should ensure that the administrative processes are modernised, and that therefore control of and efficiency of the processes will be further improved, administrations will be further centralised, and operational support will be improved. With the implementation of the system, with effect from 2013 much attention will also be devoted to a number of specific aspects in the context of risk management, such as the establishment of obligations, the management of authorisations and the systematic application of automated controls.

The ambition is ultimately to implement this new system based on well-thought out processes in a manageable way across the group as whole.

Gradual progress is being achieved with the design and implementation of a tax control framework. This involves frequent consultation with the Tax & Customs Administration based on the principles of horizontal supervision.

The company-wide risk management audits were continued in 2012, with an increased focus on the management of project risks during the acquisition and preparation phase. Intensive audits were also conducted with respect to compliance with the Foreign Nationals (Employment) Act and the risks related to chain and recipients' liability. The findings of these audits led to additional measures being taken and existing procedures being tightened.

The consultation with the Heijmans pension fund (supplementary pension plan) regarding the contribution to the funding shortfall was completed in the first half of 2012. The new agreements are also consistent with the new computation rules announced in the second half of 2012. The contribution by Heijmans to the funding shortfall is one of the measures taken by the Executive Board to improve the position of the pension fund.

Unfortunately, it has to be acknowledged that the measures taken at Non-Residential have so far failed to bring about financially visible results. The financial effect of the unsatisfactory performance of Non-Residential is thus still significant.

Furthermore, the results at Residential Building fell sharply last year, mainly due to the continuing deterioration of the market. In view of this development, the Executive Board announced in the autumn that Residential Building would be radically reorganised. This will mean the loss of a significant number of jobs. It has further been decided to change the management model at Residential Building to a central management with a number of subsidiary branches.

Another important development in 2012 requiring the attention of the Executive Board was the development of the working capital. Much attention has been paid to improving the working capital and project-related cash management in recent years. This has enabled Heijmans to achieve an improvement in its debt position.

The funding position of the projects portfolio became less favourable during 2012. This was partly due to the composition of the portfolio, and partly because Heijmans also experienced the effects of the increasing scarcity of funding for some of our principals as well as some of our chain partners. In order to respond more effectively to this development and also to give a new impulse to the necessary focus on cash, a specific programme was set up for this area of attention at the end of 2012.

Both from the point of view of management of financial resources and as part of its strategy, the Executive Board strives to reduce the amount of capital invested in real estate. The amount of this demand on resources moreover implies a limitation on the development of the rest of the group. And in the current market conditions, the potential upside is extremely limited.

There has been an overall observable improvement in risk management in 2012. During the reporting year, throughout the Company as a whole, there were fewer unexpected developments as a result of business conduct. It can also be said that the changed corporate culture is contributing to a situation whereby risks are being identified and understood more promptly and quickly than before. Furthermore, the measures taken at Oevermann have achieved a clear improvement in the operating result. The progress at Non-Residential is still unsatisfactory. New measures have been implemented during 2012 and at the beginning of 2013. Partly in view of the above, the Executive Board can declare that the risk management and control systems have, in general, operated satisfactorily during the reporting year.

In relation to the financial reporting risks, the internal risk management and control systems provide a reasonable degree of assurance that the financial reporting, as reflected in the 2012 financial statements (from page 124), does not contain any material misstatements. It is not possible to provide absolute assurance, however. Heijmans is unable to guarantee that material misstatements, fraud or violations of legal requirements cannot occur. The optimisation and monitoring of the proper functioning of the internal risk management and control systems remains an important area of focus for the Executive Board. The Executive Board discussed the structure and the functioning of the internal risk management and control systems with the Audit Committee and the entire Supervisory Board frequently and intensively during the year.

No issues relating to integrity that affect the risk profile occurred during the reporting year.

The focus in 2013

The main priority in 2013 will be to improve the financial performance of Non-Residential. Important actions include: further improvement and standardisation of processes and the qualitative strengthening of certain disciplines (including the financial discipline). Because improving the situation at Non-Residential will require maximum management attention, a cautious approach with regard to the acquisition of new projects (whether independently or otherwise) will be taken.

Another important priority concerns the implementation of the reorganisation of Residential Building, which should bring about a return to profitability.

A number of items of improvement from the strategy reformulated in 2012 will be initiated in the areas of tender management, project management and contract management (under the slogan 'improve the core'). These improvement projects should contribute to a situation – throughout Heijmans as a whole – whereby Heijmans will be able to reduce its failure costs and improve its financial performance.

Much attention will be paid to the objective of improving the working capital situation in the first half of 2013. Through consultations and data research, the main areas of improvement with regard to operating capital and cash management per business flow will be identified within a few months, and practical solutions will be put forward and implemented, as far as possible with immediate effect. This applies to both the short term (quick wins) and the longer term.

Other specific items of attention in 2013 are:
- The implementation of changed processes and the new information system at Roads;
- The strengthening of the role of project administrators and project controllers; and
- The continuing focus of attention on compliance with control measures in the context of illegal employment and chain and recipients' liability.

Risk areas

Market risk

Heijmans generates income through the performance of various types of activity, mainly in the Netherlands. The operations in Belgium and Germany mainly concern infrastructure. Economic conditions to a large extent determine the revenue levels of building and property development activities. This is less the case for infrastructure activities, although government spending is also under pressure due to the cuts announced in the Netherlands. The new cuts that will have a practical effect on spending on infrastructure in the Netherlands were announced by the Dutch Ministry of Infrastructure at the end of 2012 and at the beginning of 2013.

The outlook for the Dutch housing market over the next few years is poor. With its activities in the areas of Property Development and Residential Building, Heijmans' results are to an important extent dependent on developments in this market. Consumer confidence remains low. The continuing shortage of public funding as a result of the economic crisis also continues to be a relevant risk factor, including the restrictive frameworks from the government, regulators and banks with regard to the provision of mortgages. New frameworks with important changes that were announced by the new Dutch government at the end of 2012 and in early 2013 determine the prospects for the medium to long term. It would not appear that these measures will give a positive impulse to the housing market in the short term. For now, it is uncertain when a recovery will occur.
These developments mean that building and infrastructure projects are becoming increasingly difficult to get off the ground. The developments in the housing market are particularly negative, which affects our property development operations and can also seriously affect the value of our land holdings.

Measures were taken to reflect the changing market conditions during the reporting year. The size of the organisation has been adjusted where necessary. Residential Building has experienced a particularly significant loss of jobs. Other adjustments on a more limited scale have also been effected at several other business units and in the staff departments.

The procurement market was relatively favourable in 2012. For the coming period, we think there is a limited chance that procurement costs will rise, with the risk mainly coming from higher raw material prices. The Company's policy is to hedge this risk as quickly as possible once projects have been accepted. However this is not possible, or entirely possible, in all cases. The selection of sub-contractors requires specific attention. Given factors such as the contraction in the building sector, the increased number of bankruptcies as a result of this situation, and the aggressive pricing in tenders, the main issue is to maintain maximum alertness with regard to the quality and continuity of sub-contractors.

For a further description of the market conditions, see pages 35 to 41 of this report.

Operational risk

Operational risk concerns project development activities and building activities in the context of Residential Building, Non-Residential Building, Technical Services and infrastructure works. The most important and risk-determining components of the primary process are the tendering approach, the proposal process, the procurement process and project and contract management. There is a large variety of contracting forms, generally involving - to a certain degree - a fixed price. Errors in design and/or estimating therefore can have a negative impact on building costs and consequently result in project losses and negative cash flows.

Furthermore, this can result in significant financial and other liabilities. The tendency for customers to increasingly shift responsibility and also liability relating to design and other areas to the contractor continued in 2012.

The following measures have been implemented for the management of operational risk, in addition to the general control measures stated above, in most cases relating to the management of project-related risks:

- Construction on residential building projects will only be initiated once a substantial percentage of the homes put up for sale have been sold and the buyer has secured the finance;
- Construction on commercial property development projects will only be initiated once the property to be built has been sold (with limited rent guarantees) or has been largely leased;
- Long-term commitments and major investments in property, plant and equipment, and land positions require the approval of the Executive Board;
- A central procurement policy to optimise Heijmans' procurement strength, ensure the required quality and mitigate price and delivery risks;
- Risks are insured. The main insurance policies are the Construction All Risk Insurance for performance risk, the business liability insurance for general liability risks and the professional liability insurance for the liability risks arising from construction and other designs and recommendations. There is also a layered approval procedure for larger and/or more complex projects whereby the largest and most complex projects have to be specifically approved by the Executive Board;
- Where useful for the purpose of mitigating risk, aligning interests or obtaining access to knowledge and expertise, projects are sometimes acquired and carried out in cooperation with partners;
- In the preparatory phase, risk evaluations of projects to be contracted are made (legal, technical, financial, safety, logistics, scheduling, environmental factors);
- For larger projects, we work with bandwidths with regard to the expected result per project enabling developments to be followed more closely, including opportunities and risks that may arise;
- Intensive involvement of critical functional disciplines in the management of risks before and during execution. This mainly concerns the legal, purchasing and financial functions.
- Any extra work on assignments is only carried out after agreement has been reached with the principal, unless the contract or regulation stipulates otherwise;
- Regular project reviews with a layered structure whereby larger and/or more complex projects are reviewed by the Executive Board and the Executive Committee.

Financial risks
Financial risk concerns financing risk, liquidity risk and the credit, interest rate and currency risks, as well as risks associated with financial valuations. Financing risk is the risk that the continuity of the Group's activities can no longer be assured due to the possible lack of adequate finance at any given moment. The Company has committed bank facilities available, which – after renewal – run from mid-2011 until the end of March 2015. Important preconditions in this regard are the need to comply with a leverage ratio (ratio of net debt to EBITDA) and an interest coverage ratio (ratio of EBITDA to net interest charges). Heijmans met these conditions as at 31 December 2012. Although the risk of not meeting these conditions has increased due to several risk factors, including market risk, the development of working capital and the development of the result at Non-Residential, it is expected that apart from unforeseen circumstances Heijmans will continue to be able to meet the conditions during the year to come. In addition to bank facilities that can be used to draw down funds, there are sufficient guarantee lines available.

Regarding the near future, the Executive Board is assuming that less funding will generally be available for the whole building chain. Banks seem to be withdrawing somewhat from the building sector as a result of the credit crisis, and are definitely less keen to fund property development projects. If funding is available, it is usually provided on more restrictive conditions.

Liquidity risk exists when the financing requirement at any time is greater than the remaining credit facilities available to the Company. The financing requirement does increase at certain times in the year, partly due to seasonal effects and partly due to normal fluctuations in working capital. The use of operational cash funds fluctuates widely due to the project-based character of the building and property development activities. To manage this risk, liquidity forecasts are prepared on a regular basis; these forecasts assess the balance between future needs and available financial resources, in order to facilitate timely intervention and resolve any difficulties that might arise. The development of the liquidity position is monitored closely by means of daily and weekly reporting.
A strict cash management and working capital policy is essential, to significantly mitigate the liquidity risk. Heijmans intends to increase its focus on working capital and cash by means of a programme specifically designed to improve its working capital management.

The Company has sufficient financial facilities available to meet its financing requirement. The other financial risks, credit, interest rate and currency risks are described in detail in section 6.26 of the financial statements.

In addition to risks relating to financing, Heijmans is also exposed to risks relating to financial valuations. This includes tax credits recognised in a situation in which no taxable profit will be realised in the Netherlands in the coming years. There are also valuation risks associated with large balance sheet items such as goodwill and real estate holdings. These risks will mainly arise if the Dutch housing market continues to stagnate and the Non-Residential sector fails to return to profitability.

Compliance risks

Failure to comply with laws and regulations affects the Company's reputation and integrity. Various measures are in force to prevent such risks, including the codes of conduct, provisions included explicitly in management regulations that make compliance with legislation and regulation mandatory and a whistle-blower scheme.

The nature of the building and infrastructure sector is that we work extensively with personnel and sub-contractors whose involvement in a project is only temporary. With regard to the outsourcing of works and the hiring of temporary personnel, the main contractor has to take account of specific legislation and regulation and risks, for instance the Foreign Nationals (Employment) Act and risks relating to chain and recipients' liability. Observance of the control measures in effect in this respect is especially important given the sharp increase in the number of bankruptcies in the building industry, and the fact that the government is increasingly taking a stricter stance with regard to contraventions of prevailing legislation and regulation.

The centrally managed legal department plays an important part in the monitoring of compliance with relevant legislation and regulation.

Safety risks

Safety risks are inherent to the building industry. Heijmans attaches a great deal of importance to safe and healthy working conditions, so that safety risks can be managed and mitigated. Measures in force in this area include ongoing action plans such as 'Safe Equals Good' ['Veiligheid Gewoon Goed'] and 'Last Minute Risk Analysis' (LMRA). In addition, there are preventive measures to deal with emergencies. Emergency plans are prepared for large building projects so that there can be a rapid response if an emergency occurs. The safety policy also applies to the sub-contractors engaged by Heijmans. This policy focuses on working with VCA-certified subcontractors at the building site so that all VCA (Safety Checklist for Contractors) requirements can be met. This means that all workers on construction sites have completed the basic safety course, and all employees, including sub-contractor personnel, participate in information and training sessions organised by Heijmans, they have the necessary personal protective equipment, and they work with approved equipment and tools.

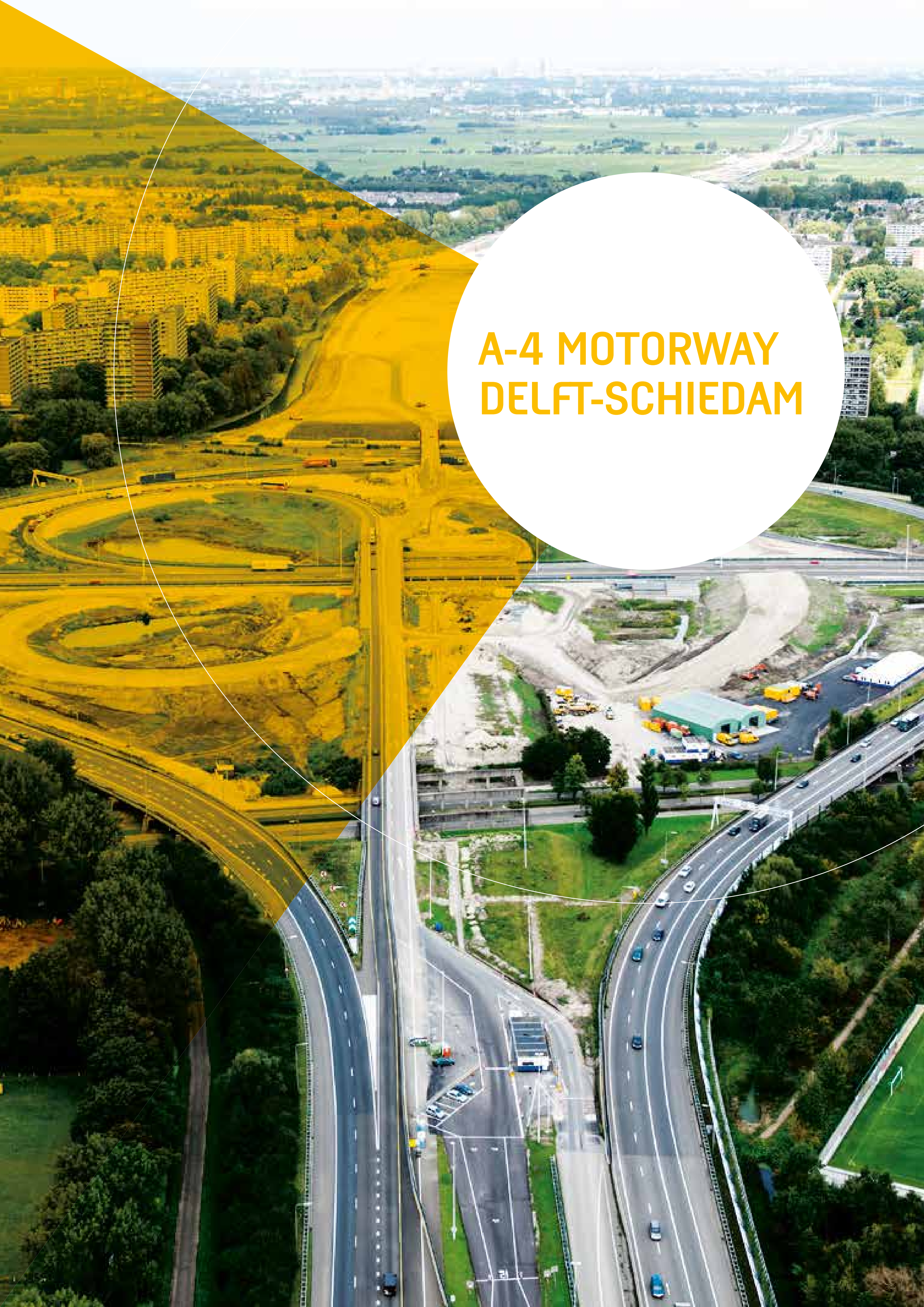
Social risks

The ability to access qualified and motivated personnel is a necessary condition for enabling the Company to carry out its core activities in a proper and professional way. In this context, Heijmans has taken various measures and initiatives designed to retain sufficiently qualified personnel, such as its policy designed for Management Development, to encourage upward mobility and job rotation. This moreover includes a wide range of internal and external training programmes at both project execution level and management and project management level. Furthermore, both the substance and tenor of the terms and conditions of employment are reviewed on a regular basis, in order to determine whether they continue to be sufficiently competitive. In addition, the Company also organises the annual master class and the management trainee programme, which are designed to attract and retain talented young students at an early stage.

Insurance

The insurance programme aims to manage not only the operational risks cited above, but also risks arising from changes to legislation, regulation and applicable case law. The insurance programme is characterised by a balance between insuring the financial effects of risks if Heijmans is not willing or able to bear these effects itself, and refraining from taking out insurance if these risks can be managed by, for instance, spreading these risks or contractually transferring them to other partners in the chain. The scope for insurance plays a crucial role in this issue. Insurance is taken out with reputable and reliable insurers.

During the annual meeting with insurers, the premiums are adjusted in line with developments on the insurance market, the loss statistics and the economic climate. The increase in the insurance tax in particular will significantly increase the premiums due in 2013.



A-4 MOTORWAY DELFT-SCHIEDAM

Report of the Supervisory Board

The Supervisory Board has taken note of the report of the Executive Board for the 2012 financial year. The financial statements were audited by KPMG Accountants NV and an unqualified auditor's statement was attached thereto on 27 February 2013. This statement is attached to the Other Data section of the financial statements on page 214. We recommend that the General Meeting of Shareholders should adopt the 2012 financial statements and grant discharge of liability to the members of the Executive Board.

We approve the proposal of the Executive Board to distribute a dividend for 2012 of €0.25 per ordinary share to be taken in either cash or stock at the option of the shareholder. This dividend is in line with the Company's policy of distributing approximately 40% of the net profit realised from ordinary business operations. The decision to make this dividend proposal expressly takes account of the Company's total capital position.

Role and powers of the Supervisory Board

It is the duty of the Supervisory Board to supervise the policy adopted by the Executive Board and the general developments at the Company and its affiliated enterprises. The Supervisory Board actively exercises this role. The Supervisory Board is available to advise the Executive Board. In exercising this role, it focuses on the interests of the Company and its associated business in the exercise of its duties, taking the legitimate interests of the Company's stakeholders into consideration. The Supervisory Board moreover considers the relevant social aspects of business conduct. Further rules regarding the organisation of meetings and the adoption of resolutions are established in the Company's Articles of Association and the Rules for the Supervisory Board of Heijmans N.V. Both these documents are available on the Heijmans website under the heading 'Corporate Governance'.

Specific areas of supervision

The supervision exercised by the Supervisory Board concerns matters including the strategy and achievement of objectives, the risks associated with business activities, the design and operation of the internal risk management and control systems, compliance with legislation and regulation, shareholder relations (for further details, see the paragraph 'Dialogue with stakeholders' in the section 'Corporate Governance Vision' in this annual report) and the social aspects of business conduct relevant to the Company.

Accents and activities in 2012

In the first half of 2012, the Supervisory Board was involved in the formulation of the refined strategy. The Supervisory Board endorses the principle that the greatest potential for improvement at Heijmans lies in 'improve the core': the realisation of improvements to three core processes, namely project and risk management, procurement, and tender management. In addition there has been a study to determine the areas in which it would be useful to strive to improve market position and to determine which new market segments offer opportunities.

Besides these accents, the Supervisory Board emphasised the need for development of creativity and innovation, in order to be able to reduce failure and production costs as well as to develop new products and services.

The Supervisory Board recognises that the realisation of process improvements requires a high level of management effort. The sector continues to be vulnerable, due to tight margins and high risk. The Supervisory Board and the Executive Board have extensively discussed this point on several occasions. The Executive Board has provided direct and detailed information on the various risks, after which the risk profile was collectively discussed. On the basis of these discussions the organisation has been changed in certain respects, and the acceptance of new projects will be critically reviewed. It is also the responsibility of management to ensure consistency in this respect.

The housing market showed no sign of improvement in 2012. The organisation of Residential Building has been adjusted and jobs have been lost. A redundancy plan has subsequently been agreed with the employee representation organisations. The Supervisory Board has monitored the reorganisation closely and has discussed this with the Executive Board.

The Supervisory Board closely monitored the development of the financial results during the reporting year and discussed this with the Executive Board and the Executive Committee. The Residential Building organisation has been changed, mainly due to the poor condition of the housing market. Good results were achieved at Roads and Civil Engineering, as well as in the sub-markets in Belgium.

As a result of write-downs, the net result was ultimately a significant loss. The measures at Residential Building and the market conditions were discussed at the meetings of the Supervisory Board in the autumn of 2012. Other items discussed included project and risk management at Non-Residential Building, and the result achieved by Non-Residential. The valuation of the land holdings and the intangible assets were moreover reviewed, which revealed that write-downs were necessary.

The Supervisory Board emphasises the importance of a sound capital position and adequate funding for Heijmans and also devoted the necessary specific attention to this in 2012, especially in the Audit Committee. The intention of a continuing focus on reducing the capital requirement and adequate cash management is to maintain solid capital ratios.

The Supervisory Board considers it important that the Company communicates in a professional manner with all its stakeholders. In this context, the Supervisory Board often acts as a sounding board for the Executive Board and provides the necessary feedback with regard to how the Company's communication is received. This particularly applies to feedback from stakeholders such as shareholders and employees.

At one of the meetings of the Supervisory Board, there was discussion of 'customer satisfaction, reputation and employee motivation'. The Supervisory Board noted that action plans were ongoing at all divisions of the Company with respect to employee and customer satisfaction.

The sectors operating in Roads and Civil Engineering, Non-Residential Building and Technical Services won a substantial proportion of their larger new projects on the basis of quality criteria in 2012, known as EMAT (Economically Most Advantageous Tender). The larger projects are increasingly quoted and tendered for on an integrated basis. The meeting discussed an overview of acquired projects and their related quality scores on several occasions.

Corporate social responsibility is a part of Heijmans' strategy.
In order gain more understanding of new sustainable technologies, the developments in this area were explained. These include the Smart Highway, a new vision of motorways and roads introduced by Heijmans in collaboration with Studio Roosegaarde.

In view of various social and financial developments, there was regular discussion of pensions with the Executive Board. The effect of this for the Company can be substantial, both in terms of HR and financially. Heijmans has made significant progress and introduced changes in this area, which has been the subject of extensive attention and for which the Supervisory Board has contributed its expertise and experience in relation to this complex subject.

Activities
In the company of the Executive Board and the Executive Committee, the Supervisory Board visited the new barracks for the Royal Netherlands Military Constabulary under construction at Schiphol-West and a presentation was made to the Supervisory Board on how Heijmans has organised asset management at Schiphol. Heijmans is responsible for the maintenance of several take-off and landing runways at the airport. Several members of the Supervisory Board also visited the 'Sluices at Sambeek and Belfeld' project and the APM terminal at the 'Eerste Maasvlakte' in Rotterdam. Approximately 20 project managers were also present during the visit to this last-mentioned project and shared their experiences with the supervisory directors.

Frequency of meetings and attendance

The Supervisory Board met on 12 occasions in 2012 with the Executive Board and the two members of the Executive Committee in attendance. These meetings included three strategy sessions with the Executive Board in the context of the update to the Heijmans strategy for 2012-2016. The Supervisory Board met on two occasions without the Executive Board in attendance in order to discuss matters such as the Company's strategy and governance.

With the exception of two meetings, the combined regular meetings were attended by all supervisory directors, all executive directors and the members of the Executive Committee. This results in an attendance rate of 93%. The Company's auditor attended the meetings on one occasion. The Supervisory Board is represented a number of times each year at the consultation meetings of Heijmans' Central Works Council (CWC). In connection with the specific responsibilities of the supervisory directors, there is moreover regular consultation with the members of the Executive Board. This especially applies to the Chairman of the Supervisory Board and the chairmen of the committees.

Resolutions

The important resolutions of the Supervisory Board in 2012 included:

- Approval of resolutions by the Executive Board to establish and amend the Company's operational and financial targets;
- Approval of resolutions by the Executive Board for the realisation of the strategy and to amend the preconditions used for the purpose of the strategy.
- In particular, much time was devoted in 2012 to strategy sessions with the Executive Board in the context of (an update to) the Heijmans strategy for 2012-2016, which the Supervisory Board had approved;
- Approval of the 2012 business plan and budget of Heijmans N.V., whereby the strategic policy principles are formulated;
- Approval of the 2011 financial statements for Heijmans N.V.;
- Approval of the proposed dividend distribution by Heijmans N.V.;
- Approval of the proposal by the Executive Board regarding the appropriation of the result of Heijmans N.V. in 2011;
- Approval of the implementation of the proposals for the short and long term variable remuneration of the Executive Board and the Executive Committee;
- Approval of a proposal to amend the Articles of Association of Heijmans N.V.

Changes to the Executive Board and the Executive Committee

A number of changes to the Executive Board took effect at the beginning of the reporting year. The Supervisory Board resolved to appoint Mr L.J.T (Bert) van der Els as the new Chairman of the Executive Board with effect from the General Meeting of Shareholders held on 18 April 2012. Mr Van der Els was already Vice-Chairman of the Executive Board and succeeds Mr G.A. Witzel as Chairman. Mr Witzel remained an executive director until the end of his term of appointment on 30 September 2012, and continues his association with the Company as an adviser. The Supervisory Board wishes to express its appreciation with Mr Witzel for his efforts in the preceding period. The Supervisory Board appointed Mr A.G.J. (Ton) Hillen as an executive director as of 18 April 2012. Until this date Mr Hillen was a member of the Executive Committee with responsibility for Property Development and Residential Building. The Executive Committee has been strengthened with the addition of Mr R.G.A. (Roland) de Waal and Mr G.RC. (Gert-Jan) Vermeulen since January 2012.

Over the past year, the Supervisory Board has established that this composition of the Executive Board and the Executive Committee ensures that the Company's management is fully equipped to deal with the challenges expected to arise in future.

Division of responsibilities of the Executive Committee

The division of responsibilities among the Company's management (the Executive Board and the two members of the Executive Committee) is as follows:

- **Bert van der Els:** General Affairs, Management Development and Diversity, HR, Commerce, Communications, Innovation and Non-Residential
- **Mark van den Biggelaar:** Finance, Investor Relations, ICT, Legal Affairs, Procurement, Facility Management and Pensions
- **Ton Hillen:** Property Development, Residential Building, Building & Property Development Belgium, PPP (public-private partnerships)and Materials Management
- **Roland de Waal:** Roads including Roads Belgium, Advisory and Engineering Services and Sustainability
- **Gert-Jan Vermeulen:** Civil Engineering including civil engineering operations in Belgium and Germany, LEAN6sigma and Quality/Safety

Self-evaluation by the Supervisory Board

One of the principles of the Dutch corporate governance code is that the Supervisory Board is collectively responsible for its own performance and prescribes self-evaluation as a best practice. Without the Members of the Executive Board present, the Supervisory Board discussed the performance of the Executive Board as a whole and of its individual members, as well as its own performance, the performance of its committees and that of individual supervisory directors. The Chairman of the Supervisory Board also conducted individual interviews with the various supervisory directors.

These discussions included matters such as the commitment and participation of the individual supervisory directors, the way in which the Board reached its decisions, the quality of its decision-making process, the way in which the supervisory directors complement and support each other, and the role of the Chairman. The conclusion was that the open atmosphere, involvement and critical attitude taken had brought about clarity and straightforward communication, both internally and with the Executive Board. The above evaluation process included work on improving the effectiveness of communication. These improvements would be to spend less time on the business in some cases and leave this matter to the senior management. As an extension of this, the Supervisory Board set itself the objective of closely following the updated strategy.

Diversity

In the event of vacancies (other than reappointments) the Supervisory Board proposes to strive to increase the diversity of its available expertise and the profile of the supervisory directors.

Committees

The Supervisory Board has appointed three committees: the Audit Committee, the Selection and Appointments Committee and the Remuneration Committee. The Board has established regulations for each of these committees defining their role, composition and methodology for the exercise of their duties. These regulations can be found on the Heijmans website under the heading 'Corporate Governance' under 'Supervisory Board'.

Audit Committee

The Audit Committee comprises three members of the Supervisory Board and has duties in a number of financial areas. Its purpose is to prepare for the discussion of financial matters at the meetings of the full Supervisory Board. These include the half-yearly report, the financial statements, the budget, the reporting of the external auditor, other financial reporting, the operation of internal risk and control systems, the relationship with, the evaluation of and the (re)appointment of the external auditor in 2012, the pension plans and the development of the Company's financing requirement and debt position. Other items discussed included various qualitative measurements and overviews, such as sustainability criteria, incident indices and the status of the order book.

During the past year the Audit Committee also discussed the status of the excess pension fund. The Audit Committee also exchanged views with regard to the dividend policy, the analysis of the balance sheet, the audit schedule for 2012, WKA audits, a tax update, the new IFRS 11 standard and the development of a new information system at Roads, while particular attention was paid to reorganisation costs and provisions for restructuring, the results of indicative impairment tests of goodwill and identified intangible assets (which are subject to regular amortisation) at Heijmans, and the valuation of the land and real estate holdings of Heijmans Property Development.

At the proposal of the Executive Board of Heijmans N.V. and the Audit Committee, the Supervisory Board of Heijmans N.V. will propose to the General Meeting of Shareholders on 18 April 2012 that KPMG Accountants N.V. should be (re)appointed as the external auditor of Heijmans N.V. for the 2012 and 2013 financial years. The General Meeting of Shareholders has adopted this proposal.

The Audit Committee consists of Messrs R. Icke (Chairman), R. van Gelder and S. van Keulen. The Committee met with the Executive Board on five occasions in 2012. The auditor also attended a number of discussions. The Committee consulted the auditor on one occasion without the Executive Board present.

Selection and Appointments Committee

The Selection and Appointments Committee, consisting of Ms P.G. Boumeester and S. van Keulen (Chairman) and A.A. Olijslager, establishes, among other things, the selection criteria and appointment procedure for supervisory directors and members of the Executive Board. The Committee also evaluates, at least once a year, the performance of the members of the Executive Board. The Selection and Appointments Committee conducts individual performance assessment interviews with the members of the Executive Board at least once a year.

The issues addressed by the Selection and Appointments Committee last year included:

- The proposal to reappoint Mr R. Icke as a supervisory director;
- The appointment of Mr L.J.T van der Els as Chairman of the Executive Board after the General Meeting of Shareholders on 18 April 2012;
- The nomination of Mr A.G.J. Hillen as a member of the Executive Board as of 18 April 2012;
- The consequences of the Management and Supervision Act which came into effect on 1 January 2013 for the Supervisory Board and Executive Board of Heijmans N.V. and the members of these Boards.

Remuneration Committee

The Remuneration Committee, also consisting of Ms P.G. Boumeester and S. van Keulen (Chairman) and A.A. Olijslager, is concerned with the remuneration of members of the Executive Board in preparation for consideration of this matter by the Supervisory Board within the constraints of the remuneration policy for the Executive Board and the members of the Executive Committee in effect from 1 January 2010 as established by the General Meeting of Shareholders on 28 April 2010.

The remuneration of the executive directors of Heijmans in 2012 is in line with the remuneration policy established by the General Meeting of Shareholders on 28 April 2010. Please refer to the remuneration report on page 117 of this annual report and to the section on remuneration in the financial statements on page 198 of this annual report.

In 2012 the Remuneration Committee discussed the implementation and elaboration of the remuneration policy with regard to the variable remuneration for 2011 and the period 2009-2011, and the short and long term financial and qualitative targets for 2012 and 2012-2014 for the members of the Executive Board and the Executive Committee. Proposals for the indexation of the fixed salaries of members of the Executive Board and the Executive Committee as of 1 January 2013 were also discussed, as well as a proposal that members of the Executive Board should make a personal contribution to their pension.

The short-term variable remuneration (for 2012) and the long-term variable remuneration (over the period 2010-2012) for the members of the Executive Board were then established by the Supervisory Board on the basis of the proposal of the Remuneration Committee.

The Remuneration Committee met on three occasions in 2012. The meetings of the Remuneration Committee were attended by the Chairman of the Executive Board and the Director of HRM of Heijmans N.V.

Composition of the Supervisory Board

In accordance with the Articles of Association and the established retirement rota, Mr R. Icke, a supervisory director since April 2008, stepped down in 2012. The Supervisory Board has nominated him for reappointment. The CWC subsequently informed the Supervisory Board of Heijmans N.V. that it did not wish to exercise its right of recommendation and that it supported the nomination of Mr Icke.

On 18 April 2012, the General Meeting of Shareholders approved the Supervisory Board's nomination to reappoint Mr R. Icke RA as a supervisory director of Heijmans N.V. as of 18 April 2012 for a term of four years.

According to the retirement rota, no supervisory directors will step down at the General Meeting of Shareholders on 17 April 2013.

The present composition of the Supervisory Board, including the particulars of the members and their main and other positions held, is given on pages 29 and 30 of this annual report. Apart from Mr Van Gelder (as a former member of the Executive Board of Heijmans N.V. until 1 July 2010), all the other supervisory directors qualify as independent in the sense of Article III.2.2 of the Corporate Governance Code.

Conclusion

Last year featured difficult market conditions. The building industry faces a stagnant housing market and pressure on margins. The situation also presents new opportunities, however in the short term attention will focus on straightforward processes, effective risk management and adequate funding, matters that will be monitored by the Supervisory Board. We conclude by thanking the management and the employees for their efforts during the past year.

's-Hertogenbosch, 27 February 2013

A.A. Olijslager, Chairman
S. van Keulen, Vice-Chairman
PG. Boumeester
R. van Gelder
R. Icke

BIOMASSA-PLANTAGE

Remuneration report

Principles of the remuneration policy

The Supervisory Board of Heijmans N.V. pursues a remuneration policy for the Company's Executive Board and Executive Committee that is based on the following principles:

- Executive compensation must be such that it is possible to attract and retain top managers, not only from the building industry but from related sectors, such as property development and electrical and mechanical contracting;
- The remuneration policy must be consistent with the Company's corporate governance policy;
- Remuneration must be guided by the strategic and financial objectives and must to a significant degree be performance-based, with an appropriate balance between short and long-term results and/or objectives;
- Remuneration must not include any incentives that could result in individual behaviour that is in conflict with the Company's interests;
- The Executive Board of Heijmans N.V. operates as a team with ultimate responsibility clearly resting with the Chairman, although the other Executive Directors are, in addition to their specific areas of responsibility, also accountable for the overall end result.

Relationship with the Corporate Governance Code

Heijmans endorses the principles relating to the remuneration of executive directors stated in the Corporate Governance Code. Heijmans moreover endorses the recommendations relating to the remuneration-related responsibilities of the Supervisory Board and the role of the Remuneration Committee.

Heijmans observes the principle of a maximum appointment term of four years for executive directors as well as the compensation stated in the Code in the event of involuntary dismissal.

Positioning of the remuneration packages

The policy is designed to position the remuneration packages at a median level compared to other remuneration packages paid to directors of comparable enterprises in the Netherlands. Moreover, the remuneration package must be competitive and contain the right incentives to generate good policy and above-average performance.

The Supervisory Board plans to update this policy on a regular basis by reviewing it against market developments and socially accepted standards.

Main principles of the remuneration policy for executive directors of Heijmans N.V.

The system chosen comprises a basic salary and a variable bonus depending on short-term targets (variable bonus on an annual basis) and long-term objectives (annually recurring variable remuneration on a three-year basis). If both the short-term and long-term objectives are achieved, the total variable remuneration amounts to 100% of the fixed salary. If performance significantly exceeds or falls below the agreed targets, the variable remuneration can amount to a maximum of 150% of the fixed salary, or be reduced to zero.

'At target' performance will result in 50% of the total variable payment consisting of the variable annual bonus, and 50% consisting of the annually recurring variable remuneration on a three-year basis. 50% of the variable annual bonus depends on annually established financial targets, and 50% is determined on the basis of individual qualitative performance as assessed by the Supervisory Board.

If the Company closes any year with a net loss, the right to a variable annual bonus for that year only becomes vested if and when the Company realises a net profit in the following year or the year thereafter, subject to a minimum level to be set by the Supervisory Board. Thereafter, a right to a variable annual bonus for the year in question lapses. 50% of the variable remuneration on a three-year basis depends on financial targets, and 50% on individual qualitative performance and other (non-financial) criteria, at the discretion of the Supervisory Board.

The whole variable remuneration is subject to a claw-back clause, whereby a variable remuneration that has been allocated can be reclaimed if it was awarded on the basis of incorrect information. The Supervisory Board also has the discretionary power to adjust the variable remuneration granted conditionally in a previous financial year if, in the Supervisory Board's opinion, this remuneration results in an unfair and/or unreasonable situation because of very exceptional circumstances in the relevant assessment period (measure of last resort).

The principles of the remuneration policy for executive directors of Heijmans N.V. were established by the GMS on 28 April 2010. The targets that apply to the determination of the variable remuneration of members of the Executive Board are established by the Supervisory Board. This concerns the financial targets and the qualitative performance targets used to determine the annual payment and the long-term payment for the preceding three-year period. In 2012 the Remuneration Committee was also engaged in establishing the targets to be achieved in connection with the variable remuneration, the allocation of the variable remuneration and establishing the fixed remuneration for Mr A.G.J. Hillen and the Management and Supervision Act.

Allocation of variable remuneration

No short-term variable remuneration will be allocated for 2012.
Although some qualitative targets were achieved, such as the positioning of the Company to reflect the increasing importance of added value – examples of this are the Smart Highway and the acquisition of the National Military Museum PPP project at Soesterberg – the net result was significantly negative.

While the net loss was mainly due to non-cash impairments, the operating result was lower than budgeted. On balance, the scores on the financial targets were not sufficient, and this was the decisive factor in the overall consideration.

Regarding the long-term variable remuneration, it was decided to allocate a variable remuneration of 20% of basic salary for the period 2010-2012. The Supervisory Board took the view that Heijmans had improved its strategic position in the past three-year period.

The targets regarding the Company's net debt and financing were met.

There has been a clear improvement in risk and project management, however the targets relating to the operating margin at Non-Residential Building and the reduction of the capital invested by Property Development were not realised. These remain important priorities for the coming years.

The above awards are made on the basis of the remuneration policy in force since January 1st, 2010.
For a quantified presentation of the above, see the remuneration section in the 2012 financial statements on page 198 of this annual report, which constitutes an integral part of this remuneration report.

Pension

The pension scheme is a conditionally indexed average salary scheme in which pension is accrued on the gross fixed salary and becomes payable at the age of 65 years. This concerns the accrual of retirement pension, surviving dependants' pension and orphan's pension. In deviation from the above, one member of the Executive Board receives a fixed payment for the accrual of an individual pension provision.

Bonus Investment Share Matching Plan

This plan is intended to secure the longer-term commitment of executive directors and reinforce their focus on the long term and value creation for Heijmans, by encouraging them to buy ordinary shares/depositary receipts for ordinary shares of the Company and hold these for an extended period. Executive directors can opt to invest part of their short-term variable annual bonus (after tax) in shares in the Company's capital. If a director (hereinafter "participant") decides to invest, the contribution is limited to 50% of his or her gross short-term variable annual remuneration. The minimum contribution is 10% of the gross short-term variable annual remuneration.

The shares purchased by the participant are subject to a mandatory lock-up period of three years, during which the participant may not transfer the purchased shares. The participant is however entitled to dividend during the lock-up period.

Immediately upon purchase, each purchased share grants the participant the right to one conditionally granted share ('matching share'), which only becomes vested after three years, provided the participant is still employed by Heijmans at that point. The matching shares are then subject to a mandatory lock-up period of two years. If the participant's employment terminates at any time during the three-year period, the right to the matching shares lapses (except in the case of retirement or death). If the employment ends during the two-year lock-up period, the matching shares remain blocked until the end of the lock-up period.

The regulations for the Bonus Investment Share Matching Plan for the members of the Executive Board and the Executive Committee were established by the Supervisory Board on the basis of the proposal by the Remuneration Committee in 2011.

Remuneration Committee

The Remuneration Committee, consisting of Ms P.G. Boumeester and S. van Keulen (Chairman) and A.A. Olijslager, is concerned with the remuneration of members of the Executive Board and members of the Supervisory Board in preparation for consideration of this matter by the Supervisory Board.

's-Hertogenbosch, 27 February 2013

S. van Keulen, Chairman
P.G. Boumeester
A.A. Olijslager

Statement by the Executive Directors

To fulfil their legal obligation pursuant to Section 2:101 (2) of the Netherlands Civil Code and Section 25c (2c) of the Dutch Financial Supervision Act (Wft), each member of the Executive Board states that to the best of his knowledge:

- The financial statements give a true and fair view of the assets, the liabilities, the financial position and the result of the Company and the companies included in the consolidation; and
- The Annual Report provides a true and fair view of the position as at 31 December 2012 and the business conducted during the 2012 financial year by the Company and its affiliated companies, whose data has been included in its financial statements, and that the annual report provides information on the principal risks faced by the issuing institution.

's-Hertogenbosch, 27 February 2013

L.J.T. van der Els
M.C. van den Biggelaar
A.G.J. Hillen


BOSCHKENS
TILBURG

FINANCIAL STATEMENTS 2012
Contents

1. Consolidated income statement

x € 1,000

		2012	2011
6.1	Revenue	2,317,659	2,361,337
	cost of sales	-2,093,109	-2,153,277
Gross profit		**224,550**	208,060
6.3	Other operating income	4,148	4,851
	Sales expenses	-37,190	-41,196
	administrative expenses	-218,856	-195,486
6.5	Other operating expenses	-61,874	-11,922
Operating result		**-89,222**	-35,693
6.6	Financial income	4,540	6,934
6.6	Financial expense	-11,434	-10,082
6.13	Share in revenues of associates	819	472
Result before tax		**-95,297**	-38,369
6.7	Income tax expense	6,002	749
Result after tax		**-89,295**	-37,620
	The entire result after tax is attributable to the shareholders.		
Earnings per share (in €)			
6.21	Result after tax per ordinary share	-5.19	-2.22
6.21	Result after tax per ordinary share after dilution effects	-5.19	-2.22
	Dividend paid per share in the year	0.35	0.35

2a. Consolidated statement of comprehensive income

x € 1,000

	2012	2011
Reclassification of fair value of cash flow hedges to profit and loss in connection with divestment of associate	-	1,828
Bonus Investment Share Matching Plan	70	52
Effective portion of changes in the fair value of cash flow hedges excluding associates	-	169
Changes in the fair value of cash flow hedges transferred to the income statement excluding associates	187	198
Tax effect of results accounted for in equity	-40	-103
Net income and expense recognised directly in equity	**217**	**2,144**
1. Result after tax	-89,295	-37,620
Total comprehensive result	**-89,078**	**-35,476**

The entire total comprehensive income is attributable to the shareholders.

2b. Consolidated statement of changes in equity

x € 1,000

2012	Paid-up and called-up share capital	Share premium reserve	Hedge reserve	Reserve for Bonus Investment Share Matching Plan	Retained earnings	Result after tax for the year	Total equity
Balance at 31 December 2011	5,087	209,674	-354	52	239,178	-37,620	416,017
Total comprehensive result for the reporting period:							
Result after tax	-	-	-	-	-	*-89,295*	*-89,295*
Bonus Investment Share Matching Plan	-	-	-	*70*	-	-	*70*
Other comprehensive income							
Changes in the fair value of cash flow hedges transferred to the income statement excluding associates			187				187
Tax effect of results accounted for in equity	-	-	-40	-	-	-	-40
Total other comprehensive income	-	-	*147*	-	-	-	*147*
Total comprehensive result for the reporting period	-	-	**147**	**70**	-	**-89,295**	**-89,078**
Appropriation of result for 2011							
Dividend in shares	112	-112	-	-	-	-	0
Dividend in cash	-	-	-	-	-	-3,590	-3,590
Transfer to retained earnings	-	-	-	-	-41,210	41,210	0
Transactions with owners, recorded directly in equity, and appropriation of result	**112**	**-112**	-	-	**-41,210**	**37,620**	**-3,590**
Balance at 31 December 2012	**5,199**	**209,562**	**-207**	**122**	**197,973**	**-89,295**	**323,349**

x € 1,000

2011	Paid-up and called-up share capital	Share premium reserve	Hedge reserve	Reserve for Bonus Investment Share Matching Plan	Retained earnings	Result after tax for the year	Total equity
Balance at 31 December 2010	5,055	209,706	-2,446	-	227,041	15,674	455,030
Total comprehensive result for the reporting period							
Result after tax	–	–	–	–	–	*-37,620*	*-37,620*
Reclassification of fair value of cash flow hedges to profit and loss in connection with divestment of associate investment	–	–	*1,828*	–	–	–	*1,828*
Bonus Investment Share Matching Plan	–	–	–	*52*	–	–	*52*
Other comprehensive income							
Effective portion of changes in the fair value of cash flow hedges excluding associates	–	–	169	–	–	–	169
Changes in the fair value of cash flow hedges transferred to the income statement excluding associates	–	–	198	–	–	–	198
Tax effect of results accounted for in equity	–	–	-103	–	–	–	-103
Total other comprehensive result	–	–	*264*	–	–	–	*264*
Total comprehensive result for the reporting period	**–**	**–**	**2,092**	**52**	**–**	**-37,620**	**-35,476**
Appropriation of result for 2010							
Dividend in shares	32	-32	–	–	–	–	0
Dividend in cash	–	–	–	–	–	-3,537	-3,537
Transfer to retained earnings	–	–	–	–	12,137	-12,137	0
Transactions with owners, recorded directly in equity, and appropriation of result	**32**	**-32**	**–**	**–**	**12,137**	**-15,674**	**-3,537**
Balance at 31 December 2011	**5,087**	**209,674**	**-354**	**52**	**239,178**	**-37,620**	**416,017**

3. Consolidated balance sheet

x € 1,000

	Assets	31 December 2012	31 December 2011
	Non-current assets		
6.9	Property, plant and equipment	124,445	132,265
6.10	Intangible assets	113,877	175,751
6.11	PPP receivables	14,434	-
6.12	Property investments	10,759	6,352
6.13	Investments in associates	3,569	3,423
6.14	Other investments	52,102	64,381
6.23	Employee-related receivable	45,315	23,963
6.15	Deferred tax assets	4,636	3,265
		369,137	409,400
	Current assets		
6.16	Strategic land bank	304,566	316,965
6.16	Residential properties in preparation and under construction	99,006	125,724
6.16	Other inventory	37,439	35,418
6.17	Work in progress	120,306	101,295
6.8	Income tax receivables	1,580	2,778
6.18	Trade and other receivables	376,482	421,568
6.19	Cash and cash equivalents	77,708	140,408
		1,017,087	1,144,156
	Total assets	**1,386,224**	1,553,556

x € 1,000

Note	Liabilities	31 December 2012		31 December 2011	
	Equity				
2b	Issued capital	5,199		5,087	
2b	Share premium	209,562		209,674	
2b	Reserves	-85		-302	
2b	Retained earnings	197,968		239,178	
1	Result after tax for the year	-89,295		-37,620	
			323,349		416,017
	Non-current liabilities				
6.22	Interest-bearing loans and other non-current financing liabilities	151,726		202,496	
6.23	Employee benefits	23,272		21,140	
6.24	Provisions and non-interest-bearing debt	16,073		15,554	
6.15	Deferred tax liabilities	10,126		20,046	
			201,197		259,236
	Current liabilities				
6.22	Interest-bearing loans and other current financing liabilities	80,243		40,482	
6.25	Trade and other payables	530,028		561,901	
6.17	Work in progress	201,087		230,751	
6.8	Income tax payables	2,000		2,204	
6.23	Employee benefits	6,819		10,147	
6.24	Provisions and non-interest-bearing debt	41,501		32,818	
			861,678		878,303
	Total equity and liabilities		**1,386,224**		1,553,556

4. Consolidated cash flow statement - indirect method

x € 1,000

Note		2012	2012	2011	2011
	Operating result	-89,222		-35,693	
	Adjustments for:				
1./ 6.13	Share in profit of associates	819		472	
6.3	Loss/gain on sale of participating interests	197		-214	
6.3	Gain on sale of non-current assets and property investments	-2,538		-3,661	
6.4/6.9	Depreciation and impairment of property, plant and equipment	26,686		27,891	
6.4/6.12	Depreciation and impairment of property investments	725		172	
6.4/6.10	Amortisation of intangible assets	1,844		2,422	
6.4/6.10	Impairment of intangible assets	60,030		9,500	
6.26	Impairment of debtors	676		996	
6.16	Adjustment of valuation of property and land bank	35,142		42,878	
6.17	Change of net work in progress	-48,675		17,807	
6.11	Change in PPP receivable	-14,676		-	
	Change in other working capital	-4,741		-25,138	
6.23 6.24	Change in non-current, non-interest-bearing liabilities and provisions	2,651		-4,008	
	Change in fair value of cash flow hedges recognised through profit and loss	-187		-198	
	Interest paid	-12,728		-16,787	
	Expenses of settlement of interest-rate hedging instruments	0		-4,840	
	Interest received	3,293		3,721	
	Income tax paid	-4,063		-20,727	
	Cash flow from operating activities		**-44,767**		-5,407
	Proceeds from sale of subsidiaries after deduction of funds disposed of	0		49,984	
6.9 en 6.12	Investments in property, plant and equipment and property investments	-27,270		-22,782	
	Proceeds from sale of property, plant and equipment, and property investments	5,157		7,428	
	Loans granted to joint ventures and associates	-6,082		-4,876	
	Loans repaid by joint ventures	2,361		11,841	
	Cash flow from investment activities		**-25,834**		41,595
	Interest-bearing loans drawn down	34,843		49,449	
	Interest-bearing loans repaid	-23,352		-63,512	
	Refinancing expenses	0		-1,425	
	Dividend in cash	-3,590		-3,537	
	Cash flow from financing activities		**7,901**		-19,025
	Net cash flow in the period		**-62,700**		17,163
6.19	Cash at 1 January		140,408		115,565
	Change in cash and cash equivalents relating to assets and liabilities classified as held for sale		0		7,680
6.19	**Cash and cash equivalents at 31 December**		**77,708**		140,408

5. Accounting principles

Heijmans N.V. (the Company) is registered in the Netherlands. The Company's consolidated financial statements for the 2012 financial year include the Company and its subsidiaries (collectively referred to as 'the Group') and the Group's interest in associates and jointly controlled entities.

With respect to the Heijmans N.V. company income statement, election has been made for the facilities under Article 402 of Book 2 of the Dutch Civil Code.

The Executive Board prepared the financial statements on 27 February 2013, and these will be submitted for adoption to the General Meeting of Shareholders on 17 April 2013.

(1) Statement of compliance

The consolidated financial statements for 2012 are prepared in accordance with the International Financial Reporting Standards, as adopted by the European Union (EU-IFRS). The Group is studying the effects of the amended standard IAS 19, the new standards IFRS 10, 11, 12 and 13 and the amendments to IFRS 7, IAS 12, 27, 28 and 32. According to the Group's current understanding, if these amended and new standards had been applied on a non-mandatory basis in 2012, the effect on the financial results would have been as follows:

- IAS 19R: Heijmans' equity as at 31 December 2012 would have been approximately €9 million less, as a result of the immediate recognition of unrealised actuarial losses in equity. The effect on the result would have been very limited.
- IFRS 11: The effect on the result would have been nil. The balance sheet total as at 31 December 2012 would have been slightly lower as a result of the recognition of a number of entities using the equity method that under current regulations are proportionally consolidated.
- Other: no effect on the financial results.

(2) Principles used in the preparation of the financial statements

The financial statements are presented in thousands of euros. The financial statements are based on historical costs, unless otherwise indicated. Non-current assets classified as held for sale are carried at the lower of the book value and the fair value, less costs of sale.

The preparation of the annual financial statements in accordance with the EU-IFRS requires management to make judgements, estimates and assumptions that affect the reported value of assets and liabilities and the reported value of revenue and expenses. The estimates and their underlying assumptions are based on experience and other factors which are considered reasonable. The estimates form the basis for calculating the book value of assets and liabilities that cannot easily be derived from other sources. Actual results could differ from these estimates.

The estimates and underlying assumptions are continually assessed. Revised estimates are recognised in the period in which the estimate was revised, provided that the revision only affects that period. Revisions are recognised in the reporting period and future periods if the revision also affects future periods.

The accounting principles described below have been consistently applied to all periods presented in these annual consolidated financial statements and to all entities belonging to the Group.

(3) Accounting principles used for consolidation

a. Subsidiaries (full consolidation)
Subsidiaries are entities controlled by the Company. Control exists when the Company has the power to directly or indirectly govern the financial and operating policy of an entity. Potential voting rights are taken into account in assessing whether control exists. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences to the date that control ceases.

b. Associates (equity method)
Associates are entities in which the Group, together with third parties, has significant influence, but not control, over their financial and operating policy. Significant influence is presumed to exist when the Group holds between 20% and 50% of the voting rights. Associates are reported on the basis of the equity method and are initially recognised at acquisition cost. The investments of the Group include the goodwill established during acquisition. The consolidated financial statements include the Group's proportionate share of the recognised income and expense established in accordance with the Group's accounting principles. If the Group's share of the losses is greater than the value of the interest in an associate, the value of the associate is written off to nil. No further losses are then recognised except insofar as the Group has an obligation or intends to recognise the losses.

c. Joint ventures (proportional consolidation)
Joint ventures are entities over which the Group has joint control with third parties. This control is established by contractual agreement. The consolidated financial statements include the proportionate share of the Group in the assets, liabilities, revenues and costs of the entity. The items are consolidated line by line with items of a similar nature, from the date joint control commences until the date joint control ceases.

d. Transactions eliminated on consolidation
Intragroup balances and any unrealised income and expenses arising from intragroup transactions are eliminated in preparing the consolidated financial statements.
Unrealised income and expenses from transactions with participating interests and entities subject to joint control are eliminated in proportion to the Group's interest in that entity.

(4) Foreign currency

a. Transactions in foreign currency

Transactions in foreign currency are translated into euros at the exchange rate prevailing on the transaction date. Foreign currency balances held, as well as assets and liabilities paid or received in foreign currency, are translated at the exchange rate prevailing on the balance sheet date. Foreign currency differences resulting from translation are recognised in the income statement.

b. Financial statements of foreign operations denominated in foreign currency

The assets and liabilities of foreign operations are translated into euros at the exchange rate prevailing as at balance sheet date. The revenues and expenses of foreign operations are translated into euros at the exchange rate prevailing as at the transaction dates.

Foreign currency exchange rate differences arising from the translation of a net investment in foreign operations and the associated hedging transactions are recognised directly in equity. When an investment is disposed of, the amount transferred to equity is recognised in the income statement. Any foreign currency differences arising from foreign operations are presented as a separate equity component.

(5) Financial instruments

a. Derivative instruments

The Group may use interest rate swaps, cross-currency swaps and inflation hedges to hedge its interest-rate, currency and inflation risk exposure arising from corporate and project financing activities. Commodity hedges may also be used in specific cases. In accordance with its treasury policy, the Group does not hold derivatives for trading purposes. Interest-rate swaps, cross-currency swaps and inflation hedges are measured at fair value.

The fair value of interest-rate and inflation swaps is calculated as the present value of the estimated future cash flows. The fair value of forward currency contracts is established on the basis of the forward foreign exchange rates as at balance sheet date. Banks are also requested to provide valuations for these swaps.

b. Non-derivative financial instruments

Non-derivative financial instruments consist of investments in shares and bonds, trade and other receivables, cash and cash equivalents, loans and other financing liabilities, trade payables and other payable items. These instruments are recognised initially at fair value, plus – for instruments that are not recognised at fair value when their value adjustments are recognised in the income statement – any directly attributable transaction costs. Thereafter, the current non-derivative financial instruments are measured at amortised cost, on the basis of the effective interest method, less impairment losses.

A financial instrument is recognised if the Group becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if the contractual rights to the cash flows arising from those financial assets expire, or if the Group transfers the financial asset to another party without retaining control or without substantially retaining all the risks and rewards of the asset. The normal purchase and sale of financial assets are accounted for on the trade date, i.e. the date that the Group commits itself to purchase or sell the asset. Financial liabilities are derecognised if the Group's commitments specified in the contract expire or are discharged or cancelled.

(6) Hedging

Hedge accounting is, in principle, applied to derivative financial instruments, and the cash flow hedging guidelines apply. The Group may use derivatives to hedge its interest-rate, currency and inflation risks. Changes in the fair value of the derivatives that are classified as cash flow hedges are recognised directly in equity to the extent that the hedge can be shown to be effective. To the extent that the hedge is ineffective, changes in fair value are recognised in the income statement. Results arising from movements in the fair value of derivative instruments are recognised in financial income and expense. When the hedging instrument is sold or expires, or when the transaction no longer meets the effectiveness criterion, the cumulative gains or losses previously recognised in equity remain there. This amount is amortised over the original term, unless there is no longer an expectation that the hedged future interest and currency payments will occur. In that case the above-mentioned cumulative gains and losses will be immediately recognised in the income statement.
Hedge accounting does not apply to non-derivative financial instruments. Changes in fair value are recognised in the income statement.

(7) Revenue

a. Sale of goods
Revenues from the sale of goods are carried at the fair value of the payment received or due to be received. Revenues from the sale of goods are recognised in the income statement in the following situations: when the significant risks and rewards of ownership have been transferred to the buyer, when it is probable that the amount receivable will be collected, when the associated costs can be reliably estimated, when there is no continued management involvement with the goods, and when the amount of the revenues can be reliably determined.

The transfer of risks and rewards varies depending on the conditions in the associated sales contract. The sale of residential construction projects generally involves the transfer of risks and rewards when the purchase or contracting agreement is signed, and subsequently in proportion to progress in the construction. Revenues from these residential construction projects are recognised in the income statement in proportion to the extent of project completion (see principle 15b). Expected losses are recognised immediately in the income statement.

b. Work in progress
The revenue and costs agreed in relation to construction work in progress are recognised in the income statement in proportion to the stage of completion of the project. The stage of completion is assessed by reference to the proportion of costs recorded in relation to the total expected costs. Expected project losses are recognised immediately in the income statement.

Revenues from additional work are included in the overall contract revenues if the client has accepted the sum involved in any way. Claims and incentives are recognised in construction work in progress if it is virtually certain that they will be accepted and earned respectively.

c. Rental income
Rental income from property investments is recognised in the income statement in proportion to the term of the lease.

d. PPP contracts
Revenues from Public-Private Partnership (PPP) contracts concern revenues from construction and operation. Revenues from construction are recognised in the same way as revenues from work in progress (see principle 7b). Revenues from operation are recognised at such time as the related services are delivered.

(8) Other operating income

Grants
Grants that compensate the Group for expenses incurred are recognised in the income statement on a systematic basis in the same periods in which the expenses are recognised. Grants to compensate the Group for the cost of an asset are recognised in the income statement on a systematic basis over the useful life of the asset.

(9) Expenses

a. Sales expenses
Sale expenses consist of the cost of sales that is not charged to projects.

b. Administrative expenses
The administrative expenses consist of general expenses that are not sale expenses and are not charged to projects.

c. Lease payments under operating leases
Lease payments made under operating leases are recognised in the income statement. These payments are recognised in proportion to the term of the lease.

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

e. Financial income and expense

Net financing costs comprise interest payable on borrowings and finance lease commitments, dividends on cumulative preference shares, interest receivable on funds invested, dividend income, and foreign currency exchange gains and losses, as well as gains and losses on hedging instruments that are recognised in the income statement (see principle 6).

Financing expenses that can be directly allocated to the acquisition, construction or production of an asset are capitalised as part of the costs of that asset during the period that the asset is under development.
The interest component of finance lease payments is recognised in the income statement and is calculated using the effective interest method.

(10) Income tax

Deferred tax assets and liabilities are set off against each other if there is a right enforceable by law to set off the tax assets and liabilities, and if these tax assets and liabilities are associated with income tax levied by the same tax authority on the same taxable entity, or on different taxable entities that intend to set off the tax assets against the tax liabilities or that will be realising the tax assets at the same time as the tax liabilities.
Income tax expense recognised in the income statement during the financial year comprises the income tax owed or refundable over the reporting period, and the deferred income tax. The income tax is recognised in the income statement, except to the extent that it relates to items recognised directly in equity. In that case the income tax is recognised in equity.

The income tax owed or refundable over the financial year is the expected tax payable on the taxable income for the financial year, using tax rates enacted or substantively enacted on the balance sheet date, and any adjustments to tax payable in respect of previous years.

The provision for deferred tax liabilities is developed using the balance sheet liability method, whereby a provision is formed for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes, and the amounts used for taxation purposes. No provision is made for the following temporary differences: non-deductible goodwill, the initial recognition of assets or liabilities that do not affect accounting or taxable profit, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of the provision for deferred income tax liabilities is based on the manner in which the expected asset and liability carrying value will be realised or settled, based on the income tax rates that have been enacted or substantively enacted on the balance sheet date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available which can be utilised towards realising the deferred asset. The amount of the deferred tax asset is reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Additional income taxes that arise from the distribution of dividends are recognised at the same time as the liability to pay the related dividend is recognised.

(11) Property, plant and equipment

a. Assets in ownership

Items of property, plant and equipment are measured at cost or estimated cost less accumulated depreciation (see below) and impairments (see principle 20). Cost includes costs that can be directly allocated to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials, direct labour costs, financing costs and any other costs that can be directly allocated to making the asset ready for use, as well as any costs for dismantling and removing the asset and restoring the site where the asset is located. The costs of self-constructed assets and acquired assets include (i) the initial estimate at the time of installation of the costs of dismantling and removing the assets and restoring the site on which the assets are located and (ii) changes in the measurement of existing liabilities recognised in relation to the costs identified in (i) above.

Property under construction or in development for future use as a property investment is classified as an item of property, plant and equipment, and carried at cost until construction or development is complete, at which point it is transferred to property investments. When parts of an item of property, plant or equipment have different useful lives, they are accounted for using the component method.

b. Leased assets

Leases for which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. The leased asset is stated at an amount equal to the lower of its fair value and the present value of the minimum lease payments at the inception of the lease, less accumulated depreciation (see below) and impairments (see accounting principle 20).

c. Expenses after initial recognition

The Group includes the cost of replacing part of an asset in the carrying amount of items of property, plant and equipment at such time as this is incurred. This occurs if it is likely that the future economic benefits of the asset will accrue to the Group and the cost price of the asset can be reliably established. All other expenses are recognised as costs in the income statement as they are incurred.

d. Depreciation of property, plant and equipment

Depreciation is recognised in the income statement using the straight-line method over the estimated useful life of each part of an item of property, plant or equipment. The residual values are reassessed on an annual basis. Depreciation is not applied to land. The estimated useful lives are as follows:

- Buildings: main building structures and roofs: 30 years
- Buildings: technical equipment: 15 years
- Buildings: interior walls: 10 years
- Office equipment: 3 - 10 years
- Machinery: 5 - 10 years
- Installations: 5 - 10 years
- Large-scale equipment and other capital assets: 3 - 10 years

(12) Intangible assets

a. Goodwill

All business combinations are recognised using the acquisition method. Goodwill is the amount that arises from the acquisition of subsidiaries. Goodwill represents the excess of the cost of the acquisition over the net fair value of the identifiable assets and liabilities at the time of acquisition. An impairment test is carried out every year (see principle 20).
Goodwill related to acquisitions that occurred prior to 1 January 2004 has been amortised annually. The classification and accounting framework applied to acquisitions that occurred prior to 1 January 2004 have not been restated in terms of the IFRS 1 January 2004 opening balance.

Negative goodwill arising on an acquisition is recognised immediately in the income statement.

b. Other intangible assets

The intangible assets acquired by the Group which have finite useful lives are measured at cost less accumulated depreciation and accumulated impairments.

c. Amortisation

In relation to goodwill, an impairment test is systematically performed every year at the balance sheet date to determine whether there are any impairments. The other intangible assets are amortised through the income statement on a straight-line basis over the expected useful lives of the intangible assets, and are subjected to a periodic impairment test (see principle 20). The estimated useful lives of the intangible asset categories are as follows:

- Customer base: 5 - 20 years
- Order book: 4 years
- Concessions sand quarries: 5 - 15 years

d. Expenses after initial recognition

Expenditure on intangible assets that are not goodwill is capitalised after initial recognition if it is expected to increase future economic benefits. These benefits are embodied in the specific asset to which the expenditure relates. All other expenditure is recognised as a cost in the income statement as it is incurred.

13) PPP receivables

PPP receivables concern outstanding concession payments payable by the government in connection with PPP projects, based on the availability of the property in question. PPP receivables are recognised as financial assets. On initial recognition they are included at fair value and thereafter at amortised cost, using the effective interest-rate method.

(14) Investments

a. Property investments

Property investments are properties that are held to earn rental income and/or for capital appreciation. Property investments are measured at cost, less accumulated depreciation and impairment losses.

Cost includes costs that can be directly allocated to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials, direct labour costs, financing costs and any other costs that can be directly allocated to making the asset ready for use, as well as any costs for dismantling and removing the asset and restoring the site where the asset is located.

Rental income from property investments is accounted for as described in principle 7.
When a property investment is in use by the Company, it is reclassified as property, plant and equipment.

The fair value of a property investment is based on the market value, being the estimated amount for which an investment could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction while acting knowledgeably, prudently and without compulsion. If there is no recent market price in an active market available, the valuation is made based – among other things – on the sum of the estimated net cash flows from letting the object, converted to a present value using a rate of return that takes into account the specific risks inherent to the cash flows.

b. Depreciation of property investments

Depreciation of property investments is recognised in the income statement, using the straight-line depreciation method over the estimated useful life of each part of the property investment, and taking account of residual value. The useful life is the same as that for the categories of property, plant and equipment, as specified in principle 11.

c. Other investments

These are measured at amortised cost on the basis of the effective interest method, less impairments.

(15) Inventory

a. Strategic land bank

The strategic land bank represents the reported land holdings that are managed centrally in the Company's land bank. These holdings are acquired and held for future property development. The interest and development costs for land banks that are under development are capitalised. Land holdings are measured at cost or the net recoverable value, if lower.

b. Residential properties in preparation and under construction

Sold

Residential construction projects where the buyers only have limited influence on the main elements in the design of the assets are recognised under inventory. Contracts with purchasers concern purchase or contracting agreements formulated so that, initially, the land is sold to the purchaser, and the building is subsequently constructed. By accession, everything that is built on the land is the property of the purchaser; in addition, the purchase price is fixed in advance, so that the economic risk of an increase or decrease in value is borne by the purchaser. The transfer of risks and benefits therefore occurs continually during the progress of the project. Turnover and results are thus accounted for in proportion to project progress - in accordance with IFRIC 15 – and valuation is made in the same way as for construction work in progress (see principle 16). Progress is measured on the basis of the progress of the invoicing, as this is linked to previously established phases.

Unsold

Unsold residential properties are measured at cost, or at the net recoverable value if lower. The net recoverable value is the estimated sale price in the context of normal business conduct, less the estimated costs of completion and the costs of sale.

Development and construction rights are also recognised under residential properties in preparation and under construction.

c. Other inventory

Other inventory includes: land and premises for sale, raw materials and consumables, inventory in production, and finished products.

Inventory is measured at cost, or at the net recoverable value if lower. The net recoverable value is the estimated sale price in the context of normal business conduct, less the estimated costs of completion and the costs of sale. The cost of inventory is based on the first in, first out (FIFO) principle, and includes expenditure incurred in acquiring the inventory, the production or conversion costs, and the other costs incurred in bringing the inventory to its current location and current condition. The cost of inventory includes an appropriate share of production overheads based on normal operating capacity, as well as the attributable financing expenses.

Land and property held for sale are also recognised under inventory. This concerns land and premises that have been technically delivered as developed but which on the balance sheet date were not sold to third parties. The inventory of land and premises for sale is valued at cost (including interest and allocated overhead costs), less any write-offs related to a lower net realisable value as a consequence of the risk of inability to sell or rent.

(16) Work in progress

Work in progress concerns projects by order of third parties. These are measured at cost plus profit recognised to date (also see accounting principle 7), in proportion to the progress of the project, less expected losses and progress billings. Total expected project losses, if any, are directly recognised as expenses in the relevant period. The cost includes all expenditure related directly to specific projects and an allocation of overheads incurred in the Group's project activities based on normal operating capacity.

Revenues from additional work are included in the overall contract revenues if the client has accepted the sum involved in any way. Claims are carried in construction work in progress if it is virtually certain that they will be accepted, and incentives if it is virtually certain they will be earned.

Interest and development costs for work in progress are only capitalised if the asset is under construction. If no construction activities are carried out over an extended period of time, the interest and development costs are no longer capitalised.

The preliminary costs and the design and development costs of major projects are capitalised as work in progress if the following conditions are met:

- the costs can be separately identified;
- the costs can be reliably determined;
- it is probable that the project will be awarded, and
- there is no longer a competitive situation with respect to the award of the project.

If any one of these requirements is not fulfilled, the costs are recognised in the income statement as an expense in the period in which they are incurred. Costs once expensed in the income statement in the period in which they are incurred are not subsequently capitalised if the project is awarded.

The profit capitalised on work in progress is based on the estimated final result, taking into account the percentage of progress on this specific work. The progress percentage is determined as the ratio between the costs incurred to date and the total expected costs, on a project-by-project basis.

(17) Trade and other receivables

Trade and other receivables are estimated at the amortised cost less impairment losses (see accounting principle 20).

(18) Cash and cash equivalents

Cash and cash equivalents comprise cash and bank balances and other call deposits with an original term of a maximum of three months. Current account overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents in the cash flow statement.

(19) Assets held for sale and discontinued operations

Non-current assets (or groups of assets and liabilities that are to be disposed of), for which it is expected that the carrying amount will be realised mainly by means of a sale transaction and not through continued use, are classified as 'held for sale or distribution'. Immediately preceding this classification, the assets (or the components of a group of assets to be disposed of) are measured again in accordance with Group's accounting principles. The assets or group of assets to be disposed of are generally valued on the basis of the carrying amount or the fair value, less sale costs if lower. Any impairment loss on a group of assets held for sale is first allocated to goodwill, and then pro rata to the remaining assets and liabilities, with the proviso that impairment losses are not allocated to inventory, financial assets, deferred tax assets, employee benefits or property investments, all of which are valued in accordance with the Group's accounting principles. Impairment losses arising from the initial classification as held for sale or distribution and gains or losses on revaluation arising after initial recognition are recognised in the income statement.

If the gain concerned exceeds the accumulated impairment loss, the difference is not recognised.
Once classified as held for sale or distribution, no amortisation or depreciation is applied to intangible assets or property, plant and equipment, respectively. In addition, for investments recognised through the equity method, the valuation according to the equity method is retained for these investments once they have been classified as held for sale or distribution.

A discontinued operation is an element of the Group's operations that represents a separate significant business activity or separate significant geographical business area that has been disposed of or is held for sale or distribution, or a subsidiary company that has been acquired solely for the purpose of resale. Classification as a discontinued operation occurs upon disposal, or when the operation meets the criteria for classification as held for sale, if earlier. If an operation is designated as a discontinued operation, the comparative figures in the income statement are adjusted, as if the operation had been discontinued starting from the beginning of the comparative period.

(20) Impairments

The carrying amount of the Group's assets, excluding construction work in progress (see principle 16), inventory (see principle 15) and deferred tax assets (see principle 10), are reviewed once again at the balance sheet date to determine whether there is any indication of impairment. If such indication exists, the asset's recoverable value is estimated.

For goodwill, intangible assets of an indeterminate useful life and intangible assets that are not yet ready for use, the fair value is estimated at the balance sheet date. An impairment is recognised whenever the carrying amount of the asset or its cash-generating unit exceeds its realisable value. Impairments are recognised in the income statement.

Impairments recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amount of the other assets in the unit (or group of units) on a pro rata basis. If a decrease in the fair value of an available-for-sale financial asset was previously directly recognised in equity and there are objective indications that the asset was subject to an impairment, the cumulative losses that were previously directly recognised in equity are recognised in the income statement, in spite of the fact that the asset has not been derecognised. The cumulative loss recognised in the income statement is the difference between the acquisition cost and the current fair value, less any impairments in respect of the financial asset that were recognised in the income statement in prior periods.

a. Determination of the recoverable value

The recoverable value of assets is equal to the higher of the net sale price and the value in use. To determine the value in use, the discounted value of the estimated future cash flows is determined on the basis of a discount factor that reflects current market rates as well as the specific risks associated with the asset. For any asset that does not generate cash flows and which is largely independent of other assets, the recoverable amount is determined on the basis of its cash-generating unit.

b. Reversal of impairments

An impairment related to securities held to maturity or assets measured at amortised cost is reversed if the increase in fair value subsequent to recognition of the impairment can be objectively related to an event that occurred after the impairment was recognised. An impairment in respect of goodwill is not reversed.

In respect of other assets, impairments recognised in other periods are reversed if there is an indication that the impairment no longer exists or has decreased and if there has been a change in the estimates used to determine the recoverable amount.

An impairment is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment had been recognised.

(21) Share capital

a. Repurchase of own shares

When share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, is recognised as a deduction from total equity. Repurchased shares are classified as treasury shares and are presented as a deduction from total equity.

b. Dividend

Dividends are recognised as a liability in the period in which they are declared.

(22) Interest-bearing loans

a. Financing of preference share capital

Preference share capital is classified as a liability because the dividend payments are not discretionary. Dividends on preference share capital are recognised as interest expense in the income statement.

b. Loans

Interest-bearing loans are initially recognised at fair value less attributable transaction costs. Thereafter, interest-bearing loans are measured on an amortised cost basis. A difference between the amortised cost and the redemption amount calculated on the basis of the effective interest method is recognised in the income statement over the term of the loans.

(23) Employee benefits

a. Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognised as an expense in the income statement when they are due.

b. Defined benefit plans

The Group's net obligation in respect of defined benefit pension plans is calculated separately for each plan by estimating the amount of future pension benefit that employees have earned in return for their service in the reporting period and in previous periods. The discounted present value of these pension benefits is determined, and is reduced by the fair value of the plan assets. The discount rate is the yield at the balance sheet date on high quality corporate bonds that have maturity dates approximating the terms of the Group's obligations. The calculation is performed by a qualified actuary using the projected unit credit method. This method takes future salary increases resulting from employee career opportunities and general salary increases, including adjustments for inflation, into account.
When the benefits of a plan are improved by means of a regulation, the portion of the increased benefits relating to past service by employees is recognised as an expense in the income statement on a straight-line basis over the average period until the benefits become vested. To the extent that benefits vest immediately, the expense is recognised immediately in the income statement.
All actuarial gains and losses as at 1 January 2004, the IFRS conversion date, are recognised. Actuarial gains and losses incurred after 1 January 2004 are recognised by the Group on the basis of the 'corridor' method. According to the 'corridor' method, unrecognised cumulative gains or losses are recognised in the income statement over the expected average remaining working lives of employees in the plan, provided they fall outside a bandwidth of 10% of the present value of the gross obligations related to the defined (pension) benefits, or the fair value of the fund assets if this is higher. Otherwise, the actuarial gains or losses are not recognised.

When the plan assets exceed the Group's obligations, the recognised asset is limited to an amount that is equal to a maximum of the total of any unrecognised actuarial losses and pension costs related to past service, and the present value of any future refunds from the plan or that of lower future contributions to the plan, to the extent that the company can make use of the economic benefits of the surplus.

c. Long-term employee benefits

The Group's net obligation in respect of long-term employee benefits other than pension plans is the amount of future benefits that employees have earned in return for their service in the reporting period and in previous periods, such as anniversary payments, bonuses and incentives. The obligation is calculated on the basis of the projected unit credit method and is discounted to determine its present value. The discount rate is the yield at the balance sheet date on high quality corporate bonds that have maturity dates approximating the terms of the Group's obligations.

d. Severance payments

Severance payments are recognised as an expense if the Group has shown that it has committed itself to terminating the employment contract of an employee or group of employees before the normal retirement date by producing a detailed, formal plan, without there being a realistic option of the plan being withdrawn.

(24) Provisions

A provision is recognised in the balance sheet if the Group has a present legal or actual obligation that is the result of a past event and it is probable that its settlement will require an outflow of economic benefits. Provisions are determined by discounting the expected future cash flows at a pre-tax discount rate that reflects current market assessments of the time value of money and, where necessary, the risks specific to the liability.

a. Guarantees

A provision for warranty is recognised after the underlying products or services have been sold and delivered. The provision is made for costs that must be incurred to correct deficiencies that appear after delivery but during the warranty period. The provision is based on specific claims, weighting all possible outcomes by their probability of occurrence.

b. Restructuring

A restructuring provision is recognised (i) when the Group has approved a detailed and formal restructuring plan and (ii) the restructuring has either commenced or has been publicly announced.

c. Environment

A provision for site restoration in respect of contaminated land is made in accordance with the Group's applicable published environmental policy and applicable legal requirements.

d. Onerous contracts

Provisions for loss-making contracts are recognised if the Group expects to receive benefits from a contract that are lower than the unavoidable costs of meeting the contractual obligations. Provisions are valued at the lower of the present value of the expected costs of terminating the contract and the present value of the expected net costs of continuing the contract. The Group takes impairment losses, where appropriate, on any assets associated with the contract prior to setting up the provision.

(25) Trade and other payables

Trade and other payables are recognised at amortised cost.

(26) Cash flow statement

The cash flow statement is prepared using the indirect method. The cash and cash equivalents item in the cash flow statement concerns cash after deduction of current account overdrafts that are repayable on demand. The cash flow relating to the PPP receivables is included in operational cash flow.

(27) Segment reporting

A segment is a distinguishable component of the Group. The segments are identified on the basis of the classification used by management when taking operational decisions. In the Netherlands, the segments are: Property Development, Residential Building, Non-Residential and Roads & Civil. The segments for operations abroad are Belgium and Germany.

6. Notes to the consolidated financial statements

x € 1,000

6.1 Segment reporting

In the Netherlands, the organisation is structured around the sectors Property Development, Residential Building, Non-Residential, and Roads & Civil. The segments for Heijmans' operations abroad are Belgium and Germany. The sectors are managed primarily on the basis of operational results. In accordance with IFRS 8, the segment figures represent data that can be allocated to a segment either directly or on reasonable grounds.

Summary income statement by business segment

2012 Business segments	Netherlands Property Development	Residential Building	Non-Residential	Roads & Civil	Foreign Belgium	Germany	Other	Eliminations	Total
Revenue									
Third parties	256,534	200,699	457,484	780,484	251,598	355,338	15,522		2,317,659
Intercompany	-	159,764	12,709	31,617	335	1,025	90,066	-295,516	0
Total income	**256,534**	**360,463**	**470,193**	**812,101**	**251,933**	**356,363**	**105,588**	**-295,516**	**2,317,659**
Operating result	-72,126	-6,908	-24,073	31,415	13,168	4,901	-35,599	-	-89,222
Financial income									4,540
Financial expense									-11,434
Share in result of associates									819
Result before tax									**-95,297**
Income tax									6,002
Result after tax									**-89,295**

2011 Business segments	Netherlands Property Development	Residential Building	Non-Residential	Roads & Civil	Foreign Belgium	Germany	Other	Eliminations	Total
Revenue									
Third parties	349,455	208,592	443,474	790,632	218,664	336,214	14,306		2,361,337
Intercompany	-	152,864	7,063	29,154	2	15,738	92,366	-297,187	0
Total income	**349,455**	**361,456**	**450,537**	**819,786**	**218,666**	**351,952**	**106,672**	**-297,187**	**2,361,337**
Operating result	-38,435	15,587	-6,895	32,862	4,267	-3,492	-39,587	-	-35,693
Financial income									6,934
Financial expense									-10,082
Share in result of associates									472
Result before tax									**-38,369**
Income tax									749
Result after tax									**-37,620**

x € 1,000

Summary balance sheet and balance sheet analysis by business segment

2012 Business segments	Netherlands Property Development	Netherlands Residential Building	Netherlands Non-Residential	Netherlands Roads & Civil	Foreign Belgium	Foreign Germany	Other	Eliminations	Total
Assets	504,270	80,151	170,570	318,738	149,854	168,355	895,677	-913,766	1,373,849
Not allocated									12,375
Total assets	**504,270**	**80,151**	**170,570**	**318,738**	**149,854**	**168,355**	**895,677**	**-913,766**	**1,386,224**
Liabilities	55,667	82,582	176,230	257,274	75,182	97,408	56,599	-31,518	769,424
Not allocated									293,451
Total liabilities	**55,667**	**82,582**	**176,230**	**257,274**	**75,182**	**97,408**	**56,599**	**-31,518**	**1,062,875**
Equity									**323,349**
Total equity and liabilities									**1,386,224**
Property, plant and equipment									
Depreciation	36	167	46	3,677	3,182	5,160	12,596		24,864
Impairments	-	-	-	-	-	522	1,300		1,822
Investments	13	94	-	2,326	2,829	3,446	13,284		21,992
Intangible assets									
Amortisation	-	-	1,365	447	-	32	-		1,844
Impairment charge	34,799	-	8,231	-	-	-	17,000		60,030
Associates									
Carrying amount	-	-	-	3,530	-	-	39		3,569
Inventory/Property investments									
Impairments	34,592	-	-	-	-	-	550		35,142

x € 1,000

2011 Business segments	Netherlands Property Development	Residential Building	Non-Residential	Roads & Civil	Foreign Belgium	Germany	Other	Eliminations	Total
Assets	614,984	134,605	268,791	320,174	162,176	165,040	933,175	-1,056,365	1,542,580
Not allocated									10,976
Total assets	**614,984**	**134,605**	**268,791**	**320,174**	**162,176**	**165,040**	**933,175**	**-1,056,365**	**1,553,556**
Liabilities	73,321	98,902	195,472	240,062	75,942	102,433	54,761	-27,896	812,997
Not allocated									324,542
Total liabilities	**73,321**	**98,902**	**195,472**	**240,062**	**75,942**	**102,433**	**54,761**	**-27,896**	**1,137,539**
Equity									**416,017**
Total equity and liabilities									**1,553,556**
Property, plant and equipment									
Depreciation	13	244	316	4,000	2,699	5,927	14,692		27,891
Investments	-	23	108	1,691	7,192	4,128	9,640		22,782
Intangible assets									
Amortisation	-	-	1,555	834	-	33	-		2,422
Impairments	-	-	-	-	-	-	9,500		9,500
Associates									
Carrying amount	-	-	-	3,352	-	-	71		3,423
Inventory/Property investments									
Impairments	39,017	-	-	-	3,861	-	-		42,878

Transactions between the business segments are conducted on arm's length terms that are comparable to those for transactions with third parties.

Since 1 January 2012, the sectors Non-Residential Building and Technical Services have been combined into the Non-Residential sector. The comparative figures have been adjusted. The participating interest Prefab B.V. that was divested in mid-2012 (see note 6.2) is shown under "Other" (this also applies to the comparative figures for 2011). The name of the Infrastructure sector has been changed to Roads & Civil.

By the nature of its operations, the Roads & Civil segment is highly dependent on public sector contracts.

x € 1,000

6.2 Participating interests divested

Divestment of participating interest

Heijmans sold all its shares in Heijmans Prefab B.V. in June 2012. The sale was for no consideration, and led to a book loss of €0.6 million. Until the date of the sale, Prefab had realised a negative result after tax of €2.9 million.

x € 1,000

6.3 Other operating income

Other operating income	2012	2011
Gain on sale of property, plant and equipment	2,538	3,661
Result from divestment of participating interests	-197	214
Miscellaneous	1,807	976
	4,148	4,851

The gain on the sale of property, plant and equipment in 2012 was related to the sale of a business park in Moerdijk and the sale of materials.

The result on participating interests divested in 2012 consists mainly of the loss on the sale of Prefab B.V. (see note 6.2).

The Miscellaneous item includes income as a result of grants received.

x € 1,000

6.4 Employee expenses, depreciation and research and development expenses

The employee expenses recognised in the income statement are as follows:

Employee expenses	2012	2011
Wages and salaries	-392,495	-396,455
Compulsory social insurance contributions	-77,856	-69,108
Defined contribution plans	-27,737	-25,546
Defined benefit plans and anniversary payments	7,619	-4,694
	-490,469	-495,803

The item Administrative Expenses in the income statement includes an amount of approximately €22.7 million (2011: €9.7 million) for personnel redundancy costs, including salary costs for the period from the date of notice of the redundancy to the date of termination of employment if employees are released from their duties.

The number of employees at year-end 2012 was 5,862 in the Netherlands, 1,116 in Belgium and 1,164 in Germany.

Depreciation and amortisation recognised in the income statement were as follows:

Depreciation	2012	2011
Depreciation of property, plant and equipment	-24,864	-27,891
Deprecation of property investments	-175	-172
Amortisation of intangible assets	-1,844	-2,422
	-26,883	-30,485

Depreciation of property, plant and equipment and of property investments is included in the cost of sales and administrative expenses.

Amortisation of intangible assets is recognised under other operating expenses.

x € 1,000

Costs for research and development	2012	2011
	-820	-806

Project work also involves research and development activities. These expenses are not included in the above figures.

6.5 Other operating expenses

Other operating expenses were as follows:

Other operating expenses	2012	2011
Amortisation of intangible assets	-1,844	-2,422
Impairments of goodwill and identified intangible assets	-60,030	-9,500
	-61,874	-11,922

The amortisation of intangible assets includes the amortisation of concessions for sand quarries (see note 6.10). The impairment of goodwill and identified intangible assets in 2012 relates to goodwill for Proper-Stok, IBC and the BurgersErgon brand (see note 6.10).

x € 1,000

6.6 Financial income and expense

Net financing costs were as follows:

Financial income and expense	**2012**	2011
Interest income	4,540	6,934
Financial income	**4,540**	6,934
Interest expense	-16,262	-19,905
Interest expense capitalised	4,828	9,823
Financial expense	**-11,434**	-10,082
	-6,894	-3,148

Net financing costs in 2012 of - €6.9 million were significantly lower than in the previous year (2011: - €3.1 million).

The average debt level in 2012 was approximately €25 million higher than in 2011.

The interest and development costs for land portfolios that are under development are capitalised. The interest rate applied for the determination of the financing costs to be capitalised was 4.0% in 2012 (2011: 4.7%).
The capitalised interest expense was significantly lower in 2012 than in 2011.

The item interest expense includes a net expense of approximately €1.9 million as a result of movement in the fair value of cash flow hedges that is charged to the result. This concerns cash flow hedges for project funding.

For a summary of the interest rates, see note 6.22.

x € 1,000

6.7 Income tax

Recognised in the income statement			2012		2011
Current tax charges or credits					
Current financial year	-7,167			-2,877	
Prior year adjustments	-515			-1,149	
Amount of the positive impact of losses not previously recognised, receivables or temporary differences used to reduce the current tax charges	819			307	
			-6,863		-3,719
Deferred tax charges or credits					
Charges/credits relating to temporary differences	13,167			5,530	
Relating to the write-off of a deferred tax asset (charge) or relating to the reversal of a write-off (credit)	-302			-1,331	
Relating to adjustments for previous years	-			269	
			12,865		4,468
Total tax credit in the income statement			**6,002**		749

x € 1,000

Analysis of the effective tax rate	2012 %	2012 €	2011 %	2011 €
Result before tax		**-95,297**		-38,369
Income tax expense based on local tax rate	25.0%	23,823	25.0%	9,593
Effect of tax rates in foreign jurisdictions	-1.4%	-1,348	-0.2%	-94
Non-deductible expenses	-15.6%	-14,892	-12.3%	-4,739
Effect of tax rate reductions	-	-	-	-
Non-taxable revenues	0.4%	391	2.1%	790
Losses not recognised in the income statement	-2.1%	-1,974	-7.7%	-2,943
Effect of utilising losses available for set-off against tax	0.9%	819	0.8%	307
Effect of losses. receivables or temporary differences not previously recognised	-	-	0.1%	46
Effect of write-offs and reversals of write-offs of deferred tax assets	-0.3%	-302	-3.5%	-1,331
Under/over-provision in previous years	-0.6%	-515	-2.3%	-880
Total tax rate	**6.3%**	**6,002**	2.0%	749

The effective tax rate in 2012 was 6.3% (2011: 2.0%).

The main reasons for the significant difference between the effective tax rate and the average nominal rate of corporate income tax are the non-deductible write-downs of goodwill, the non-deductible interest expense in relation to the cumulative preference shares, and unrecognised losses in relation to a number of participating interests.

x € 1,000

6.8 Income tax receivables and payables

Geographical segment	31 December 2012 Receivables	Payables	31 December 2011 Receivables	Payables
The Netherlands	120	161	378	179
Belgium	20	1,084	209	264
Germany	1,440	755	2,191	1,761
	1,580	**2,000**	2,778	2,204

Income tax receivables relate to outstanding income tax claims for financial years that have not yet been settled and in which excessive provisional assessments were paid. Income tax payables relate to outstanding income tax payments for financial years that have not yet been settled, supplemental to income tax assessments already paid, and taking account of prospective and retrospective rules for the set-off of losses.

x € 1,000

6.9 Property, plant and equipment

Cost	Land and buildings	Machinery, plant and equipment	Other non-current assets	Assets under construction	Total
Situation at 1 January 2011	82,315	120,291	138,909	4,538	346,053
Investments	3,595	4,287	8,763	6,137	22,782
Disposals	-4,257	-5,470	-15,251	-339	-25,317
Excluded from consolidation	-	-2,034	-	-	-2,034
Movement in assets classified as held for sale	8,490	5,760	7,582	116	21,948
Reclassifications	52	2,707	43	-2,802	0
Situation at 31 December 2011	90,195	125,541	140,046	7,650	363,432
Situation at 1 January 2012	90,195	125,541	140,046	7,650	363,432
Investments	3,837	3,876	9,344	4,935	21,992
Disposals	-509	-9,406	-8,869	-495	-19,279
Excluded from consolidation	-	-5,084	-	-	-5,084
Reclassifications	3,704	-1,916	4,132	-5,920	0
Situation at 31 December 2012	**97,227**	**113,011**	**144,653**	**6,170**	**361,061**

x € 1,000

Depreciation and impairment losses	Land and buildings	Machinery, plant and equipment	Other non-current assets	Assets under construction	Total
Situation at 1 January 2011	35,117	76,043	95,503	-	206,663
Depreciation	5,076	9,295	13,520	-	27,891
Disposals	-3,419	-4,207	-13,923	-	-21,549
Excluded from consolidation	0	-1,088	-	-	-1,088
Movement in assets classified as held for sale	7,553	4,891	6,806	-	19,250
Reclassifications	-	-37	37	-	0
Situation at 31 December 2011	44,327	84,897	101,943	-	231,167
Situation at 1 January 2012	44,327	84,897	101,943	-	231,167
Depreciation	4,572	8,827	11,465	-	24,864
Disposals	-52	-7,992	-8,616	-	-16,660
Excluded from consolidation	-	-4,577	-	-	-4,577
Impairments	-	-	1,300	522	1,822
Reclassifications	-	-3,894	3,894	-	0
Situation at 31 December 2012	**48,847**	**77,261**	**109,986**	**522**	**236,616**

x € 1,000

Carrying amount	Land and buildings	Machinery, plant and equipment	Other non-current assets	Assets under construction	Total
At 1 January 2011	47,198	44,248	43,406	4,538	139,390
At 31 December 2011	45,868	40,644	38,103	7,650	132,265
At 1 January 2012	45,868	40,644	38,103	7,650	132,265
At 31 December 2012	**48,380**	**35,750**	**34,667**	**5,648**	**124,445**

The impairment of €1.3 million concerns previously capitalised transitional ICT expenses that have been written down due to the reduced number of users. The write-down of €0.5 million concerns a write-down of a machine under construction; it is not expected that this machine can be profitably deployed as a result of reduced demand.

Property, plant and equipment amounting to €1.6 million (2011: €1.7 million) has been pledged as security to providers of loans. In addition, €2.7 million (2011: €3.9 million) has been leased under financial lease agreements. Of this amount, €1.6 million relates to land and buildings and €1.1 million to machinery, installations and large-scale equipment. The leased assets serve as security for the lease commitments. The future minimum lease payments amount to €0.4 million in 2013, €1.8 million in 2014 to 2018 and €0.5 million in 2019 and thereafter.

The carrying amount for assets under construction includes an outlay of €5.9 million during the year, which mainly concerns materials.

At balance sheet date, the contractual obligations for the acquisition of property, plant and equipment amounted to €2.1 million.

6.10 Intangible assets

Intangible assets consist of goodwill and identified intangible assets.

Cost	Goodwill	Geïdentificeerd immaterieel actief	Totaal
Situation at 1 January 2011	181,066	48,119	229,185
Situation at 31 December 2011	181,066	48,119	229,185
Situation at 31 December 2012	**181,066**	**48,119**	**229,185**

x € 1,000

Impairments losses and amortisation	Goodwill	Identified intangible assets	Total
Situation at 1 January 2011	25,253	16,259	41,512
Amortisation	-	2,422	2,422
Impairment charge	9,500	-	9,500
Situation at 31 December 2011	34,753	18,681	53,434
Situation at 1 January 2012	34,753	18,681	53,434
Amortisation	-	1,844	1,844
Impairment charge	51,799	8,231	60,030
Situation at 31 December 2012	**86,552**	**28,756**	**115,308**

Carrying amount	Goodwill	Identified intangible assets	Total
At 1 January 2011	155,813	31,860	187,673
At 31 December 2011	146,313	29,438	175,751
At 1 January 2012	146,313	29,438	175,751
At 31 December 2012	**94,514**	**19,363**	**113,877**

The composition of the carrying amount of goodwill and the identified intangible assets at year-end 2012 was as follows:

Acquisition	Goodwill	Identified intangible assets
IBC (NL-2001)	21,207	-
Burgers Ergon (NL-2007)	31,107	14,341
Oevermann (DU-2007)	26,970	303
Other acquisitions	15,230	4,719
Carrying amount at 31 December 2012	**94,514**	**19,363**

x € 1,000

The identified intangible assets in relation to 'Other acquisitions' in the amount of €4.7 million concern concessions for sand quarries. These were previously recognised under property, plant and equipment; the comparative figures for 2011 have been adjusted.

Goodwill is tested annually for impairment, based on the relevant cash-generating unit. For an explanation of the calculation of the realisable value, see the accounting principles above.
The impairment tests are based on the value in use calculated by means of the discounted cash flow method. The pre-tax WACC (weighted average cost of capital) used for this calculation ranged from approximately 10% to 11%.

The value in use of the cash-flow generating business units is based on the expected future cash flows. The period adopted to determine the present value of cash flows is indefinite. In the determination of future cash flows, use is made of the medium to long-term planning of the relevant cash-flow generating unit. The assumptions underlying the medium to long-term planning are partly based on historical experience and external information sources. The medium to long-term planning generally covers a period of five years. Cash flows after five years are extrapolated using growth rates of up to 2%.

The realisable value calculated for the impairment test is dependent on the growth rate used and the period over which the cash flows are realised.

The amortisation of identified intangible assets and the impairment losses related to goodwill are classified in the income statement under 'Other operating expenses'.

The expected cash flows are discounted using a pre-tax WACC varying between approximately 10% and 11%. If the pre-tax WACC had been 1% higher, this would not have led to an impairment. Cash flows after five years are extrapolated using a growth percentage of up to 2%; if the growth percentage used had been 1% lower this would not have led to an impairment.

The write-down of goodwill concerns the full write-down of the goodwill for ProperStok (€35 million) and a large part (€17 million) of the goodwill for IBC which is allocated to the Residential Building sector. The write-downs are the result of the downward adjustment of the future cash flows, taking account of the still difficult market conditions that have also led to a downward adjustment to the valuation of the property and land portfolios.

The write-down of identified intangible assets concerns the write-down of the BurgersErgon brand that is no longer in use.

The cash-flow generating unit Non-Residential – to which the goodwill and identified intangible assets of BurgersErgon and the majority of the goodwill for IBC is allocated, in total €64.5 million – is exposed to a certain extent to changes in the assumptions, whereby the realisable value could be lower than the carrying amount. According to the impairment test, the realisable value of the cash-flow generating unit Non-Residential is currently €148 million higher than the amount at which it is carried. The development of the EBIT margin is an important factor in this respect. For the test, the EBIT margin was conservatively estimated to grow at a rate of 2% to 3% of revenue, which is lower than the target rate of 3% to 4%. If the EBIT margin were to be nil, the realisable value would be equal to the carrying amount. The development of the funding status of projects is another important factor.

x € 1,000

6.11 PPP receivables

	2012
1 January	-
Receivables issued	14,520
Interest	156
31 December	**14,676**

The PPP receivables are recognised in the balance sheet as follows:

	2012
Current	242
Non-current	14,434
Total	**14,676**

PPP receivables concern payments to be received in connection with the realisation of the National Military Museum at Soesterberg.
The current part of the PPP receivables is recognised under trade and other receivables.
The increase in receivables provided is related to progress on the construction of the Museum.
The average maturity of the non-current PPP receivables is 14 years, these have a maturity of longer than 5 years.
The interest rates on PPP receivables are virtually the same as the interest rates (after hedging) of the related non-recourse PPP loans. The average interest rate on PPP receivables is 6.0%.
The Group has a 100% share in the concession. The concession concerns the construction, operation and maintenance of the new National Military Museum in the grounds of the former aircraft base at Soesterberg. The concession includes development of the surrounding land and infrastructure works in addition to the construction of the museum. The term of the concession is 25 years and it will commence in 2014.
The concession also includes the provision of additional services such as facility management, ICT and security. The part of the concession payment that relates to the services will be evaluated 10 years after provision and subsequently every 5 years, using a benchmark. There may therefore be a limited settlement with the principal as a result.
The concession payments are contractually established and are linked to the availability of the accommodation. The actual usage of the accommodation does not affect the amount of the concession payments. The concession payments will be indexed annually.

The Group realised revenue of €13 million from PPP contracts in 2012 (2011: €0).

x € 1,000

6.12 Property investments

Cost	2012	2011
Situation at 1 January	9,680	9,680
Investment	5,132	-
Situation at 31 December	**14,812**	9,680

Depreciation and impairments	2012	2011
Situation at 1 January	3,328	3,156
Depreciation	175	172
Impairments	550	-
Situation at 31 December	**4,053**	3,328

Carrying amount	2012	2011
Situation at 1 January	6,352	6,524
Situation at 31 December	**10,759**	6,352

The impairment is related to the adjustment to the measurement of a storage area and office space to the current market value. If the property investments were measured at fair value, their value would be approximately €15 million. The fair value is determined on the basis of internal appraisals and insured values.
The following amounts relating to property investments have been recognised in the income statement:

x € 1,000

	2012	2011
Rental income	600	505
Direct operating expenses that:		
• generated rental income	-322	-181
• generated no rental income	-1	-134

The future minimum lease payments arising from operating leases that cannot be cancelled in the periods subsequent to the balance sheet date total €5.4 million. €0.4 million of this relates to 2013, €1.7 million relates to the period 2014 through to 2018 and €3.3 million relates to 2019 or later.

6.13 Investments in associates

The principal associates are the Nederlandse Frees Maatschappij B.V., Latexfalt B.V. and Silvius/Brabo I N.V. The table below shows the relevant financial information for these three associated companies. Furthermore, there are a relatively small number of associated companies that are of less importance. The figures reflect the Heijmans share in the book value of the associated companies.

	31 December 2012			**2012**		
	Assets	Liabilities	Equity	Revenue	Result	Heijmans share
Nederlandse Frees Maatschappij B.V.	3,498	1,962	1,536	5,995	541	22.22%
Latexfalt B.V.	3,807	2,612	1,195	9,763	263	20.00%
Silvius/ Brabo I N.V.	38,326	38,414	-88	4,435	-25	20.80%
Total	**45,631**	**42,988**	**2,643**	**20,193**	**779**	

Heijmans has a share of 20.8% in Silvius/Brabo 1 N.V. This consortium is realising the first phase of the public transport project in the Antwerp Master Plan, involving the restructuring and extension of two tram lines with the associated infrastructure, including the construction of a depot with a maintenance centre and buildings for administrative support services. This is a PPP project, in which design, funding, building and maintenance are paid for by the principal. The maintenance period is for 35 years. Negative equity values are recognised as liabilities.

x € 1,000

6.14 Other investments

	2012	2011
Non-current receivables	49,210	61,359
Other long-term receivables and investments	2,892	3,022
Situation at 31 December	**52,102**	64,381

Approximately €29 million (2011: €45 million) of the non-current receivables concerns the Heijmans share of loans provided to minority interests via joint ventures. In addition, loans of approximately €5 million (2011: €4 million) have been provided to associates. The remaining non-current receivables, amounting to approximately €15 million, consist of loans provided by the Group to joint ventures in which the company participates, to the extent provided in proportion to the participation percentage. Because of the proportional consolidation of these joint ventures, this is offset by the same amount in debt to co-participants in these joint ventures. These receivables are not set off against the debts to the joint ventures (included in the item 'Other non-current debts', see 6.22) as the Group does not have a right enforceable in law thereto.

x € 1,000

6.15 Deferred tax assets and liabilities

The balance of the deferred tax assets and liabilities relating to temporary differences between the value for fiscal and financial reporting purposes of balance sheet items and the valuation of the tax loss carry-forwards is as follows:

	Receivables 31 December		Payables 31 December		Balance 31 December	
	2012	2011	**2012**	2011	**2012**	2011
Property, plant and equipment	-	-	3,528	4,652	-3,528	-4,652
Intangible assets	-	-	6,444	8,416	-6,444	-8,416
Land and strategic land bank	-	-	7,583	9,189	-7,583	-9,189
Work in progress	-	-	4,669	2,777	-4,669	-2,777
Interest-bearing loans and other non-current financing liabilities	523	63			523	63
Employee benefits	-	-	6,634	1,051	-6,634	-1,051
Provisions	-	-	42	258	-42	-258
Other items	273	13	-	-	273	13
Tax value of losses carry-forwards recognised	22,614	9,486	-	-	22,614	9,486
Deferred tax assets and liabilities	23,410	9,562	28,900	26,343	-5,490	-16,781
Set-off of deferred tax assets and liabilities	-18,774	-6,297	-18,774	-6,297	-	-
Net deferred tax assets and liabilities	**4,636**	3,265	**10,126**	20,046	**-5,490**	-16,781

x € 1,000

The movement on the balance of the deferred tax assets and liabilities during 2012 was as follows:

	Balance at 31 December 2011	**Recognised in tax expense**	**Recognised in equity**	**Reclassification to/ movement in assets/liabilities held for sale**	**Balance at 31 December 2012**
Property, plant and equipment	-4,652	1,124	-	-	-3,528
Intangible assets	-8,416	1,972	-	-	-6,444
Land and strategic land bank	-9,189	1,606	-	-	-7,583
Work in progress	-2,777	-1,892	-	-	-4,669
Interest-bearing loans and other non-current financing liabilities	63	500	-40	-	523
Employee benefits	-1,051	-5,583	-	-	-6,634
Provisions	-258	216	-	-	-42
Other items	13	260	-	-	273
Tax value of losses carry-forwards recognised	9,486	14,662	-	-1,534	22,614
Total	-16,781	**12,865**	**-40**	**-1,534**	**-5,490**

x € 1,000

The movement on the balance of the deferred tax assets and liabilities during 2011 was as follows:

	Balance at 31 December 2010	Recognised in tax expense	Recognised in equity	Reclassification to/ movement in assets/liabilities held for sale	Balance at 31 December 2011
Property, plant and equipment	-5,640	1,362	-	-374	-4,652
Intangible assets	-8,076	-340	-	-	-8,416
Land and strategic land bank	-11,738	2,549	-	-	-9,189
Work in progress	-2,745	-32	-	-	-2,777
Interest-bearing loans and other non-current financing liabilities	16	150	-103	-	63
Employee benefits	481	-1,532	-	-	-1,051
Provisions	-420	162	-	-	-258
Other items	-644	846	-	-189	13
Tax value of losses carry-forwards recognised	6,919	1,303	-	1,264	9,486
Total	-21,847	4,468	-103	701	-16,781

Valuation of deferred tax assets

The loss carry-forward at year-end 2012 is measured at €22.6 million. Of this amount, €19.1 million relates to the loss carry-forward of the Dutch tax group. These losses for the Dutch tax group have been set off against its deferred tax liabilities. The loss carry-forward figure for the Dutch tax group includes €2.3 million in relation to 2009, €2.5 million in relation to 2011 and €14.3 million in relation to 2012.

The part of the loss in 2009 not yet used at year-end 2012 can be set off until year-end 2015. The losses in 2011 and 2012 are subject to a forward loss set-off term of 9 years.

The remaining loss carry-forward amounts to €3.5 million, and relates to a number of Belgian operating companies (€1.1 million), to Oevermann (€1.6 million) and to Franki (€0.8 million). Losses in Belgium and Germany can in principle be set off against future profit without limitation, subject in Germany to a maximum of the annual profit available for set-off. Taxable profit of up to €1 million in any year can be set off in full; only 60% of taxable profit above €1 million can be set off.

x € 1,000

Valuation of deferred tax liabilities

For determining the amount of the deferred tax liabilities, the valuation for tax purposes of the construction work in progress in the Netherlands (including residential building projects) has been determined as substantially equal to the IFRS valuation.

Deferred tax assets or liabilities are recognised for any temporary differences originating at subsidiaries or joint ventures. No deferred tax assets or liabilities have been recognised for temporary differences arising from investments in associates in view of their relative insignificance.

The majority of the deferred tax liabilities have a term of more than one year.

Tax losses not recognised in the balance sheet

At year-end 2012, tax losses not recognised in the balance sheet amounted to €82.9 million (2011: €85.7 million). The largest part of this is related to a number of subsidiaries in Belgium (€73.4 million). The other unrecognised losses relate to a number of German operating companies (€4.3 million) and to a number of Dutch companies which pay tax independently (€5.2 million). Losses are not recognised if it is less likely that sufficient profits will be generated in the near future.

6.16 Inventory

	31 December 2012	31 December 2011
Strategic land bank	304,566	316,965
Residential properties in preparation and under construction	99,006	125,724
Raw materials and consumables	19,034	19,641
Finished products	18,405	15,777
Total	**441,011**	478,107
Carrying amount of inventory pledged as security	55,026	66,783
Inventory value recognised as an expense in the period	484,540	571,408
Finished products valued at net realisable value	2,401	1,000

x € 1,000

€2.4 million (2011: €1.0 million) of the inventory of unsold commercial property (part of the inventory of finished products) is carried at net realisable value. An impairment of €35.1 million to the inventory has been recognised in 2012 (2011: €39.2 million). Due to delays in development, an amount of €16 million previously classified as residential property in preparation has been reclassified to the strategic land portfolio.

The term of the strategic land portfolio is longer than 12 months after the balance sheet date. The other items in principle have a term of less than 12 months.

Residential properties in preparation and under construction can be analysed as follows:

	2012	2011
Unsold residential properties:		
Costs less provisions for losses and risks	106,929	164,955
Sold residential properties:		
Costs less provisions for losses and risks plus profits recognised based on percentage of completion	331,706	462,710
less: Progress billings	-339,629	-501,941
Total residential properties in preparation and under construction	**99,006**	**125,724**

Revenues from sales of residential properties in preparation and construction recognised in the reporting period amounted to €0.3 billion (2011: €0.4 billion).

x € 1,000

6.17 Work in progress

	31 December 2012	31 December 2011
Costs less provisions for losses and risks plus profits recognised based on percentage of completion	2,480,578	1,925,011
less: Progress billings	-2,561,359	-2,054,467
Balance work in progress	**-80,781**	-129,456
Positive balance for work in progress (recognised under current assets)	**120,306**	101,295
Negative balance for work in progress (recognised under current liabilities)	**-201,087**	-230,751
Balance of work in progress	**-80,781**	-129,456

The positive balance on construction work in progress represents all the projects in progress where the incurred costs plus the capitalised profit less the recognised losses are in excess of the progress billings.

The negative balance on construction work in progress represents all the projects in progress for third parties where the incurred costs plus the capitalised profit less the recognised losses are less than the progress billings.

Revenues from construction work in progress carried out for third parties that were recognised as revenue in the reporting period amounted to €2.0 billion (2011: €2.0 billion).

Construction work in progress generally has a term of less than 12 months.

x € 1,000

6.18 Trade and other receivables

	31 December 2012	31 December 2011
Trade receivables	315,643	338,334
Amounts to be invoiced	20,160	29,753
Receivables from proportionally consolidated participating interests	9,208	10,912
Payments on account in advance	13,930	15,396
Other receivables	17,541	27,173
Total trade and other receivables	**376,482**	421,568

Trade receivables are presented after accounting for impairment losses. The write-down for expected bad debts is recognised in the income statement under administrative expenses. At year-end 2012, a provision of €7.6 million for impairment (2011: €10.4 million) was included in trade receivables.

Trade and other receivables are mainly short-term in nature.

x € 1,000

6.19 Cash and cash equivalents

	31 December 2012	31 December 2011
Bank balances	74,695	136,844
Cash in hand	3	1
Funds in blocked accounts	3,010	3,563
Total cash and cash equivalents	**77,708**	140,408

Of the total cash and cash equivalents, an amount of €28.2 million (2011: €40.4 million) is held by joint ventures. The bank balances include €13 million (2011: €14 million) for the payment of German creditors in order to comply with local legislation for the protection of creditors.

The funds in blocked accounts mainly relate to the obligatory G accounts (guarantee accounts) under the Dutch Wages and Salaries Tax and Social Security Contributions (Liability of Subcontractors) Act.

Cash is used to reduce the company's financing to the extent contractually and practically permitted.

6.20 Equity

Paid-up and called-up share capital In thousands of ordinary shares	**2012**	2011
Outstanding at 1 January	16,956	16,851
Stock dividend	372	105
Outstanding at 31 December	**17,328**	16,956

Please refer to statement 2b for explanatory notes on the changes in equity and to the company financial statements for explanatory notes on the authorised share capital, the statutory reserve for participating interests, the hedging reserve and the appropriation of result.

x € 1,000

6.21 Earnings per share

Basic earnings per ordinary share

The basic earnings per ordinary share in 2012 were - €5.19 (2011: - €2.22). The calculation is based on the result after tax attributable to the holders of ordinary shares or depositary receipts for ordinary shares and a weighted average of the number of ordinary shares that were outstanding during 2012.

Result attributable to ordinary shareholders	2012	2011
Result after tax attributable to shareholders	**- 89,295**	- 37,620

Weighted average number of ordinary shares In thousands of shares	2012	2011
Ordinary shares outstanding at 1 January	16,956	16,851
Effect of stock dividend 14 May	235	66
Weighted average number of ordinary shares at 31 December	**17,191**	16,917

Diluted earnings per ordinary share

The calculation of the diluted earnings per share in 2012 is based on the weighted average number of ordinary shares in 2012 of 17,191 thousand plus the dilution effect in relation to vested option rights of 210 thousand and 9,171 shares allocated under the Bonus Investment Share Matching Plan (see note 6.30). Since the result after tax is negative, the diluted earnings per share is equal to the basic earnings per ordinary share.

6.22 Interest-bearing loans and other financing liabilities

The analysis of interest-bearing loans and other financing liabilities is as follows:

x € 1,000

31 December 2012	Non-current	Current	Total
Cumulative financing preference shares	66,100	-	66,100
Syndicated bank financing	-	-	-
Project financing	62,051	44,903	106,954
Other non-current liabilities	20,900	1,257	22,157
Financial lease commitments	2,675	873	3,548
Bank overdrafts	-	33,210	33,210
Total liabilities	**151,726**	**80,243**	**231,969**

31 December 2011	Non-current	Current	Total
Cumulative financing preference shares	66,100	-	66,100
Syndicated bank financing	-	-	-
Project financing	113,744	29,908	143,652
Other non-current liabilities	19,431	-	19,431
Financial lease commitments	3,221	503	3,724
Bank overdrafts	-	10,071	10,071
Total liabilities	**202,496**	**40,482**	**242,978**

Cumulative financing preference shares

At year-end 2012, a total of 6,610,000 cumulative financing preference shares B were outstanding at €10 a share. The payment on these shares is 7.25% as of 1 January 2009 and is payable yearly, 14 days after the Annual General Meeting of Shareholders. The dividend will be reviewed on 1 January 2014 and every five years thereafter. The company is entitled to repurchase or cancel these preference shares before or at maturity.

Syndicated bank financing

The committed and syndicated bank facility of €250 million runs until 31 March 2015. This facility is provided by a group of banks consisting of Rabobank, ING Bank, ABN AMRO Bank, KBC, RBS, Van Lanschot Bankiers and Deutsche Bank. Collateral has been provided for the facility. The margin on this facility ranges from 1.5% to 2.0%, depending on the leverage ratio. The covenants agreed are a (recourse) leverage ratio of up to 3 and an interest coverage ratio of at least 3, both to be tested every six months.

The leverage ratio is calculated as the net debt divided by EBITDA (earnings before interest, tax, depreciation and amortisation), based on the net debt and EBITDA definitions agreed with the group of banks. The interest coverage ratio is calculated as the EBITDA divided by the net interest expense. The definitions of these terms as agreed with the banks have undergone a number of adjustments.

x € 1,000

The key adjustments in relation to the accounting definition of net debt are the reduction by the amount of outstanding cumulative financing preference shares and the financing of certain projects that are negotiated without any guarantee on the part of Heijmans (non-recourse). The key adjustments with respect to the EBITDA in accounting terms concern the capitalised interest, results and gains on the sales of business units, fair value adjustments and costs of reorganisation. These ratios were amply met during the reporting year. The flexibility with respect to the covenants partly depends on the size of the working capital, which is subject to seasonal factors.

None of this facility had been used at year-end 2012. Usage of the facility varies throughout the year due to seasonal factors.

Project financing

Project financing is negotiated for specific projects, mostly in joint ventures. The redemption schedules for project financing are usually related to the project's progress. The term of the project financing extends at the most to the delivery and/or sale of the projects. The value of the related projects, including future positive cash flows from these projects, serves as security. Heijmans N.V. has guaranteed the repayment of the principal and/or interest expense in an amount of €51 million (2011: €56 million) of the total project financing. The balance of €56 million (2011: €88 million) is therefore financed without a guarantee by Heijmans N.V.

Heijmans was awarded the PPP project for the National Military Museum at Soesterberg in 2012. Committed financing facilities have been provided within the PPP structure by a banking group consisting of BNG Bank and NIBC.
The first drawdown under this facility will be made at the end of January 2013. This concerns finance not guaranteed by Heijmans N.V.

Five interest-rate swaps and one inflation swap were concluded in order to fix the interest expense and concession payments on initiation of the NMM Soesterberg PPP project. The inflation swap commences in 2014 and matures in 2039. Four of the five interest-rate swaps commence in 2013 and mature in 2014. The remaining interest-rate swap commences in 2014 and matures in 2038. No guarantee for these swaps has been issued by Heijmans N.V. All the swaps relate to the underlying committed project finance.

Other non-current liabilities

At year-end 2012, the other non-current liabilities amounted to €22 million (year-end 2011: €19 million). Approximately €11 million of this sum relates to liabilities to co-participants in joint ventures in which the Group participates. These amounts are offset by the same amount in receivables due from these joint ventures in the context of the proportional consolidation of these joint ventures, insofar as they were in proportion to the participating interest. These liabilities are not set off against the receivables from the joint ventures (see 6.14 for the item Other investments) as the Group does not have a right enforceable in law thereto. Heijmans is not liable for this portion of the liabilities of the joint ventures. The remaining amount constitutes the Heijmans share of loans from third parties to joint ventures.

x € 1,000

Financial lease commitments

The financial lease commitments primarily relate to equipment in Belgium. The lease commitments are equal to the present value of the debt. The lease payments are due as follows:

31 December 2012	< 1 year	1-5 years	> 5 years	Total
Lease payments	859	2,559	646	4,064
less: Interest portion	162	327	27	516
Lease commitments	**697**	**2,232**	**619**	**3,548**

31 December 2011	< 1 year	1-5 years	> 5 years	Total
Lease payments	694	2,785	952	4,431
less: Interest portion	191	448	68	707
Lease commitments	**503**	**2,337**	**884**	**3,724**

There were no charges in the financial year for contingent lease payments.

Average interest rate	2012	2011
Cumulative financing preference shares	7.3%	7.3%
Syndicated bank financing (including interest rate swaps)	4.8%	4.3%
Project financing (including interest rate swaps)	3.3%	3.6%
Other bank financing	2.6%	3.1%
Financial lease commitments	5.1%	5.1%
Other non-current liabilities	2.9%	3.4%

x € 1,000

6.23 Employee benefits

Development of the liability for defined benefit plans and anniversary payments

	2012	2011
Liability for defined benefit plans and anniversary payments at 1 January	326,507	337,399
Service charges	4,178	3,856
Interest expense	14,655	16,779
Employee contribution	1,546	1,614
Settlements and curtailments	-15,549	-27,341
Actuarial result	37,580	7,870
Pension and anniversary payments	-12,400	-13,670
Liability for defined benefit plans and anniversary payments at 31 December (A)	**356,517**	326,507
Fair value of plan assets at 1 January	314,193	327,702
Return on plan assets	42,820	16,817
Employer contributions	13,958	9,069
Employee contribution	1,546	1,614
Pension payments from financed plans	-12,400	-13,668
Settlements and curtailments	0	-27,341
Fair value of plan assets at 31 December (B)	**360,117**	314,193
Benefit obligations in excess of plan assets (A-B)	**-3,600**	12,314
Unrecognised pension costs for past service	-59	-111
Unrecognised actuarial gains and losses	-11,565	-4,879
Total defined benefit plans and anniversary payments	**-15,224**	7,324

The expected return on investment in 2012 was €13.8 million (2011: €15.9 million). The actuarial gain (the difference between the expected and realised return on investment) in 2012 was €29.1 million (2011: a gain of €1.0 million).

x € 1,000

The total liability arising from defined benefit pension plans and anniversary payments is recognised in the balance sheet as follows:

	31 December 2012	31 December 2011
Employee-related liabilities non-current	23,272	21,140
Employee-related liabilities current	6,819	10,147
Employee-related receivable	- 45,315	- 23,963
	- 15,224	7,324

The employee-related claim concerns a plan which under the regulations for valuation of the Pensions Act as established in the Financial Assessment Framework is underfunded (and therefore represents a liability). See the paragraph on Stichting Pensioenfonds Heijmans N.V. below.

Liability for defined benefit plans in the Netherlands

The liability for defined benefit plans concerns the liabilities recognised for one company pension fund and approximately 15 plans placed with insurance companies.

Stichting Pensioenfonds Heijmans N.V.

The majority of the plan members belong to Stichting Pensioenfonds Heijmans N.V. (815 active members at year-end 2012). The pension base is the salary (final pay) in excess of the maximum pensionable salary in the industry pension funds. There is no indexation. No new plan members will be admitted to this plan, with effect from 1 January 2012. With effect from 1 January 2012, new plan members belong to a supplementary average pay plan with conditional indexation. It was decided in 2012 that existing plan members (i.e., those who were already members prior to 1 January 2012) would transfer from the final pay plan to the same average pay plan with conditional indexation as of 1 January 2013; the change entails a curtailment of the plan for the existing plan members, and reduces the pension liabilities by approximately €10 million. The new average pay plan is placed directly with an insurer and qualifies as a defined contribution plan. Heijmans paid a sum of €5 million into the pension fund in 2012 due to the underfunding. In 2013 Heijmans will make a further contribution of €3 million. The claims and entitlements of the members and former members and pensioners will be reduced by 2%, starting from 1 April 2013. This reduces the pension liability by €3 million.

x € 1,000

Industry-wide pension funds

Furthermore, most Dutch employees participate in pension plans that are part of industry pension funds. The principal pension funds involved are the Bouwnijverheid pension fund and the Metaal en Techniek pension fund. Both these funds operate average pay plans with indexation. The funding ratio of the Bouwnijverheid pension fund stood at 105.8% at year-end 2012 (year-end 2011: 100.4%). The funding ratio of the Metaal en Techniek pension fund stood at 92.4% at year-end 2012 (year-end 2011: 88.5%). Employees also participate in the Betonproductenindustrie (Concrete Products Industry), Landbouw (Agriculture) and Vervoer (Transport) pension funds. These funds operate average pay plans. The funding ratio of the Betonproductenindustrie pension fund stood at 100.7% at year-end 2012 (year-end 2011: 95.2%). The funding ratio of the Landbouw pension fund stood at 105.8% at year-end 2012 (year-end 2011: 99.6%). The funding ratio of the Vervoer pension fund at year-end 2012 was 105.8% (2011: 99.1%). These funding ratios are calculated on the basis of the accounting principles used by the various industry pension funds; on the basis of the Pensions Act and the Financial Assessment Framework.
In fact, these are defined benefit pension plans. They are treated as defined contribution plans since the administration of the industry pension funds is not designed to supply the required information. Under these plans, Heijmans is committed to withhold the predetermined premiums. The Group cannot be obliged to supplement any shortages other than by means of future premium revisions. Heijmans has no claim on any excess pension assets at these funds.

Liability for defined benefit plans in Germany

A number of pension plans apply to German employees, for which plans a liability has been recognised in the balance sheet. These plans have not been placed with outside insurance companies or funds. The pension entitlements consist primarily of fixed, income-independent monthly payments.

Pension plans in Belgium

In Belgium, most employees participate in a defined contribution pension plan provided by the employer. The Belgian Vandenbroucke Act requires that a minimum yield of 3.25% must be earned on the amounts deposited with insurance companies. If this yield is not achieved by the insurance companies, the Group is required to make up the difference. In view of the fact that the expected yield is higher than the legally required minimum, no liability has been recognised.

x € 1,000

Financing of liability for defined benefit pension plan and anniversary payments	31 december 2012	31 december 2011
Defined benefit pension plans:		
- Funded plans	-336,138	-307,831
- Unfunded plans	-13,120	-11,837
Anniversary payments (unfunded)	-7,259	-6,839
Liability for defined benefit plans and anniversary payments at 31 December	**-356,517**	-326.507

Composition of plan assets as % of total	31 December 2012	31 December 2011
Equities	6%	5%
Fixed-income securities	43%	40%
Cash	0%	1%
Other/insured plans	51%	54%

Income/expense recognised in relation to defined benefit plans and anniversary payments	2012	2011
Service charges	-4,178	-3,856
Interest expense	-14,655	-16,779
Expected return on plan assets	13,751	15,858
	-5,082	-4,777
Amortisation of pension costs for past service	-52	-71
Recognised actuarial gains and losses	-4	33
Administrative and other expenses	-972	-936
Settlements and curtailments	13,729	1,057
Total income/expense for defined benefit plans and anniversary payments	**7,619**	-4,694

x € 1,000

The principal actuarial assumptions as at the balance sheet date are:

	31 December 2012	31 December 2011
Discount rate	3.50%	4.50%
Expected return on plan assets	3.50%	4.30%
Future salary indexation	2.25%	2.25%
Future salary increases	0-1.5%	0-1.5%
Staff turnover	7.0-16.0%	7.0-16.0%
Mortality table	AA forecast table 2012-2062 0/0	AA forecast table 2010-2060 0/0

The discount rate is based on high quality corporate bonds adjusted for the term of the payment obligation. The expected return on assets is determined on the basis of the strategic portfolios of the relevant plans. The return on the fixed interest securities is determined on the basis of the yield on government bonds. The return on equities is based on the return on fixed interest plus a surcharge due to the fact that, historically, the return on equities has been higher than the return on fixed interest securities. The return on the other asset categories is determined on the basis of historical returns.

The development of the liability for defined benefit plans and anniversary payments and the fair value of the plan assets over the last 5 years is as follows:

x € 1 million	**31 December 2012**	31 December 2011	31 December 2010	31 December 2009	31 December 2008
Liability for defined benefit pension plans and anniversary payments	356.5	326.5	337.4	314.7	306.0
Fair value of plan assets	360.1	314.2	327.7	296.5	283.3
Benefit obligations in excess of/lower than plan assets	**-3.6**	12.3	9.7	18.2	22.7

x € 1,000

The effect of empirically-based adjustments in relation to the above actuarial assumptions on the liability for defined benefit plans and anniversary payments is as follows:

x € 1 million	31 December 2012	31 December 2011	31 December 2010	31 December 2009	31 December 2008
Change in discount rate	54.8	11.3	8.0	8.8	-8.2
Change in mortality table	2.6	0.0	12.4	0.0	0.0
Change in expected staff turnover	0.0	0.0	0.0	0.0	-1.5
Total effect on liability for defined benefit plans and anniversary payments	**57.4**	11.3	20.4	8.8	-9.7

These effects have been incorporated into the actuarial calculations and take the corridor approach into account. An exception to this is the impact on obligations related to anniversary payments. This is directly recognised in the operating result, since the corridor approach does not apply in this instance.

The employer contributions due in 2013 for the plans for which an employee benefit is recognised are expected to be approximately €4.4 million.

Anniversary payments

The anniversary payments in the Netherlands and Belgium consist of a monthly salary, or a portion thereof, for employment periods of 12.5, 25 and 40 years. The anniversary is celebrated with a party funded by Heijmans. In Germany, the anniversary payment consists of a fixed sum for an employment period of 10 years and a monthly salary, or a portion thereof, for employment periods of 25 and 40 years.

x € 1,000

6.24 Provisions and non-interest-bearing debt

General

Provisions for warranty obligations, restructuring costs and environmental risks are recognised in the event that Heijmans has an existing obligation and it is probable that an outflow of economic benefits will take place. The amount of the provisions can be reliably estimated. The provisions are stated at face value, unless the time value of money is material. The other non-interest-bearing debt concerns items such as rental guarantees provided to purchasers of commercial property. The amounts stated represent the present value of the deferred revenues in connection with the rental guarantees provided.

	31 December 2011	Reversal of unused amounts	Provisions/ rent guarantees/ negative value of associates	Provisions used/ other movements	**31 December 2012**
Warranty obligations	19,014	-1,761	3,524	-6,323	**14,454**
Restructuring costs	10,641	-945	22,800	-7,603	**24,893**
Environmental risks	3,294	-2,174	160	-93	**1,187**
Other provisions	11,223	-1,832	8,141	-3,832	**13,700**
Total provisions	44,172	-6,712	34,625	-17,851	**54,234**
Negative value of associates	645	0	600	-58	**1,187**
Lease discount received in advance	974	0	0	1	**975**
Deferred revenue in connection with rent guarantees granted	2,581	-60	0	-1,343	**1,178**
Total provisions and non-interest-bearing debt	48,372	-6,772	35,225	-19,251	**57,574**

x € 1,000

Term of provisions and non-interest-bearing debt	31 December 2012	31 December 2011
Non-current	16,073	15,554
Current	41,501	32,818
Total	**57,574**	48,372

Provision for warranty obligations

The provisions relate to complaints and deficiencies that become apparent after the delivery of projects and that fall within the warranty period. The magnitude of the costs provided for is dependent partly on the estimated allocation of the claim to the related building partners. It is expected that a majority of the obligations will materialise in the next two years.

Provision for restructuring costs

The provision for restructuring costs relates to the downsizing costs in support of organisational changes. Approximately 79% of the provision will be used in 2013 and the remainder in the years 2014-2015.

Provision for environmental risks

This provision represents possible site restoration costs. On the basis of government regulations concerning the manner of soil decontamination and investigation, the costs of restoration have been estimated on a per site basis. The periods within which restoration needs to take place vary per site. In the event that the restoration does not have to take place for another few years, there is an obligation to monitor the pollution. The expected monitoring costs have also been included in the provision.

Other provisions

The other provisions include provisions of €2.2 million for legal disputes (2011: €3.5 million), €2.0 million for amounts payable to the Tax Office (2011: 2.0 million) and €5.6 million for vacant properties (2011 : €2.4 million). The balance consists primarily of expenses incurred in relation to occupational disability. It is expected that most of the obligations will materialise in the next two years.

x € 1,000

6.25 Trade and other payables

Trade and other payables	31 December 2012	31 December 2011
Suppliers and subcontractors	287,153	299,535
Invoices due for work in progress	29,133	38,819
Invoices due for work completed	61,482	61,912
Pension obligations	1,174	1,556
Payables relating to building industry investigations	-	3,353
Employee expenses payable	34,100	37,053
Turnover tax payable	48,954	58,929
Wage tax and social insurance contributions payable	19,727	17,369
Other tax payable	402	385
Administrative and sale expenses payable	8,868	8,800
Interest payable	5,912	7,864
Payables relating to cash flow hedges	2,287	493
Other liabilities	30,836	25,833
Total trade and other payables	**530,028**	561,901

6.26 Financial risks and management

General

In the normal course of its business, Heijmans is exposed to various financial risks, including credit, liquidity and market risk. This section describes the degree to which these risks manifest themselves, the objectives related to these risks, and the policy and the processes for measuring and managing these risks as well as the management of capital. The risk policy is focused on the identification and analysis of the risks to which the Group is exposed and the establishment of acceptable limits. The risk policy and systems are assessed on a regular basis and then (if necessary) adjusted for changes in market conditions and the business activities of the Group. The objective is to create a disciplined and constructive approach to risk management, with the aid of training, standards and procedures whereby all employees are aware of their roles and responsibilities.
The Audit Committee periodically reviews the risk management policy and procedures. In addition, the Committee reviews the risk policy used in the light of the risks to which the Group is exposed.

x € 1,000

Credit risk
Credit risk is the risk the Group runs of financial losses if a party on which Heijmans has a claim fails to meet its contractual obligations. Credit risk arises primarily from receivables due from customers.

The credit risk associated with property development is limited, as future residents can only take possession of the new property once they have met all their obligations. The creditworthiness is assessed in transactions involving the development of commercial property, building assignments and infrastructure projects, and additional collateral may be requested. Heijmans carries out many assignments for public authorities for which the credit risk is considered to be extremely limited.

The assessment of creditworthiness is part of the standard procedure. Credit risk is mitigated by pre-financing arrangements and payments in instalments. Risks are insured with a credit insurer if considered necessary. The large number of clients, a substantial proportion of which are private individuals and public authorities, means there is no question of a concentration of credit risk. The cash and cash equivalents are held at various banks, which are assessed as to their creditworthiness. A provision for doubtful receivables is recognised following an assessment of the potential risks for each individual receivable. Doubtful receivables are subjected to an impairment test and written down as necessary to the present value of the future cash flows if lower.

The carrying amount of the financial assets exposed to credit risk can be specified as follows:

	31 December 2012	31 December 2011
Other investments	52,102	64,381
Cash and cash equivalents	77,708	140,408
Trade and other receivables	376,482	421,568
Total	**506,292**	626,357

Other investments consist principally of receivables due from public authorities and loans provided by the Group to joint ventures in which it participates.

x € 1,000

The geographical distribution of the carrying amount of the trade receivables including receivables from proportionally consolidated participating interests subject to credit risk is as follows:

	31 December 2012	31 December 2011
The Netherlands	194,019	230,331
Belgium	56,408	58,832
Germany	74,424	60,083
Total	**324,851**	349,246

Age analysis of outstanding debtors without impairment, in times after due invoice payment date:

	31 December 2012	31 December 2011
< 30 days	48,993	48,504
30-60 days	5,380	11,467
60-90 days	1,532	2,448
> 90 days - < 1 year	14,773	7,823
> 1 year	18,641	17,983
Total	**89,319**	**88,225**

Including debtor payments not yet due and debtors for which an impairment has been recognised, the balance of trade receivables at year-end 2012 was €316 million (2011: €338 million).

The due dates of the other financial assets have not been exceeded.

x € 1,000

Trade receivables are reported after deducting impairment losses related to doubtful receivables. The movement in the provision was as follows:

	2012	2011
Situation at 1 January	10,352	12,168
Additions	676	996
Withdrawals	-3,152	-1,975
Release	-268	-837
Situation at 31 December	**7,608**	**10,352**

Liquidity risk

Liquidity risk is the risk that the Group cannot meet its financial obligations at the time it is required to do so. The underlying liquidity risk management assumption is that sufficient liquidity levels will be maintained to meet current and future financial obligations, both under normal circumstances and special circumstances, without incurring unacceptable losses and without endangering the reputation of the Group.

12-month rolling liquidity forecasts are used to determine whether the Group has sufficient liquidity available.

To secure the availability of financial resources for the long and short term, Heijmans has access to the following credit lines:
- €66 million in cumulative financing preference shares without a repayment obligation;
- €250 million in committed, syndicated bank financing with a term to mid March 2015;
- project financing, whereby committed financing is available for the anticipated principal sum and duration of the project in question, and
- €62 million in cash in hand and current account facilities. These are not committed.

In order to satisfy clients' requirements for bank guarantees, Heijmans has access to sufficient guarantee facilities with various institutions. These facilities are not committed.
At year-end 2012, the total facilities guaranteed by banks was 607 million (2011: €604 million) provided by 18 parties.

x € 1,000

The contractual maturity dates of the financial obligations, including interest payments, are as follows:

31 December 2012	**Carrying amount**	Contractual cash flows	< 6 months	6-12 months	1-2 years	2-5 years	> 5 years
Cumulative financing preference shares	-66,100	-75,684	-4,792	-	-4,792	-	-66,100
Syndicated bank financing	-	-	-	-	-	-	-
Project financing	-106,954	-115,377	-28,514	-18,805	-11,335	-42,047	-14,676
Other non-current liabilities	-22,157	-25,072	-427	-9,121	-715	-11,575	-3,234
Financial lease commitments	-3,548	-4,064	-502	-357	-745	-1,814	-646
Bank overdrafts	-33,210	-33,210	-33,210	-	-	-	-
Trade and other payables (excluding derivatives)	-527,741	-527,741	-527,741	-	-	-	-
Derivatives	-2,287	-6,409	-147	-139	-322	-2,566	-3,235
Total	**-761,997**	**-787,557**	**-595,333**	**-28,422**	**-17,909**	**-58,002**	**-87,891**

31 December 2011	**Carrying amount**	Contractual cash flows	< 6 months	6-12 months	1-2 years	2-5 years	> 5 years
Cumulative financing preference shares	-66,100	-80,476	-4,792	-	-4,792	-4,792	-66,100
Syndicated bank financing	-	-	-	-	-	-	-
Project financing	-143,652	-148,834	-14,538	-52,661	-39,530	-22,409	-19,696
Other non-current liabilities	-19,431	-22,069	-11,141	-433	-5,568	-1,503	-3,424
Financial lease commitments	-3,724	-4,431	-337	-357	-715	-2,070	-952
Bank overdrafts	-10,071	-10,071	-10,071	-	-	-	-
Trade and other payables (excluding derivatives)	-561,408	-561,408	-561,408	-	-	-	-
Derivatives	-493	-712	-216	-190	-253	-53	
Total	-804,879	-828,001	-602,503	-53,641	-50,858	-30,827	-90,172

x € 1,000

Market risk

Market risk is the risk that the income of the Group or the value of investments in financial instruments is adversely affected by changes in market prices such as foreign exchange rates, interest rates and share prices. The objective of managing market risk is to keep the market risk position within acceptable limits while achieving optimum returns.

To manage market risk, derivatives may be bought and sold, and financial commitments may be made. Transactions of this nature are carried out within established directives.

Price risk

Price risk associated with the purchase of raw materials and auxiliary materials and with outsourcing work is mitigated by making price indexation agreements with clients, or where possible by making price agreements with suppliers at an early stage. If necessary, derivatives may be used occasionally to hedge the price risk of procurement of raw materials.

Interest-rate risk

The interest rate policy at Heijmans N.V. is directed towards limiting the impact of changes in interest rates on the results of the company. To that effect, a limited part of the future interest payments on the existing syndicated bank loans has been fixed using interest rate swaps. In addition, some of the loans have been concluded at fixed rates of interest.

Had the interest rate for 2012 been on average 2% higher, then the result before tax on the basis of the balance sheet positions at year-end would have been about €0.3 million lower (2011: €1 million higher). The effect of a 2% difference in interest rates on the Group's equity (assuming all other variables remained constant) would have been virtually nil (2011: virtually nil). This effect on the result before tax was chiefly due to the cash balance at year-end 2012. The interest rate exposure measured on the basis of the average debt during the year would have a more limited effect on the result.

When entering into a PPP contract, it is normally contractually established that interest-rate risks (and inflation risks if applicable) will be limited by fixing cash flows using swaps. The hedge documentation process is completed as soon as possible after the completion of the documentation process following the signature of PPP contracts. The hedge results are recognised as hedge accounting at the first subsequent reporting date. In view of the contractual relationship with the operating cash flows, the hedges are, on inception, in principle effective, by definition.

x € 1,000

The table below identifies the period in which interest rates for interest-bearing financial assets and financial liabilities are repriced:

		31 December 2012					
		Total	0-6 months	6-12 months	1-2 years	2-5 years	> 5 years
6.11	PPP receivable	14,676	-	-	-	-	14.676
6.14	Other investments	52,102	6,333	9,428	15,707	16.825	3.809
6.19	Cash and cash equivalents	77,708	77,708	-	-	-	-
6.22	Cumulative financing preference shares	-66,100	-	-	-66,100	-	-
6.22	Syndicated bank financing	-	-	-	-	-	-
6.22	Project financing	-106,954	-59,415	-14,364	-9,835	-23.340	-
6.22	Effect of interest rate swaps on project financing	0	5,200	-	-5,200	-	-
6.22	Other non-current liabilities	-22,157	-1,616	-8,028	-	-9.638	-2.875
6.22	Financial lease commitments	-3,548	-419	-280	-616	-1.616	-617
6.22	Bank overdrafts	-33,210	-33,210	-	-	-	-
	Totaal	**-87,483**	**-5,419**	**-13,244**	**-66,044**	**-17,769**	**14,993**

x € 1,000

		31 December 2011					
		Total	0-6 months	6-12 months	1-2 years	2-5 years	> 5 years
6.14	Other investments	64,381	3,533	9,517	10,368	37,154	3,809
6.19	Cash and cash equivalents	140,408	140,408	-	-	-	-
6.22	Cumulative financing preference shares	-66,100	-	-	-	-66,100	-
6.22	Syndicated bank financing	-	-	-	-	-	-
6.22	Effect of interest rate swaps on syndicated bank financing	-	-	-	-	-	-
6.22	Project financing	-143,652	-86,551	-29,612	-8,749	-15,410	-3,330
6.22	Effect of interest rate swaps on project financing	0	11,800	-2,400	-4,200	-5,200	-
6.22	Other non-current liabilities	-19,431	-2,453	-1,366	-8,718	-3,980	-2,914
6.22	Financial lease commitments	-3,724	-238	-265	-552	-1,785	-884
6.22	Bank overdrafts	-10,071	-10,071	-	-	-	-
	Total	**-38,189**	**56,428**	**-24,126**	**-11,851**	**-55,321**	**-3,319**

Of the interest-bearing debt, 62% (2011: 65%) had been negotiated at a fixed interest rate (including interest rate derivatives) and 38% (2011: 35%) had been negotiated at a variable interest rate on the balance sheet date. Due to seasonal effects, the average debt during the year is higher than at balance sheet date; the proportion of the gross debt subject to a variable interest rate is also higher during the year. The gross variable-interest debt is offset by items including cash and cash equivalents, which are also subject to variable interest.

The average weighted interest term to maturity of the project finance is 2.0 years (2011: 1.7 years).

The interest-bearing loans are measured at amortised cost rather than at fair value. The measurement of the loans is therefore not affected by changes in interest rates.

Currency risk

The currency risk on sales, purchases and loans taken is extremely limited for Heijmans, since by far the greater part of the cash flows within the company are in euros.

x € 1,000

Fair values

The table below shows the fair values and the carrying amounts of the financial instruments.

	31 December 2012		31 December 2011	
	Carrying amount	Fair value	Carrying amount	Fair value
Loans and receivables				
PPP receivable	14,676	14,676	-	-
Other investments	52,102	59,280	64,381	70,541
Trade and other receivables (excluding derivatives)	376,482	376,482	421,568	421,568
Cash and cash equivalents	77,708	77,708	140,408	140,408
Cumulative financing preference shares	-66,100	-72,059	-66,100	-71,857
Syndicated bank financing	-	-	-	-
Project financing	-106,954	-110,700	-143,652	-145,794
Other non-current liabilities	-22,157	-26,507	-19,431	-21,559
Bank overdrafts	-33,210	-33,210	-10,071	-10,071
Trade and other payables (excluding derivatives)	-527,741	-527,741	-561,408	-561,408
Financial liabilities measured at fair value				
Derivatives	-2,287	-2,287	-493	-493
Other financial liabilities				
Financial lease commitments	-3,548	-3,888	-3,724	-4,270
	-241,029	**-248,246**	-178,522	-182,935

The above values are based on the present value of future cash flows. The loans with a fixed interest rate are discounted using the yield curve as at 31 December 2012 plus the relevant risk margin.
All loans with a variable interest rate are assumed to have a fair value equal to the carrying amount. The valuation of the swaps is based on the present value of future cash flows using the market curve (interest, currency, inflation) as at 31 December 2012 without risk margin. The valuation of the swaps is moreover based on the valuations provided by banks.
The carrying amounts for cash and cash equivalents, trade and other receivables and payables are approximately equal to the fair value of these instruments because of their short-term nature.

Capital management

Policy is designed to achieve a sound capital position with sufficient availability of credit to be able to ensure continuity for stakeholders. A sound capital structure is based on a leverage ratio (net interest-bearing debt after deduction of cumulative preference finance shares and non-recourse finance divided by EBITDA) of up to 3.0 and an interest cover ratio of at least 3.0 (see also note 6.22 for a description of the financial ratios in the covenants agreed with the banks).

x € 1,000

6.27 Rental and operating lease agreements

	31 December 2012	31 December 2011
Rental agreements		
Instalments due within 1 year	18,276	18,796
Instalments due between 1 and 5 years	50,460	50,408
Instalments due after 5 years	24,703	19,956
Total	**93,439**	89,160
Lease contracts		
Instalments due within 1 year	25,928	23,736
Instalments due between 1 and 5 years	47,438	37,731
Instalments due after 5 years	1,051	805
Total	**74,417**	62,272

An amount of €33 million (2012: €30 million) has been recognised as a charge in the income statement in 2012.

The lease commitments primarily relate to future instalments on leases for vehicles and equipment. The rental commitments are for the lease of company buildings.

3,510 lease vehicles (127 trucks and 3,383 passenger cars and vans) are leased on the basis of an operating contract in the Netherlands. A new framework agreement was signed with the main leasing company for a five-year term in 2008. The individual contracts covered by the framework agreement have terms varying from 24 months to 96 months. These contracts can only be dissolved after compensating the leasing company for the carrying amount and loss of profit.

x € 1,000

6.28 Investment commitments

	31 December 2012	31 December 2011
Contractual commitments for:		
- acquisition of property, plant and equipment	2,094	2,122
- acquisition of land	85,200	100,072
	87,294	102,194

Group guarantees in an amount of €20 million (2011: €20 million) have been provided as security for the capital commitments. Of the investment commitments, €42 million (2011: €52 million) relates to commitments undertaken by joint ventures in which Heijmans participates. The amount indicated is Heijmans' share of the commitments undertaken by the joint venture.

6.29 Contingent liabilities

General

Contingent liabilities are potential liabilities resulting from events prior to the balance sheet date. The liabilities are potential because the outflow of economic benefits is dependent on the occurrence of uncertain events in the future.
Contingent liabilities can be divided into bank guarantees, parent company guarantees and other contingent liabilities.

Bank and parent company guarantees	31 December 2012	31 December 2011
Bank guarantees in relation to:		
Execution of projects	308,946	336,657
Tenders	12,802	5,125
Other	47,625	49,051
	369,373	390,833
Parent company guarantees in relation to:		
Execution of projects	503,285	418,590
Unconditional liabilities	19,535	20,357
Contingent liabilities	0	37,312
Financing facilities	95,227	104,117
	618,047	580,376
Total	**987,420**	971,209

The parent company guarantees associated with financing facilities have been provided in connection with project financing, and bank guarantee and credit facilities for foreign subsidiaries and joint ventures. Heijmans has guaranteed its share of the debt of various joint ventures in a total amount of €30 million (2011: €47 million).

The parent company and bank guarantees issued for divested operations (Leadbitter, Heitkamp) are not included in the above table (bank guarantees of €5 million, parent company guarantees of €92 million). With regard to works completed and in progress, the guarantees where possible will be taken over by the buyer. Where this is not possible, the buyer has provided a bank or parent company guarantee.

Other contingent liabilities
The other contingent liabilities with significant cash impact amount to €55 million, and those with limited cash impact to €169 million, making a total of €224 million at year-end 2012 (2011: €223 million). €62 million (2011: €34 million) of this is recognised in joint ventures. This relates mainly to commitments to acquire land when the building permit is obtained and/or a sales percentage is achieved. No parent company guarantees (2012: €37 million) have been issued in this respect.

6.30 Related parties

The related parties for Heijmans can be grouped as: the subsidiaries, the associates, the joint ventures, the company pension fund, the members of the Supervisory Board and the members of the Executive Board. Transactions with related parties are conducted on arm's length terms that are comparable to those for transactions with third parties.

Transactions with subsidiaries, associates and joint ventures
Heijmans undertakes a number of operating activities together with related parties, including through joint ventures. Significant transactions in this context are the contribution of land positions in joint ventures and/or the financing thereof. In addition, large and complex projects are carried out in cooperation with other companies.

There are no transactions with the organisation's management, with the exception of the remuneration discussed below. For information on relationships with associates, see note 6.13.

The Group's share in the revenues and balance sheets of the joint ventures is indicated below by segment.

2012 Business segments € x million	Netherlands Property Development	Residential Building	Non-Residential	Roads&Civil	Foreign Belgium	Germany	Eliminations	Total
Revenue	32.3	12.6	66.5	65.3	13.8	43.4	-6.1	227.8
Expenses	-34.6	-12.2	-58.4	-60.9	-13.6	-40.3	6.1	-213.9
Non-current assets	34.4	0.0	0.0	0.9	5.2	1.5	0.0	42.0
Current assets	198.3	2.9	8.0	11.3	6.1	28.1	-1.0	253.7
Total assets	**232.7**	**2.9**	**8.0**	**12.2**	**11.3**	**29.6**	**-1.0**	**295.7**
Non-current liabilities	87.2	0.0	0.0	0.0	3.4	0.4	0.0	91.0
Current liabilities	54.6	4.1	0.0	28.5	6.4	16.6	-1.0	109.2
Total liabilities	**141.8**	**4.1**	**0.0**	**28.5**	**9.8**	**17.0**	**-1.0**	**200.2**
Equity	**90.9**	**-1.2**	**8.0**	**-16.3**	**1.5**	**12.6**	**0.0**	**95.5**

2011 Business segments € x million	Netherlands Property Development	Residential Building	Non-Residential	Roads&Civil	Foreign Belgium	Germany	Eliminations	Total
Revenue	53.6	30.8	54.0	40.4	7.5	32.9	-13.3	205.9
Expenses	-53.6	-31.9	-54.1	-40.4	-7.4	-33.1	13.3	-207.2
Non-current assets	57.5	0.1	0.0	1.2	4.9	1.6	-0.1	65.2
Current assets	206.0	10.4	13.8	14.6	3.6	23.9	-1.0	271.3
Total assets	**263.5**	**10.5**	**13.8**	**15.8**	**8.5**	**25.5**	**-1.1**	**336.5**
Non-current liabilities	121.8	0.7	0.0	0.0	3.8	0.2	-0.1	126.4
Current liabilities	52.5	8.5	11.3	15.8	3.5	14.8	-1.0	105.4
Total liabilities	**174.3**	**9.2**	**11.3**	**15.8**	**7.3**	**15.0**	**-1.1**	**231.8**
Equity	**89.2**	**1.3**	**2.5**	**0.0**	**1.2**	**10.5**	**0.0**	**104.7**

Company pension fund

Heijmans is affiliated with Stichting Pensioenfonds Heijmans N.V. The principal function of this company pension fund is to operate the pension plans for Heijmans' current and former employees and retired personnel.

In 2012, approximately €6 million (2011: €6 million) in pension contributions was paid by Heijmans to the above-mentioned company pension fund. Heijmans moreover made an additional contribution of €5 million into the pension fund in 2012 due to the underfunding of the fund.

Management remuneration

Remuneration of Supervisory Directors

None of the Supervisory Directors hold Heijmans N.V. depositary receipts for shares, nor have any options or depositary receipts for shares been allocated to them. All Supervisory Directors receive a fixed annual fee that is not dependent on the results in any one year. They also receive a fixed or variable expense allowance. None of the Supervisory Directors has any other business links to Heijmans from which they could derive personal benefit.

The total payments made to Supervisory Directors in 2012 and 2011 were as follows:

In €	**2012**	2011
A.A. Olijslager, Chairman*	56,100	58,560
Drs. P.G. Boumeester**	37,723	37,723
Ing. R. van Gelder BA***	37,723	37,723
Drs. S. van Keulen****	42,723	42,723
R. Icke RA*****	37,723	37,723

* Supervisory Director since 18 April 2007 and Chairman since 1 July 2008
** Supervisory Director since 28 April 2010
*** Supervisory Director since 1 July 2010
**** Supervisory Director since 18 April 2007
***** Supervisory Director since 9 April 2008

Remuneration of Members of the Executive Board and the Executive Committee

The remuneration of the Members of the Executive Board and of the Executive Committee is as follows:

In €	**2012**	2011
Gross fixed remuneration	2,119,060	1,856,987
Gross short-term variable remuneration	130,983	-
Severance payment	-	480,706
Bonus Investment Share Matching Plan	69,852	51,701
Pension contribution	514,721	483,066
Crisis levy	289,160	-
Reimbursement of expenses	31,326	26,786
Total remuneration of Members of the Executive Board and Executive Committee	**3,155,102**	**2,899,246**

In 2012, €2,191,654 (2011: €1,669,469) was charged to the income statement in respect of:
- gross fixed remuneration paid;
- gross short-term variable remuneration;
- Bonus Investment Share Matching Plan;
- pension commitment;
- reimbursement of expenses, and
- crisis levy

for the Members of the Executive Board.

The composition of the gross fixed remuneration, the variable remuneration and the pension contribution per member of the Executive Board is as follows:

In €	Gross fixed remuneration		Long term variable remuneration		Short term variable remuneration		Pension contribution	
	2012	2011	**2012**	2011	**2012**	2011	**2012**	2011
L.J.T van der Els *	463,607	405,600	83,286	95,056	-	-	96,755	84,000
M.C. van den Biggelaar **	389,814	385,954	77,093	74,298	-	-	83,133	79,978
A.G.J. Hillen ***	273,798	-	70,522	-	-	-	80,416	-
G.A. Witzel ****	364,850	481,650	0	112,309	-	-	138,800	179,911
Total	**1,492,069**	1,273,204	230,901	281,663	**-**	-	**399,104**	343,889

* Chairman of the Executive Board since 18 April 2012 and member of the Executive Board since 28 April 2010
** Member of the Executive Board since 1 September 2009
*** Member of the Executive Board since 18 April 2012
**** Chairman of the Executive Board from 28 April 2010 to 18 April 2012 and member from 1 October 2008 to 1 October 2012

The allocation of the short-term variable remuneration for 2012 has been established at nil.

The long-term variable remuneration concerns the period 2010-2012 and amounts to 20% of the basic salary, which is allocated because of the stronger strategic position achieved by Heijmans over the past three years. The targets with regard to the company's net debt and funding have been met. For further details, see the paragraph on remuneration in the annual report.

In addition to the long-term remuneration allocated for the period 2010-2012, a reserve has been formed for the variable remuneration potentially payable for the periods 2011-2013 and 2012-2014 for the current members of the Executive Board of €0.6 million (2011: for the periods 2010-2012 and 2011-2013: €0.6 million); the amounts reserved are: for Mr L.J.T. van der Els €222,136 (2011: €198,546), for Mr M.C. van den Biggelaar €194,264 (2011: €192,089) and for Mr A.G.J. Hillen €182,762 (2011: 170,637). The reserve for Mr A.G.J. Hillen includes his time as a member of the Executive Committee. A reserve has been formed for the variable remuneration potentially payable to members of the Executive Committee for the period 2012-2014 of €0.1 million (2011: nil).

The expense item in 2012 for the long-term variable remuneration for members of the Executive Board was €0.1 million (2011: €0.4 million) and for members of the Executive Committee €0.1 million (2011: €0.1 million).

In order to bind directors to the Company for the longer term and to encourage a focus on long-term value creation, with effect from 2010 a Bonus Investment Share Matching Plan has been introduced whereby directors can decide on a voluntary basis to use part of their variable short-term remuneration to purchase Heijmans shares.

In April 2011, the members of the Executive Committee purchased Heijmans shares in an amount of half the net short-term variable remuneration allocated for 2010. One share is conditionally allocated for each share purchased - in total 10,182 – under the Share Matching Plan. The shares allocated become unconditional after three years, after which a mandatory lock-up period of two years comes into effect. The total expense relating to the allocation of shares is determined at the time of allocation and is recognised on a time-proportionate basis in the income statement during the period that the allocated shares become unconditional. The income statement for 2012 includes a sum of €69,852 (2011: 51,701) as an expense in relation to allocated shares. In 2012, the members of the Executive Committee did not receive a short-term variable remuneration for 2011 and no shares were allocated under the Share Matching Plan.

In his term as Chairman of the Executive Board, Mr Van Gelder was allocated a package or 210,000 options at an exercise price of €20.07. The last date on which the options can be exercised is 1 October 2015.

The pension plans for Messrs Van den Biggelaar and Witzel concern a defined contribution for retirement pension payable at the age of 65 years, a partner's pension, and an orphans' pension. Pension is accrued annually over the gross fixed salary on an average pay basis. Mr Van der Els receives a fixed allowance for pension costs. Mr Hillen's pension is arranged through the industry pension fund and the directly insured average pay plan.

The pension cost is calculated on the basis of accounting principle 23.

At year-end 2012, the members of the Executive Board owned a total of 21,969 depositary receipts for Heijmans shares. The ownership of these shares is partly due to the Share Matching Plan as described above and partly the result of the purchase of shares by members of the Executive Board. The ownership of depositary receipts for Heijmans shares by the individual members of the Executive Board at year-end 2012 was as follows:

Shares owned as at 31 December	2012
L.J.T van der Els - Chairman	10,811
M.C. van den Biggelaar	5,867
A.G.J. Hillen	5,291
Total	**21,969**

Remuneration of former Members of the Executive Board
The income statement for 2012 includes a payment of gross remuneration and accrued pension of €169,245 (2011: nil) to a former Member of the Executive Board.

6.31 Management estimates and judgements

The accounting information in the financial statements is partly based on estimates and assumptions. The Group makes these estimates and makes assumptions about future developments based on factors such as past experience and expectations of future events that may reasonably be expected to occur given the current state of affairs. These estimates and assumptions are continually reassessed.

Revisions of estimates and assumptions, or differences between estimates and assumptions and actual outcomes, may lead to material adjustments to the carrying amounts of assets and liabilities.

Supplementary to the estimates already described in the accounting principles (section 5) and the explanatory notes (6.1 to 6.30), the key elements of estimation uncertainty are explained below.

Provisions for losses on projects
Provisions for losses on projects are made at the point in time when it is apparent that the project costs will exceed the revenues. Periodic assessments are made of each project by the project manager and the manager of the respective unit. The assessment takes place primarily on the basis of the information in the project files, the project accounting records and the knowledge and experience of the persons involved. The making of estimations is an inherent part of this process. Actual results and events may vary. This is particularly true in the case of long-term projects that include a high degree of customisation.

Claims on projects
Claims submitted to clients are recognised if negotiations with the client have reached an advanced stage such that it is probable that the client will accept the claim for payment and that the amount considered likely to be accepted by the client can be reliably estimated. For claims and penalties imposed by contractors against Heijmans, for example as a result of exceeding construction schedules, similar considerations apply.

Bonuses from projects

Bonuses are recognised as revenues from projects in progress, in the event that the project is far enough advanced and that it is probable that the performance indicators specified will be met or exceeded, and that the bonus amount can be reliably estimated.

If the bonus can only be received after expiry of a predetermined period after the delivery of the project, then that bonus is only recognised when it is certain that the bonus will be received.

Pensions

The key actuarial assumptions for the calculation of the pension obligations are outlined in note 6.23.

Real estate investments

For the main principles used to determine the fair value of the real estate investments, see note 6.12. The size of this item at year-end 2012 was approximately €11 million (year-end 2011: €6 million).

Strategic land portfolio

The strategic land portfolio consists of land that is 100% owned by Heijmans and land that is part of joint ventures with partners, including local authorities. Land holdings are measured at cost or the net realisable value if lower. The net realisable value of land that is part of a joint venture is determined taking account of the local circumstances. The net realisable value of the 100%-owned land is determined on the basis of factors including the available development potential and comparable market transactions. Risks are increasing due to the uncertain outlook for the residential and property market, especially if there is no recovery in the housing market and the public authorities are limited in their available financial resources.

Impairment tests

For the main principles used in the annual determination of the realisable value of goodwill, see note 6.10.

7. Subsidiaries and joint ventures

Major subsidiaries and joint ventures

The following entities were included in the consolidation in 2012. Entities where the participating interest exceeds 50% are subsidiaries. Other entities are joint ventures. For practical reasons, entities of only minor significance are not included in this list. A complete list of the subsidiaries included in the consolidation is deposited with the Trade Register at the Chamber of Commerce in Eindhoven.

	31 December 2012
Heijmans Nederland B.V., Rosmalen	100%
Heijmans Vastgoed B.V., Rosmalen	100%
Vathorst C.V., Amersfoort	17%
Hoogdalem C.V., Nieuwegein	25%
Terra ontwikkeling C.V., Rosmalen	50%
Borchwerf II C.V., Oud Gastel	50%
Heijmans Woningbouw B.V., Rosmalen	100%
Vos & Teeuwissen B.V., Huizen	100%
Heijmans Utiliteit B.V., Rosmalen	100%
Meander Combinatie V.O.F., Nieuwegein	66%
Heijmans Infrastructuur B.V., Rosmalen	100%
Heijmans Integrale Projecten B.V., Rosmalen	100%
Breijn B.V., Rosmalen	100%
Heijmans Wegen B.V., Rosmalen	100%
Heijmans Civiel B.V., Rosmalen	100%
Sanders en Geraedts B.V., Tilburg	100%
A4 All V.O.F., Capelle aan den Ijssel	45%
Heijmans Facilitair Bedrijf B.V., Rosmalen	100%
Heijmans Materieel Beheer B.V., Rosmalen	100%
NMM Company B.V., Rosmalen	100%

	31 December 2012
Heijmans International B.V., Rosmalen	100%
Heijmans (B) N.V., Schelle	100%
Heijmans Infra N.V., Schelle	100%
De Coene Construct N.V., Kortrijk	100%
Van den Berg N.V., Schelle	100%
Heijmans Vastgoed N.V., Schelle	100%
Heijmans Bouw N.V., Bilzen	100%
Belasco N.V., Schelle	50%
Heijmans Deutschland B.V., Rosmalen	100%
Heijmans Oevermann GmbH, Münster	100%
Oevermann Verkehrswegebau GmbH, Münster	100%
Oevermann Hochbau GmbH, Münster	100%
Oevermann Ingenieurbau GmbH, Münster	100%
CMG Baulogistik Verwaltungs GmbH, Münster	100%
Franki Grundbau GmbH & Co. KG., Seevetal	100%

8. Company financial statements

x € 1,000

8.1 General

The company financial statements are part of the 2012 financial statements of Heijmans N.V. With reference to the separate income statement of Heijmans N.V., use has been made of the exemption pursuant to Section 402, Book 2 of the Dutch Civil Code. Please refer to the notes to the consolidated income statement and balance sheet for items in the separate income statement and balance sheet for which no additional explanations have been provided.

8.2 Accounting principles

For the establishment of the accounting principles in its separate financial statements, Heijmans N.V. makes use of the option provided in Section 362 sub 8 of Book 2 of the Dutch Civil Code. This means that the accounting principles applied in the separate financial statements of Heijmans N.V. are the same as the accounting principles applied for the consolidated EU-IFRS financial statements. Participating interests over which significant control is exercised are recognised using the equity method.

The share in the result of participating interests consists of the share of Heijmans N.V. in the result of these participating interests. Results from transactions where there is a transfer of assets and liabilities between Heijmans N.V. and its participating interests or between participating interests themselves are not recognised insofar as they can be deemed to be unrealised.

For details of the remuneration of the members of the Supervisory Board and the Executive Board, see note 6.30 to the consolidated financial statements.

8.3 Company income statement 2012

		2012		2011
Result from participating interests	-82,945		-40,981	
Other income and expenses after tax	-6,350		3,361	
Result after tax		**-89,295**		-37,620

The employee benefits for the Members of the Supervisory Board, the Executive Board/Executive Committee and the Board's Secretariat (see note 6.30 to the consolidated financial statements) are recorded in the company financial statements.

x € 1,000

8.4 Company balance sheet as at 31 December 2012 (before appropriation of the result)

Assets	31 December 2012		31 December 2011	
Non-current assets				
Intangible assets	21,207		38,207	
Financial non-current assets	-77,963		-6,938	
		-56,756		31,269
Current assets				
Receivables	684,861		706,398	
Cash and cash equivalents	343		21,779	
		685,204		728,177
		628,448		759,446

Liabilities	31 December 2012		31 December 2011	
Equity				
Issued capital	5,199		5,087	
Share premium reserve	209,562		209,674	
Statutory hedging reserve	-207		-354	
Reserve for Bonus Investment Share Matching Plan	122		52	
Statutory reserve for participating interests	38,643		37,684	
Retained earnings	159,325		201,494	
Result after tax for the current year	-89,295		-37,620	
		323,349		416,017
Non-current liabilities		66,100		66,100
Current liabilities		238,999		277,329
		628,448		759,446

x € 1,000

8.5 Notes to the company balance sheet

Intangible assets (goodwill)	2012	2011
Cost and carrying amount		
Situation at 1 January	38,207	47,707
Impairment losses	-17,000	-9,500
Situation at 31 December	**21,207**	38,207

Financial non-current assets	2012		2011	
Investments in group companies				
Situation at 1 January	-6,938		65,370	
Share in result after tax of participating interests	-82,945		-40,981	
Dividend received from participating interests	-35,775		-44,551	
Capital contributions	47,610		11,109	
Changes in cash flow hedges	147		2,115	
Other movements	-62		-	
Situation at 31 December		**-77,963**		-6,938

The Share in result after tax of participating interests includes the gains on the sale of participating interests. The participating interests in Group companies are direct or indirect interests in Group companies. The principal Group companies are listed on pages 203 and 204.

x € 1,000

Receivables	31 December 2012		31 December 2011	
Group companies	682,436		703,981	
Tax and social insurance contributions	2,027		-	
Other receivables	398		2,417	
		684,861		706,398

The receivables fall due within one year.

Cash and cash equivalents

Cash balances are at the free disposal of the company.

Equity

2012	Issued capital	Share premium reserve	Statutory hedging reserve	Reserve for Bonus Investment Share Matching	Statutory reserve for participating interests	Retained earnings	Result after tax for the year	**Total equity**
Situation at 1 January	5,087	209,674	-354	52	37,684	201,494	-37,620	416,017
Reclassification	0	0	0	0	959	-959	0	0
Appropriation of result for 2011	112	-112	0	0	0	-41,210	37,620	-3,590
Total recognised income and expense	0	0	147	70	0	0	-89,295	-89,078
Situation at 31 December	**5,199**	**209,562**	**-207**	**122**	**38,643**	**159,325**	**-89,295**	**323,349**

2011	Issued capital	Share premium reserve	Statutory hedging reserve	Reserve for Bonus Investment Share Matching	Statutory reserve for participating interests	Retained earnings	Result after tax for the year	**Total equity**
Situation at 1 January	5,055	209,706	-2,446	0	40,709	186,332	15,674	455,030
Reclassification	0	0	0	0	-3,025	3,025	0	0
Appropriation of result for 2010	32	-32	0	0	0	12,137	-15,674	-3,537
Total recognised income and expense	0	0	2,092	52	0	0	-37,620	-35,476
Situation at 31 December	**5,087**	**209,674**	**-354**	**52**	**37,684**	**201,494**	**-37,620**	**416,017**

x € 1,000

Authorised share capital

The analysis of the authorised share capital is as follows:

In €	31 December 2012
35,100,000 ordinary shares, each with a face value of €0.30	10,530,000
7,000,000 cumulative financing preference shares B each with a face value of €0.21	1,470,000
8,000,000 protective preference shares, each with a face value of €1.50	12,000,000
	24,000,000

At 31 December 2012, the number of ordinary shares issued was 17,328,337. All outstanding shares are paid up. This represents a value of €5,198,501.10 (at €0.30 per share). Depositary receipts are issued for ordinary shares. Holders of depositary receipts have the option to convert these into shares under certain conditions. This option was exercised for 7 depositary receipts. The holders of ordinary shares or their depositary receipts are entitled to dividends and have the right to exercise 30 votes per share at meetings of the Company's shareholders.

Please refer to section 6.22 of the consolidated financial statements for the notes on the rights and obligations related to the cumulative financing preference shares.

Share premium reserve

The share premium reserve consists of the capital paid up in excess of the nominal value.

Hedging reserve

The hedging reserve represents the effective portion of the cumulative net change in the fair value of the cash flow hedging instruments related to hedged transactions that have not yet occurred.

Reserve for participating interests

The statutory reserve for participating interests represents the difference between the retained earnings and the direct changes in equity as calculated using the parent company's accounting principles, on the one hand, and that portion for which the parent company can determine distribution, on the other hand. The statutory reserve is determined for each participating interest individually.

x € 1,000

Reserve for Bonus Investment Share Matching Plan

For information on the Reserve Bonus Investment Share Matching Plan, see note 6.30 to the consolidated financial statements.

Result appropriation

Please refer to the 'Other information' (page 213) for the proposed result appropriation.

Payables	31 December 2012		31 December 2011	
Non-current liabilities				
Financing preference shares	66,100		66,100	
		66,100		66,100
Current liabilities				
Tax and social insurance contributions	-		869	
Group companies	208,480		269,150	
Dividend payable on financing preference shares	4,792		4,792	
Banks	25,146		-	
Other liabilities	581		2,518	
		238,999		277,329

x € 1,000

8.6 Liabilities not shown in the balance sheet

Contingent liabilities	31 December 2012		31 December 2011	
Bank guarantees	369,373		390,833	
Parent company guarantees to clients	522,820		476,259	
Parent company guarantees to credit institutions	95,227		104,117	
		987,420		971,209

For information on the guarantees, see note 6.29 to the consolidated financial statements.

Joint and several liability, and guarantees

With the exception of Heijmans Deutschland B.V. and NMM Company B.V., a statement of joint and several liability as referred to under Section 403 sub 1 at f of Book 2 of the Dutch Civil Code has been filed in the Trade Register of the respective Chambers of Commerce for all the Dutch wholly-owned subsidiaries included in the consolidated figures.

Tax group

Together with its Dutch subsidiaries, Heijmans N.V forms a tax group for the purposes of corporate income tax and turnover tax. In accordance with the standard applicable conditions, each company is jointly and severally liable for the tax liabilities of every company that forms part of the tax group.

Share in result of participating interests

This is the Company's share in the results of its participating interests, of which an amount of - €83.8 million (2011: - €41.5 million) concerns group companies.

x € 1,000

Auditor's fee

The following fees for KPMG Accountants have been charged to the Company, its subsidiaries and other companies included in the consolidated accounts. This is disclosed in accordance with the provisions in Section 382 sub a Book 2 of the Dutch Civil Code.

	2012		
x € 1,000	KPMG Accountants NV	Rest of KPMG network	Total KPMG
Audit of the financial statements	1,218	532	1,750
Other audit assignments	147	2	149
Tax consultancy services	-	276	276
Other non-audit services	-	-	0
	1,365	**810**	**2,175**

	2011		
x € 1,000	KPMG Accountants NV	Rest of KPMG network	Total KPMG
Audit of the financial statements	1,185	440	1,625
Other audit assignments	174	2	176
Tax consultancy services	-	286	286
Other non-audit services	45	-	45
	1,404	728	2,132

Rosmalen, 27 February 2013

The Members of the Executive Board
L.J.T. van der Els
M.C. van den Biggelaar
A.G.J. Hillen

The Members of the Supervisory Board
A.A. Olijslager
P.G. Boumeester
R. van Gelder
R. Icke
S. van Keulen

Result appropriation

In accordance with Article 31 of the Articles of Association, profit is distributed as follows:
1. Subject to the approval of the Supervisory Board, the Executive Board transfers as much of the profit to reserves as it deems necessary.
2. Insofar as the profit is not transferred to reserves, it is available to the Annual General Meeting of Shareholders in whole or in part for transfer to the reserves or in whole or in part for distribution to the holders of ordinary shares in proportion to the number of ordinary shares owned.

Subject to approval by the Supervisory Board, it is proposed that €93.6 million should be withdrawn from the reserves. This will be used firstly to cover the net loss for the 2012 financial year in the amount of €89.3 million. Secondly, the Executive Board proposes that a dividend should be distributed for 2012. The proposed dividend is €0.25 per share to be taken in either cash or shares. The overall capital position has expressly been considered in this dividend proposal.

Result appropriation (in € x million)	**2012**	2011
Dividend on ordinary shares and depositary receipts for shares	4.3	5.9
Transfer to reserves	-93.6	-43.5
Result after tax	**-89.3**	-37.6

Dividend policy
Heijmans N.V. maintains a dividend policy whereby, except in special circumstances, the pay-out ratio amounts to 40% of the profit after tax.

Statement
by the independent auditor

To: The General Meeting of Shareholders of Heijmans N.V.

Statement regarding the financial statements

We have audited the annual financial statements for 2012 of Heijmans N.V. of Rosmalen ('the company') included on pages 123 to 212 in this report. The financial statements include the consolidated and the separate financial statements. The consolidated financial statements comprise the consolidated income statement for 2012, the consolidated statement of comprehensive income for 2012, the consolidated statement of changes in equity in 2012, the consolidated balance sheet as at 31 December 2012 and the consolidated statement of cash flow for 2012, and the notes, comprising a summary of the most significant accounting policies and other explanatory information. The company financial statements comprise the company balance sheet as at 31 December 2012 and the company income statement for 2012, with notes and a summary of the accounting policies and other explanatory information.

Responsibility of the management

The company's management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards as endorsed by the European Union and with Title 9, Book 2 of the Dutch Civil Code, and for the preparation of the annual report in accordance with Title 9, Book 2 of the Dutch Civil Code. The management is also responsible for the internal controls it considers necessary for the preparation of financial statements that are free from material misstatement as a result of fraud or error.

Responsibility of the auditor

Our responsibility is to give an opinion of the financial statements on the basis of our audit. We have carried out our audit in accordance with Dutch law, including audit standards applying in the Netherlands. This requires that we comply with the ethical requirements to which we are subject, and that we plan and perform the audit to obtain reasonable assurance that 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 choice of activities to be carried out depends on the professional assessment of the auditor, including the assessment of the risk that the financial statements contain a material misstatement as a result of fraud or error. In this assessment, the auditor takes into consideration the internal control systems that are relevant to the preparation of the financial statements and a reliable representation thereof, in order to make a responsible choice of the audit activities that are suitable for the circumstances. These risk estimates are however not intended to express an opinion regarding the effectiveness of the company's internal control systems.

An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of estimates made by the company 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 opinion.

Opinion regarding the consolidated financial statements
In our opinion, the consolidated financial statements give a true and fair view of the financial position of Heijmans N.V. as at 31 December 2012, and of its result and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with Title 9 Book 2 of the Dutch Civil Code.

Opinion regarding the separate financial statements
In our opinion, the company separate financial statements give a true and fair view of the financial position of Heijmans N.V. as at 31 December 2012, and of its result for the year then ended in accordance with Title 9 Book 2 of the Dutch Civil Code.

Statement in relation to other legal and regulatory requirements
Pursuant to Section 393 sub 5 at e and f Book 2 of the Dutch Civil Code, we report, to the extent of our competence, that no shortcomings were identified as a result of our audit to establish that the annual report is consistent with Title 9 Book 2 of the Dutch Civil Code, and/or that the information required pursuant to Section 391 sub 1 at b to h Book 2 of the Dutch Civil Code has been included. We further confirm, to the extent of our competence, that the annual report is consistent with the financial statements as required in Section 391 sub 4 Book 2 of the Dutch Civil Code.

Utrecht, 27 February 2013
KPMG ACCOUNTANTS N.V.

G.L.M. van Hengstum, RA

Appendices

Heijmans Share Administration Trust

Report is given below in compliance with best-practice provision IV.2.6 in conjunction with IV.2.7 of the Corporate Governance Code. More information about the Heijmans Share Administration Trust (hereinafter the 'SA Trust'), including a full report of the activities as referred to in Article 16, paragraph 2 of the Trust Conditions, is available on the website under the header 'Corporate Governance'.

Method of operation
To emphasise the independence of the SA Trust, its Board of Trustees first meets without the members of the company's Executive Board being present. The members of the Executive Board and the Chairman of the Supervisory Board then attend the meeting.

Number of shares for which depositary receipts are issued
The SA Trust has issued depositary receipts for ordinary shares of Heijmans N.V. with the company's cooperation. The SA Trust is an independent legal entity as defined in Section 5:71 (1)(d) of the Financial Supervision Act. As at 31 December 2012, the SA Trust had ordinary shares with a nominal value of € 5,198,499 in administration, for which 17,328,330 bearer depositary receipts with a nominal value of €0.30 had been issued.

Number of meetings of the Board of Trustees and most important agenda items
The Board of Trustees of SA Trust met on three occasions during the reporting year.

Meeting of 29 March 2012
The following items were discussed at this regular board meeting:
- the notes to the 2011 Annual Report of Heijmans N.V. and the press release of 1 March 2012;
- the agenda items for the General Meeting of Shareholders of Heijmans N.V. to be held on 18 April 2012;
- the Annual Report of SA Trust for 2011;
- an evaluation of the Meeting of Depositary Receipt Holders on 21 November 2011, including a discussion of some of the questions, proposals and suggestions put by the depositary receipt holders.
- the resolution to hold a Meeting of Depositary Receipt Holders on 23 November 2012.

During the meeting, the board of SA Trust made some remarks and put some questions to the members of the Executive Board and the Chairman of the Supervisory Board on the following issues:

- Why was a dividend to be distributed when the company had made a net loss?;
- Despite the fact that the sector was and is a particular item of attention by the Executive Board, the results of Heijmans Non-Residential have fallen in the second half of 2011 from break-even (in the first half of 2011) to - €17 million. How is this possible, and are there implications for the Executive Board or Executive Committee? Is everything under control?;
- Does the Executive Board/Supervisory Board have adequate management information to (be able to) monitor the business closely?;
- Further information regarding the sales expenses at Heijmans Non-Residential: were there too many sales employees or were the salespeople employed not of sufficient quality?;
- What is the effect now or in future of potential or actual cuts in government spending?;
- In the view of the Executive Board and the Supervisory Board, Heijmans Technical Services (Burgers Ergon) was and is a fantastic company with good performance. From sales of just under €300 million and an operating result of around €14 million in 2009, in 2011 this has fallen to sales of approximately €230 million and an operating result of about €5 million. When will the margins pick up again?;
- Are we now finished with write-downs and reorganisations, or should we expect further such measures?;
- In the context of the write-down of the goodwill of approximately €10 million in 2011, how exposed were these items as a result of the deteriorating market conditions?;
- What has been the response of the analysts to the press release?;
- How could one explain the price difference between the tender for and the result of the tender for the A4 Delft-Schiedam project?

No trustees of the SA Trust stepped down this year.

Meeting of 12 September 2012

The following items were discussed at this regular board meeting:

- The notes to the 2012 half-year figures for Heijmans N.V.;
- Preparation for the Meeting of Depositary Receipt Holders on 23 November 2012.
- Questions from the board of SA Trust regarding:

How did the Executive Board/Supervisory Board see SA Trust and the issue of depositary receipts for shares?;
- In its contacts with institutional investors, had the Executive Board noted that the institution of SA Trust and the issue of depositary receipts for Heijmans shares were a consideration in the question of whether or not to become a Heijmans depositary receipt holder?;
- Is it known whether the percentage of integrated projects in the Heijmans order book would ever reach 100%?;
- The tender process for integrated projects is expensive. Are the costs more or less fixed, or can more flexibility be achieved (for instance through the engagement of third parties)?;
- Is Heijmans flexible enough if the multi-year contract at Schiphol (good for average annual revenue of €40 - 50 million) comes to an end?;
- Can Burgers Ergon / Heijmans Technical Services continue to work for third parties in future after the integration of Heijmans Non-Residential Building and Heijmans Technical Services into Heijmans Non-Residential / when does Heijmans want to work as far as possible on an integrated basis?;
- Should further write-downs (of land positions or goodwill) be expected in the second half of 2012, as was the case in the second half of 2011 – also with reference to the BAM press release regarding write-downs?;
- Will the group costs fall further during the second half of 2012 (costs in the first half of 2012 were €11 million compared to €13 million in the first half of 2011)?;
- How flexible is Heijmans regarding employee expenses?

Messrs C.J. de Swart, W.M. van den Goorbergh and R.P Voogd indicated during this meeting that they would be available for reappointment at the spring meeting of SA Trust in March 2013, at which time they would be stepping down according to the rota. Messrs Van den Goorbergh and Voogd will be available for reappointment for four years (both were first appointed in 2005 and reappointed in 2009), Mr De Swart for two years.

Meeting of 23 November 2012

This additional meeting concerned the preparations for the Meeting of Depositary Receipt Holders on 23 November 2012.

Participation of the Board of Trustees of SA Trust in the General Meeting of Shareholders of 18 April 2012

The Board of Trustees of SA Trust was present during the General Meeting of Shareholders on 18 April 2012 and voted in favour of all the resolutions that were put to a vote. During this General Meeting of Shareholders, the Board of Trustees of SA Trust questioned the Executive Board with regard to the following:

- How is it possible that Non-Residential Building made a loss of €17 million in 2011, when its result at the end of the first half of 2011 was break-even? What happened? Are the Executive Board and the Supervisory Board not provided with adequate management information? Has anyone kept information to themselves? In short, what happened?
- The margins at Burgers Ergon / Heijmans Technical Services have fallen significantly since 2009. When will the margins pick up again?;
- Is the Heijmans management in the Netherlands in charge of the operations in Belgium, or is the business left to the local Belgian management?

The SA Trust granted authorisation to holders of depositary receipts who attended the Annual General Meeting of Shareholders in person or who allowed themselves to be represented by a third party, to vote independently on the number of depositary receipts reported for shares prior to the meeting, with due observance of the Articles of Association and Trust Conditions.

As was the case in 2010 and 2011, in its convening notice for the General Meeting of Shareholders the board of SA Trust offered holders of depositary receipts who were not able to attend the shareholders meeting in person the opportunity to express their view on certain issues via e-mail or otherwise in writing. This enables SA Trust to take these views into consideration when determining how it will cast its vote. Once again there was no response, which was rather disappointing in the board's opinion.

Votes cast at the General Meeting of Shareholders on 18 April 2012

Of the 16,956,179 shares and depositary receipts for shares issued by the SA Trust as at 18 April 2012, 5,387,228 shares and depositary receipts for shares were reported for the meeting and were present with voting rights (approximately 31.77%; in 2011: 34.85%). Holders of depositary receipts, representing 1,723,363 shares/depositary receipts (approximately 10%; in 2011 approximately 4%), had provided voting instructions to ANT Trust & Corporate Services N.V. of Amsterdam. Approximately 58% of the votes cast on ordinary shares were represented by the SA Trust (in 2011: approximately 61%).

Meeting of Holders of Depositary Receipts for Shares on 23 November 2012

During the Meeting of Holders of Depositary Receipts for Shares on 23 November 2012, the Board of Trustees of SA Trust gave an explanation of its policy, partly based on principle IV.2 and the corresponding best-practice provisions of the Corporate Governance Code. The 5 holders of depositary receipts or proxies present represented 247,786 shares/depositary receipts. As at 23 November 2012, SA Trust had issued a total of 17,328,330 shares or depositary receipts for shares.
This means that approximately 1.43% of the shares and depositary receipts for shares issued by SA Trust were represented at this meeting (in 2011, approximately 1.5%).

Activities
The activities related to the administration of the shares or depositary receipts for shares are carried out by the administrator for SA Trust, ANT Trust & Corporate Services N.V. of Amsterdam.

Board of Trustees and remuneration
The Board of Trustees of SA Trust consists of the following:
C.J. de Swart (Chairman)
W.M. van den Goorbergh
P.J.J.M. Swinkels
R.P Voogd

C.J. de Swart is also chairman of the supervisory board of Stadion Feyenoord, a supervisory director of DAF DSW Zorgverzekeraar and Wealth Management Partners and a member of the board of supervision of Stichting Contractspelersfonds KNVB. Mr De Swart was formerly chairman of the executive board of ASR/Stad Rotterdam and a member of the executive committee of Fortis.

W.M. van den Goorbergh is chairman of the supervisory boards of NIBC Bank, DELA and de Welten Groep, a supervisory director of de Bank Nederlandse Gemeenten and Mediq, and a member of the board of supervision of Radboud Universiteit Nijmegen / UMC St. Radboud. In 2012 Mr Van den Goorbergh was appointed by the former Minister of Finance as a member of the Committee on the Structure of Dutch Banks chaired by Mr H. Wijffels whose task is to advise the government on structural reforms to increase the solidity of the banking sector.

Until 2002, Mr Van den Goorbergh was deputy chairman and CFO of the executive board of Rabobank Nederland.

P.J.J.M. Swinkels is chairman of the supervisory boards of The Greenery, Eindhoven Airport and PSV, member of the supervisory boards of the De Meeuw, Koninklijke Prins & Dingemanse and the Faber Halbertsma Group, chairman of the Stichting Nederland Schoon, member of the executive committee of the VNO-NCW, chairman of the Brabants Zeeuwse Werkgeversvereniging (BZW) and board member of the Van Lanschot Stichting Continuiteit. Mr Swinkels previously served as chairman of the board of Bavaria.

R.P. Voogd is a lawyer and consultant with NautaDutilh. His area of specialisation is corporate law with a particular focus on listed companies. Among other appointments, he is a supervisory director of Koninklijke Verkade and Kas Derivaten Clearing, chairman of the board of trustees of Stichting Preferente Aandelen Wolters Kluwer, member of the board of trustees of Stichting tot Beheer van Preferente Aandelen in SBM Offshore, member of the board of trustees of Stichting Preferente Aandelen Nedap, member of the board of trustees of Stichting Administratiekantoor Kas Bank Effectenbewaarbedrijf, chairman of the board of trustees of Stichting Effectengiro Robeco Direct, member of the board of Luchtmans (Koninklijke Brill) and chairman of the supervisory board of a family office. Mr Voogd previously was a civil-law notary with NautaDutilh in Rotterdam.

The remuneration of the Board of Trustees in 2012 amounted to €12,000 for the Chairman and €10,000 for each other member.

Contact data

Stichting Administratiekantoor Heijmans
Heijmans N.V.
Attn. H.S.M. van Oostrom,
Graafsebaan 65,
5248 JT Rosmalen
or via e-mail to: hoostrom@heijmans.nl

Heijmans Preference Share Trust

The Heijmans Preference Share Trust (hereinafter 'the Trust') is an independent legal entity as defined in Section 5:71 (1)(c) of the Financial Supervision Act.

According to its Articles of Association dated 3 August 2012, the Trust has the following purpose:

- To promote the interests of Heijmans N.V. (the company) and of the business that is maintained by the company and the companies affiliated with the company in a group, in such a way that the interests of the company and of that business and of all those involved are optimally safeguarded, and that influences that could compromise the independence and/or continuity and/or the identity of the company, and those businesses contrary to those interests, are defended against to the greatest extent possible, as well as to take any action connected with or possibly conducive to the above;
- The Trust endeavours to attain its goal by, among other things, acquiring and managing shares, in particular preference shares, in the capital of the company and by exercising the rights associated with these shares, as well as by exercising - in court proceedings or elsewhere - the rights granted to it pursuant to the law, Articles of Association or agreement; and
- The Trust may dispose of the shares it has acquired or may pledge them, provided that the voting right affiliated with the relevant shares does not transfer to the pledgee, or may otherwise encumber these shares, on the understanding that the company's approval is necessary in order to dispose of shares.

The Trust has the right (call option) to acquire preference shares in the capital of Heijmans N.V. up to a maximum of almost 100% of the nominal value of the capital issued in ordinary shares and financing B preference shares.

Furthermore, the Trust entered into a put option contract with Heijmans N.V. stipulating that the Trust will acquire preference shares as soon as Heijmans N.V. issues them. Here too, a maximum of almost 100% of the nominal value of the issued capital in ordinary shares and financing B preference shares applies. This put option increases the effectiveness of issuing preference shares as a temporary anti-takeover measure.

The above was explained to the shareholders during the Annual General Meeting of Shareholders in 2006. The shareholders agreed to the proposals.
The Trust was given the right of investigation in 2008. The Articles of Association of the Trust were amended to reflect this on 3 September 2008, and the agreement between Heijmans N.V. and the Trust concerning the option to acquire preference shares was amended on 4 September 2008.

Mr F.J.G.M. Cremers was reappointed as a director of the Trust at the board meeting of 4 April 2012 for a term of four years.

The composition of the Board of Trustees is:
M.W. den Boogert (Chairman)
F.J.G.M. Cremers
H.H. Meijer
A. Westerlaken

Glossary

AEX	Amsterdam Exchanges Index
AFM	The Netherlands Authority for the Financial Markets
AMX	Amsterdam Midcap Index
ASC	Arbo (Health & Safety) Service Centre
GMS	General Meeting of Shareholders
BIM	Building Information Model
BW	Burgerlijk Wetboek, or Dutch Civil Code
CFO	Chief Financial Officer
CO2	Carbon dioxide
Code	The Netherlands Corporate Governance Code 2008
COR	Central Works Council
DMAIC	Define, Measure, Analyse, Improve and Control
EBIT	Earnings Before Interest and Tax
EBITDA	Earnings Before Interest, Tax, Depreciation and Amortisation
MEAT	Most Economically Advantageous Tender
EOR	European Works Council
FSC	Forest Stewardship Council
HR	Human Resources
IF	Frequency of incidents figure
IFRS	International Financial Reporting Standards
ISO	International Standardisation Organisation
IT	Information Technology
KPI	Key Performance Indicator
LMRA	Last Minute Risk Analysis
MBO	Senior Secondary Vocational Education
MD	Management Development
NEPROM	The Netherlands Association of Property Developers
NL GAAP	Generally Accepted Accounting Principles in the Netherlands
NSYE	New York Stock Exchange
PEFC	Programme for the Endorsement of Forest Certification
PPP	Public-Private Partnership
PPP	Public-Private Partnership
ROC	Regional Education Centre
RWS	Rijkswaterstaat [Directorate-General for Public Works and Water Management]
RWZI	Sewage treatment plant
SBIB	Stichting Bevordering Integriteit Bouwnijverheid [Foundation for the Assessment of Integrity in the Construction Industry]
SEC	Smart Energy Collective
SMO	Stichting Maatschappij en Onderneming [Foundation for Society and Private Enterprise]
SROI	Social Return On Investment
SWK	Stichting Waarborgfonds Koopwoningen [Owner-Occupied Housing Guarantee Fund]
UK	United Kingdom
VCA	Health, safety and environmental checklist for contractors
Wft	The *Wet op het financieel toezicht* [Dutch Financial Supervision Act]
WIA	The *Wet Werk en Inkomen naar Arbeidsvermogen* [Dutch Employment and Income According to Capacity for Work Act]
WMZ	The Wet Melding Zeggenschap [Disclosure of Major Holdings in Listed Companies Act]
WO	University education
ZOAB	Porous asphalt

heijmans

Colophon

The 2012 annual report from Heijmans N.V. is available in digital form at jaarverslagheijmans.nl and in PDF format at heijmans.nl.

Heijmans produces three annual reports: a financial report, a sustainability report and an innovation report. These three reports together form one whole report.

Publication date: 28 February 2013

This annual report is also published in the English language.

In case of textual contradictions between the Dutch and the English version, the former shall prevail.

Realisation: Digideon