

ANNUAL REPORT 2002

Imtech

SHARED SUCCESS

HIGHLIGHTS 2002

- EBITA: + 76.3 million euro (+ 14.9%, organic + 8.3%)
- Turnover: 2.0 billion euro (+ 12.5%, organic + 2.4%)
- Substantially increased result in Germany (EBITA: + 34.6%)
- Order portfolio rose by 4.4% to 2.1 billion euro
- Healthy balance sheet maintained
- Attractive dividend yield (8.5% of closing price)

KEY VALUES

- Imtech is customer-driven. Imtech offers customers high-quality total solutions via one contact point. This allows customers to better focus on their own core activities. Imtech strives for long-term partnerships with both customers and suppliers.
- Imtech is (financially) powerful, reliable and independent. Imtech is ambitious and is growing rapidly as a European technical service provider.
- The scope for entrepreneurship that exists at all levels of Imtech produces innovative thinking, flexibility and speed.
- Imtech is an attractive employer with motivated employees, which is reflected in professionalism and quality. In addition, employees are given every opportunity to develop further.
- Imtech is sincere and attaches great importance to its responsibility towards the environment and people's safety and health.

MISSION

- Imtech wants to offer customers measurable added-value.
- Imtech creates this value by possessing an in-depth insight and knowledge of (the primary processes) of the customer, by co-operating intensively with and for the customer and by offering a complete integrated range of concepts and services.
- Measurable added value for our customers produces value for our shareholders and provides an exciting and high-quality working environment for our employees.

PROFILE

- Imtech N.V. is a European technical service provider in the field of electrical and mechanical engineering, information & communication technology. With 14,000 employees, Imtech realises an annual turnover of approximately 2 billion euro.
- Imtech is able to offer customers measurable added value by providing high-quality total solutions. Imtech distinguishes itself with a pro-active, innovative and multi-disciplinary approach by offering one-stop-shopping, covering the entire range from advice and design to construction, maintenance and management.
- Imtech holds strong positions in the buildings, industry, marine, infrastructure and telecoms markets in Belgium, Germany, Luxembourg and The Netherlands and is also active in the United Kingdom and Spain.
- Imtech shares are listed on the Euronext Stock Exchange (Amsterdam), where Imtech is included in the Midkap index (AMX) and the Next 150 index.



SHARED SUCCESS

- For the tenth year running Imtech's result, turnover and production have increased. This success is founded on the combination of a consistent strategy with our decentralised organisation with capable and responsive business units that are close to the customer. An in-depth insight into and knowledge of the customer, intensive co-operation with and for the customer and a complete and integrated range of concepts enables us to offer customers measurable added-value. This leads to the creation of value for our shareholders. This is why the new slogan Imtech will introduce to all its target groups in Europe in all its communications is also: 'Shared Success'. This theme plays a central role in this year's Annual Report.

CONTENTS

2	Key figures	42	Annual Accounts
4	Information about the Imtech share	42	Accounting principles
6	Organisation, market segments and core competencies	46	Consolidated balance sheet
7	Preface Board of Management	48	Consolidated profit and loss account
8	Report of the Supervisory Board	49	Consolidated cash flow statement
10	Function summary of the Supervisory Board, Board of Management and Executive Council	50	Notes to the consolidated balance sheet
11	Strategy, goals and forecast	54	Notes to the consolidated profit and loss account
15	Report of the Board of Management	58	Notes to the consolidated cash flow statement
15	A reasonable good 2002	59	Balance sheet
16	Dividend proposal	60	Profit and loss account
16	Acquisitions	61	Notes to the balance sheet and profit and loss account
17	Imtech in the Benelux	66	Other information
24	Imtech in Germany (including Spain)	66	Auditor's report
29	ICT & Technology	67	Statutory provisions regarding the appropriation of profit
35	Finances and means	67	Proposal regarding the appropriation of profit
36	Risk management and internal management systems	67	Special statutory rights regarding control
38	Parliamentary inquiry into the construction industry	68	Stichting Imtech
38	Corporate Governance		
38	Personnel & Organisation		
40	Quality, conditions of employment and the environment		



This is a translation of the official Dutch Annual Report. In case of any misinterpretation the official Dutch Annual Report is the valid version.

KEY FIGURES¹
IN MILLIONS
OF EUROS

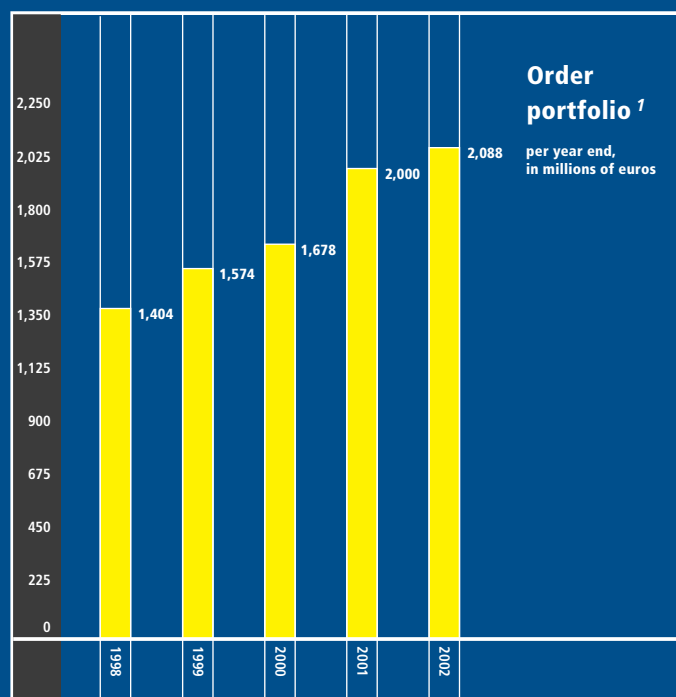
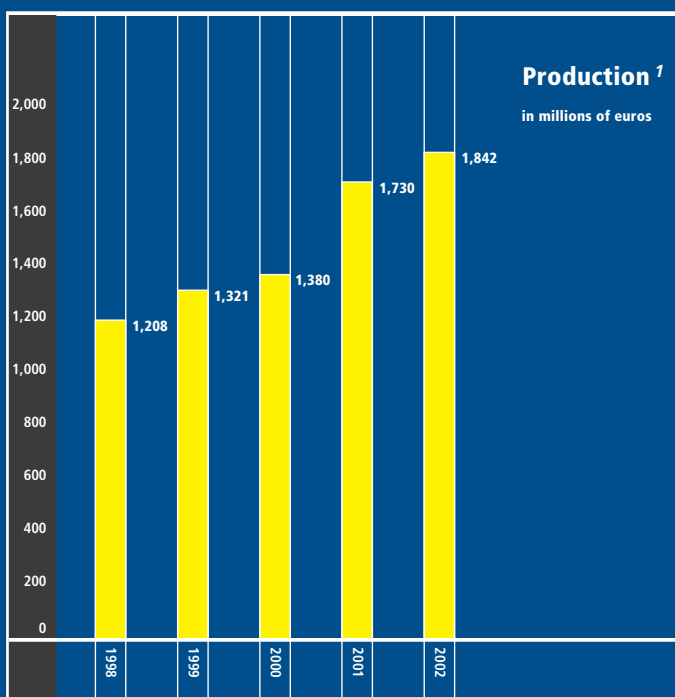
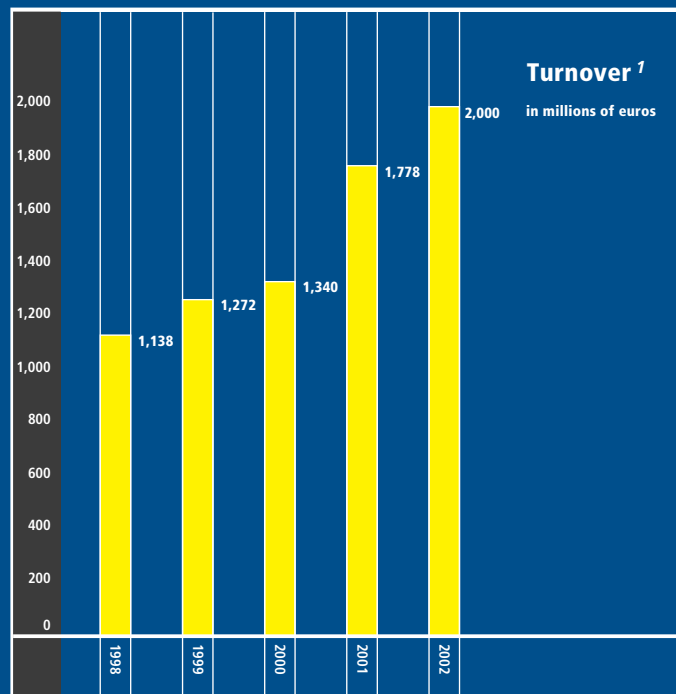
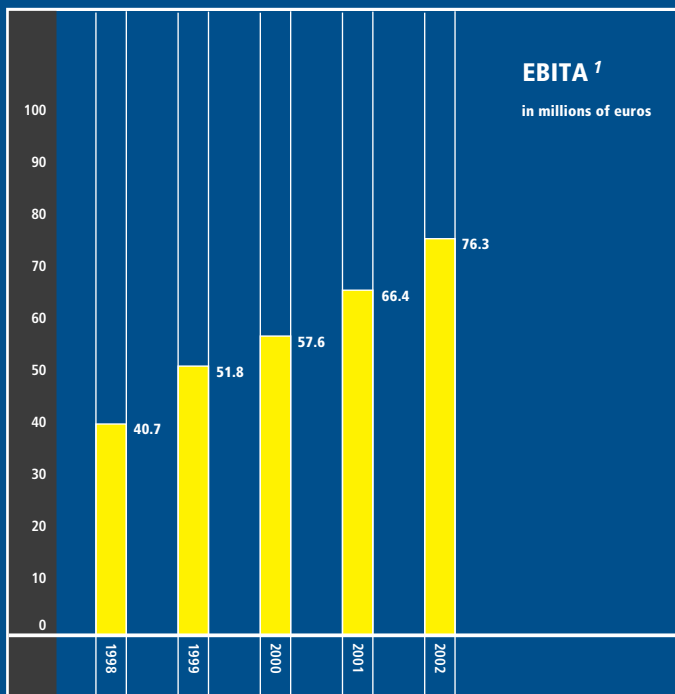
	2002	2001	2000	1999	1998
Turnover ²	2,000	1,778	1,340	1,272	1,138
Production ²	1,842	1,730	1,380	1,321	1,208
EBITA ²	76.3	66.4	57.6	51.8	40.7
EBIT ²	74.6	66.4	57.6	51.8	40.7
Order portfolio ²	2,088	2,000	1,678	1,574	1,404
EBITA margin (%) ²	3.8	3.7	4.3	4.1	3.6
Number of personnel ²	13,780	14,375	10,049	10,146	9,830
of which: in the Netherlands	7,922	8,559	6,440	6,498	6,112
outside the Netherlands	5,858	5,816	3,609	3,648	3,718
Net result from on-going activities ²	48	39	34	31	22
Discontinued activities (including book profit)	–	78	174	53	54
Pension reimbursement after taxes	–	13	13	–	–
Net result	48	130	221	84	76
Net result excluding extraordinary result	47	71	83	65	61
Cash flow	70	149	243	108	98
Shareholders' funds at year end	295	283	428	217	167
Net cash position	132	154	198	(37)	(150)
Net return on shareholders' funds on 1 January (%) ³	16.7	16.5	38.3	38.7	30.5
Net return on average shareholders' funds (%) ³	16.4	19.9	25.8	33.6	33.3
Group capital : total liabilities	0.33	0.31	0.41	0.23	0.20
Long-term capital : total fixed assets	3.05	4.00	5.26	2.71	1.63
Current assets : short-term debts (liabilities)	1.69	1.75	2.09	1.42	1.24
Interest coverage	14.9	–	18.9	8.1	9.3
Number of issued ordinary shares in millions (at year end)	25.8	25.9	26.9	25.9	25.3
Number of issued ordinary shares in millions (average)	25.8	26.3	26.5	25.7	25.2
DATA PER ORDINARY SHARE WITH A NOMINAL VALUE OF € 2.40					
Cash flow ⁴	2.72	5.67	9.18	4.21	3.92
Net result before amortisation of goodwill ^{3, 4}	1.90	2.69	3.14	2.51	2.43
Net result ⁴	1.84	4.95	8.32	3.27	3.01
Shareholders' funds	11.44	10.93	15.94	8.37	6.59
Dividend	1.07	1.25	1.25	0.95	0.86
Pay-out in % ³	58	46	40	38	36

¹ Because the history of Imtech in its current form is short, a ten-year summary would not be representative.

² The pro forma figures for the years 1998 to 2001 have been adjusted for comparative purposes and neither the figures for the activities sold during 2000 and 2001 nor the reimbursement received from the pension fund in 2000 and 2001 have been included.

³ Excluding extraordinary income and charges

⁴ Based on the average number of outstanding shares.



¹ The pro forma figures for the years 1998 to 2001 have been adjusted for comparative purposes.

**INFORMATION
ABOUT THE
IMTECH
SHARE**

■ Stock exchanges	Euronext, Amsterdam / Seaq, London / Xetra, Frankfurt
■ Industry	Engineering Contractors (classification number FTSE: 20-264)
■ Number of subscribed shares	26,886,549
■ Number of issued shares	25,823,549

ARTICLES OF ASSOCIATION

All Imtech shares are registered shares that are traded via the giro-based securities transfer system. The shares the Company holds in its own capital are not included in the calculation of the amount to be paid out as a dividend on shares.

DIVIDEND POLICY

Imtech N.V. strives for a profit distribution of 40% of net result excluding extraordinary income. As it did last year, the dividend proposal for 2002 deviates positively from this policy. The profit pay-out amounts to 58%. The dividend yield based on the closing price is 8.5%.

LARGE SHAREHOLDERS

The latest known situation regarding the announced interests pursuant to the Disclosure of Interests Act is as follows:

■ Internationale-Nederlanden Groep N.V. (ING)	10.0%
■ Fortis Utrecht N.V.	6.1%
■ AVIVA Plc. / Delta Lloyd Verzekeringsgroep N.V.	5.2%
■ Aegon N.V.	5.1%
■ Smoorenburg B.V.	5.8%
■ Tweedy, Browne Fund Inc.	5.1%

THE SHARE IN 2002 (IN €)

	2002	2001	2000
Highest price	25.70	28.95	25.90
Lowest price	12.51	18.90	16.90
Closing price	12.57	21.02	24.50
Dividend return on closing price in %	8.5	5.9	5.1
Price/earnings ratio (at year end)	6.6	7.8	7.8
Ordinary shares traded (average number per day)	35,391	58,806	58,387
Number of issued ordinary shares (at year end)	25,823,549	25,879,549	26,851,549
Number of issued ordinary shares (average)	25,842,216	26,345,549	26,489,609

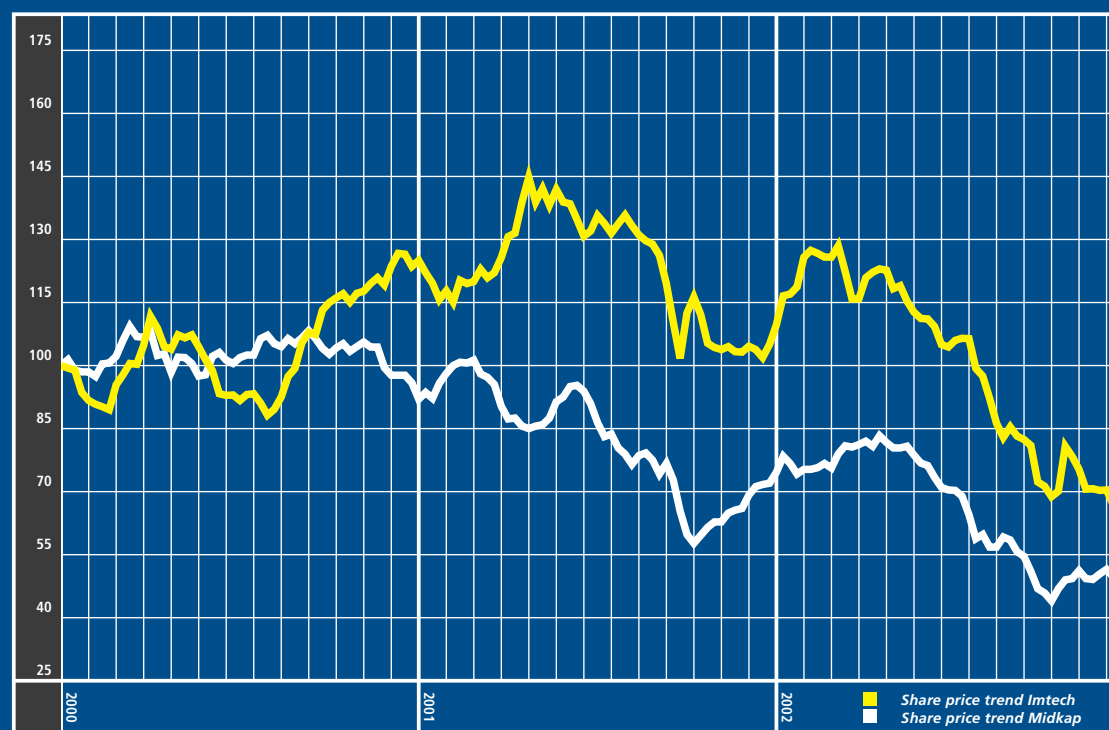
LIQUIDITY PROVIDERS

ABN AMRO Bank, F. van Lanschot Bankiers, Fortis Bank, ING Bank, Kempen & Co and Rabo Securities act as liquidity providers for the Imtech share. Although the Euronext criteria do not, strictly speaking, require Imtech to appoint a liquidity provider for the fund, Imtech is of the opinion that an increasing and orderly trade in its shares is very important for the company and its shareholders.

PURCHASE OF OWN SHARES

In 2002, 56,000 shares were purchased for a total price of 1.3 million euro. Including the shares purchased in previous years (a total of 1,063,000) this covers obligations related to personnel options granted up to and including 2002.

Imtech-Midkap index share price trend
(January 2000 to December 2002 based on average weekly price)



INVESTOR RELATIONS

Imtech believes in active and open communication with investors and analysts in order to clarify its strategy, financial results and current state of affairs. To support a balanced valuation of the share and a wider distribution of shareholdings, in 2002 a considerable number of presentations was given to analysts and institutional and private investors. On 26 September 2002 Imtech organised a presentation for financial analysts and an excursion to the *Traffic Information Centre* of the Verkeerscentrum Oudenrijn in Utrecht.

Extensive information, including strategy statements, press releases, analysts presentations and financial data, is available on the Imtech internet site www.imtech.nl. Imtech's objective is to profile its activities and strategies as transparently as possible.

INTERNAL RULES REGARDING INSIDE KNOWLEDGE

Within Imtech the code of conduct regarding the reporting and regulation of transactions in Imtech shares is applicable to the Supervisory Board, Board of Management, Executive Council and other specified persons including corporate staff, operating company management and a number of permanent consultants. The Company Secretary has been appointed Compliance Officer and is charged with monitoring compliance with the code of conduct and communicating with the Dutch Authority on Financial Markets.

FINANCIAL CALENDAR

22 April 2003	General Meeting of Shareholders
24 April 2003	Quotation ex-dividend
2 May 2003	Dividend made payable
19 August 2003	Publication half-year results 2003, press conference and analysts' meeting
9 March 2004	Publication annual figures 2003, press conference and analysts' meeting
20 April 2004	General Meeting of Shareholders

ORGANISATION,
MARKET
SEGMENTS
AND CORE
COMPETENCIES

Market segments
Competence pyramid

GERMANY AND SPAIN

Imtech Deutschland

Imtech Deutschland GmbH & Co. KG	■ ■ ■
Schiffbau-Dockbautechnik	■
Imtech ICT Deutschland GmbH	■ ■
Deutsche Van Rietschoten & Houwens GmbH	■
Paul Wagner et Fils S.A. (Luxembourg)	■ ■



Imtech España

Imtech Intesa S.A.	■ ■
Imtech Novocalor S.A.	■ ■



ICT & TECHNOLOGY

Imtech ICT

Imtech ICT Information Technology B.V.	■ ■
Imtech ICT Communication Solutions B.V.	■ ■
Bostec B.V.	■ ■ ■
IMDEA S.A. (Spain)	■
Brocom Automatisering B.V.	■ ■



Imtech Telecom

Imtech Telecom B.V.	■
Imtech Telecom N.V. (Belgium)	■
Imtech Telecom GmbH	■



Imtech Technology

Imtech Systems B.V.	■
Saval B.V.	■ ■
Knowsley SK Ltd.	■
Ventilex B.V.	■
Imtech Toegangstechniek B.V.	■ ■
WPS Parking Systems B.V.	■ ■



Imtech Marine & Offshore

Imtech Marine & Offshore B.V.	■
Imtech Asia Ltd.	■
Imtech Marine & Industry UK Ltd.	■ ■
IHC Systems B.V. (50%)	■



BENELUX

Imtech Projects

Imtech Projects Noord-Oost B.V.	■ ■
Imtech Vonk B.V.	■
Imtech Projects West B.V.	■ ■ ■
Imtech Industry B.V.	■
Imtech Utiliteit Noord-West B.V.	■
Imtech Utiliteit Zuid-West B.V.	■
Imtech Projects Zuid B.V.	■ ■
Installatie Bedrijf Roderland B.V.	■ ■



Imtech Maintenance

Imtech Maintenance Noord-Oost B.V.	■ ■
Imtech Maintenance West B.V.	■ ■ ■
Imtech Maintenance Zuid B.V.	■ ■



Imtech Infra

Nettenbouw B.V.	■
Imtech Infratechniek B.V.	■
Infra Engineering B.V.	■



Imtech Belgium

Imtech Belgium Projects N.V.	■ ■ ■
ABI Imtech N.V.	■ ■
Gomala Imtech N.V.	■ ■
IC Imtech N.V.	■ ■
Imtech Maintenance N.V.	■ ■
Electro Imtech Automation N.V.	■ ■ ■
Van Looy Group N.V.	■ ■



LEGEND

Market segments

Buildings (including business services)	■
Industry	■
Marine	■
Infrastructure	■
Telecoms	■

Competence pyramid

Electrical engineering	■
ICT	■
Mechanical engineering	■

A full list of Imtech N.V. operating companies can be obtained from the Chamber of Commerce Rotterdam.

Imtech is on track

2002 was Imtech's first full year since the completion of the transformation in 2001. It was also a year in which we were confronted with a slow-down in growth in several of the markets in which we are active. Despite this Imtech achieved a good increase in turnover (+ 12.5% to 2.0 billion euro) and the net result from on-going activities (+ 22.4% to 47.6 million euro).



René van der Bruggen

Unlike many of its competitors, in 2002 Imtech was able to increase its market share in the Benelux, Germany and ICT & Technology markets. This was due to number of factors. First and foremost, we are active on many technology fronts. Secondly, many customers consider Imtech to be of the right size. Finally we can offer customers an optimum mix of made-to-measure technical services. Our strategy is aimed at clustering the electrical engineering, ICT and mechanical engineering core competencies. This has proven to be exactly what is required in these difficult market conditions and, therefore, successful.

Last year also demonstrated that, thanks to the spread of risks over different market segments, activities and economic regions, we are well able to counteract cyclic movements. In addition, the number of multi-year

contracts and maintenance agreements has risen. This means that the more profitable activities in the industry, infrastructure and marine markets counterbalance the less profitable results in the buildings, ICT and telecoms markets. The results in Germany are also developing well. Imtech now holds leading market positions in the Netherlands, Germany, Belgium and Luxembourg. Last year these positions were strengthened through a number of interesting acquisitions. At the moment we are particularly on the look out for supplementary acquisitions that will strengthen our positions in England and Spain.

Our good net cash position means such acquisitions are possible.

We consider the creation of value through the continued growth of our activities to be very important for retaining the trust of our shareholders.

Our dividend policy reflects our own trust in the company's development.

Considering the current market conditions, the results we achieved in 2002 were good and this, to a great extent, was thanks to the considerable efforts and involvement of our employees throughout the organisation. The basis for our success is our flexible and decentralised organisation with responsive business units that are close to the customer. In-depth insight into and knowledge of the customer's primary processes, intensive co-operation with and on behalf of the customer and a complete and integrated range of concepts and services mean we are able to offer customers measurable added-value. This leads to the creation of value for our shareholders.

Now that the commercial and operational integration of the companies we acquired earlier is almost complete, Imtech has laid a firm foundation for its further development into a leading European player in the field of complex and integral technical services provision. In the light of this good starting position, plus the well-filled order book for 2003, we look forward to the future with confidence. Imtech is on course and will be able to weather the economic storm that is expected to continue for some time.



Boudewijn Gerner

Gouda, 10 March 2003

A blue ink signature of René van der Bruggen, consisting of a large, stylized 'R' followed by a horizontal line.

René van der Bruggen, *Chairman*

A blue ink signature of Boudewijn Gerner, featuring a large, stylized 'B' followed by several horizontal strokes.

Boudewijn Gerner

We hereby submit to the shareholders for approval the annual accounts for 2002 prepared by the Board of Management and adopted by us. These annual accounts have been audited and certified by KPMG Accountants N.V. In the light of the NivRA stipulations regarding the independence of the auditor, KPMG has declared mid 2002 its independence from Imtech N.V. in writing.

We advise the shareholders to approve these annual accounts. The statutory appropriation of profits is stated on page 67. After consultation with the Board of Management we propose that for 2002 a dividend of 1.07 euro per ordinary share be paid (a pay-out of 58%) and that the sum of 20.0 million euro be transferred to the reserves. As was also the case last year this is a positive deviation from the dividend policy (a pay-out of 40%). The drop of 0.18 euro compared with the dividend over 2001 (1.25 euro) is due to not receiving a reimbursement of 18.1 million euro before tax from the pension fund.

During 2002 six meetings were held during which the Supervisory Board advised the Board of Management and, with the interests of the stakeholders in mind, supervised the Board of Management's policy and Imtech's general business progress. In 2002 the formula of the meetings with the Central Works Council changed, which meant the Supervisory Board's involvement increased. Two Supervisory Board members participated in one theme meeting (personnel & organisation). All involved were positive regarding this new formula.

After 2000 and 2001 – the transformation years in which the focus was shifted entirely to technical services as the core activity and substantial acquisitions were carried through both in the Netherlands and abroad – 2002 was a year of further integration of the acquired companies and achievement of synergy. Various smaller, national and international companies in the fields of engineering, industrial maintenance and ICT were acquired. In 2003 the focus will be on strengthening Imtech in line with the strategy laid-down in the 'Blue Print'.

Other issues discussed during 2002 were the company's operational progress and the management of risks (including a new project management set-up), the follow-up to the recommendations resulting from the internal control and the influence of the economic conditions on the markets in which Imtech is active, especially the ICT and telecoms markets. The Supervisory Board made the acquaintance of the various divisional managements and their companies and, in this context, visited Imtech Deutschland in Hamburg.

On the personnel front, the necessary reorganisations in Imtech Telecom (whereby the company was changed from a secondment company to a project organisation), the reduction of absence through sickness and management development were discussed. A careful process preceded the nomination of Mr Van der Bruggen as Chairman of the Board of Management and the nomination of Messrs Van Amerongen and Gerner as members of the Supervisory Board and Board of Management respectively. Mr Van der Bruggen managed the development of Imtech for many years with success, Mr Van Amerongen is an active member of the world of commerce and a specialist in the fields of ICT and telecoms and Mr Gerner is a specialist in the financial area and comes from the industry in which Imtech operates. During the Shareholders' Meeting on 23 April 2002 Mr Van Amerongen was appointed and Mr van der Bruggen was named Chairman of the Board of Management. Mr Gerner, whose primary task will be to manage the financial portfolio, joined the Board of Management on 1 October 2002.

The starting point for the policy regarding the salary of the Board of Management is that a competitive remuneration package should be offered. In addition to option rights the package includes a variable component in the form of a bonus linked to, among others, the result achieved by the Company.

The staff form the heart of a service company such as Imtech and staff involvement remains an important goal. In this context the Group option scheme has been extended to around 60 Imtech management staff. Despite the expansion of this group, re-allocation of the options to be granted each year has resulted in the overall number of options remaining the same – a maximum of 1% of the issued shares.

As far as the financial progress was concerned, quarterly, half-yearly and annual figures (the half yearly and annual figures in the presence of external accountants), as well as KPMG's reports, the annual forecast and the budget for 2003 were all discussed. Attention was also paid to the treatment of goodwill, the implementation of the new principle of profit valuation (percentage of completion), provisions, operating capital and the cash position, and the internal financial targets for 2004. At the end of the financial year it was decided to set-up audit and remuneration committees from within the Supervisory Board membership. The audit committee will enable us to evaluate financial progress in greater detail. Analysts reports concerning Imtech were discussed regularly.

The Supervisory Board maintains a profile for its composition, which was prepared after consultation with the Central Works Council. Our Board's division of tasks and working method are stipulated in regulations that are available for examination by shareholders. These regulations were amended in 2002. Members of the Supervisory Board may be re-appointed for a maximum of two four-year terms so that, in principle, membership is never for longer than twelve years. With the exception of a former Chairman of the Board of Management, the other Supervisory Board members are independent of Imtech (according to the meaning specified by the Winter Committee).

We thank the Board of Management and Imtech's staff in every country for their performance during the past year and look forward to the company's good development in 2003.

Gouda, 10 March 2003

on behalf of the Supervisory Board

A.G. Jacobs, *Chairman*

M.C. van Veen, *Vice-chairman*

SUPERVISORY BOARD ¹

A.G. Jacobs (66)

Chairman, appointed in 2001, current term ends 2005, member of the Audit Committee and Chairman of the Remuneration Committee

Former Chairman of the Board
ING Groep N.V

Supervisory Board memberships

Joh. Enschedé BV (Chairman), NV Kon. Nederlandsche Petroleum Mij. (Chairman), Buhrmann NV (Vice-chairman), VNU NV (Vice-chairman), Euronext NV, IHC Caland NV, ING Groep NV

Important additional functions

Member Investment Committee PGGM, Council Member Prinses Beatrixfonds, Supervisory Board Member Stichting Nationaal Fonds Kunstbezit, Supervisory Board Member Bijzondere Gezondheidszorg, Board Member Financieel Economische Raad van SBA Artsen pensioenfondsen

M.C. van Veen (67)

Vice-chairman, appointed in 1985, current term ends 2005, member of the Remuneration Committee

Former Chairman of the Board
Koninklijke Hoogovens NV

Supervisory Board memberships

Koninklijke Volker Wessels Stevin NV (Chairman), ABN AMRO Holding NV (Vice-chairman), Akzo Nobel NV, Corus Group Plc. (non-executive board member)

Important additional functions

Chairman Koninklijke Hollandsche Maatschappij der Wetenschappen, Chairman of the Board Koninklijk Concertgebouw Orkest, Chairman of the Board Nationale Stichting De Nieuwe Kerk te Amsterdam, Chairman EET Programme (Economy, Ecology, Technology) Advisory Committee, Member Executive Board RAND Europe

B. de Vries (64)

appointed in 1995, current term ends 2003, Chairman of the Audit Committee

Former Minister for Social Services and Employment

Supervisory Board memberships

F. van Lanschot Bankiers NV, NV Eneco, Quest International Nederland BV, TUI Nederland, USG NV

Important additional functions

Chairman Stichting START, Chairman START Foundation, Chairman Central Planning Committee, Chairman of the Board Stichting Het Expertise Centrum

G.J. de Boer-Kruyt (58)

appointed in 1999, current term ends 2003

Personal advisor

Supervisory Board memberships

C/TAC Align NV (Chairman), Sara Lee/DE NV, Reed Elsevier NV

Important additional functions

Supervisory Board Netherlands Development Organisation (SNV), Supervisory Board Common Purpose

P.J. Groenenboom (67)

appointed in 2000, current term ends 2004, member of the Audit Committee

Former Chairman of the Board
Internatio-Müller NV

Supervisory Board memberships

Philips Electronics Nederland BV (Chairman), Electrabel Nederland NV (Chairman), Q-Park NV (Chairman), Tapijtfabriek H. Desseaux NV (Chairman), Dutchtone Group BV (Chairman), NIB Capital NV, NV Casema (Chairman)

Important additional functions

Vice-chairman Marketing Committee UEFA, Board Member NOC*NSF, Vice-chairman Koninklijk Instituut voor de Tropen, Chairman Fonds voor de Topsport

E.A. Van Amerongen (49)

appointed in 2002, current term ends 2006

CEO Koninklijke Swets & Zeitlinger NV

Supervisory Board memberships

Lucent Technologies Nederland BV (Chairman), HITT NV, Non-executive Member of the Board Corus Group Plc., ASM International NV

Important additional functions

Chairman Supervisory Board Universiteit Twente, Supervisory Board Centraal Bureau Rijvaardigheid

BOARD OF MANAGEMENT

R.J.A. (René) van der Bruggen (55)

Chairman

B.R.I.M. (Boudewijn) Gerner (51)

EXECUTIVE COUNCIL ²

K. (Klaus) Betz (47)

Board member Imtech Deutschland

J.A. (Jan) Casteleijn (53)

General Manager Imtech Infra

A.L.A. (Aart) van Gelder (56)

General Manager Imtech Projects

A.F. (Jos) Graauwmans (45)

Director Personnel & Organisation

G.L.M. (Goof) Hamers (50)

General Manager Imtech Marine & Offshore

J.T.M. (Hans) van Happen (44)

General Manager Imtech ICT

P. (Peter) Kronenberg (45)

Board member Imtech Deutschland

W. (Willy) Michielsens (59)

General Manager Imtech Belgium

J.W. (Jan) Mussche (56)

Director Control

C.A. (Kees) van Rooden (51)

Financial Director

M.E.J. (Mark) Salomons (41)

Company Secretary

J.T. (Jan) Tromp (61)

General Manager Imtech Technology

S. (Seine) de Vries (59)

Board member Imtech Projects

¹ All members of the Supervisory Board are Dutch nationals.

² The members of the Board of Management are also members of the Executive Council.

Over the past years Imtech has succeeded in further building-up and strengthening its position as a multi-disciplinary European technical services provider. Over the years Imtech has built-up an attractive track record with a structural growth in turnover and result. This has been achieved by combining a consistent central strategy with decentralised responsibility for the growth of activities in all the markets in which Imtech is active. Imtech has now achieved a substantial size and occupies leading positions with nation-wide coverage in the Benelux and Germany as well as promising footholds in England and Spain. This has given Imtech a solid platform for further growth.

Successful implementation of strategy

Until 1993 the electrical engineering and mechanical engineering companies in the Group worked independently and separately from each other generally as sub-contractors to a main contractor. Although the companies had good reputations, for reasons of scale, quality and added-value, a strategy was needed to differentiate these companies from the vast array of competitors in the field.

More and more customers are out-sourcing non core activities, such as engineering and maintenance, preferably to large, multidisciplinary players with one contact point for the entire range of technical services. In response to this trend Imtech's various engineering activities were clustered and offered to the market as an integrated whole and the name Imtech was introduced and used consistently. This strategy proved successful in the Netherlands. The number of large combined projects (electrical and mechanical engineering) increased rapidly and Imtech gained market share.

In addition to this clustering of engineering disciplines, since 1996 Imtech has been strengthened on another front. The role of ICT has become increasingly important in every market sector. Customers in the commercial buildings market, for example, ask Imtech to take responsibility not only for the traditional technical installations, such as air conditioning, heating, lighting and security, but also for the ICT infrastructure, such as data networks and telephone systems. In the industry and marine sector there has been a similar growth in the demand for advanced process management and technical automation. And in the infrastructure facilities market there is a growing demand for information processing systems for the monitoring and management of the various traffic streams. And in every market sector there is a growing demand for software.

This is why Imtech's position in these relevant segments of the ICT market has been strengthened considerably through strategic acquisitions and organic growth. Imtech is now able to provide a cohesive total package of technical services in which the combination of information and communication technology, electrical engineering and mechanical engineering differentiates the Company from its competitors in the market.

A third growth axis is of a geographical nature. Thanks to well targeted acquisitions Imtech has succeeded in building-up strong national positions in the core electrical and mechanical engineering competencies in the various market segments in Germany, Belgium and Luxembourg and promising footholds in England and Spain. All the acquired companies appear to be fully capable of developing successfully within the Imtech strategy. In several markets Imtech has now also acquired a position in the ICT market, particularly in the field of data communications, tele communications and technical automation.

Thanks to the combination of organic growth and acquisitions Imtech is on the road to building-up a position as a strong, European technical services provider. The successful implementation of the strategy is proven by the fact that turnover has increased from 600 million euro in 1997 to 2 billion euro in 2002.

Success factors

Imtech considers the following to be the most important strategic factors for its success:

- the combined offer of the core competencies electrical engineering, ICT and mechanical engineering with one point of contact for the customer;
- effective cross-selling between these core competencies;
- taking over all non-strategic technical requests from customers so they can concentrate more fully on their own core activities;
- a decentralised organisation, close to the customer, entrepreneurship, relatively low overheads;
- innovation focused on project execution.

The future

After the robust expansion of recent years and the transformation of Internatio-Müller into Imtech, the commercial and operational integration of the current organisations is virtually complete. This means that Imtech now has a good basis for further development as a leading European player. In response to the increasing demand for European services provision Imtech's strategy is now oriented towards the expansion of the formula that has proven successful – total technical services provision. Following large customers with increasingly strong international positions and in the fragmented technical services market with a multitude of local players there is room to grow for large total technical solution providers such as Imtech.

Further growth in existing and new markets

Imtech is striving for expansion through a combination of further organic growth and complementary acquisitions. Imtech has the means to finance these supplementary acquisitions without needing to call on the capital market. The objectives applied to these acquisitions are:

- fits in with the strategy;
- an immediate contribution towards earnings per share;
- the achievement of measurable added-value;
- the presence of a capable management;
- possibilities for synergy.

The priority areas are England and Spain, but Imtech will also be strengthened further in the Benelux and Germany.

The aim where further growth is concerned is to first build up strong national positions in electrical and mechanical engineering in the various market segments as this has proven to be an excellent foundation for the integration of services with a higher added-value such as:

- information and communication technology;
- design and consultancy (engineering);
- technical maintenance and management.

The intention is still to generate a complementary package of services with which Imtech is able to offer customers measurable added-value.

Goals

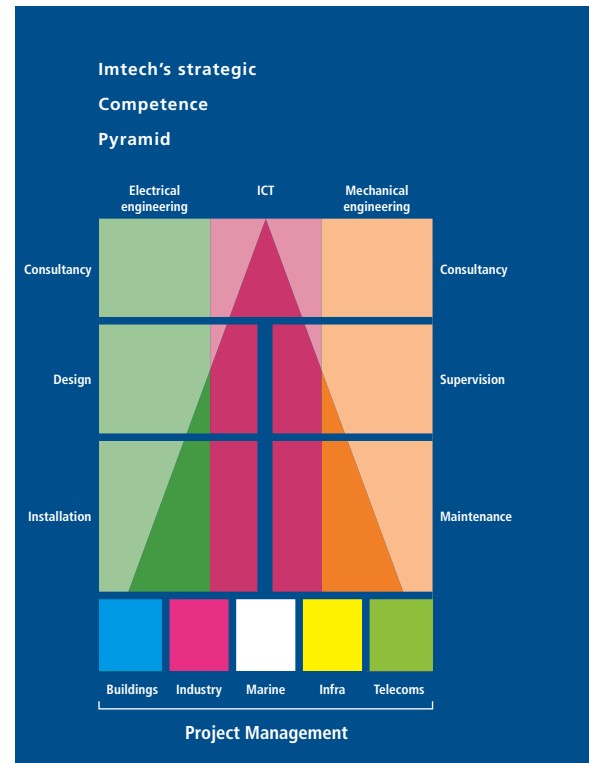
Imtech wants to continue growing into a leading European technical services provider and, considering the steady growth of turnover and result (organically and through acquisitions) achieved since Imtech began in 1993, is confident this goal will be achieved.

Internally, ambitious yet realistic long-term turnover and margin goals have been formulated:

- the goal of growth of the turnover (organically and through acquisitions) to 2.6 billion euro in 2004 announced last year still applies.
- however, in the light of the continuing pressure on margins, especially in the ICT and telecoms markets, the period in which the EBITA margin goal of 6% should be achieved (originally in 2004) are made dependant on when the markets for these activities recover.

Forecast 2003

Considering the good starting positions Imtech can face the future with confidence. According to its current views, the Board of Management's forecast is that in 2003 the turnover and result (EBITA) of Imtech N.V. will continue to increase.





Marianne Bezoen

*Sales & Marketing Manager of Bostec - Imtech
ICT's independent IT consultancy bureau*

SHARED SUCCESS

'Expertise in logistics, technology, organisation and processes enables Schiphol Airport to translate strategic developments into operational projects. This means an integral vision is developed with which the desired increased in the airport's capacity and improvement of its services can be achieved.'

Schiphol never stops working on increasing its capacity and improving its service. Not a simple task in an area that is active and in motion 24 hours a day and where strict procedures have to be followed. Bostec, Imtech ICT's independent consultancy bureau, has been a partner in the area of consultancy and project management for ten years. Marianne Bezoen:

'As consultant and project leader we stand at the crossroads of organisation and technology with process expertise also playing an important role. When it comes to translating strategic developments into actual project execution we offer support with the logistics, choices concerning the technology and implementation. Some examples: the baggage handling and the integration of the incidents room and direction room. The advantage for the airport? Our experience in a dynamic environment with complex logistics and the right technological choices.'



REPORT OF THE BOARD OF MANAGE- MENT

Key points

- EBITA: + 76.3 million euro (+ 14.9%, organic + 8.3%)
- Turnover: 2.0 billion euro (+ 12.5%, organic + 2.4%)
- Substantially increased result in Germany (EBITA: + 34.6%)
- Order portfolio rose by 4.4% to 2.1 billion euro
- Healthy balance sheet ratio maintained
- Attractive dividend yield (8.5% of closing price)

in millions of euro ¹

	2002	2001	2000
Net turnover	2,000	1,778	1,340
EBITA	76.3	66.4	57.6
EBITA as a % of net turnover	3.8	3.7	4.3
Production	1,842	1,730	1,380
Order portfolio	2,088	2,000	1,678
Capital employed excluding liquid assets	320	299	240
Number of personnel on 31 December	13,780	14,375	10,049

A reasonably good 2002

2002 was a reasonably good year for Imtech N.V., certainly in the light of the continuing poor conditions in the ICT and telecoms markets. By contrast, the industry and infrastructure, as well as the marine markets for technical services were good. Under these very changeable market conditions Imtech was able, on a comparable basis¹, to increase its turnover by 12.5% to 2.0 billion euro. Organic turnover growth amounted to 2.4% and 10.1% was the result of acquisitions.

Production rose to over 1.8 billion euro (2001: 1.7 billion euro). At 76.3 billion euro the operating result before interest and taxation and before the amortisation of goodwill (EBITA) was 9.9 million euro higher than the pro forma result for 2001 (+ 14.9%). At the end of the year the order portfolio was well filled at 2.1 billion euro compared with 2.0 billion euro on 31 December 2001 – an increase of 4.4%.

The net result from on-going activities rose from 38.9 million euro to 47.6 million euro (+ 22.4%). This includes the balance of the one-time net extraordinary income of 5.9 million euro (resulting from the amended system of booking profit on long-running projects that has been applied since 1 January 2002; see explanation on page 35) and net reorganisation costs of 5.6 million euro. The net result from the on-going activities excluding extraordinary result fell by 3.3 million euro (– 6.5%) to 47.3 million euro.

Earnings per share excluding extraordinary income and charges and before amortisation of goodwill amounted to 1.90 euro, based on the average number of issued shares during the financial year. On a comparable basis, in 2001 this amounted to 1.92 euro (and 2.69 euro including the effect of the divested activities and the reimbursement from the pension fund).

Increased turnover,
EBITA and order portfolio

¹ The pro forma figures for 2001 have been adjusted for the purpose of comparison. In this Board of Management report the figures for 2002 are compared with these pro forma figures for 2001.

The 64,000 m² Domaquarée multi-functional business centre is being constructed right next to the Dom in Berlin. Imtech is responsible for the total technical infrastructure. The sixteen metre high atrium in the form of an artificial coral island with an aquarium filled with one million litres of sea water and 2,500 tropical fish is unique in Europe. Imtech developed advanced water management technology for this aquarium.



Smaller, interesting acquisitions

The increased operating result was achieved mainly by Imtech Deutschland. Imtech's result in the Benelux was slightly better than the previous year. The result of the ICT & Technology cluster came under pressure from the continuing pressure on margins in the ICT market and the continuing bad conditions in the telecoms market.

The net return on shareholders' funds amounted to 16.4% (2001: 19.9%). The net cash position improved substantially in the second half of the year and rose from 9 million euro in mid 2002 to 132 million euro at the end of 2002 (end of 2001: 154 million euro).

Dividend proposal

The same as last year, the Board of Management feels that a positive deviation from the dividend policy is justified. A dividend of 1.07 euro per share in cash will be proposed to the Annual Meeting of Shareholders. This dividend is lower than the dividend over 2001 (1.25 euro) because no reimbursement was received from the pension fund as was the case in previous years. This dividend proposal amounts to a profit distribution of 58% (2001: 46%) of the net result excluding extraordinary income.

Acquisitions

In previous years there were substantial acquisitions in the Netherlands, Germany and Spain. In 2002 the emphasis was more on the further integration into the organisation of these companies and the achievement of synergy advantages on both the costs and income fronts. Several interesting smaller acquisitions did, however, take place and these involved the following companies: HSC Regelungstechnik, VABA, CTC, UPS, Vimek, units of Landis Public Networks in Germany and Belgium, Farnest Engineering, and Brocom Automatisering. The total acquisition price of these 2002 acquisitions was 23.1 million euro. In 2002 acquisitions contributed 181 million euro towards turnover of which around 140 million euro was generated by companies acquired in 2001 but not or only partially included in the consolidation in that year.

The following chapters include more detailed information regarding market developments and business progress in the three separate clusters – the Benelux, Germany and ICT & Technology.

IMTECH IN THE BENELUX

In the Benelux Imtech's many business units are active in the commercial buildings, industry and infrastructure market segments. In total 5,797 staff are employed. Activities in the Benelux developed reasonably well in 2002. Turnover rose by 23.2% to 696 million euro (2001: 565 million euro). Production fell by 3.9% to 639 million euro (2001: 665 million euro). EBITA amounted to 31.9 million euro compared with 30.2 million euro in 2001 – an increase of 5.7%. The order portfolio decreased by 3.9% to 754 million euro (2001: 785 million euro). Activities in the industry and infrastructure areas developed well. Commercial buildings activities came under pressure particularly in the Netherlands. Further growth was achieved in the maintenance and management market and positions in Belgium and Luxembourg were strengthened further.

in millions of euro	2002	2001	2000
Net turnover	696	565	563
EBITA	31.9	30.2	27.8
EBITA as a % of net turnover	4.6	5.3	4.9
Production	639	665	553
Order portfolio	754	785	654
Capital employed excluding liquid assets	63	56	70
Number of personnel on 31 December	5,797	5,376	5,030

Profile and approach

In the Netherlands Imtech is active in the buildings, industry and infrastructure market sectors with three divisions – Imtech Projects, Imtech Infra and Imtech Maintenance. In Belgium and Luxembourg Imtech operates in the buildings and industry sectors under the names Imtech Belgium and Paul Wagner et Fils respectively.

Integrated technical services provision

Imtech differentiates itself in the Benelux by offering integrated technical service in the field of electrical engineering, mechanical engineering, instrumentation, (fire)security, high-tension and energy technologies. Imtech commands the entire spectrum of under-lying technical competencies in these areas and is also a specialist in data and telecommunications and technical automation. Customers are not only offered high-value total solutions, from design and engineering to installation, maintenance and management but, even though the projects are usually complex and multi-disciplinary, they can access Imtech's full range of capabilities and services via one central contact point.

In the commercial buildings market Imtech provides technical solutions for, among others, offices, factories, hospitals, care institutions, shopping centres, airports, education institutes, penitentiaries, stadiums and other sports complexes, parking garages, museums and other cultural establishments as well as distribution, traffic and computer centres.

In the industry market Imtech concentrates on the oil and gas, (petro)chemical, electrometallic, automobile, food and animal feed industries as well as energy management, water and environmental technology.

In the infrastructure market Imtech is active in the technical infrastructure (gas, electricity and water), traffic & transport, railways, public lighting, traffic centre technology, bridges, tunnels, dams, weirs, locks, pumping station and water purification market segments.

Imtech offers the automotive industry in the Benelux added-value through its combination of electrical engineering and technical automation. In the Netherlands Imtech is working for NedCar converting assembly lines from the Volvo V40 to the Smart (Mercedes) and a Compact Car (Mitsubishi). In Belgium Imtech is responsible for part of the robotising of the Volvo V60 and V70, the new Volkswagen Golf and the Opel Delta.



Technology is penetrating deeper and deeper into business processes in virtually every market segment. Organisations are concentrating on their own core activities with most risks being out-sourced. The price/quality ratio of technical services makes them interesting and cooperation with (financially) strong technical services providers enables customers to manage the complex technology behind their primary processes as efficiently as possible. *Total Cost of Ownership* is becoming more important because customers want control of the integral costs, from design to maintenance and management, throughout the entire exploitation period.

The development of new forms of service provision is an important policy element. The spearheads of this policy are establishing strategic partnerships, Public Private Partnership (PPP), the development of revamped performance contracts, innovative calls for tenders, Industrial Flexible and Dismantleable Building (IFDB), co-makership with product suppliers, the development of sustainable technological solutions, integrated technological concepts for the care sector and making the most of opportunities arising from the deregulation/ liberalisation of the energy market. Financing products, such as *Technology Lease* – the leasing of all the technological solutions in a building – are getting attention.

Business development

Below is a summary of the most important developments in the buildings, industry and infrastructure market in the Netherlands, Belgium and Luxembourg.

Buildings in the Netherlands

The market situation in the buildings market changed radically in 2002. Administrative procedures became more extensive and complex partly as a result of the parliamentary inquiry into the construction industry. The number of new construction initiatives in the office market decreased rapidly as the economic situation remained uncertain. By the end of 2002, 4.3 million square metres of office space was vacant. The repercussions on Imtech's performance in this sector were obvious. Although the flow of orders increased slightly, fierce competition increased the pressure on prices.

Due to the bad situation in the commercial buildings market, Imtech turned its focus more towards the sectors where there was still some growth: care, education, distribution activities and airports (Schiphol). These are the sectors in which Imtech's position has already been reasonably well developed. Numerous initiatives were also taken in the area of integral security.

Despite the market situation several larger office projects were acquired in 2002 including the second phase of the ING Group in Amsterdam, Braingate in Capelle aan den IJssel, the renovation and new construction of a tax office in Arnhem and a new office for PricewaterhouseCoopers (PwC) in Eindhoven. One example of Industrial Flexible and Dismantleable Building (IFDB) was the data network developed for the Ministry of Public Works for an office of the Immigration and Naturalisation Service. Thanks to pre-engineering and prefab assembly, this network with 5,000 connection points was put into operation in a short period of time.

Imtech – maintenance partner in the care sector

In the care sector there is a growing demand for integrated technological solutions such as the integrated patient care, administration and facility management system. Maintenance and management are also being organised more professionally and Imtech is the technology maintenance partner of large hospitals such as the LUMC (Leiden University Medical Centre), the Erasmus Medical Centre (EMC) in Rotterdam, the Utrecht Medical Centre (UMC) and scores of smaller hospitals and care institutions. The care sector is also increasing its capacity and Imtech is involved with the provision of the additional capacity required in the AMC (Academic Medical Centre) in Amsterdam and in the Vlietland Hospital in Vlaardingen.



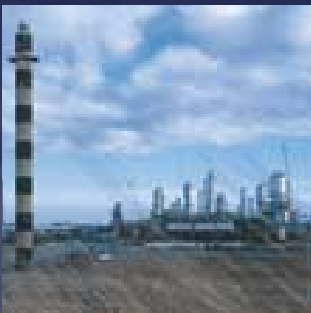
Frans Galama

Director Imtech Projects West's Industry Business Unit

SHARED SUCCESS

'The key factor for the construction of Lyondell's new Propylene Oxide factory (PO-11) which will be built on the Rotterdam Maasvlakte is detailed re-engineering: optimum preparation so that, together with the customer, ABB Lummus, this vast project can be completed better, faster, cheaper and with environmental awareness.'

For Lyondell's eleventh Propylene Oxide factory (PO-11) ABB Lummus made direct contact with Imtech. Frans Galama: 'Imtech is responsible for all the technical solutions related to the primary production process including project management and the start-up. An analysis system which will continuously control all the different production processes will also be installed. Together with ABB Lummus we have optimised the total engineering. Where would it be cheaper and better. How can we think of alternatives. All the solutions have been set down in a Job Control System that enables every smallest detail of what must happen during the execution to be specified. The end result? Better quality and finished faster, cheaper and with more attention paid to Lyondell's desired zero emissions.'



To respond properly when there is a disaster police, fire and ambulance services must be perfectly in tune with each other. Regional call centres handle the co-ordination between the various services. Imtech implemented the technical solutions in the new call centre covering 21 municipalities around Den Bosch. The technical solutions involved were access control, camera systems, disaster and fire reports and security as well as the total infrastructure for voice, images and data.



Imtech is active in many areas of Schiphol airport. In the field of fire security, for example, Imtech not only acts in an advisory capacity but has also been awarded a multi-year contract for the renovation of the sprinkler technology in all the terminal buildings. Imtech was also responsible for the air and climate technology for the extension of the World Trade Centre Schiphol Airport, as well as the up-grading of the complete facade cleaning installation at the airport. Imtech also handles all the technical maintenance and management in scores of buildings on and around the airport including terminals, runway stations and the buildings of KLM and Lufthansa. Imtech was also awarded a prestigious contract for the technology in the Rijksmuseum's new Schiphol Airport annex.

The demand for integral security concepts is growing rapidly. This involves the combination of a variety of aspects including fire and break-in security, sprinkler and access technology and camera surveillance. The market leadership in the field of sprinkler technology, combined with Imtech's knowledge and references in other security fields, provides a good basis for the further growth of these activities. To this end, Imtech offers innovative products such as infrared technology, iris scans and x-rays. Imtech was responsible for the technical up-grading of preventive security in the ABN AMRO Bank's head office in Amsterdam and the Amsterdam Penitentiary (Bijlmerbajes) as well as all the technology in a state judicial establishment in Den Helder (prison in Den Helder). In addition, a call centre for the police, fire and ambulance services in the Den Bosch region was set-up as well as a control room in the ITO (Governmental Information Technology Services) – part of the national police network.

In the education market, Imtech's current size makes co-operation with strong partners possible. One such partnership is the co-operation that focuses on the entire school building from financing, design, construction, maintenance and facility services to the installation of the total technical infrastructure. Large projects involved the total technology in the Trivanium school in Sittard and the air and climate technology in the Minkema College in Woerden.

Imtech is responding to the trend towards the long-term out-sourcing of multidisciplinary technical maintenance and management of buildings, generally in the form of multi-year performance contracts whereby Imtech takes responsibility for the quality level in a building and the functioning of all the technical systems. Imtech's market position in this field has developed well. Customers include the Mediapark in Hilversum, various ministries and the city hall in The Hague. The ABN AMRO extended the maintenance contract for its head office in Amsterdam and buildings were maintained for industrial customers such as NAM, Essent and NUON.

Industry in the Netherlands

The investment climate in the industry sector was modestly positive. Imtech has grown into a strong and multi-faceted technical services provider in this market.

Long-term maintenance contracts in the industry sector

In 2002 the number of new building projects in this market decreased still further. Almost all the customers focussed on optimisation, maintenance and management, which meant that the out-sourcing of technical services increased. For these services customers seek partnerships with (financially) powerful, reliable and independent organisations. Imtech responded to this demand with made-to-measure concepts and new, flexible forms of contract. After a long pre-qualification period long-term maintenance contracts were signed with Q8 (Kuwait Petroleum), Total and Shell in Pernis and Moerdijk. Important maintenance contracts were also signed with DSM Geleen, Solvay, Philips Medical Systems and Philips Lighting.

Imtech played a major role in the largest new construction initiative in the industrial market – Lyondell's new Propylene Oxide factory (PO-11) in the Rotterdam Maasvlakte. This involved the project management and execution of all the electrical engineering, instrumentation and heat tracing including the start-up.

In the oil and gas market technical solutions for the control and remote operation of the pumping, purification, analysis and measuring of oil and gas sources in, for example, Oman, Gabon, Nigeria, Brunei and Malaysia were supplied from the Netherlands. One of the largest control and instrumentation modules in the world was supplied to Shell Nigeria via Daewoo Korea.

In the technical automation area Imtech differentiates itself through its knowledge of the linkage between administrative and process automation. Such links offer better control and lead to considerable cost savings for customers. In 2002 customers included Marin, DSM and Gerkens Cacao. Royal Brinkers and Solvay improved the industrial management of their production processes. Industry is placing more and more importance on being able to trace end products throughout the distribution chain (*Tracking and Tracing*). Such solutions were supplied to various customers including Kruidvat.

**Well developed position
in the automotive
industry**

Imtech's position in the automotive industry developed well, partly due to its ability to link electrical engineering with technical automation. Projects in this field included the realising of production lines for the manufacture of the Mercedes Smart car and a Mitsubishi compact car for Nedcar in Born.

In the market for power supply electronics Imtech has seen a robust growth in scientific projects for Nijmegen University and the German Max Planck Institute. Imtech has also carried out projects for Urenco.

Infrastructure in the Netherlands

The infrastructure market developed favourably. Volumes in the rail segment and involving infrastructure structures such as bridges, weirs, locks, pumping stations and water purification installations rose by a robust ten to fifteen percent and Imtech profited well from this growth in 2002. Thanks to the scale of operations and the ability to execute complex multidisciplinary projects efficiently and cost-transparently the market position improved.

In the traffic and transport segment the Dutch government has still not made any clear choices regarding mobility or how this will be financed. This means the volume of tenders is uncertain. The congestion around the large cities did lead to concrete initiatives but the government has started taking a more formal approach to tender trajectories, which makes the process slower. The economic delay will lead to less financing being available for new roads, which may offer more opportunities for Public Private Partnership.

**Market dynamic traffic
management is growing**

The market for dynamic traffic management, in which Imtech occupies a good position, continues to grow. Last year Imtech installed all the technology in the high-tech Oudenrijn traffic management centre in Utrecht from where the automated co-ordination of all traffic flows and incidents in the Netherlands takes place. In 2002 a follow-up contract for extending the system with rush-hour and buffer lanes was awarded. Innovative signalling technology also makes a major contribution towards solutions for better public transport through-put. One example is a bus route project carried out in Zwolle. One major contract is the execution, via a design and construct contract, of the public lighting and traffic signalling for the widening of the A 4 and the laying of the new, widened A 16 in Brabant.

Shell and Imtech signed a partnership agreement for the industrial maintenance of Shell's production sites in Pernis and Moerdijk. Both the maintenance contracts are for two years with an option for a two year extension. The measurable added-value of Imtech is in the form of total solutions, a professional organisation and price construction transparency and this played an important role in the acquisition of both contracts.



Imtech is now fully certified to carry out technical projects on and around the Dutch railway network. In this growth market Imtech's responsibilities include the technical renewal of the Amersfoort-Apeldoorn route, security on a section of the High Speed Line South and a cable and pipe network along the Betuwe route.



Last year's finalisation of certification for carrying out technical work on the Dutch railway network has given Imtech access to a fast-growing market segment. Imtech's railway activities have developed well and the company is now the fourth technical services provider for the Dutch railway network. Orders included the technical renewal of the Amersfoort – Apeldoorn route, security for a section of the High-Speed Line South and the cable and pipe network along the Betuwe route for the Verlengde Haven line (Harbour Line extension). Work was also carried out on the North-South line and complex traction and high-tension systems were developed and installed for the Dutch Railways infrastructure management organisation ProRail (formerly NS Railinfrabeheer).

Amendments to the Energy Act mean Imtech can be more involved with setting the management policy in the public lighting market and innovative consultancy and engineering instruments have been developed for this purpose. Imtech was involved with the take-off and landing lighting, including the glass fibre connections to the control tower, for Schiphol airport's new fifth runway.

Imtech is becoming increasingly active in the energy and high-voltage market segment. Imtech is, for example, working with the Nuon and Essent energy companies, is maintaining the high-tension stations of Energiebedrijf TenneT in the west and south of the Netherlands and has set-up a partnership for high-tension activities with Energiebedrijf TZH. One interesting product is the Imtech energy scan which enables large-scale industrial users to make the maximum use of cost-saving opportunities in the deregulated energy market.

Imtech occupies a strong position in the bridges, tunnels, weirs and locks market segment and is currently renovating the electrical engineering and management technology in the Noordersluis (north lock) and Zuidersluis (south lock) in IJmuiden and the Prinses Irenesluis (Princess Irene lock) in Wijk bij Duurstede. Imtech is also the contract partner for the total technology in the Caland tunnel. The first part has been taken under construction.

The market for sewerage and waterworks was characterised by up-scaling and renovation. A multi-year contract for the technical maintenance and management of all the pressure sewerage systems was received from the town of Halderberge and an innovative project for the so-called 're-lining' of antiquated main water pipes (so they could be re-used) in Waalwijk was completed. Imtech is a member of a building consortium that has received a very large order for the extension and adaptation of the sewage water purification in Tiel.

Buildings and industry in Belgium and Luxembourg

In Belgium and Luxembourg there was a slight rise in investments but here too the market was characterised by fierce competition and long drawn-out decision making processes. Despite this market situation Imtech achieved organic growth and the order portfolio increased.

The Belgian Imtech companies are working closely together more and more frequently when it comes to offering multidisciplinary technical services. EIA (Electro Imtech Automation), which was acquired in 2001, developed well. A campaign to approach the maintenance and management market in the Walloon provinces in Belgium was undertaken via the newly-opened office in Namen.

In the commercial buildings sector a large contract was acquired for all the air and climate technology, fire security, building management and LON technology (*LonWorks Network Operating System*) in the 100,000 m² multi-functional Euroblok II complex. This is an image-making multi-functional complex with offices, shops and a parking garage in the centre of Brussels. Imtech is also working for the European Community in Brussels and is responsible for some of the technical infrastructure in the Waasland Shopping Center that will be built in Sint Niklaas.

**Large contracts in
the buildings sector**

In the field of multi-disciplinary technical maintenance Imtech has long-term contracts for the maintenance of, for example, the buildings of Coca Cola, Interbrew, Fortis, ING, AXA, Belgacom and the petrol stations of TotalFina.

Pharmaceuticals is a growth market

In the industrial market Imtech is very well represented in the pharmaceutical industry and the Van Looy Group business unit is working on extensive engineering contracts for UCB (Union Chimique Belge) and Janssen Pharmaceutica. Janssen Pharmaceutica has also given Imtech responsibility for all the HVAC solutions (*Heating, Ventilation and Air conditioning*) in the Discovery & Research Center in Beerse – a high-tech laboratory to be built for research into stomach, intestinal and nerve diseases. Pharmacia is also a customer.

Imtech's specific knowledge in the field of process management (automatic mixing and dosing) in the animal feed industry, where major customers include Hendrix Veevoeders, has successfully been extended to the concrete industry.

In Belgium Imtech is involved in the robotising of the assembly lines for the Volvo S60 and Volvo V70, the new Volkswagen Golf and the Opel Delta (successor to the Astra).

In Luxembourg the Paul Wagner et Fils business unit developed well. Orders included the technical installations for a service centre for all the Luxembourg banks.

Organisational developments and acquisitions

In 2003 Imtech Projects' two commercial buildings business units in the west of the Netherlands will be combined to strengthen the organisation's approach to the market. Preparations for this merger were made in 2002.

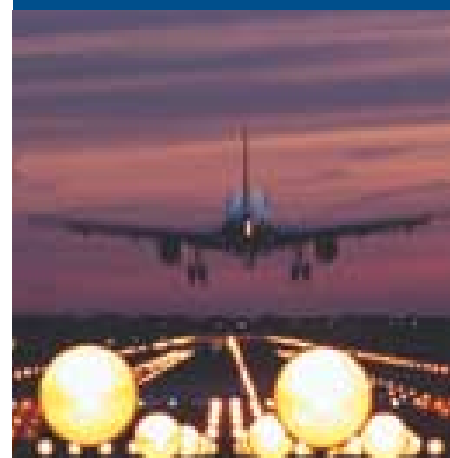
In 2001, all the industrial activities in the west of the Netherlands were concentrated into one operating company. This increased the organisations preparedness to meet market demands considerably. In 2002 Vimek (a specialist in the food industry) and Farnest Engineering (multidisciplinary engineering bureau in industrial mechanical engineering) were acquired. These acquisitions strengthened Imtech's position in the processing and pharmaceutical industries.

Imtech is the Dutch buildings maintenance and management market leader. It has been decided that one nation-wide maintenance operation will be set-up.

Imtech Infrastructure's organisation has been strengthened by integrating all the infrastructure activities into one division to enable an integral approach to the entire infrastructure market. A strategic growth-plan was drawn-up at the same time.

Increased capability in the industrial market

At Amsterdam Schiphol Airport imtech installed the take-off and landing lights for the, now operational, new fifth runway, including the glass fibre links to the control tower.



Prospects

In the Netherlands the noticeable drop in volumes in the commercial buildings market is expected to continue. This will be offset by the growth potential, partly through partnerships with third parties, in the care and education sectors. Imtech's industrial activities are expected to continue developing well and further strengthening through acquisitions is foreseen. Multi-year maintenance contracts in the commercial buildings and industrial sectors will guarantee production remains constant. Much is expected of the predicted growth of the infrastructure activities, especially in the traffic & transport, railway, bridges, weirs, locks, pumping-station and water purification segments. Imtech is looking towards further strategic re-inforcement in this area.

IMTECH IN GERMANY (INCLUDING SPAIN)

After the integration of ROM (Rud. Otto Meyer) and Rheinelektra Technik at the end of 2001, Imtech has operated in Germany since January 2002 under the name Imtech Deutschland. Imtech Deutschland is currently the largest, multi-disciplinary technical services provider in Germany and market leader in the buildings and industry segments. This integration has considerably increased the scale of the German activities and the change of name has improved the clarity of the approach to the market. Despite a disappointing stagnation of the German economy, Imtech performed well in 2002. Turnover amounted to 943 million euro compared with 933 million euro in 2001 – an increase of 1.1%. Production rose by 0.5% to 826 million euro (2001: 822 million euro). The EBITA amounted to 31.5 million euro compared with 23.4 million euro in 2001 – an increase of 34.6%. The order portfolio grew by 11.3% to 928 million euro (2001: 834 million euro).

in millions of euro	2002	2001	2000
Net turnover	943	933	556
EBITA	31.5	23.4	19.0
EBITA as a % of turnover	3.3	2.5	3.4
Production	826	822	597
Order portfolio	928	834	745
Working capital excluding current assets	133	191	122
Number of staff on 31 December	4,674	4,944	2,927

Profile and position

Its provision of high-value total solutions via one point of contact is the basis of the robust growth Imtech has made in recent years. This approach also seems to work in Germany where Imtech has now become the market leader in the field of integrated technical solutions. Market share rose from 17% to around 20%. The organisation has six regions with offices in Hamburg, Berlin, Dusseldorf, Frankfurt, Stuttgart and Munich as well as nearly sixty local support centres. Imtech's office in the Polish capital Warsaw is also profiting from increasing economic activity.

Imtech's integrated offer includes every conceivable discipline. From electrical engineering, instrumentation and air and climate technology to measuring and control technology, fire security, sprinkler technology, high and medium voltage, energy and environmental technology, clean-room technology and building management. Imtech also occupies a strong position in the field of data communications and telecommunications and has competence centres for engine test engineering, climate and bodywork testing for the automotive industry and Energy Contracting as well as specialised business units for ICT and maritime technology.

Greater share of the integrated technical solutions market

Imtech is well represented in the maritime market, particularly in technical infrastructure for cruise liners. The Ship Building/Dock technology business unit is (Schiffbau - Dockbautechnik) increasingly co-operating internationally with Imtech Marine & Offshore.

Differentiated by Life Cycle Management

Imtech strives for an in-depth insight into and knowledge of its customers' primary production processes through its *Life Cycle Management* approach. Imtech, in close co-operation with its customers, is often responsible for the technology behind these processes throughout the lifetime of a project. Imtech, in part thanks to its local presence, is also in a position to maintain close relationships with customers. These customers want the total cost of ownership throughout the entire exploitation period to be transparent. Until now the German market was not very familiar with the integrated multi-disciplinary technical service provision via one point of contact concept introduced by Imtech. But, the concept has been well received. The organisation's scale and nation-wide coverage and the financial continuity it offers also play an important role.

Business development

In 2002 the economic growth also faltered in Germany. The growth of the Gross National Product was virtually nil, unemployment was under pressure and investments in both buildings and industry fell. One effect of this situation was that investments in new projects were postponed and the execution of existing initiatives was delayed. Despite this, and partly thanks to its integrated package of services, Imtech was able to strengthen its position. Large multi-disciplinary projects were acquired, mainly in the heart of the German economy (the Dusseldorf-Frankfurt-Stuttgart-Munich backbone).

Large multidisciplinary contracts in the heart of the German economy

As a result, the four regions around this economic backbone developed well. The North region (Hamburg) had a moderate year. The East region (Berlin) performed better than expected and, despite the poor economic situation in eastern Germany, achieved further growth.

Buildings

Despite the overall drop in investments in the building sector, Imtech retained its market position and even strengthened it in some places. Imtech's competitive position in the German building market is good and it was involved in numerous large-scale projects.

Good position in the buildings market

In Munich Imtech worked on the multi-functional MK-2 office complex where Imtech was responsible for the total technology including the latest LON technology (*LonWorks Network Operating System*). Again in Munich Imtech took care of the building, construction and technical infrastructure, including an advanced integrated security system and an innovative network for Voice over IP (telephony via the internet), in the 89,000 m² AVIVA luxury office complex. In Berlin a new 64,000 m² business centre 'Domaquarée' is under construction and Imtech is responsible for the technical infrastructure. In Frankfurt Imtech installed all the technology solutions in the 155 metre high, low-energy Skyper office tower and in Dusseldorf it supplied the technology in a new APO-Bank office and the 'Benrather Karree' office and shopping centre.

In addition to multi-functional offices Imtech also focuses on the care sector, hotels, shopping centres, education and trade fair and exhibition areas. A hospital in Ehingen was equipped, in Dusseldorf Imtech supplied the technology in a new SAS hotel and in Berlin and Stuttgart orders for large shopping centres and colleges were acquired. In Friedrichshafen Imtech installed the total technology in an around 62,500 m² exhibition complex.

In Munich Imtech is responsible for the total technical infrastructure (including electrical engineering, air and climate technology, measuring and control technology, energy management and fire security) in the luxurious 89,000 m² AVIVA office complex. This also includes an advanced system for integrated security and an innovative Voice over IP (telephony via the internet) network. Imtech is also taking care of the project management for the construction of this project.





Peter Eilers

Director business unit Imtech Contracting,
Imtech Deutschland

On a 50-hectare production site in Kiel, Caterpillar Motoren manufactures power generator sets and diesel engines for marine applications. The companies Vossloh and Rheinmetal Landsysteme are also located here. Imtech Deutschland has been awarded a six-year total contract for all three companies involving the guaranteed availability of electrical power, steam, gas, water, compressed air and all the electrical and mechanical engineering provisions as well as the technical maintenance and management and building management. Peter Eilers: 'We are responsible for the total technology. To do this we made a detailed 'map' of the entire operating process and developed a modular service contract. The advantages for Caterpillar: constant availability of the technology fundamental to the primary process, cost transparency and a more efficient manufacturing process. This has led to annual cost savings of around 15%.'



SHARED SUCCESS

'For the technology that is fundamental to its production process, Caterpillar Motoren wanted the minimum possible risks, guaranteed availability and an optimum price-quality ratio. Imtech made a detailed 'map' of the operating process and supplied made-to-measure technical services. The result: A more efficient primary process and cost savings of 15%.'



Imtech is also active in the airport market and has now delivered the total technology, including an innovative fire protection system for the new passenger terminal at Dusseldorf airport as well as the cooling and heating technology in Munich airport's new 320,000 m² Terminal 2. Imtech is also working in Hamburg airport.

**Stronger position in
the industry market**

Industry

In Germany Imtech works for a great many well-known customers in the industrial market. Focus points are the automotive industry, pharmaceuticals, heavy industry, chemicals, clean-room environments, the manufacturing industry and the energy market. In general these activities performed well in 2002. The scale achieved and the multi-disciplinary approach from one point of contact were key factors that enabled Imtech to strengthen its market position.

The automotive industry continues to invest in new technology. Imtech designed sixty modular and integrated engine-test units for DaimlerChrysler's new test centre in Stuttgart. These units are used to test engines, transmission systems and drive systems and carry out simulations which will speed the development of new technological applications in all DaimlerChrysler brands. Imtech is installing the technological infrastructure in new car factories for Audi in Ingolstadt and DaimlerChrysler in Stuttgart. Imtech is also working for VW, BMW, Porsche and Opel. The export of technological solutions to Detroit in the USA is a new market.

Imtech designed sixty modular and integrated engine-testing units for DaimlerChrysler's new test centre in Stuttgart. The test centre tests engines, transmissions and drives and carries out simulations which speed the development of new technological applications in all DaimlerChrysler car models.



**Combined services
provision a success**

Imtech is gaining a firmer foothold in the pharmaceutical market, for example with Bayer, Pfizer, Beiersdorf and the pharmaceutical company B. Braun Melsungen in PfiEFFewiesen where Imtech worked on the new LIFE factory (*Leading Infusion Factory Europe*). For all these customers Imtech is providing combined services in the field of mechanical engineering, electrical engineering and clean-room technology that enable important contributions to be supplied to the realisation of, for example, complex laboratories, neurological centres and other medical centres.

In 2002 Imtech was able to strengthen its position in the heavy and chemical industry sectors and the market for energy, heating and power plants. For Caterpillar Motoren, world market leader in, among other areas, generators and diesel engines, Imtech has acquired a six-year contract involving total responsibility for the energy provision, building management and technical maintenance and management in Kiel. Caterpillar can now concentrate more on its core activities. Partly as a result of this experience Imtech is supplying similar services in a large number of Vodafone's buildings. In the German chemical industry Imtech's customers include BASF. In the field of power plants Imtech is taking care of the technology for a waste incineration plant in Mainz and is working on the extension on an enormous power plant in Munich-Senling.

In the production industry sector Imtech provides technical services to a broad spectrum of industrial customers including Zeiss, Hilti, Robert Bosch, Membrama, Wacker Siltronic and Aventis Behring. Imtech was one of the very few companies that could meet the high technical demands for the fire protection and air conditioning for the printer Giesecke & Devrient (printers of bank notes including the Euro notes).

Marine

**Cruise liner market
recovers**

After September 2001 the cruise market had to cope with a dramatic reduction in bookings and investments came under pressure. In the middle of 2002 the market turned round and at the moment

At the Meyer Wharf in Papenburg Imtech was responsible for the complete heating, ventilation, air-conditioning and sprinkler technology on board the luxury 5-star cruise liner Brilliance of the Seas. This liner, which can carry 2,100 passengers, was built for the Royal Caribbean shipping company.



the demand for luxury cruises is recovering steadily. This has resulted in 'old' projects being re-started and there is space once again for the development of new cruise liners. In this market Imtech's business partners include the Blohm + Voss shipbuilders (Hamburg) and the wharf Meyer Werft (Papenburg). For these partners Imtech develops and installs high-quality air conditioning systems for cruise liners such as the five-star 'Brilliance of the Seas'.

Together with Imtech marine & Offshore Imtech Deutschland is also working on extending the services package towards on-board and platform automation, and electrical engineering.

Organisational developments and acquisitions

Since the middle of 2001 a great deal of effort has been put into integrating ROM and Rheinelektra Technik into one organisation. This has enabled Imtech to develop more synergy in its activities. The regional organisation has been reorganised and duplicate functions have been combined or terminated. Compared with the end of 2001, the number of employees has been reduced by 5.5% to 4,674.

In March 2002 HSC Regelungstechnik was acquired. HSC develops high-quality innovative products in the field of measuring and control technology. Thanks to this acquisition Imtech Deutschland is in a position to market its own control and management and, because the products are used by every area of Imtech, the activity is expected to grow rapidly.

The position of the ZIT (Zentralbereich Ingenieurtechnik) centre-of-knowledge has improved still further. This centre-of-knowledge carries out computer-controlled simulations and laboratory tests particularly in the field of air-flows, energy measurements and fire security. Thanks to this centre Imtech is positioned at the top level of scientific technology. The ZIT's main contribution is, however, the support it provides the commercial activities. For example, it was via the ZIT that Imtech became involved with the extension of Dusseldorf airport and the improvement of the fire protection in Gelsenkirchen (Schalke '04) and Dusseldorf sports arenas.

Prospects

The German economy is not expected to show any significant improvement in 2003. This will affect the level of investment in buildings and industry although major regions such as Beiren, the Rhine area and Nordrhein Westfalen are, economically speaking, vital. These are the regions in which Imtech is very well represented. For the North region (Hamburg) Imtech expects 2003 will bring the perspectives necessary for recovery, for example through the execution of (part) projects for the new Airbus aircraft factory in Hamburg. For the eastern region around Berlin it is forecast that the expansion of activities achieved in 2002 can be continued.

The admission of various former Eastern bloc countries into the European Community also offers new opportunities. Imtech has been approached regarding offering its technical services on an across-the-border project basis by existing customers who are trying to penetrate these markets from within Germany. This means that in the coming years Imtech expects activities in countries such as Poland, the Czech republic and Slovenia to increase as well.

Imtech ideally placed to strengthen its position

Thanks to a combination of financial robustness, continuity, nation-wide coverage, strong regional positions, good internal co-operation and, first and foremost, the total package of technical services, Imtech is ideally placed to strengthen its position still further. The order portfolio is showing a healthy growth. Increasing the EBITA margin will be possible, partly thanks to cost reductions. A further reinforcement of the ICT core competence is foreseen.

IMTECH IN SPAIN

Within the European Community the Spanish economy developed relatively well. Investment increased in both the buildings and industry sectors. There was a very noticeable trend towards combined new construction and multi-year maintenance contracts. Imtech differentiates itself in the Spanish market by offering total mechanical engineering services with well-developed management and control systems. Thanks to the co-operation between Imtech Novocalor (Madrid), which was acquired last year, and Imtech Intesa (Barcelona), Imtech in Spain has extended its capabilities considerably and is now one of the larger technical service providers in Spain. This translated into the acquisition of extensive projects.

An example is the award of a share of the technology in the largest Spanish real estate project of 2002: the Las Mercedes Business Park Madrid (150,000 m²) where the company was responsible for all the HVAC technology (Heating, Ventilation and Air Conditioning) including a multi-year maintenance contract. Imtech was also given the responsibility for maintaining and managing the hyper-modern Madrid headquarters of INDRA – ICT market leader in Spain. The headquarters of Fujitsu, Telefónica, Nokia and Nortel Networks are located in the multi-functional Promogamos building (65,000 m²) in Cerro de Los Gamos and here too Imtech is responsible for all the HVAC solutions as well as a modern building management system. On the island of La Palma Imtech was also responsible for all the technology solutions for one of the world's largest telescopes. A great deal of attention is being focused on the expansion of the services package with electrical engineering and ICT although the number of suitable acquisition candidates is limited.

Large-scale orders
in Spain

ICT & TECHNOLOGY

The internationally operating ICT & Technology cluster comprises four divisions: Imtech ICT, Imtech Technology, Imtech Marine & Offshore, and Imtech Telecoms. Between them they employ 3,284 staff. On balance turnover and production rose, but EBITA was lower than for 2001. Turnover rose by 28.9% to 361 million euro (2001: 280 million euro). Production rose by 55.1% to 377 million euro (2001: 243 million euro). EBITA amounted to 22.9 million euro compared with 24.2 million euro in 2001 (- 5.5%). The order portfolio increased by 6.5% to 406 million euro (2001: 381 million euro). The picture for 2002 is mixed. Due to reduced investment in ICT the ICT division's contribution towards profit fell while the technology activities' result remained stable and the marine activities developed well. Continuing bad market conditions kept the telecom activities under pressure and they made a loss.

in millions of euro	2002	2001	2000
Net turnover	361	280	221
EBITA	22.9	24.2	20.5
EBITA as a % of turnover	6.3	8.6	9.3
Production	377	243	230
Order portfolio	406	381	279
Working capital excluding current assets	72	46	24
Number of staff on 31 December	3,284	4,030	2,045

Profile and position

Imtech ICT is a fast-growing full-service ICT service provider with an integrated package of ICT services. Imtech ICT focuses on:

- Information Technology (technical automation, software engineering, software architecture, application and system management, ICT consultancy and ICT project management);
- Communication Solutions (data communications, business telecommunications and ICT networks).

Imtech ICT is one of the
larger ICT companies in
the Netherlands

Imtech took care of the total automation of the finances, logistics and sales for the vegetable and fruit auction The Greenery. In addition, an electronic market with supporting systems was developed on which all the customers can bid in both a 'normal' and Dutch auction.



In both fields Imtech has a sharp focus on business processes and offer customers measurable added-value, such as efficiency and quality improvements and cost reductions. In the Netherlands Imtech ICT is one of the larger ICT companies.

Imtech Technology is a technical services provider active in the field of high-value system technology in the international oil and gas market and in the field of fire security, access, parking and process technology. Imtech Technology occupies a leading position in each of these market segments.

Imtech Marine & Offshore is a full-service technical services provider that designs and installs the total technical infrastructure on board ships for its customers – shipbuilders and investors. This involves on-board and platform automation, electrical engineering, instrumentation and air and climate technology (HVAC) throughout a ship's life-cycle. The Division's working terrain is wide encompassing passenger liners, naval vessels, cargo ships and offshore platforms. Imtech Marine & Offshore, together with the marine activities of Imtech Deutschland, numbers amongst the top-3 in Europe.

Imtech Telecom concentrates on supplying services and products to organisations that install and exploit networks. Integral network services (consultancy, design, construction and installation, management and maintenance) are offered for both fixed and mobile networks. Offices in the Netherlands, Belgium, Germany, England and Sweden offer international service providers these services via one contact point.

Business progress

Below is a summary of the most important developments in the various market segments for each division.

ICT in buildings, industry and business services

Since 1996 Imtech has invested, both organically and through acquisitions, in the construction of a sound ICT organisation. The ICT market has been under pressure since 2001 and in 2002 there was still no sign of a market recovery. As a result, Imtech ICT's profitability was slightly lower than in previous years. Comparatively speaking, however, performance was good. A reshuffling of the providers is now underway. Only strong service providers with enough power and flexibility will be able to survive. Imtech is such a company.

Customers value strong ICT service providers of a sufficient size and with an unambiguous vision. With this in mind, Imtech has clustered its ICT activities into specialised operating companies under one name – Imtech ICT. To complete the ICT service offering Brocom Automatisering in Amersfoort was acquired in December 2002. Brocom specialises in server solutions, the design of automated workplaces, and network management. In addition, to strengthen the position in the fruit and vegetable sector, IT specialist VABA in The Hague was acquired in April 2002.

Focus on managing knowledge and processes

In the area of Information Technology Imtech ICT has established itself well in branches such as aviation, logistics, in-product software and the fruit and vegetables sector and these activities are developing positively. More and more attention is being paid to knowledge and process management rather than 'classic' software management. Chain integration goes hand-in-hand with a far-reaching integration of current and new processes. Most customers, such as AXA, BESI, the Philips subsidiary Assembleon, MECO and The Greenery, work towards improving their own product and services in long-term partnership with Imtech. Another example is Schiphol Airport where Imtech's responsibilities include the concept, the project management and the Business Intelligence for the extension and up-grading of the complex baggage-handling system.

Imtech has noticed the reluctance of customers and investors in the field of technical and front-office management, as well as the development of data and web applications, to invest. Imtech ICT is working on extending its services package through new initiatives, such as new concepts for help-desk services and digital cooperation in a number of police regions. The ICT service provision to local authorities and the Department of Public Works was also intensified.

**Good progress in data
and business
telecommunications**

Imtech has made good progress in the data communication and business telephony field. Clustering various activities into one Communications Solutions unit enables tailor-made products from world-market leaders such as Avaya or Cisco, for which Imtech acts as a so-called *Value Added Reseller*, to be offered. The integration of data, voice and image is continuing. Customers are using Voice over IP (telephony via internet) to reduce costs and make system management easier. At the same time, wire-less solutions are becoming more and more prevalent and there is a growing need for data storage space. Imtech has the know-how in all these areas. Customers include Delta Lloyd, the European Space Agency (ESA), Pfizer and the Nedship Bank.

Technology in buildings and industry

On the whole the Technology activities performed well in 2002. Progress was made primarily in the field of fire protection, parking and process technology.

In the niche market for measuring and analysis solutions Imtech works for international oil and gas companies such as Shell, Baadr Petroleum Company and LNG Nigeria. Imtech is responsible for a complex analysis system that will continuously measure and control the various production processes, including emissions, in the new Propylene Oxide factory (PO-11) Lyondell is building in the Rotterdam Maasvlakte.

**Leader in the Dutch fire
protection market**

In the fire protection field Imtech with the top-brand Saval is the Dutch market leader. The demand for reliable solutions and quality is rising fast due to a heightened awareness of security issues and Imtech works with the customer to meet the requirements. In this context, Saval's products are the first to be awarded European CE certification. A vast fire protection project (a combined water and foam system) being executed for Lyondell is one of the largest in western Europe.

In the access technology market Imtech is the exclusive supplier of several top brands. In this market segment, besides providing a good product, Imtech is striving to give substance to the partnership concept, for example through good management reporting, remote monitoring and short response times when problems arise. Customers include C&A, Global Alliance/BP (maintenance of and the access systems at all BP petrol stations), NOB Vastgoed, and Schiphol airport (maintenance of all the automatic doors).

**Integrating data, voice and
audio in the parking market**

In the area of paid parking Imtech is active world-wide with its patented combination of barcode technology, security and easy service. The technology level in the parking market is rising. Integrated data, voice and images from one point of contact is being offered. Co-operation with large parking system developers, such as Q-Park, offers good prospects for further growth. In June 2002 a 75% interest was acquired in CTC in Veldhoven (audio and video technology in parking garages). At the same time, the position in this field in England has been reinforced by the acquisition of UPS in Leeds, which specialises in turn-key parking solutions.

Security is becoming more and more important in the parking market. Imtech integrates all the technical solutions: patented automatic parking technology (BC2002® bar code technology), event recording (camera records, transaction control, alarm, number plate recognition) and increased comfort (integration of data and voice). In a project for Q-Park, Imtech equipped the new parking garage on the Ossenmarkt in Groningen with all the various parking techniques.



Imtech has set-up a complete marine organisation in England where orders worth nearly 80 million euro were acquired in 2002. One of the orders involved the Landing Ship Docks (LSD A) programme for the British Ministry of Defence. Imtech was responsible for the total technical infrastructure and the innovative electrical propulsion for four Royal Navy amphibious transport ships.



In process technology Imtech is active globally with advanced drying technology for (fine) chemicals, foodstuffs, pharmaceuticals and the mineral industry. Imtech has process knowledge (*Fluid Bed Technology*) that, in cooperation with customers, is integrated into primary processes. The world market is handled from two locations in the Netherlands and the USA.

Marine

Imtech Marine & Offshore performed well in 2002. This was due to the concentration on the marine and offshore market started in 2001 plus the growth of the market for defence vessels and the successful export of innovative, Imtech developed, marine products such as integrated ships' bridges.

Imtech Marine & Offshore now concentrates solely on its core activity – marine technology – and the industrial activities have been transferred to Imtech Projects.

A reshuffle within Imtech Marine & Offshore has resulted in the following business units:

- Naval Projects (international defence vessels);
- Maritime Projects (passenger liners, luxury yachts, the offshore and dredging industry);
- Products (high-quality products, such as UniMACS® – an integrated bridge – and ECDIS® – an advanced electronic sea chart);
- Services (maintenance and conversions).

In addition, an office has been set-up in England (Billingham). Imtech and IHC Holland each hold a 50% interest in IHC Systems (dredging technology).

The trend towards further up-sizing and internationalisation in the marine market is continuing. The share of technology in ships is also increasing and there is also a marked trend towards outsourcing the design and installation of this technology with customers going into partnership with (financially) strong parties, like Imtech, which have both high-value technological knowledge and professional project management at their disposal.

In 2002 many new orders were acquired. In consultation with the Dutch Royal Navy a partnership was established with Schelde Marinebouw (Koninklijke Schelde Group – part of Damen Shipyards) for the development and execution of the entire technical infrastructure in the yet to be built amphibious transport ship LPD-2 (*Landing Platform Dock 2*). Imtech has also been given responsibility for all the technology on board four similar ships for the British Royal Navy at the Swan Hunter and BAE Govan wharves in England. This strengthens Imtech's position in England where orders worth 80 million euro were acquired in 2002. Imtech, in co-operation with the Finnish engine and propeller specialist Wärtsilä, is also responsible for the innovative diesel-electric propulsion systems for the five amphibious ships.

Innovation Award

In England Imtech received a Silver Innovation Award for the auto-pilot (steering) for the *Astute Class* submarine – a very important quality message to the British market. There are contacts with the German, Greek and Polish navies which could act as a springboard to further growth in the defence market. Imtech is also active internationally in other segments of the marine market. For example: at various Lürssen shipyards Imtech is providing the marine technology on board two large luxury yachts; for the Jan de Nul Group in Spain Imtech, together with IHC Systems, is equipping four trailing suction dredgers with technical solutions for the dredging process, navigation and communication.

Telecoms

In 2002 there was no sign of recovery in the telecoms market. Service providers that, with very few exceptions, invested in UMTS licenses found it necessary to make cost savings and to write-off substantial amounts on these licences. This meant investment in networks remained low. Due to the re-organisation needed at Datelnet (acquired mid 2001), made Imtech Telecom a loss in 2002. The number of jobs in the Netherlands was reduced from 1,250 in mid 2002 to around 450 at the end of 2002. What has remained after this restructuring is a healthy core business.

A healthy core company
after re-organisation



Terry van Velzen
*Marketing and Sales Director of
Imtech Marine & Offshore*

SHARED SUCCESS

'Schelde Marinebouw wanted to minimise the risks related to the construction of the LPD-2 – the Royal Dutch Navy's second amphibious transport ship. This is why a form of project management was sought that reduced the risks and increased the certainty so that the total technology would meet all the high operational demands.'

For the construction of the Dutch Royal Navy's amphibious transport ship LPD-2 (Landing Platform Dock 2), a partnership was set-up between Schelde Marinebouw (Damen Shipyards) and Imtech. Terry van Velzen: 'Risk management is becoming increasingly important when it comes to building complex ships. More and more often Schelde Marinebouw is acting as the main contractor and looking for financially strong partners that take responsibility for the risks for entire sections of the ship for a fixed contract price. On board this ship Imtech offers measurable added-value by taking responsibility for a large portion of the technical infrastructure, including an innovative electrical propulsion system. The advantage for the customer? Cost transparency, reduced risks, a 'thinking partner', one contact point and the certainty that the total technology will be executed as required and planned.'



Imtech has set-up a network of telecoms offices in the Netherlands, Germany, Belgium, England and Sweden. This means European telecoms providers need only approach one contact point. Imtech received an order for multi-year maintenance of German telecoms provider E-Plus' mobile network in the Berlin region and the Ministry for the Flemish Community in Belgium gave Imtech the order for the extension and maintenance of a large telecommunications network.



Orders for international telecoms network

The activities of Imtech Telecom have been extended by the acquisition of units of Landis Public Networks in Germany and Belgium. Imtech Telecom has also opened its own offices in England and Sweden. Similarly, a European service department of Lucent Technologies, including the related multi-year maintenance contracts, has been acquired. Strategic partnerships have been established with Juniper, Alcatel and Lucent Technologies and mean Imtech Telecom has the exclusive sales rights for a number of these world market leaders' telecoms products.

Imtech's fixed and mobile network customers include providers such as KPN, Versatel, Vodafone, T-Mobile and Dutchtone. By using an Imtech-developed application based on GPS technology (*Global Positioning System*) the capacity and quality of antenna installations can be optimised. Imtech, together with Siemens, installed the infrastructure of the new GSM railway network for the Dutch Railways. This enables wire-less communication between engineers, conductors, track workers and security and thus increases operational safety and security.

Imtech implements the super-fast DSL technology (ADSL and DSL) for its customers. In the UMTS area Imtech is one of Vodafone's partners – one of the first operators to invest in this new technology. Imtech's customers also include cable exploiters such as Essent, Casema, NoZeMa and UPC and affiliated Internet Service Providers such as @Home and Priority. Imtech is also involved in initiatives leading to the installation and exploitation of new glass fibre networks in the Netherlands that will be equipped and prepared for telephony, cable television and internet (data). This will create a long-term infrastructure for low-threshold distribution of information, entertainment and communications in the Netherlands.

In the international network, which has offices in Belgium, Germany, England and Sweden, 180 employees work for operators such as O2, Mobistar, E-Plus, BT Ignite, Telia, Proximus and Deutsche Telecom. Advanced cost-saving maintenance concepts are being implemented for world-market leaders such as Juniper, Alcatel and Lucent Technologies. In Belgium a multi-year contract for the extension of a telematics network (including the maintenance) has been signed with the Ministry for the Flemish Community and in Germany an order for the extension and maintenance of a telecoms network in the Berlin region has been received from operator E-Plus. A multi-year contract for the maintenance of networks in Scandinavia has also been signed with Song Networks.

Prospects

The clustering and further strengthening of the ICT activities will make further growth possible. Imtech's ICT and engineering companies are working together more and more. The technology activities are also well positioned for further growth. Current market positions are strong and continuity is assured. Fire protection and parking in particular will be developed further. Imtech's marine activities are very promising. Further growth in Europe is foreseen. Now that the telecoms activities have been streamlined and a considerable number of initiatives have been taken to add new services and activities, Imtech is looking forward to the future with confidence.

Financial position

The following explains Imtech's financial position in more detail.

System amendment

The principles of valuation for the valuation of assets and liabilities and determination of result used in this report are the same as the principles stated in the 2001 financial statements of Imtech N.V. with the exception of the following:

- Since 1 January 2002, goodwill resulting from acquisitions has been activated and written-off over the economic lifetime up to a maximum of twenty years. Up to and including 2001 all goodwill was charged directly to shareholders' funds.
- Work in progress for third parties was valued at the direct costs plus a surcharge to cover indirect costs. In the second half of the year and with retroactive effect to 1 January 2002 this system was amended such that profits are included in proportion to the work already carried out (percentage of completion method). Previously profits were recognised when the work had been completed.

Turnover and production

Net turnover rose by 222 million euro to 2.0 billion euro (+ 12.5%). Organic turnover growth amounted to 42 million euro (2.4%), the acquisition effect amounted to 181 million euro, and the currency exchange rate effect was 1.6 million euro negative.

Production rose by 112 million euro to 1,842 million euro (+ 6.5%).

The order portfolio amounted to 2.088 billion euro compared with 2.0 billion euro at the end of 2001 – an increase of 88 million euro (+ 4.4%).

Profit before interest and taxes (EBIT/EBITA)

Compared with the pro forma result for 2001, the operating result (EBIT) rose by 8.2 million euro to 74.6 million euro (+ 12.4%). This figure includes liabilities amounting to 1.7 million euro related to the writing-off of goodwill activated since 1 January. The EBITA amounted to 76.3 million euro (2001: 66.4 million euro, + 14.9%).

Financial income and charges

On balance, financial income and charges fell from 6.4 million euro in 2001 to negative 4.5 million euro in 2002. This includes interest income and charges amounting, on balance, to negative 5.0 million euro (2001: + 5.9 million euro). The increase in interest charges was primarily the result of the annual addition of the interest on the pension provision in Germany which was higher than in 2001. On top of this the net cash position throughout the year was lower than in 2001, which means interest income was lower.

Taxes

Taxes over the normal operating result amounted to 22.0 million euro and, as far as the on-going activities are concerned, were almost the same as for 2001. The effective tax rate was slightly higher at 31.4% (2001 30.0%) mainly due to the amortisation of goodwill which was not fiscally exempt.

Extraordinary result after taxes

The extraordinary result after taxes was 0.3 million euro (2001: – 11.7 million euro). This is the balance of the one-time extraordinary income of net 5.9 million euro resulting from the amended system of accounting for profit from long-running projects that has been applied since 1 January 2002 and reorganisation costs of 5.6 million euro net.

DaimlerChrysler's VIOD project (*Vendor Integrated Decentralised Optimisation of production processes*) optimises the assembly lines in an automobile factory. All the suppliers involved have access to a virtual view of the assembly line so they can see whether it will function as it should. Simulations are also being carried out. Imtech is responsible for all the IT solutions for the virtual modelling of data, the integration and security.



Increased turnover,
EBITA and order portfolio

Imtech is more and more often operating as a partner for the European pharmaceutical industry. In Germany Imtech's customers include B. Braun Melsungen, Bayer, Pfizer and Beiersdorf. In Belgium Imtech is the partner of Janssen Pharmaceutica, UCB (Union Chimique Belge) and Pharmacia, and in the Netherlands Imtech provides services to customers including Solvay and MSD (Merck, Sharp & Dohme).



Net result

The net result amounted to 47.6 million euro after extraordinary income and charges and after deduction of third party interests of 0.9 million euro (2001: 38.9 million euro). The net return on shareholders' funds was 16.4% (2001: 19.9%).

Capital and financing

The increase in net result has further strengthened shareholders' funds. In a change to previous years, the dividend proposal has not been calculated into the balance sheet. The balance sheet total fell by 12.5 million euro from 908.5 million euro in 2001 to 896.0 million euro in 2002. The fixed assets : balance sheet total ratio was 16.6% and the long-term capital : balance sheet total ratio was 50.7%. Solvency expressed in shareholders' funds as a component of the total capital was 33.4% (2001: 31.4%).

Net cash position amounted to 132 million euro (2001: 154 million euro). On 31 December 2002, Imtech had over 151 million euro in liquid assets at its disposal and ample bank facilities which, to a great extent, had not been used. This implies that Imtech has sufficient financing scope for further acquisitions. No guarantees or ratio clauses were extended to financiers.

During the financial year 56,000 shares were purchased by Imtech for a total of 1.3 million euro to cover the balance of the option rights that were granted or expired in 2002.

Investments and depreciation

Investments in tangible fixed assets amounted to 30.0 million euro (2001: 20.4 million euro) and depreciation to 21.1 million euro (2001: 19.0 million euro). Divestments involved a sum of 11.7 million euro (2001: 2.9 million euro). Investments in 2003 are expected to be at the same level.

Cash flow and working capital

Cash flow from business activities amounted to 69.7 million euro negative 90.3 million euro lower than in 2001. The cash flow for 2001 included a total of 91.4 million euro related to the discontinued activities (including the book profit) and the pension reimbursement. Cash flow from investment activities amounted to 59.8 million euro negative compared with 94.1 million euro negative in 2001. Financing was done from available cash flow.

The policy aimed at managing the working capital was intensified during the second half of 2002. The working capital decreased from 185 million euro to 171 million euro. This is an important element of operational progress monitoring and is also expressed in the bonuses of the higher and middle management staff. In addition, more attention is being paid to 'classic' working capital management: optimum creditor control, tighter agreements with suppliers and keenly negotiated payment conditions. Imtech's substantial purchasing volumes are utilised to the full in this.

Risk management and internal management systems

Doing business involves risks that can be separated into different types of risk: financial risks, operational risks and market risks. Managing these risks is an integral element of company policy.

Financial risks

Imtech's financing scope was good. Cash flow showed a healthy development. Imtech did not purchase or hold any financial derivatives. The Company has only a very limited amount of long-term receivables or liabilities and/or obligations, which means interest rates risks are minimal. Interest rate swaps are not used. Available current assets are invested with financial institutions with a high credit rating. For the time being there is no reason for actively entering the capital market but, should this be necessary in the context of further growth, there are no obstacles in the way.

Working capital decreased

Healthy financing

Foreign currency exchange risks are limited because most turnover is generated in euro countries.

Credit risks arise from the loss that would have to be justified if other parties failed to fulfil their obligations. Imtech has over ten thousand different customers not one of which represents an individual interest of more than 5% of the turnover. The credit rating of customers is very closely monitored. In addition, the total contract value of projects is invoiced periodically.

Imtech has neither financial obligations in the form of long-term obligations related to Research and Development nor large research contracts. The majority of the business assets are hired or leased offices and manufacturing premises.

Provisions for staff pensions are for the most part placed with various company pension funds. Imtech also operates a supplementary pension scheme for higher and middle management staff which is placed with the Company's own pension fund. Imtech does not have any contractual obligations related to the level of cover of its own pension fund.

Operational risks

Each year Imtech carries out thousands of projects ranging from the relatively small to extremely large. Considerable technological development and increasing complexity in the sectors in which Imtech operates have increased the risk profile. This is why Imtech pays a great deal of attention to limiting project risks. Regulations, procedures and working methods are in force at different levels and aimed at:

- the limitation of risks and utilisation of opportunities in project phases such as pre-calculation and execution;
- the limitation and transfer liability through good contractual agreements;
- the timely discovery of substantial differences between the tender calculation and the actual execution and the necessary re-alignment of the project, whereby good project management plays an important role.

Imtech's policy is aimed at limiting these risks as far as possible, one way being by safeguarding the effectiveness and efficiency of the Company's business processes.

Imtech operates a system of regular internal reporting and a budgetary cycle that follows standard procedures and detailed guidelines. The financial reports are evaluated centrally and compared with the approved budgets. Forecasts are checked each quarter and, where necessary, amended. There are standard procedures for investments and divestments and also for the assessment and approval of acquisitions.

Once a year priorities, based on risk assessment, are set for investigating the structure and functioning of the operating companies' administrative organisations and internal controls. The outcome of these investigations is discussed regularly. Twice a year the Board of Management reports its findings to the Supervisory Board.

Product liability is rarely relevant for Imtech as the Company hardly ever develops its own products but purchases them from many different suppliers who are responsible for their own products. Stock risks are zero because Imtech purchases on a project or part of project basis, which means stocks do not

Imtech used clean room technology to achieve a totally dust-free manufacturing area, including advanced fire protection, in the extension of Carl Zeiss' microchip factory in Oberkochen. A special filter system for waste water containing oil was also developed. Imtech is the German market leader in clean room technology.



Attention focussed on
contract management

Detailed financial
reporting

The Doggershoek, a closed judicial establishment in Den Helder, is equipped with high-value technological infrastructure. Imtech's responsibilities included all the energy, the light and power installation, the data and telephony infrastructure, communications and the alarm system as well as all the technical solutions in the modern co-ordination centre.



**Audit and Remuneration
Committees established**

build-up. The risk of fire, including related insurable risks, during the implementation phases of projects and any damage to the operations of third parties are insured with various insurance companies.

Market risks

Doing business involves risks. These risks vary for the different activities with which Imtech is involved. The cyclic character of these markets differ, which means Imtech is less cyclic-sensitive than companies that concentrate on just one or a few markets.

Market risks include economic, political and social risks. Imtech operates mainly in western Europe in carefully defined markets. The related risks in terms of instability are minimal.

Parliamentary inquiry into the construction industry

The parliamentary inquiry into the construction industry involved not only the building sector but also, indirectly, the installation branch. In this context it is mentioned that Imtech took measures to prevent competition-limiting agreements and fraud many years ago. In early 1998, Imtech warned all the operating companies, in writing, that new legislation prohibited competition-limiting agreements (unless an exemption was in force).

Imtech has laid-down its operating method in 'Business Principles', which specify the general rules for conducting business. In the Business Principles it is stated explicitly that staff must comply with the Law and that all business transactions must be accurately accounted for in the book keeping. The giving or receiving of bribes is, it goes without saying, inadmissible. Imtech believes in a free market system. Other companies in the branch should be competed against in a businesslike and honest manner.

Corporate Governance

As mentioned in the message from the Supervisory Board, as a continuation of the changes implemented in previous years, there have been some new developments regarding Corporate Governance within Imtech. One development is the formation of an audit committee and a remuneration committee from within the Supervisory Board. The Supervisory Board members in these committees are independent (in the sense stipulated by the Winter Committee) with the exception of a former Chairman of the Board of Management. In addition, Supervisory Board members may only be re-appointed twice, each time for a maximum term of four-years, which means membership may not, in principle, be for longer than twelve years. Partly due to new regulations in the field of reporting, the remuneration of managers has become more transparent. Although it is the usual practice within Imtech for shareholders to be able to be represented by proxy during the Shareholders' Meeting, Imtech will not (for the time being) participate in the system of 'proxy solicitation' as the related costs are unreasonably high.

Personnel & Organisation

Here follows information regarding changes in staff levels, supply and demand of personnel, conditions of employment, Management Development, pensions and insurance and the co-operation with the representative consultancy bodies.

Staff in-flow and out-flow

In 2002 the number of staff fell by 595 to 13,780. The reduction was mainly due to reorganisations within Imtech Telecom and a drop in the workforce of Imtech Deutschland due to the integration of companies. Out of the total staff, 57.6% work in the Netherlands, 33.8% in Germany, 6.1% in Belgium, and 2.5% in other countries.

When reducing the number of staff employed by Imtech Telecom everything possible was done to minimise compulsory redundancies. In addition to terminating temporary contracts and natural out-flow,

staff received supplementary training and were transferred internally. Several business units were divested, some through management buy-outs. Staff were also given the opportunity to resign voluntarily with a financial arrangement and this opportunity was used on a large scale.

In 2002 the ICT companies were integrated so that the underlying companies now operate under one name. The disappointing market led to job losses most of which were covered by natural out-flow.

As a result of the integration of the former Imtech companies ROM (Rud. Otto Meyer) and Rheinelektra Technik 284 jobs were lost in Germany.

Indicators in the Netherlands

Absence due to sickness rose slightly in the Netherlands to 5.7% (2001: 5.6%). Around 42% of the staff were in the 30 – 45 years age group. The average duration of employment was 12.4 years (2001: 12 years). Staff in-flow was 16.6% (2001: 16.5%) and this was, to a great degree, due to acquisitions. Staff out-flow was 15.7% (2001: 14.4%). 5.3% of the staff left at their own request (2001: 5.1%). Training costs amounted to 2.3% (2001: 2.0%) of the total personnel costs.

Personnel supply and demand

The disappointing economic situation meant there was less demand for qualified staff and the offer on the labour market increased.

Despite this there were still problems with acquiring staff and this was particularly noticeable when it came to mechanical engineering positions or experienced maintenance staff. This scarcity will increase in the future as the intake in technical education is dropping. Acquisition at the higher professional educational level went well. Increased awareness of the Imtech name contributed towards a good offer of more highly educated personnel. At the medium professional education level contacts with various regional training centres were intensified. Imtech runs a number of its own training schools for operational staff who join the workforce immediately their training is complete. The capacity utilisation of these schools is good.

In the Netherlands Imtech was able to fill certain vacancies through internal transfers resulting from reorganisations within Imtech Telecom. To give additional impetus to the transfer process a vacancy stop has been in force in the Netherlands for several months.

Conditions of employment

In addition to re-inforcing the organisation, in 2002 the assessment system and variable salary schemes for project leaders in the Netherlands were amended. Because a number of different Employment Agreements are applicable in the Netherlands the conditions of employment vary for each Imtech company. In good consultation with representative bodies and trade unions, efforts are being made to harmonise conditions of employment where possible.

Management Development

In 2002 the multi-year training programmes that are a component of Management development were continued at various levels in the organisation and orientated both internally and externally. Internal throughput should, in time, ensure that the need for management is fulfilled better than it is now. In this context Imtech operates a management capabilities review. This is an annual assessment of the management qualities of young talent and potential management candidates. Partly on the basis of

Imtech's ZIT (Zentralbereich Ingenieurtechnik) centre of knowledge used computer controlled simulations and laboratory tests on a scale model of the ICE high-speed train in the new train terminus at Dusseldorf airport to ascertain the effects of the air displacement. Fire protection in the terminus was also tested. Imtech is now also responsible for the execution of air and climate technology as well as fire protection.



The acquisition of staff is proceeding well

An order from Heerema Marine Contractors involved gave Imtech responsibility for the technology for the conversion of the Balder, a 7,000 ton crane ship British Petroleum use to lay deep-sea pipelines in the Gulf of Mexico. The systems implemented by Imtech included the electrical engineering, the energy facilities, the hydraulic power system for pipe laying, the management and monitoring software and an advanced Pipe Tracking Control System.



Digitising the purchasing trajectory

the individual assessments in this review, training and coaching is provided to develop personal skills.

Pensions and insurance

Most pension provisions for staff in the Netherlands are contained within the industry pension fund for the Metal and Technical branch (MN Services). In addition, Imtech operates a supplementary pension scheme for higher and middle management staff via its own pension fund. In 2002 agreement regarding the admission of the ICT companies was reached with the pension fund. This means that in the Netherlands an equivalent pension package has been achieved for the ICT staff. As of December 2002 all the German staff have been brought under the MetallRente pension fund, a cooperation between the Allianz and Viktoria insurance companies plus the Westdeutsche Landesbank and the Beamten Heimstätten Werk (BHW). Belgian staff are covered by various company pension funds. In 2002 preparations were made to bring all the privately insured staff in the Netherlands under the same scheme with the same medical insurance company as of 1 January 2003.

Consultation with representative bodies

In 2002 the Central Works Council gave advice on several issues. It was not always easy considering the far-reaching consequences for individual staff. The consultation was always constructive and the Board of Management would like to thank the representative bodies for their positive and constructive cooperation.

Intranet

In 2002 Imtech introduced an integral intranet under the name Mercator. Mercator brings knowledge, people and organisation together virtually and is an instrument for further organisational development. A great deal of relevant information has been made available to staff in a digital form. The intranet increases working efficiency and, as well as facilitating information, Mercator also targets professional knowledge management and the further improvement of internal co-operation. Another important goal of Mercator, the digitising of the purchasing process, has further increased the efficiency of the Procurement department (IPM-online[®], Imtech Procurement Management – online). Hundreds of suppliers plus the related purchasing conditions have been brought together in a database. This enables Imtech's considerable purchasing volumes to be utilised to the full.

Quality, conditions of employment and the environment

All the Imtech companies meet the most stringent quality, safety, health and environmental requirements. This offers customers, the community and staff the maximum assurance in these areas. All the companies have been awarded the relevant ISO quality standard certification and safety certification plus additional certification for specific projects.

Company Care System

Quality, safety, health and the environment are intrinsic to Imtech's operations and, therefore, make an essential contribution towards the company's continuity. These aspects are laid-down in a Company Care System within the peripheral conditions of ISO 9000, ISO 9001 and VCA**. This system is checked regularly by the divisional management and, where necessary, optimised. Suppliers are asked to guarantee their products and services in the same way.

Quality

Imtech wants to achieve and maintain a quality of services and products such that they meet the most stringent demands and expectations of the customers as well as all the statutory and social standards. Imtech understands quality to be 'the management and continued improvement of all the business processes' and also strives for an integral quality control system.

**Health and safety
the priority**

Working conditions

Ensuring good working conditions is a priority for Imtech.

In concrete terms this means the achievement of the maximum possible safety and the best possible protection of the health and welfare as well as the best possible management of absence due to sickness and the prevention of sickness and the inability to work for all its staff and everyone else involved. To prevent work-related risks and harm to the environment, damage control points are built-into the risk inventory in the work preparation phase, the internal and external audits and in monthly working area inspections.

Any problems that are noted are followed-up by informing staff during the monthly 'toolbox meetings' and, where necessary, by ensuring staff are specially trained for tasks and are provided with the right equipment and materials. When equipment is used, clear, certified procedures and instructions plus expert assistance ensure the work is carried out professionally.

Imtech's own, certified, Occupational Health and Safety service with specialists in Imtech's specific working environment guarantee expert, practical and policy-oriented guidance and (medical) advice. Specific investigations to measure the level to which Imtech's staff are exposed to work-related risks are carried out and contribute towards minimising and preventing these risks.

Performance is checked through regular internal and external audits and meetings within the Association of Industrial Occupational Health and Safety Service.

Environmental care

By environmental care Imtech understands the prevention of air, water and soil contamination, noise and other nuisance, such as the emission of coolants and the limitation, in advance, of damage resulting from events that could occur despite all preventative measures. The environmental policy is safeguarded through external audits, is certified in conformance with the relevant aspects of ISO 9001, ISO 9002 and VCA** and fulfils all the requirements of SCIOS and STEK. To limit and prevent the emission of greenhouse gasses and ozone-damaging gasses staff are specially trained and certified.

Geographic and climate conditions on the tiny Canary island of La Palma are perfect for astronomy. Imtech was responsible for the total energy, emergency power, air and climate technology, including an advanced Building Automation System, for one of the largest telescopes in the world. Imtech was also responsible for the automatic operation of the telescope, the dome and the roof.



GENERAL

Principles of consolidation

The consolidated accounts include the accounts of Imtech N.V. and all those companies with which Imtech N.V. forms an organisational and economic unit. Consolidation is based on uniform principles in accordance with the integral consolidation method whereby inter-company assets and liabilities, income and charges and non realised profit included in the balance sheet as group assets on the balance sheet date are eliminated.

The assets, liabilities and results of the consolidated companies are included in full. Minority interests in the Group funds and/or Group result are shown separately.

When a company is divested or liquidated, the difference between the sales price and net asset value is calculated in the profit and loss account under extraordinary results.

Comparative figures

As a result of the re-orientation of the activities of the former Internatio-Müller that has taken place and the related divestment of the trading activities in recent years, the figures for past years do not give a good comparison with Imtech's current financial data.

For this purpose a separate column in which the pro forma result 2001 of the continuing activities is calculated has been included in the consolidated profit and loss account.

In 2001 the Company has received a reimbursement from the pension fund. No reimbursement has been received in 2002. In order to make the comparison easier this item has not been included in the pro forma comparative figures.

Principles of valuation and calculation of result

The accounts have been prepared under the historical cost convention. Unless otherwise stated hereafter, valuation has taken place at nominal value.

Changes in reporting

As of 2002, and in conformance with developments in the field of reporting, if a project has a contract price of 2 million euro or more and a duration of longer than one year a percentage of the profit proportional to the percentage of completion will be booked. The profit related to other projects will be booked on completion of the project. These other projects comprise a vast stream of orders most of which have a duration of less than one year, which means booking the profit from a percentage of completion would not have any material influence on the capital and result. Up to and including 2001 no profit was booked on any project until it was completed and delivered. The projects for which profit is booked proportional to the percentage of completion are generally more complex projects with a correspondingly greater level of uncertainty. For this reason no profit is booked over the first 35% of the work executed.

Taking future tax obligations into account, the effect of this reporting amendment amounted to 5.9 million euro on 1 January 2002. This effect has been accounted for as extraordinary income. The consequences of the reporting amendment have been incorporated into the balance sheet figures. The effect of the reporting amendment on the comparable figures (including the pro forma comparative figures) for the profit and loss account has not been incorporated as it is very small. Applying the new reporting system would have decreased the net result for 2001 by 0.2 million euro. Applying the old system would have reduced the net result for 2002 by 1.4 million euro.

As of 1 January 2002 goodwill resulting from acquisitions has been activated and amortised on the basis of the economic lifetime up to a maximum of twenty years. Up to and including 2001 goodwill was charged directly to shareholders' funds.

As of 2002 the proposed appropriation of profit is no longer calculated into the end-of-year balance sheet. The net profit remains a part of shareholders' funds until the profit appropriation is approved by the General Meeting of Shareholders. The comparative figures have been adjusted. As a result of this change to the presentation method, shareholders' funds at the end of 2002 were 27.6 million euro higher than they would have been if the method of calculation used until now had been applied (2001: 32.3 million euro).

Conversion of foreign currencies

All items in the Consolidated Balance Sheet expressed in foreign currency have been converted into euros using the exchange rates prevailing at the end of the financial year. If exchange risks on monetary positions on the balance sheet date are covered, the difference between the cash exchange rate prevailing on the balance sheet date and the forward rate of exchange is included as a transitional item. The difference between the cash and covered forward rate of exchange is attributed in proportion with the term of the covering transaction.

Currency exchange rate differences in the conversion of the net investment in foreign participating interests are charged or credited directly to shareholders' funds.

Exchange rate differences arising from transactions conducted in foreign currencies are credited or charged to the profit and loss account.

In the Consolidated Profit and Loss Account, the information related to foreign Group companies is converted at the calculated average rates of exchange for the financial year. The resulting difference between the calculated net result as per the profit and loss account and the net result converted using the exchange rates prevailing at the end of the year is credited or charged directly to shareholders' funds.

CONSOLIDATED BALANCE SHEET

Intangible fixed assets

Intangible fixed assets includes the goodwill arising from the acquisition of capital interests. The difference between the acquisition price plus any costs related to the acquisition, and the net capital value of the participation is regarded as goodwill. The net capital value is determined by the assets, provisions and liabilities of the acquired company valued on the basis of Imtech's accounting principles.

Goodwill is amortised on the basis of the economic lifetime up to a maximum of twenty years.

Tangible fixed assets

These are valued at their acquisition price or manufacturing cost taking into account linear depreciation calculated over the economic lifetime. Business premises are not written-off. Sustained reduction in value is taken into account. Assets no longer in use have been written down to their expected net realisable value if this is lower.

Associated companies and receivables from associated companies

Shares

Durable capital interests held, on the company's own account and for the benefit of the company's own activities, are classified under this item. If a significant influence can be exerted over policy the shares are valued on the basis of the share in the net capital value according to Imtech's principles of valuation. If no influence can be exerted the shares are valued at cost price or yield value, whichever is the lower.

Receivables

Receivables of a financing nature (for a term generally longer than one year) from companies, in which durable capital interest is held on the company's own account and for the benefit of the company's own activities are classified under this item. These receivables are stated at face value less provisions considered necessary to cover the risk of inability to collect.

Other securities and receivables

Other securities

Other securities represent shares in companies which are not classified as either Group companies or associated companies. The price is stated at the lower of cost or market value.

Other receivables

These represent loans and guarantee deposits and are stated at face value less provisions considered necessary.

Work in progress

Work in progress for third parties is valued at the direct costs – primarily materials, salaries and social security charges – plus a surcharge to cover attributable indirect costs and a percentage (in proportion with the percentage of work completed) of the profit expected on completion of large projects and minus provisions for expected losses if applicable.

Stocks

Stocks of raw and ancillary materials are stated at the lower of cost or market value on 31 December. Stocks of finished and semi-finished products are stated at the lower of absorption cost or net realisable value on balance sheet date.

Receivables

Receivables are stated at their face value less provisions considered necessary to cover the risk of inability to collect.

Group funds

The share of third parties in Group companies is included under Group funds. Minority interests are stated at their share in the net asset value determined through the application of the accounting principles adopted for these consolidated annual accounts.

Provisions

The provisions for pensions are stated at the discounted cash values according to actuarial principles. The annual interest account is charged to the interest expense.

The provision for warranties is based on a percentage determined through experience of the production.

The provision for deferred tax arises from differences between the commercial and fiscal valuation of certain assets and liabilities, insofar as these differences will be taxed in the future, and are calculated on the basis of the rates prevailing on the balance sheet date. Entitlements relating to loss compensation are reflected insofar as these can be realised within a reasonable period of time. Entitlements relating to loss compensation and temporary differences which are realisable within one year are reflected as other receivables.

The provisions for reorganisations are formed for legally enforceable and actual obligations resulting from detailed reorganisation plans.

Long-term loans

This concerns long-term loans with a remaining validity of more than one year. Instalments due within one year are included under short-term loans.

Contingent liabilities

For the majority of its Dutch subsidiaries Imtech N.V. has issued a declaration of joint and several liability under Article 403, Book 2 of the Dutch Civil Code, so that these companies do not have to prepare and publish annual accounts in accordance with the requirements of Title 9 of Book 2 of the Dutch Civil Code.

CONSOLIDATED PROFIT AND LOSS ACCOUNT**Net turnover**

Net turnover is understood to be the proceeds from work delivered to, and products and services supplied to, third parties and non-consolidated participations excluding the taxation over the turnover. Transactions between group companies are based on prices that are, in general, comparable with valid market prices.

Taxes

Tax on the result is calculated on the basis of the result according to the profit and loss account and the applicable tax rates and with the permanent difference between the result according to the profit and loss account and the fiscal profit taken into account. Deferred tax obligations and receivables related to the temporary difference between the result according to the profit and loss account and the fiscal profit are expressed in the provisions for deferred tax obligations and other receivables.

Profit and loss account Imtech N.V.

As the Consolidated Balance Sheet and Profit and Loss Account include the financial data of Imtech N.V., the Profit and Loss Account of Imtech N.V. is presented based on Article 402, Book 2 of the Dutch Civil Code.

Information per share

The information per share is based on the weighted average number of ordinary shares outstanding in the financial year.

Consolidated balance sheet of Imtech N.V.

before proposed appropriation of the net result, in thousands of euros

	31 December 2002	31 December 2001
Intangible fixed assets	29,681	–
Buildings and land	59,934	64,423
Machinery and equipment and other tangible fixed assets	46,035	42,051
Tangible fixed assets	105,969	106,474
Associated companies and receivables from associated companies	2,086	1,403
Other securities and receivables	11,045	5,722
Financial fixed assets	13,131	7,125
Total fixed assets	148,781	113,599
Work in progress	999,440	1,026,820
Stocks	26,127	25,853
	1,025,567	1,052,673
Less: instalments invoiced and advance payments received on orders	938,942	1,029,044
Stocks	86,625	23,629
Trade debtors	454,173	518,372
Other receivables	55,573	57,709
Receivables	509,746	576,081
Liquid assets	150,875	195,235
Total current assets	747,246	794,945
Total assets	896,027	908,544

	<u>31 December 2002</u>	<u>31 December 2001</u>
Shareholders' funds	295,279	282,849
Minority interests	4,154	2,519
Group funds	299,433	285,368
Pension provisions	83,496	80,387
Provisions for securities and claims	21,935	32,031 ¹
Deferred tax obligations	16,130	4,978
Reorganisation provisions	30,679	49,885 ¹
Provisions	152,240	167,281
Privately placed loans	2,531	1,266
Long-term loans	2,531	1,266
Banks	16,676	40,017
Trade creditors	263,969	270,297
Other creditors	161,178	144,315
Current liabilities	441,823	454,629
Total liabilities	896,027	908,544

¹ Classification amended for comparison purposes.

Consolidated profit and loss account of Imtech N.V.

in thousands of euros

	2002	Pro forma 2001	2001
Net turnover	2,000,032	1,777,713	2,007,629
Change in work in progress	(36,730)	22,291	22,291
Other operating income	13,880	9,356	10,457
	(22,850)	31,647	32,748
Total operating income	1,977,182	1,809,360	2,040,377
Costs of raw and auxiliary materials and trade goods	498,021	372,482	561,618
Costs of work by third parties and other external charges	593,584	692,143	700,057
Wages and salaries	506,000	420,865	432,196
Social security charges	117,031	96,593	79,429
Depreciation of intangible fixed assets	1,704	–	–
Depreciation of tangible fixed assets	21,090	17,695	19,025
Other operating expenses	165,156	143,186	151,692
Total operating expenses	1,902,586	1,742,964	1,944,017
Operating result	74,596	66,396	96,360
Results from associated companies	965	530	517
Results from other financial fixed assets	(414)	7	7
Interest income	5,467	18,247	18,569
Interest expense	(10,485)	(12,367)	(13,488)
Total financial income and charges	(4,467)	6,417	5,605
Group operating result before taxation			
Taxation on group operating result	70,129	72,813	101,965
from normal operations	(21,987)	(21,879)	(30,788)
Group operating result after taxation	48,142	50,934	71,177
Extraordinary result after taxation	343	(11,651)	59,501
Group result after taxation	48,485	39,283	130,678
Minority interests	(870)	(380)	(380)
Net result	47,615	38,903	130,298 ¹
Weighted average number of issued shares (x 1,000)	25,846	26,346	26,346
Earnings per ordinary share in euro	1.90	1.92	2.69
Earnings per ordinary share in euro – diluted	1.90	1.91	2.68

¹ The net result (including book profit) of the discontinued activities amounting to 78,167,000 euro and the pension reimbursement after taxation amounting to 13,228,000 euro are herein included.

Consolidated cash flow statement of Imtech N.V.

in thousands of euros

	2002	2001
Net result	47,615	130,298
Depreciation of intangible fixed assets	1,704	–
Depreciation of tangible fixed assets	21,090	19,025
Change in provisions	(15,840)	5,624
Change in working capital (excluding liquid assets)	15,130	5,038
Cash flow from operations	69,699	159,985
Investments:		
■ Tangible fixed assets	(29,962)	(20,360)
■ Financial fixed assets	(6,498)	–
Acquisition of companies	(30,823)	(180,082)
Disposal of group companies	(3,206)	99,934
Divestitures:		
■ Tangible fixed assets	11,724	2,854
■ Financial fixed assets	496	414
Other items	(1,485)	3,190
Cash flow from investing activities	(59,754)	(94,050)
Purchase of own shares	(1,306)	(26,922)
Options exercised on ordinary shares	–	782
Change in long-term loans	893	(90,943)
Change in current liabilities to credit institutions	(23,178)	(52,133)
Change in minority interests	1,635	(523)
Dividend previous financial year	(32,349)	(33,565)
Cash flow from financing activities	(54,305)	(203,304)
Change in liquid assets	(44,360)	(137,369)
Liquid assets as at 1 January	195,235	332,604
Liquid assets as at 31 December	150,875	195,235

Intangible fixed assets

As of 2002 the goodwill paid on the acquisition of capital interests is activated and written-off against the result over an average of 15 years. The figures for 2001 and previous years have not been adjusted for comparison purposes in connection with goodwill paid earlier. Up to and including 2001 goodwill was charged directly to shareholders' funds.

The movements of the assets entered under this item is shown in the overview below.

	<u>2002</u>
Book value on 1 January	–
Goodwill paid (at balance)	31,380
Write-off of goodwill and devaluation	(1,704)
Exchange rate differences	5
	<hr/>
Book value on 31 December	29,681
Specified as follows:	
Cost of acquisition	31,385
Accumulated amortisation	1,704

Tangible fixed assets

The movements in the assets classified under this balance sheet item are shown in the summary below.

	Buildings and land	Machinery and equipment and other tangible fixed assets			Total 2002	Total 2001
		Machinery and installations	Hardware and software	Other fixed assets		
Book value on 1 January	64,423	8,932	13,020	20,099	106,474	110,868
Acquisition of companies	237	187	1,030	1,047	2,501	12,353
Disposal of companies	–	–	–	(92)	(92)	(15,250)
Additions	2,539	1,917	9,133	16,373	29,962	20,360
Disposals	(4,857)	(3,864)	(1,073)	(1,930)	(11,724)	(2,854)
Depreciation	(2,363)	(2,436)	(8,293)	(7,998)	(21,090)	(19,025)
Exchange rate differences	(45)	–	(11)	(6)	(62)	22
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Book value on 31 December	59,934	4,736	13,806	27,493	105,969	106,474
Specified as follows:						
Cost of acquisition	82,635	22,071	38,140	70,807	213,653	196,707
Accumulated depreciation	22,701	17,335	24,334	43,314	107,684	90,233

The acquisition costs of buildings are generally written off over 30 years (costs of reconstruction over 10 years). The following depreciation terms are generally applied for machinery and equipment:

- Machinery and installations: 10 years;
- Hardware and software: 3 to 5 years;
- Other fixed assets: 3 to 5 years.

Associated companies and receivables from associated companies

These represent:	2002	2001
Shares	1,131	1,024
Receivables	955	379
Total	2,086	1,403

Shares

Movements in the share in the net asset value of associated companies were as follows:	2002	2001
Balance on 1 January	1,024	799
Increase in shareholdings	96	510
Share in results	965	517
Declared dividend	(914)	(596)
Sale of participating interests	–	(68)
Other movements	(40)	(138)
Balance on 31 December	1,131	1,024

Other securities and receivables

These represent:	2002	2001
Other securities	4,156	4,601
Other receivables	6,889	1,121
Total	11,045	5,722

The other receivables is generally longer than one year. Other receivables include active deferred taxes amounted to 5.7 million euro.

Stocks

The stocks consist of the following:	2002	2001
Raw and auxiliary materials	15,586	14,930
Semi-finished products	1,773	3,276
Finished products and trade stocks	8,360	6,056
Advance payments to suppliers	408	1,591
Total	26,127	25,853

Liquid assets

By this is understood funds with bank and post office giro establishments. Some of these funds are in deposit accounts. The liquid assets are freely available for use and can be withdrawn on demand.

Shareholders' funds

For an explanation of capital, share premium reserve and other reserves, see the notes to the Balance Sheet of Imtech N.V.

Minority interests

This item comprises the interests of third parties in consolidated subsidiaries.

	2002	2001
Movements were as follows:		
Balance on 1 January	2,519	3,042
Movements due to acquisitions	1,079	(1,026)
Share in results	870	380
Dividend	(290)	(121)
Sale of participations	–	244
Exchange rate differences	(24)	–
Balance on 31 December	4,154	2,519

Provisions

	Pensions	Warranties and claims	Deferred tax liabilities	Reorgani- sations	Total
Balance on 1 January	80,387	32,031 ¹	4,978	49,885 ¹	167,281
Acquisition of participations	87	181	286	–	554
Sale of participations	–	–	245	–	245
Deposits	5,165	4,949	10,229	21,616	41,959
Withdrawals	(2,143)	(15,213)	(5,331)	(40,828)	(63,515)
Other movements	–	–	5,723	–	5,723
Exchange rate differences	–	(13)	–	6	(7)
Balance on 31 December	83,496	21,935	16,130	30,679	152,240

The provision for pensions mainly concerns present and former employees in Germany. The provision for pensions comprises the discounted cash values, calculated at 6%, of the commitments with respect to a number of pensions awarded to (ex) employees or their heirs. The provision is formed in accordance with the statistical system based on the final salary and locally applicable mortality tables.

The obligations relating to the pension arrangements of the companies established in the Netherlands are placed with company pension funds as well as the ‘Stichting Centraal Pensioenfonds Internatio-Müller’ and a number of independent foundations and insurance companies.

The provision for warranties and claims includes an amount of 7.7 million euro (2001: 7.7 million euro) for potential environmental damage.

The provision for deferred tax relates to future tax liabilities arising from differences between the fiscal and commercial valuation of certain assets and liabilities. Deferred tax liabilities in respect of withholding tax are only recorded if and to the extent that it is the intention to distribute the group companies’ profit in the near future. The deferred tax liabilities comprise the balance of 7.1 million euro active and 23.2 million euro passive deferred tax (2001: 32.8 million euro and 37.8 million euro respectively). The active deferred tax relates predominantly to provisions and compensatable losses, and the passive deferred tax relates predominantly to work in progress. No value has been attached to 35 million euro forward compensatable losses generated abroad.

An amount of 32.9 million euro (2001: 35.1 million euro) must be regarded as short-term (less than one year).

¹ Classification amended for comparison purposes.

Long-term loans

The interest rates of the loans taken-up are between 4% and 6%. The short-term portion of the long-term loans amounts to 0.5 million euro. 0.6 million euro of the long-term loans have a remaining term of more than five years.

Banks

This item covers bank borrowings in the form of short-term loans and overdrafts.

Trade creditors

This item relates to amounts payable for goods supplied and services rendered.

Other creditors

The composition of this item is as follows:

	2002	2001
Bills of exchange and cheques	3,951	2,194
Amounts owed to participating interests	163	244
Taxes and social security contributions	55,120	45,295
Amounts owed in respect of pensions	2,374	1,847
Various creditors	99,570	94,735
Total	161,178	144,315

Taxes and social security contributions

This item comprises short-term tax liabilities and social security contributions, less provisional assessments already paid.

Various creditors

Most of these debts involve over-running liabilities.

Contingent liabilities

Financial commitments, contracted for a number of years under leasehold, rental and operational lease agreements, amount to 205 million euro (2001: 154 million euro). These obligations in nominal amounts are divided over the coming years as follows:

	2003	2004- through 2007	After 2007
Long lease and rent	17,427	54,898	28,763
Operational lease	28,048	58,954	16,867
Total	45,475	113,852	45,630

The liabilities due to operational lease agreements, rental and leaseholdings amount to 36.9 million euro in the year under review (2001: 33.1 million euro). There is an investment obligation amounting to 0.7 million euro with regard to a remaining minority interest that arose through the acquisition of a Group company. The company is liable for several co-operations that operate in the form of a partnership. The interest is not material.

in millions of euros

Proportion of Group result per division

	Benelux		Germany		ICT & Technology		Total	
	2002	2001	2002	2001	2002	2001	Pro forma	
	2002	2001	2002	2001	2002	2001	2002	2001
Production	639	665	826	822	377	243	1,842	1,730
Turnover	696	565	943	933	361	280	2,000	1,778
Operational EBITA	31.9	30.2	31.5	23.4	22.9	24.2	86.3	77.8
Amortisation goodwill							(1.7)	–
Group management costs							(10.0)	(11.4)
Operating result							74.6	66.4
Invested capital	107,451	96,606	210,642	208,042	104,239	94,109	470,820	493,885
EBITA-margin %	4.6	5.3	3.3	2.5	6.3	8.6	3.8	3.7

The book profit on the sale of the Westerlaan premises in Rotterdam is entered as other operating income under Group management (1.2 million euro).

Number of personnel at year end

	2002	2001
Benelux	5,797	5,376
Germany	4,674	4,944
ICT & Technology	3,284	4,030
Holding	25	25
Total	13,780	14,375

The breakdown of net turnover, by geographical market

	2002	%	Pro forma 2001	%	2001	%
The Netherlands	831	42	685	39	699	35
Other EU countries	1,043	52	1,040	58	1,205	60
Outside the EU	126	6	53	3	104	5
Total	2,000	100	1,778	100	2,008	100

Wages and salaries

Wages and salaries amounted to 506 million euro (2001: 432 million euro).

Social security charges

This item includes the annual pension charges amounting to 16.3 million euro (2001: 9.2 million euro excluding the reimbursement mentioned hereafter). If the Central Pensioenfonds Internatio-Müller's degree of cover at the end of any financial year is above 140%, the Company is entitled to a reimbursement in the following year. In 2001 this reimbursement amounted to 18.1 million euro. At the end of 2001 the degree of coverage was lower than 140% so that there was no entitlement to reimbursement in 2002.

Remuneration of members of the Management and Supervisory Boards

For 2002 the remuneration for members and former members of the Board of Management was as follows:

	Gross salary		Bonus and termination payment		Pension and social security charges		Total	
	2002	2001	2002	2001	2002	2001	2002	2001
R.J.A. van der Bruggen	433,020	386,505	90,756	251,451	632,145	58,000	1,155,921	695,956
B.R.I.M. Gerner ¹	69,444	–	–	–	13,928	–	83,372	–
H.C. Scheffer ²	227,220	545,328	1,052,809	601,707	48,267	86,553	1,328,296	1,233,588
M.A. van Alphen ³	182,964	397,850	144,642	262,795	132,867	100,469	460,473	761,114
Total	912,648	1,329,683	1,288,207	1,115,953	827,207	245,022	3,028,062	2,690,658

Mr Van der Bruggen was appointed Chairman of the Board of Management on 1 May 2002.

Loans bearing an interest rate of 4.5% were extended to Messrs Van der Bruggen and Van Alphen in connection with the option scheme for the years 1997, 1998 and 1999.

In 2001 the Supervisory Board decided that the interest expenses related to these loans should be charged to the Company and that the loans would be waived if the options had not been exercised on the expiry date. The loans extended to the persons mentioned above in connection with the 1997 option scheme were waived in 2002, whereby a gross expense of 37,777 euro and 93,592 euro respectively arose. The outstanding balance at the end of 2002 amounted to 31,155 euro and 77,889 euro respectively.

No member of the Board of Management holds any shares in Imtech N.V. The level of the fixed bonuses depends on both the achieved Group results and individual targets. Most of the targets were achieved. An overview of the option rights granted to members of the Board of Management active in 2002 is shown below:

	Exercise price	Situation on 01-01-2002	Granted in 2002	Expired	Situation on 31-12-2002
R.J.A. van der Bruggen	25.18	16,000		16,000	–
	31.99	16,000			16,000
	26.65	16,000			16,000
	20.80	40,000			40,000
	27.00	40,000			40,000
	24.25		15,000		15,000
B.R.I.M. Gerner	24.25		15,000		15,000
H.C. Scheffer	20.80	40,000			40,000
	27.00	40,000			40,000
	24.25		15,000		15,000
Total		208,000	45,000	16,000	237,000

The conditions are the same as for all other option holders (see page 63).

¹ Member of the Board of Management since 1 October 2002.

² Member of the Board of Management up to and including May 2002. A termination payment of 634,713 euro and an income guarantee of 157,500 euro for 2002 were paid later and included in the 'bonus and termination payment' column.

³ Member of the Board of Management up to and including April 2001. Until mid 2002 advisor to the Board of Management. Conditions of Employment have remained unchanged.

The remuneration of members of the Supervisory Board in 2002 amounted to (in euros):

	2002	2001
A.G. Jacobs ¹ , Chairman	33,000	22,689
M.C. Veen, Vice-chairman	28,000	20,420
B. de Vries	23,388	20,808
G.J. de Boer-Kruyt	23,388	20,808
P.J. Groenenboom	23,000	20,420
E.A. van Amerongen ²	15,333	–
J.M.H. van Engelshoven ³	–	11,345
S.J. Jonker ³	–	6,807
Total	146,109	123,297

No member of the Supervisory Board holds shares in Imtech N.V. or options on shares with the exception of Mr Groenenboom who still holds staff options originating from the period during which he was Chairman of the Board of Management.

A loan bearing an interest rate of 4.5% was extended to Mr Groenenboom in connection with the option scheme for the years 1997, 1998 and 1999.

In 2001 the Supervisory Board decided that the interest expenses related to this loan should be charged to the Company and that the loan would be waived if the options had not been exercised on the expiry date. The loan in connection with the 1997 option scheme was waived in 2002, whereby a gross expense of 93,592 euro arose. The outstanding balance at the end of 2002 amounted to 77,889 euro.

Amortisation of intangible fixed assets

This item comprises the amortisation of goodwill paid.

Depreciation of tangible fixed assets

For the method of calculating depreciation, see the notes on the assets concerned.

Results from associated companies

This item comprises the share in the results of associated companies stated at their net asset value.

Results from other financial fixed assets

This item comprises the dividends from other securities which have not been stated at their net asset value.

¹ Since 24 April 2001.

² Since 23 April 2002.

³ Up to and including 24 April 2001.

Taxation on Group result from normal business operations

The relationship between the effective tax rate and the statutory Dutch tax rate is as follows:

	<u>2002</u>	<u>2001</u>
Corporate income tax rate	34.5%	35.0%
Non-exempt amortisation of goodwill	0.4%	–
Other non-exempt expenses	0.5%	0.4%
Tax facilities	(3.0%)	(3.2%)
Compensateable losses	(0.7%)	–
Other tax rates for foreign business units	(0.1%)	(1.7%)
Other	(0.2%)	(0.3%)
	<hr/>	<hr/>
Effective tax rate	31.4%	30.2%

Imtech N.V. and most of the Dutch Group companies form a fiscal unit.

Extraordinary result after taxation

The one-time positive effect of the changes to the reporting system regarding profit made on long-term projects amounts to 9.0 million euro. The tax on this profit amounts to 3.1 million euro. Against this are re-organisation costs in various Group companies amounting to 7.9 million euro. Tax benefit over the extraordinary expenses amounts to 2.3 million euro.

Cash flow from business operations

Cash flow from business operations amounted to 69.7 million euro (2001: 160.0 million euro of which in total 91.4 million euro was connected with the contribution towards profits made by discontinued activities (including book profit) and the reimbursement from the pension fund); net profit and depreciation was 70.4 million euro (2001: 149.3 million euro). The decrease in working capital was 15.1 million euro, compared with a decrease of 5.0 million euro in the previous financial year. The balance of work in progress and invoiced instalment payments rose compared with 2001.

Cash flow from investment activities

The balance of cash flow from investment activities was 59.8 million euro negative compared with 94.1 million euro negative in 2001. Acquisitions involved a sum of 30.8 million euro compared with 180.1 million euro in 2001.

Cash flow from financing activities

The cash flow from financing activities resulted in a shortfall of 54.3 million euro. To cover the option obligations Imtech shares with a total value of 1.3 million were purchased. In addition, short-term debt with banks was reduced and a cash dividend of 32.3 million euro was paid out.

Balance sheet of Imtech N.V.

before proposed appropriation of the net result, in thousands of euros

	31 December 2002	31 December 2001
Intangible fixed assets	15,219	–
Tangible fixed assets	–	3,471
Group companies and receivables from Group companies	312,040	226,156
Other securities and receivables	799	703
Financial fixed assets	312,839	226,859
Total fixed assets	328,058	230,330
Receivables	14,414	10,321
Liquid assets	49,654	128,655
Total current assets	64,068	138,976
Total assets	392,126	369,306
Called and paid-up capital	64,528	64,528
Share premium reserve	36,120	36,120
Other reserves	147,016	51,903
Net result before appropriation	47,615	130,298
Shareholders' funds	295,279	282,849
Provisions	29,159	30,563
Banks	27,934	19,095
Amounts owed to Group companies	17,910	26,625
Other creditors	21,844	10,174
Current liabilities	67,688	55,894
Total liabilities	392,126	369,306

■ ■ ■ ■ ■ ■
Profit and loss account of Imtech N.V.

■ ■ ■ ■ ■ ■ **in thousands of euros**

	<u>2002</u>	<u>2001</u>
Results from associated companies	27,653	94,532
Other income and charges	<u>19,962</u>	<u>35,766</u>
Net result	47,615	130,298
Proposed appropriation of profit:		
Dividend payable on ordinary shares	27,631	32,349
Transfer to the general reserve	<u>19,984</u>	<u>97,949</u>
Total	<u>47,615</u>	<u>130,298</u>

Principles of valuation and calculation of result

The valuation of the assets and liabilities and the calculation of the net result conforms with accounting principles applied in the consolidated accounts. The shareholders' funds and net result of Imtech N.V. are, therefore, the same as in the consolidated accounts.

Intangible fixed assets

As of 2002 the goodwill paid when acquiring capital interests is activated and amortised and charged to the result over an average of 15 years. The figures for 2001 and previous years have not been adjusted for comparison purposes in connection with goodwill paid earlier.

The movements of the assets entered under this item is shown in the overview below.

	<u>2002</u>
Book value on 1 January	–
Goodwill paid (on balance)	15,915
Amortisation of goodwill and devaluation	(696)
	<hr/>
Book value on 31 December	15,219
Specified as follows:	
Cost of acquisition	15,915
Accumulated amortisation	696

Tangible fixed assets

This concerns business premises and contents. The movements are shown in the following summary:

	<u>2002</u>	<u>2002</u>
Book value on 1 January	3,471	3,630
Additions	–	–
Desinvestments	(3,221)	–
Depreciation	(250)	(159)
	<hr/>	<hr/>
Book value on 31 December	–	3,471
Specified as follows:		
Cost of acquisition	–	4,890
Accumulated depreciation	–	1,419

Interests in and receivables from Group companies

This item comprises:

Shares	257,887	146,472
Receivables	54,153	79,684
	<hr/>	<hr/>
Total	312,040	226,156

Shares

The shares are stated at the companies' net asset value after the deduction of any necessary provisions. The movements in the net asset value of the Group companies were as follows:

	<u>2002</u>	<u>2001</u>
Balance on 1 January	146,472	163,055
New Group companies	7,344	8,622
Additions	107,181	71,419
Disposals	(23,355)	(39,085)
Results	27,653	94,532
Dividends received	(23,459)	(21,898)
Exchange rate differences	1,065	677
Writing-off indirect participations' goodwill	–	(112,063)
Other movements	14,986	(18,787)
	<u>257,887</u>	<u>146,472</u>
Balance on 31 December	257,887	146,472

The main Group and associated companies are listed on page 6.

A list of Group and associated companies compiled in accordance with Article 379 and 414, Book 2 of the Dutch Civil Code has been lodged with the Commercial Registry in Rotterdam.

Other securities and receivables

This item comprises:

	<u>2002</u>	<u>2001</u>
Securities	15	15
Receivables	784	688
	<u>799</u>	<u>703</u>
Total	799	703

Receivables

Receivables from participating interests	3,947	4,745
Other receivables, prepayments and accrued income	10,467	5,576
	<u>14,414</u>	<u>10,321</u>
Total	14,414	10,321

Paid in and called-up capital

Balance on 1 January	64,528	60,924
Exercise of staff share options	–	79
Increase in paid-in capital	–	3,525
Share dividend	–	–
	<u>64,528</u>	<u>64,528</u>
Balance on 31 December	64,528	64,528

The number of outstanding ordinary shares with a nominal value of 2.40 euro, on

1 January	25,879,549
31 December	25,823,549

The number of subscribed shares amounted to 26,886,549. At the end of 2002 the number of shares repurchased by the company to cover the obligations emanating from staff options awarded up to and including 2002 amounted to 1,063,000.

At the end of the year under review no Supervisory Board or Board of Management member held any Imtech N.V. shares or options listed on Euronext Amsterdam. In 2002 and the preceding years, a number of executives, including members of the Executive Council, were granted options for ordinary shares in Imtech N.V. for a term of five years at an exercise price based on the Stock exchange price of ordinary shares at the time the option rights were granted.

On 31 December 2002, the number of outstanding options granted to managers, former managers, staff and former members of staff amounted to:

	Distributed	Quantity	Exercise price	Exercised before 2002	Expired in 2002	Outstanding on 31-12-2002
1997		190,000	25.18	–	190,000	–
1998		186,000	31.99	–	–	186,000
1999		198,000	26.65	–	–	198,000
2000		222,000	20.80	–	–	222,000
2001		237,000	27.00	–	–	237,000
2002		221,000	24.25	–	–	221,000
		<u>1,254,000</u>		–	<u>190,000</u>	<u>1,064,000</u>

In the year under review 56,000 shares were purchased to cover outstanding options.

The income tax liability related to the option schemes in 1998 and 1999 was made available to all the option holders in the form of a loan. The interest charges have been assumed by the Company and reimbursed gross to the employee. If the relevant options are not exercised the option holder's debt is nullified. The term is five years and the options may be exercised at any time except during the 'closed' period specified by the Company.

Share premium reserve

	2002	2001
Balance on 31 December	<u>36,120</u>	<u>36,120</u>
Comprises:		
Taxable on distribution	8,593	8,593
Exempt from taxation on distribution	<u>27,527</u>	<u>27,527</u>
	<u>36,120</u>	<u>36,120</u>
Exempt from taxation on distribution		
Balance on 1 January	27,527	30,349
Exercise of stock options	–	703
Share dividend	–	–
Paid-in and called-up capital	–	(3,525)
Balance on 31 December	<u>27,527</u>	<u>27,527</u>

Other reserves

	2002	2001
Balance on 1 January	51,903	107,589
Purchase of own shares	(1,306)	(26,922)
Movement of goodwill	–	(216,944)
Profit appropriation	97,949	186,942
Price difference valuation of participating interest	(1,530)	1,238
Balance on 31 December	147,016	51,903

The statutory reserves included in the other reserves are not of material importance.

Provisions

	Warranties and claims	Deferred tax liabilities	Reorgani- sations	Total
Balance on 1 January	9,934 ¹	15,820	4,809 ¹	30,563
Deposits	–	4,063	765	4,828
Withdrawals	(2,712)	–	(3,520)	(6,232)
Balance on 31 December	7,222	19,883	2,054	29,159

For further information please see page 52.

Other creditors (short-term)

The composition of this item is as follows:

	2002	2001
Taxes and social security contributions	94	211
Various creditors	21,750	9,963
Total	21,844	10,174

Financial instruments

True value

The true value of the financial instruments is virtually the same as the book value.

Interest risk management

During the financial year the Company did not make use of any derivative financial contracts.

¹ Classification amended for comparison purposes.

Foreign currency risk management

Forward exchange contracts and currency swaps are concluded by the Company in order to cover risks arising from normal business operations. The core of this policy is to protect the Company from the risk of changes in the exchange rate having a negative influence on ultimate cash flow. Related to the Company as a whole, the total of transactions outstanding on the balance date is small.

Credit risk management

This risk involves the loss that could arise if other parties do not fulfil their contractual obligations. Normal debtor risk is controlled by utilising information from recognised credit information establishments. The risks of non-payment are also limited by invoicing the contract price in instalments. In addition, the Company is not dependent on one or several large customers. Derivative financial instruments are only entered into with first-class banks. The available liquid assets are to a very limited degree invested with various banks or short-term first-class securities.

Contingent liabilities

Under Article 403, Book 2 of the Dutch Civil Code, Imtech N.V. has issued a declaration of joint and several liability for the majority of its Dutch subsidiaries.

In addition, Imtech N.V. has provided separate guarantees as additional security on behalf of subsidiaries, relating to the fulfilment of specifically defined contractual commitments to third parties. These guarantees primarily concern so-called 'advance payment' guarantees in the technical contracting sector and some purely performance guarantees. Virtually all such guarantees have been given for companies for which the above-mentioned declaration of joint and several liability was issued and filed at the Commercial Registry Office. The liabilities of these subsidiaries amounted to 286 million euro (2001: 270 million euro) on the balance sheet date.

Other

In the year under review there was a parliamentary inquiry into possible irregularities in the construction industry. At the end of the period under review a report of this inquiry was published in which installation companies were also named. Any subsequent investigations, in so far as they involve Imtech Companies, can be faced with confidence due to the policies, management and measures carried out in the past.

Gouda, 10 March 2003

Supervisory Board

A.G. Jacobs
M.C. van Veen
B. de Vries
G.J. de Boer-Kruyt
P.J. Groenenboom
E.A. van Amerongen

Board of Management

R.J.A. van der Bruggen
B.R.I.M. Gerner

Auditor's report

We have audited the 2002 financial statements of Imtech N.V., Gouda (with statutory seat at Rotterdam). The Company's management was responsible for preparing these financial statements. Our responsibility was to express our opinion of these financial statements based on our audit.

Scope

We conducted our audit in accordance with auditing standards generally accepted in the Netherlands. These standards require that we plan and perform the audit in such a way as to obtain reasonable assurance as to whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the company on 31 December 2002 and of the result for the year then ended in accordance with accounting principles generally accepted in the Netherlands and comply with the financial reporting requirements included in Part 9, Book 2 of the Dutch Civil Code.

Rotterdam, 10 March 2003

KPMG Accountants NV

Statutory provisions regarding the appropriation of profits

The regulation regarding the appropriation of profits is contained in Article 17, Clauses 3 to 6 of the Articles of Association and is substantially reflected as follows:

Preference shares

A dividend is paid on preference shares that is equal to the average euro loan rate as applied by ABN AMRO Bank NV, raised by two percent. If and in so far as the profit is insufficient to allow this dividend to be paid in full, the Board of Management may resolve to pay the shortfall out of the reserves. If and in so far as this dividend is also not paid out of the reserves, profit booked in subsequent years must first be used to pay, in full, the deficit owed to holders of preference shares before any dividend may be paid on financing preference shares and ordinary shares.

Financing preference shares

On every financing preference share of a series a dividend is paid that is equal to the interest on government loans with a (remaining) term of eight to nine years, as published in the official Price List of Euronext Amsterdam NV, effective for the last trading day prior to the day the relevant series of preference shares was issued, raised or lowered as necessary depending on prevailing market conditions, by a surcharge equal to a maximum of two and a half percent points or a reduction of a maximum of half a percent point, which surcharge or reduction can vary per series. Once every ten years the dividend percentage of financing preference shares of the relevant series will be adjusted to the then valid yield of the government loans applicable for this purpose, if necessary raised or lowered by the surcharge, respectively reduction, mentioned above. If and in so far as the profit is insufficient to allow this dividend to be paid in full, the shortfall will be paid out of the reserves. If and in so far as this dividend also cannot be paid out of the reserves, profit booked in subsequent years must first be used to pay, in full, the deficit owed to holders of financing preference shares before any dividend may be paid on ordinary shares.

Ordinary shares

The Board of Management, with the approval of the Supervisory Board, decides how much of the profit remaining after the application of the above provisions will be reserved. The profit remaining after the application of these provisions is at the disposal of the General Meeting of Shareholders.

Proposal regarding the appropriation of profit

It shall be proposed to the General Meeting of Shareholders that the net result of 47.6 million euro be appropriated as follows: a sum of 27.6 million euro to holders of ordinary shares and the remaining 20.0 million euro to the general reserve. The dividend proposal is stated on page 16 of the report of the Board of Management.

Special statutory rights regarding control

No individuals have a special statutory right regarding control of the company. No profit-sharing certificates have been issued.

Stichting Imtech

Imtech N.V. granted Stichting Imtech an option on preference shares in the Company up to a maximum of sixty million preference shares in its share capital, with the proviso that the Stichting may only take preference shares up to a total nominal sum equal to the total nominal sum of all ordinary shares and financing preference share capital outstanding at the time the option right is exercised. As is currently the case, if it has taken up its full option the Stichting may cast a maximum of 50% of the votes in a General Meeting of Shareholders. In 2001, no preference shares were outstanding with the Stichting.

The current management of Stichting Imtech comprises Mr A.G. Jacobs, Mr P. Schwencke, Mr R.J. Nelissen and BV Trustkantoor Gestor represented by Mr L.J.J.M. Lutz.

Declaration of independence

The Board of Management of Imtech N.V. and the management of Stichting Imtech hereby declare that in their joint opinion the conditions for the independence of the management of Stichting Imtech as understood to be stipulated in Enclosure X of the Funds regulations of Euronext Amsterdam N.V. have been met.

Gouda, 10 March 2003

Imtech N.V.

Board of Management

Stichting Imtech

Management

Imtech N.V.

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