



ANNUAL REPORT 2003



Imtech

SHARED SUCCESS

HIGHLIGHTS 2003

- **Strengthening of European market positions**
- **Good result under unfavourable market conditions**
- **EBITA: 73.9 million euro, + 8.0% (organic + 0.4%)**
- **Net profit: 44.0 million euro, + 5.5% (organic + 1.0%)**
- **Turnover: 2,098 million euro, + 4.9% (organic +/- 0.7%)**
- **Production: 2,020 million euro, + 9.7% (organic + 4,3%)**
- **Order portfolio equal to 2002: 2,086 million euro**

KEY VALUES

- **Imtech is customer-driven.** Imtech offers customers high-quality total solutions via one contact point. This allows customers to concentrate more 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 creates innovative thinking, flexibility and speed.**
- **Imtech is an attractive employer with motivated employees.** This is reflected in professionalism and quality. In addition, employees are given every opportunity to develop further.
- **Imtech is sincere and attaches considerable value 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 into and knowledge of (the primary processes) of the customer, by cooperating intensively with and for the customer and by offering a complete, integrated range of concepts and services.**
- **Measurable added-value for our customers generates 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 information & communication technology and electrical and mechanical engineering.** With approximately 13,000 employees, Imtech realises an annual turnover of more than 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 multidisciplinary 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, England, Germany, Luxembourg, the Netherlands 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

- **In 2003 market conditions were difficult. Nevertheless Imtech strengthened its market positions and achieved a good result. This success is founded on a combination of factors: A strategy whereby Imtech distinguishes itself in the market as the provider of a cohesive range of multidisciplinary solutions. An organisation that can operate flexibly and responsively in changing market conditions. Long-term co-operation with customers based on the achievement of measurable added-value for the customer. And employees who adopt Imtech's values as their own and practice them every day for the benefit of the customer. In short: teamwork allowing our customers and us to share success. This is also the message underlying the image we use in our corporate communications and this Annual Report.**

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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

	2003	2002	2001	2000	1999
Turnover ²	2,098	2,000	1,778	1,340	1,272
Production ²	2,020	1,842	1,730	1,380	1,321
EBITA ^{2,3}	73.9	68.4	51.1	47.5	45.4
EBIT ^{2,3}	70.8	66.7	51.1	47.5	45.4
Order portfolio ²	2,086	2,088	2,000	1,678	1,574
EBITA margin (%) ^{2,3}	3.5	3.4	2.9	3.5	3.6
Number of personnel ²	13,100	13,780	14,375	10,049	10,146
Net result from on-going activities ²	44	42	39	34	31
Discontinued activities (including book profit)	–	–	78	174	53
Pension reimbursement after taxes	–	–	13	13	–
Net result	44	42	130	221	84
Net result ⁴	44	42	61	77	61
Cash flow	67	65	149	243	108
Shareholders' funds at year end	311	295	283	428	217
Net cash position	124	132	154	198	– 37
Net return on shareholders' funds on 1 January (%) ⁴	14.9	14.7	14.3	35.5	36.6
Net return on average shareholders' funds (%) ⁴	14.5	14.4	17.2	23.9	31.8
Group capital : total liabilities	0.34	0.33	0.31	0.41	0.23
Long-term capital : total fixed assets	3.00	3.05	4.00	5.26	2.71
Current assets : short-term debts (liabilities)	1.69	1.69	1.75	2.09	1.42
Interest coverage	11.5	13.3	–	17.3	7.6
Number of issued ordinary shares in millions (at year end)	25.9	25.8	25.9	26.9	25.9
Number of issued ordinary shares in millions (average)	25.8	25.8	26.3	26.5	25.7
DATA PER ORDINARY SHARE WITH A NOMINAL VALUE OF € 2,40					
Cash flow ⁵	2.61	2.50	5.67	9.18	4.21
Net result before amortisation of goodwill ^{4,5}	1.82	1.68	2.31	2.89	2.36
Net result ⁵	1.70	1.61	4.95	8.32	3.27
Shareholders' funds	12.02	11.44	10.93	15.94	8.37
Dividend	1.07	1.07	1.25	1.25	0.95
Pay-out in % ⁴	63	66	53	44	41

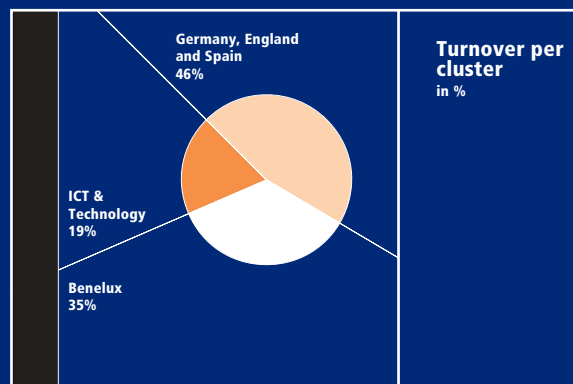
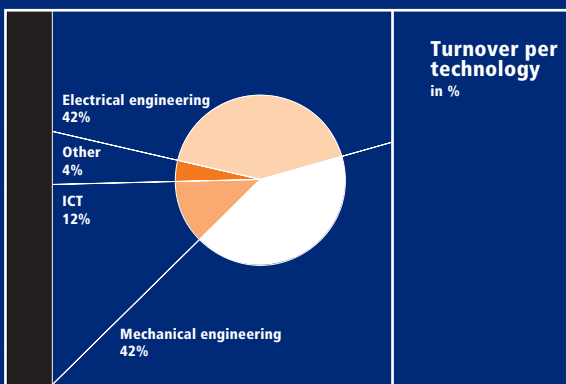
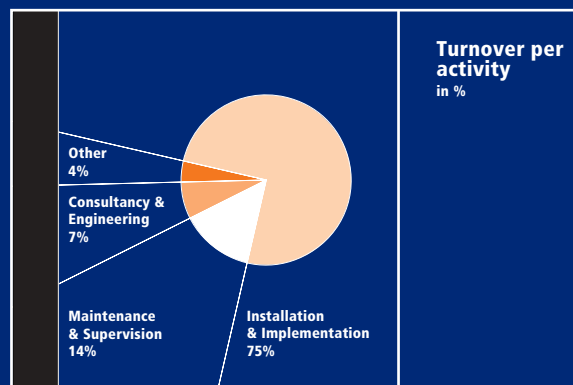
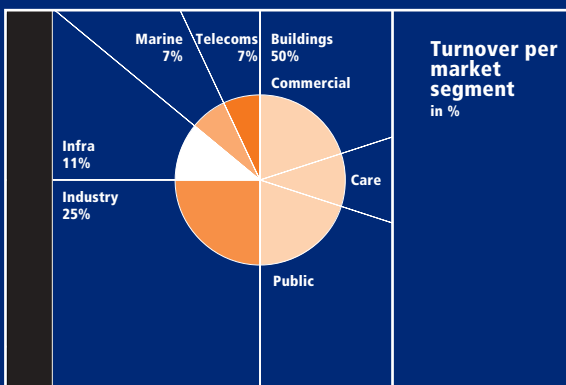
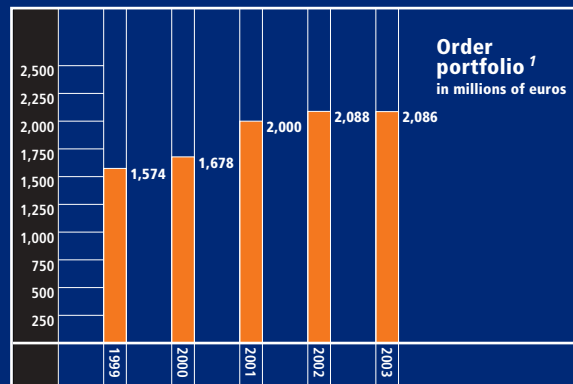
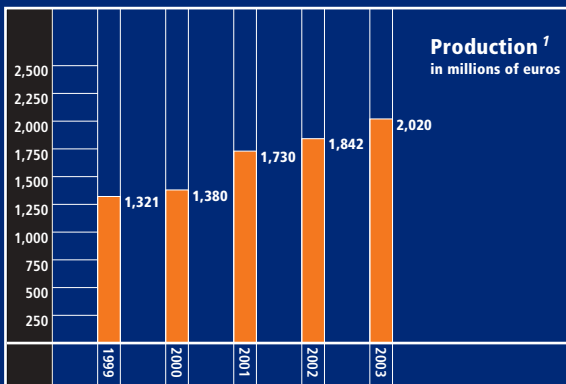
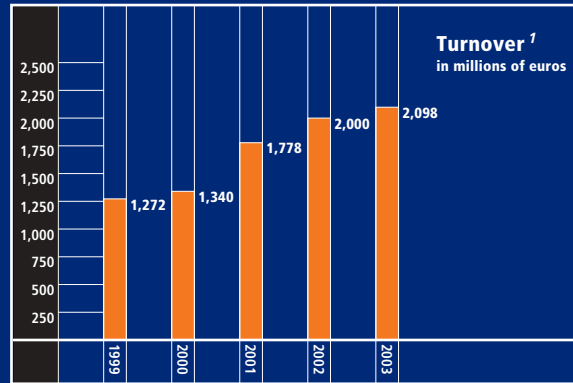
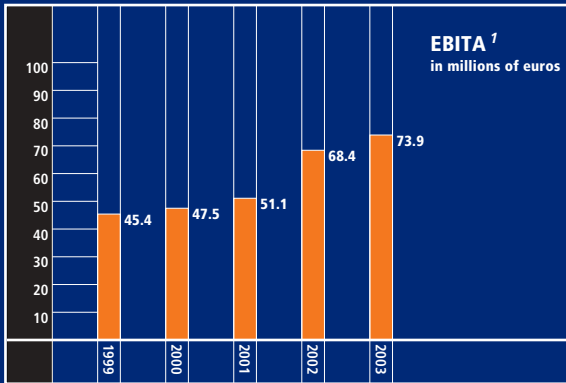
¹ Because the history of Imtech in its current form is short, a ten-year summary would not be representative.

² Pursuant to new Guidelines for Annual Reporting, items formerly accounted for as extraordinary income and charges no longer qualify as such. In addition, the figures for the activities sold during 2000 and 2001 and the reimbursement received from the pension fund in 2000 and 2001 have been excluded. The figures for the years 1999 to 2002 have been adjusted for comparative purposes.

³ Including the extraordinary income and expenses previously considered as ongoing activities.

⁴ Excluding extraordinary income and charges discontinued activities.

⁵ Based on the average number of outstanding shares.



¹ The figures for the years 1999 through 2002 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	25,864,549

ARTICLES OF ASSOCIATION

All Imtech shares are registered shares that are traded via the giro-based securities transfer system. The shares Imtech 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

The dividend policy is to pay out 40% of the net result. As it did in 2002 and 2001, the dividend proposal for 2003 deviates positively from this policy. The proposed pay-out amounts to 63% (2002: 66%).

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%
■ Smoorenburg B.V.	5.8%
■ AVIVA Plc / Delta Lloyd Verzekeringsgroep N.V.	5.2%
■ Aegon N.V.	5.1%
■ Tweedy, Browne Fund Inc.	5.1%

THE SHARE IN 2003 (IN €)

	2003	2002	2001
Highest price	20.58	25.70	28.95
Lowest price	10.20	12.51	18.90
Closing price	20.58	12.57	21.02
Dividend return on closing price in %	5.2	8.5	5.9
Price/earnings ratio (at year end)	11.3	7.5	7.8
Ordinary shares traded (average number per day)	52,458	35,391	55,806
Number of issued ordinary shares (at year end)	25,864,549	25,823,549	25,879,549
Number of issued ordinary shares (average)	25,828,966	25,823,549	26,345,549

LIQUIDITY PROVIDERS

ABN AMRO Bank, F. van Lanschot Bankiers, ING Bank, Rabo Securities en Kempen & Co act as liquidity provider 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 2003, 4,000 shares were purchased for a total price of 61,924 euro. Including the shares purchased in previous years this covers obligations related to personnel options granted up to and including 2003 (on balance a total of 1,022,000).

Imtech vs. Midkap index share price trend
(January 2001 through December 2003 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 2003 a considerable number of presentations was given to analysts and institutional and private investors.

On 24 June 2003 Imtech organised a special analysts meeting about Imtech’s position in the marine market. During this meeting the issues discussed included relevant market developments and technological trends and a guided tour of Hr. Ms. Zeven Provinciën, a Royal Dutch Navy air command frigate was arranged. A meeting was also organised for members of the NCVB (Dutch Central Association of Investors’ Clubs).

Imtech was nominated by Rematch for the Investors Relations Award in the Midkap.

Extensive information, including strategy, press releases, analysts presentations and financial data, is available on the Imtech website (www.imtech.nl). Imtech’s objective is to profile its activities and strategies as transparently as possible. To this end, for the past few years Imtech has presented a webcast of its (half) yearly figures via its website.

INTERNAL RULES REGARDING INSIDER 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

■ 20 April 2004	General Meeting of Shareholders
■ 22 April 2004	Quotation ex-dividend
■ 3 May 2004	Dividend made payable
■ 17 August 2004	Publication of half-yearly results 2004, press conference and analysts’ meeting
■ 8 March 2005	Publication of annual figures 2004, press conference and analysts’ meeting
■ 18 April 2005	General Meeting of Shareholders













ORGANISATION,
MARKET
SEGMENTS
AND CORE
COMPETENCIES

Market segments Competence-
pyramid ¹

Market segments Competence-
pyramid ¹

BENELUX

Imtech Projects

Imtech Projects Noord-Oost B.V.	 	
Imtech Vonk B.V.		
Imtech Projects West B.V.	  	
Imtech Industry B.V.		
Farnest Engineering B.V.		
Imtech Utiliteit B.V.		
Imtech Projects Zuid B.V.	 	

Imtech Maintenance

Imtech Maintenance B.V.	  	
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Imtech Infra

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

Imtech Belgium






Imtech Projects N.V.	  	
Imtech Maintenance N.V.	  	
Van Looy Group N.V.	 	

Imtech Luxembourg

Paul Wagner et Fils S.A.	  	
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LEGEND

Market segments

Buildings (including business services)	
Industry	
Marine	
Infrastructure	
Telecoms	

Competence pyramid

Electrical engineering	
ICT	
Mechanical engineering	

GERMANY, ENGLAND AND SPAIN

Imtech Deutschland

Imtech Deutschland GmbH & Co. KG	 	
Imtech Deutschland Schiffbau-Dockbautechnik		
Imtech ICT Deutschland GmbH	 	
Deutsche Van Rietschoten & Houwens GmbH		

Imtech UK


Meica Services Ltd.	 	
Meica Process Ltd.		

Imtech España

Imtech España Projects S.A.	 	
Imtech Intesa S.A. (75%)	 	
Imtech Novocalor S.A.	 	

ICT & TECHNOLOGY











Imtech ICT

Imtech ICT Information Technology B.V.	  	
Imtech ICT Communication Solutions B.V.	 	
Imtech ICT Brocom B.V.	 	
Imtech ICT Consultancy B.V.	  	
Koninklijke Scheepsagentuur Dirkzwager B.V. (54%)		
Imdea S.L. (Spain) (70%)		








Imtech Telecom

Imtech Telecom B.V.		
Imtech Telecom N.V. (Belgium)		
Imtech Telecom GmbH		
Imtech Telecom UK Ltd.		
Imtech Telecom Sweden AB		

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 Marine & Offshore Ltd.		
Imtech Marine & Offshore GmbH		
Imtech Asia Ltd.		
IHC Systems B.V. (50%)	 	

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

¹ See inside back cover for an overview of Imtech's competence pyramid.

Market positions strengthened

With a turnover of 2.1 billion euro (+ 4.9%), an operating result before the amortisation of goodwill (EBITA) of 73.9 million euro (+ 8.0%) and an order portfolio of 2.1 billion euro, and in the light of the unfavourable market conditions, Imtech can look back on a good year. Although, partly due to the continuing weak economy, the growth of the activities and development of the results in a few market segments remained somewhat sluggish, but a targeted marketing approach enabled us to strengthen our positions. We also proved to be fast and flexible when it comes to adapting the organisation to a changed market situation. This resulted in a better performance and strengthening of market positions. Thus, Imtech's strategy proved its worth also under less than favourable market conditions. We are well positioned for the future.

In the past years we have worked consistently towards the further strengthening of Imtech's position as a multi-disciplinary technical service provider. In 2003 the results of these efforts were apparent. Imtech holds strong positions in the Netherlands, Belgium, Luxembourg, Germany, England and Spain in the buildings, industry, infrastructure, marine and telecoms markets. Imtech's combination of technologies (information and communication technology and electrical and mechanical engineering), geographical spread and different markets makes the company less sensitive to fluctuating market conditions. Pressure in several markets in the Netherlands (buildings, infrastructure and telecoms) was offset by relatively good progress in the other countries and in the marine market. In the Benelux the clustering of core competencies, such as electrical engineering, mechanical engineering and information and communications technology, has made Imtech one of the strongest market players. Imtech is shifting more towards the early phases of projects. The share of large-scale maintenance contracts has increased substantially thanks to the multidisciplinary approach.

In Germany, Europe's largest economy, Imtech is the biggest multidisciplinary service provider in the buildings and industry markets and is active mainly in the heart of the German economy. In a technology-driven economy such as Germany, Imtech's multidisciplinary approach offers good opportunities. The German economy is showing the first signs of recovery since investments are increasing. The admission of new member states into the European Community offers opportunities to actively service these new markets from Germany.

The acquisition of Meica in England during 2003 was a major step towards implementing our strategy of further strengthening our position in England. In the economically-healthy South-east England region Meica is one of the top-10 market players. Further, focussed strengthening of our position in the English market can be sought via Meica.

In the fragmented Spanish market Imtech is one of the larger technical service providers. The target is to achieve a national position in electrical engineering, mechanical engineering and ICT in Spain as well so that multi-disciplinary technical solutions can be offered.

In the field of ICT we are now large enough to allow the activities to be spread across various market segments.

When the ICT investment climate improves Imtech will be ready and waiting to profit from the new investments.

The technology activities are also well positioned for further growth. Imtech's marine activities are promising and further growth in and outside Europe is foreseen. After two years of reorganisations the telecoms activities are now ready to perform. The roll-out of UMTS in Western Europe will have a positive effect on this situation.

How 2004 develops for Imtech will, of course, depend to a great extent on developments in the markets in which we operate. The economic forecasts do, however, give cause for cautious optimism. The order book is well filled, although margins are somewhat under pressure. In addition, our market positions give reason for confidence.

Last, but by no means least, we can depend on the knowledge, skills and motivation of our employees. Ultimately, they are our company's greatest asset when it comes to being able to succeed with and for our customers



René van der Bruggen



Boudewijn Gerner

Gouda, 8 March 2004

A handwritten signature in blue ink, appearing to be 'R. van der Bruggen', written over a horizontal line.

R.J.A. (René) van der Bruggen, *Chairman*

A handwritten signature in blue ink, appearing to be 'B. Gerner', written over a horizontal line.

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

Imtech N.V. is a so-called 'large company' (under a full regime) with a Supervisory Board and a Board of Management. Supervisory Board members are appointed by co-option after consultation with the Board of Management, the Central Works Council and the Annual General Meeting of Shareholders. The authority vested in the Supervisory Board includes:

- the appointment of the members of the Board of Management;
- the determination of the annual accounts (which are subsequently presented to the Annual General Meeting of Shareholders for approval);
- the approval of important management decisions (see the Articles of Association).

It is anticipated that during 2004 the statutory regulations regarding large companies will be amended such that this authority will pass to the Annual General Meeting of Shareholders.

Imtech maintains no protective constructions with the exception of the the possibility to issue preference protective shares to Stichting Imtech, which foundation has obtained an option to acquire such shares (see page 67).

Peters Committee

In the summer of 1998 the Peters Committee published forty recommendations regarding Corporate Governance. Imtech has followed virtually all these recommendations, which has led to among other things:

- a charter of Supervisory Board being drawn-up (1998);
- the profile of the Supervisory Board being up-dated (1998);
- a registration date option being included in the Articles of Association (2001);
- the term of Supervisory Board members being limited to a maximum of 12 years (2002);
- an Audit Committee (2003), a Remuneration Committee (2003) and a Nomination Committee (2004) being set-up.

Tabaksblat Committee

At the end of 2003 the Tabaksblat Committee published the Dutch Corporate Governance Code (hereafter 'Code'), which was implemented on 1 January 2004. Once the new statutory regulations regarding large companies are enacted (expected in the second half of 2004) compliance with the Code will be mandatory in so far as the stipulations governing the content of the Annual Report are concerned.

The starting points of the Tabaksblat Code are:

- good business practices (honest and transparent operation by the management);
- good supervision on this management and justification thereof.

The Code has been drawn-up as principles and concrete stipulations. In general Imtech endorses these principles and already complies with the majority of the stipulations.

Benchmark

In its report of October 2003 IRIS (Institute for Research and Investment Services, a joint enterprise of Rabobank and Robeco) ascertained compliance with the (draft) Tabaksblat Code in practice in order to establish a zero point for all the AEX and Midkap listed funds so that future progress could be measured. Imtech's score of 6.0 (average score 3.3) put it in joint third place. A study conducted by ISS (Institutional Shareholders Services) – a rating agency operating world-wide – showed that Imtech exceeded the relevant MSCI-index by 16.8%.

Accountability in 2005

The Code will apply to the 2004 financial year: in its following Annual Report Imtech will, therefore, account for its application of or deviation from the Code. In advance of this, and taking into account the expected interpretation regarding compliance with the Code, the following two obstacles are anticipated should the Code be applied in full. Existing contractual agreements with Directors cannot simply be broken, moreover there is also a discrepancy between the Code and Dutch Labour Law. With regard to the stipulation that restricts membership of Supervisory Boards of Dutch listed funds to 5 members and in respect of Mr. A.G. Jacobs (Chairman of the Supervisory Board),

a bridging period until the Annual General Meeting of Shareholders in 2006 will be considered so that a successor can be arranged. When Mr. Jacobs' resigns in 2005 in accordance with the roster he will, therefore, declare his willingness to be reappointed for a period of one year, also taking into account the resignation in 2005 of mr M.C. van Veen, the Vice Chairman.

Implementation in 2004

During the 2004 financial year Imtech will continue with the (further) implementation of the Tabaksblat Code principles and stipulations. In this respect the implementation of the new regulations regarding large companies will be taken explicitly into account. Existing charters and regulations will, where necessary, be amended and new charters will be drawn-up for the various Committees mentioned. The Articles of Association will be amended in line with the new regulations regarding large companies once these have come into force. In the course of the year the regulations, Articles of Association and other charters/guidelines and codes will be published as and when possible via the website (see www.imtech.nl).

Remuneration policy of the Board of Management

The nature and composition of the Board of Management remuneration package will, where necessary, be brought into line with the remuneration market for larger Dutch companies. This is not expected to involve any substantial increase in the total package. The Board of Management's fixed annual income is compared annually with developments in the Dutch remuneration market for Directors of larger companies. This means the company's current policy will be continued.

The proportion fixed/variable income will be 55/45 when achieving the agreed targets, and may change to 45/55 in case of excellent performance.

The variable income comprises two elements – short-term variable income and long-term variable income. The short-term variable income (around 65% of the total variable income) will be based to a great extent on the operating result and to a limited extent on (the achievement of) personal targets.

The long-term variable income (around 35% of the total variable income) will be linked to the achievement of strategic targets combined with creation of value compared with a reference group of companies. Once a year the Remuneration Committee, in consultation with the Supervisory Board, will agree the performance to be achieved with the Board of Management. Performance rewards will take the form of conditionally awarded shares which may be traded after five years. Whether or not this system can be applied for a wider group of managers within the Company is being studied.

Regarding the adjustments to the remuneration regime, an external consultant is engaged. The remuneration policy will be placed on the agenda of the Annual General Meeting of Shareholders in 2005.

The Board of Management members' employment agreements are for an unlimited period of time and, should their employment be terminated, the Dutch Law is applicable. In addition, in the case of enforced termination of employment resulting from the acquisition of Imtech N.V. a member of the Board of Management is on entering into office entitled to a minimum recompense equal to one year's salary. In the future the Tabaksblat Code will be applied when appointing Board of Management members.

We hereby submit to the shareholders for approval the annual accounts for 2003 prepared by the Board of Management and adopted by us. These annual accounts have been audited and certified by KPMG Accountants N.V. ('KPMG'). We advise the shareholders to approve these annual accounts. The statutory appropriation of profits is stated on page 68. After consultation with the Board of Management we propose that for 2003 a dividend of 1.07 euro per ordinary share be paid (a pay-out of 63%) and that the sum of 16.3 million euro be transferred to the reserves. As was also the case in 2002 and 2001, this is a positive deviation from the current dividend policy (a pay-out of 40%), given the company's confidence in the future.

During 2003 six meetings were held in 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. The attendance of members of the Supervisory Board at meetings was almost full. Two Supervisory Board members participated in each of the two consultation meetings with the Central Works Council, during which special themes were discussed (strategy and socially responsibility).

Last year it was announced that the focus for 2003 would be on strengthening Imtech in line with the strategy laid-down in the 'Strategic Blue Print'. A major step in this direction was taken with the acquisition of Meica in England. In addition, in 2003 the integration of the companies acquired during the previous years and the achievement of synergy advantages took further shape.

Considerable attention was also paid to the company's operational progress and the management of risks (an improved risk management system has now been implemented), the follow-up to and recommendations resulting from the investigations into internal control and the influence of the economic conditions on the markets in which Imtech is active. The starting point for the operational activities remains the creation of shareholder value. In our opinion Imtech performed well given the market conditions. During the past two years all the divisional managements presented their companies during our meetings.

On the personnel front, the necessary reorganisations resulting from the adjustment of the organisation in line with the market conditions, succession scenarios and Management Development were discussed. The Remuneration Committee was responsible for drawing-up the policy regarding the remuneration of the Board of Management. The functioning of the Supervisory Board and its members was also evaluated.

During the Shareholders meeting on 22 April 2003, Mrs De Boer and Mr De Vries were reappointed. During this meeting it was also announced that, in accordance with the roster, in 2004 Mr Groenenboom will resign. He has stated his willingness to be reappointed. The Supervisory Board therefore proposes that Mr Groenenboom be reappointed for a term of 4 years. The Central Works Council is in agreement with this proposed reappointment.

On the issue of Corporate Governance, the Supervisory Board acquainted itself with the Tabaksblat Code as well as the proposed changes to the regime for large companies (Structuurregeling). In general the Supervisory Board endorses the principles described in the Tabaksblat Code. For a more detailed description of Imtech's Corporate Governance structure please see pages 8 and 9.

The quarterly, half-yearly and annual figures (the half-yearly figures and annual figures in the presence of KPMG) as well as KPMG's reports, the annual forecast and the budget for 2004 were discussed both in the meetings of the Supervisory Board and the meetings of the Audit Committee, where various issues were dealt with in more depth. Constant attention was also paid, especially by the Audit Committee, to the provisions, operating capital and cash position. Analysts' reports concerning Imtech were discussed regularly. The functions within the Remuneration Committee switched (currently

Mr Van Veen, chairman and Mr. Jacobs, member) in accordance with the clause in the Tabaksblat Code that the Chairman of the Supervisory Board should not serve as Chairman of one of the Supervisory Board's committees. At the end of the year under review it was decided to set-up a Nomination Committee with the same members as the Remuneration Committee.

The Profile maintained by the Supervisory Board will be adjusted to safeguard specific skills related to the nature of the company and its activities and after consultation with the Central Works Council. The division of tasks and working method of our Board and its Committees are or will be stipulated in charters. In 2004 sections of the Supervisory Board's charter will be brought in line with the Tabaksblat Code and other charters will be drawn-up. In 2004 both the Profile and such charters will be made accessible via Imtech's website.

Save for a former chairman of the Board of Management, the other members of our Board are independent from Imtech.

KPMG has reported to us about its independence from Imtech. In this respect attention was paid amongst other to the fees of KPMG for its audit assignment, services related to such audit, and other services. KPMG has confirmed its independence from Imtech in accordance with applicable professional standards.

We thank the Board of Management and all Imtech's staff for their performance during the past year.

Gouda, 8 March 2004

on behalf of the Supervisory Board

A.G. (Aad) Jacobs, *Chairman*

M.C. (Maarten) van Veen, *Vice-chairman*

One major strategic milepost in 2003 was the acquisition of the multi-disciplinary technical service provider Meica Group Ltd. With this acquisition Imtech acquired a strong national position in England, see page 25. The renowned department store Peter Jones in London renovated and expanded its sales floor. This included the construction of a six-storey high atrium. Meica was responsible for all the technical solutions including electrical engineering, air and climate technology, ICT, fire protection, security and building management.



SUPERVISORY BOARD¹

A.G. (Aad) Jacobs (67)

- Chairman, appointed in 2001, current term ends 2005
 - member Audit Committee
 - member Remuneration Committee
 - member Nomination Committee
- Former Chairman of the Board
ING Groep N.V

Supervisory Board memberships

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

Important additional functions

Member Investment Committee PGGM,
Council Member Prinses Beatrixfonds,
Supervisory Board member Stichting
Nationaal Fonds Kunstbezit, Board
member Financieel Economische Raad
van SBA Artsenpensioenfondsen

M.C. (Maarten) van Veen (68)

- Vice-chairman, appointed in 1985, current term ends 2005
 - Chairman Remuneration Committee
 - Chairman Nomination 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, Chair-
man of the Board Koninklijk Concert-
gebouw Orkest, Chairman of the Board
Nationale Stichting De Nieuwe Kerk te
Amsterdam, Executive Board member
RAND Europe

B. (Bert) de Vries (65)

- appointed in 1995, current term ends 2007
 - Chairman Audit Committee
- Former Minister for Social Services
and Employment

Supervisory Board memberships

F. van Lanschot Bankiers NV, NV Eneco,
Quest International Nederland BV
(Chairman), 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. (Dien) de Boer-Kruyt (59)

- appointed in 1999, current term ends 2007
- Personal advisor

Supervisory Board memberships

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

Important additional functions

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

P.J. (Peter) Groenenboom (68)

- appointed in 2000, current term ends 2004,
 - member 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), NIB Capital NV

Important additional functions

Vice-chairman Marketing Committee
UEFA, member of the Board NOC*NSF,
Vice-chairman Koninklijk Instituut voor
de Tropen, Chairman Fonds voor de
Topsport, member of the Board
Beneficiantenraad Lotto

E.A. (Eric) van Amerongen (50)

- appointed in 2002, current term ends 2006
- CEO Koninklijke Swets & Zeitlinger NV

Supervisory Board memberships

Lucent Technologies Nederland BV
(Chairman), HITT NV, Corus Group Plc.
(non executive Board member), ASM
International NV

Important additional functions

Supervisory Board Chairman Universiteit
Twente, Supervisory Board Centraal
Bureau Rijvaardigheid

BOARD OF MANAGEMENT

R.J.A. (René) van der Bruggen (56)
Chairman

B.R.I.M. (Boudewijn) Gerner (52)

EXECUTIVE COUNCIL²

K. (Klaus) Betz (48)
Board member Imtech Deutschland

J.A. (Jan) Casteleijn (54)
General Manager Imtech Infra

A.L.A. (Aart) van Gelder (57)
General Manager Imtech Projects

A.F. (Jos) Graauwmans (46)
Director Personnel & Organisation

G.L.M. (Goof) Hamers (51)
General Manager Imtech
Marine & Offshore

J.T.M. (Hans) van Happen (45)
General Manager Imtech ICT

P. (Peter) Kronenberg (46)
Board member Imtech Deutschland

C.A.J. (Cees) van Laarhoven (55)
General Manager Imtech Technology

W. (Willy) Michielsens (60)
General Manager Imtech Belgium

J.W. (Jan) Mussche (57)
Director Control Germany and Spain

C.A. (Kees) van Rooden (52)
Financial Director

M.E.J. (Mark) Salomons (42)
Company Secretary

J.T. (Jan) Tromp (62)
Advisor Imtech Technology

S. (Seine) de Vries (60)
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.

REPORT OF THE BOARD OF MANAGEMENT

Highlights 2003

- Strengthening of European market positions
- Good result under unfavourable market conditions
- EBITA: 73.9 million euro, + 8.0% (organic + 0.4%)
- Net profit: 44.0 million euro, + 5.5% (organic + 1.0%)
- Turnover: 2,098 million euro, + 4.9% (organic +/- 0.7%)
- Production: 2,020 million euro, + 9.7% (organic + 4,3%)
- Order portfolio equal to 2002: 2,086 million euro

in millions of euro	2003	2002 ¹	2001 ¹
Net turnover	2,098	2,000	1,778
EBITA	73.9	68.4	51.1
EBITA as a % of net turnover	3.5	3.4	2.9
Net profit	44.0	41.7	38.9
Production	2,020	1,842	1,730
Order portfolio	2,086	2,088	2,000
Capital employed excluding liquid assets	339	320	299
Number of employees on 31 December	13,100	13,780	14,375

Good result in 2003

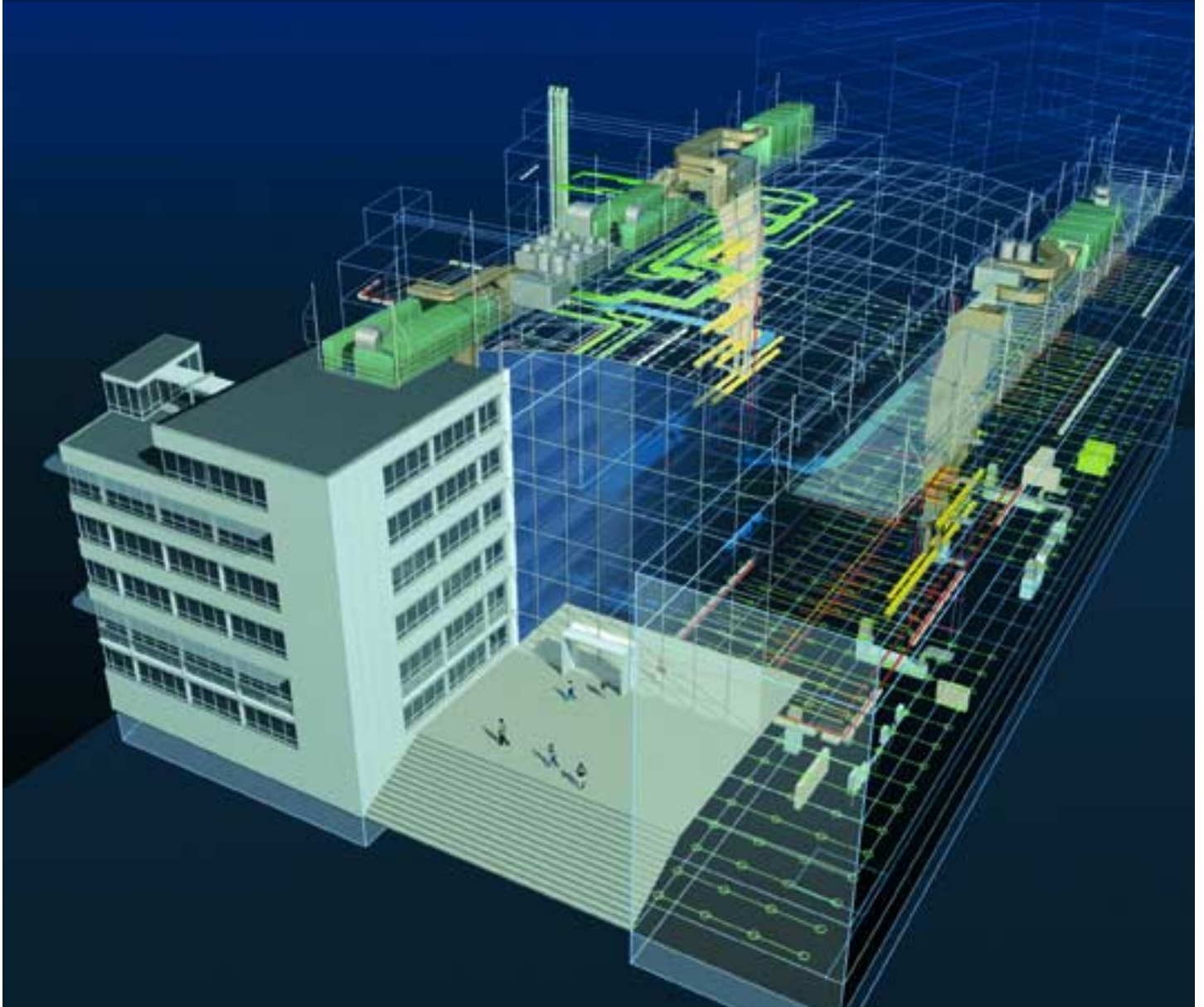
2003 was a good year for Imtech. Despite the continuing unfavourable economic conditions a higher turnover and result was achieved¹. EBITA rose by 8.0% to 73.9 million euro (2002: 68.4 million euro), of which 0.4% was organic. Net profit rose by 5.5% to 44.0 million euro (2002: 41.7 million euro). Turnover rose on balance to 2,098 million euro (+4.9%). Production rose to 2,020 million euro (+9.7%) of which 4.3% was organic. The order portfolio on 31 December 2003 equalled the previous year and amounted to 2,086 million euro.

The acquisition effect on turnover amounted to 114 million euro of which around 55 million related to turnover of companies acquired in 2002 but only partially included in the figures for that year. The acquisition price of Meica was 26 million euro of which 21 million euro was goodwill.

In a new Guideline, the Council for Annual Reporting changed the definition of extraordinary income and charges. This means that income and charges formerly not accounted for in the operational affairs no longer qualify as extraordinary income and charges. EBITA of 73.9 million euro included reorganisation costs amounting to 8.5 million euro. For the purposes of comparison EBITA over 2002 has been corrected by 7.9 million euro for reorganisation costs, which formerly was presented under extraordinary income and charges. In connection herewith it has been decided to attribute the effect of system changes directly to the shareholders' funds starting 2003; up to and including 2002 this was presented as extraordinary result. The non-recurring income of 5.9 million euro net resulting from the introduction of the percentage of completion method with respect to profit recognised on projects, which in 2002 was entered as extraordinary income, is credited directly to shareholders' funds in the comparative figures for 2002.

The increase of EBITA was achieved mainly by the acquired Meica in England. Imtech Deutschland, Imtech Technology, Imtech España and Imtech Belgium showed an improvement. Imtech Marine & Offshore achieved results virtually the same as the previous year. Imtech Projects (especially in the buildings market), Imtech Infra, Imtech ICT and Imtech Telecom achieved lower results due to unfavourable market conditions and continuing

¹ The figures for 2002 and 2001 have been adjusted for the purpose of comparison (see footnote 2 on page 2).



AVIVA, Munich

In Munich the 56,000 m² AVIVA multi-functional business centre, an initiative of Atrion, has been completed. Tenants include Siemens and BSH Bosch. The building has been designed in accordance with the Eastern Feng-Shui philosophy and comprises three integrated structures with meandering footpaths, water features and philosophical statues. In addition to project management

for the building Imtech was also responsible for the total technology – an 82 million euro order. Dozens of systems have been integrated into a modern building management system based on LON technology: a *LonWorks Network Operating System* with thousands of data points that enables safe and integrated operation and management. Telephony is via the data network (*Voice-over-IP*) which

is both inexpensive and flexible. Imtech was also responsible for the advanced air and climate technology, electrical engineering, measuring and control technology, energy management and sprinkler technology. All the technology is equipped with a no-break provision – the primary process will never be disrupted.

pressure on margins. All the activities apart from the telecommunications activities made, on balance, a positive contribution towards the result.

The net result rose from 41.7 million euro to 44.0 million euro (+ 5.5%). Earnings per share before amortisation of goodwill rose by 0.14 euro to 1.82 euro (+ 8.3%), based on the average number of issued shares during the financial year.

Dividend proposal

A dividend of 1.07 euro per share in cash will be proposed to the Annual General Meeting of Shareholders (2002: 1.07 euro). This proposal amounts to a profit distribution of 63% of the net result (2002: 66%). The dividend policy is to distribute 40% of the net result to shareholders.

Strategy

Imtech supplies a cohesive package of technical services which combine three technologies (information and communication technology, electrical engineering and mechanical engineering) and five activities (advice, design, installation, maintenance and management) and are offered in five markets (buildings, industry, infrastructure, marine and telecoms).

This combination of services, coupled with the size the company has achieved, distinguishes Imtech from the competition and gives it a unique profile. The activities are divided into three clusters:

- multidisciplinary technical solutions in the Benelux;
- multidisciplinary technical solutions in Germany, England and Spain;
- ICT & Technology solutions within and outside Europe.

The technical services market is a fragmented market in which many competitors are active in one single technology. Imtech can offer total solutions via one contact point. Imtech achieves added-value by possessing an in-depth insight into 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. This allows customers to concentrate more on their own core activities. Imtech strives for long-term partnerships with both customers and suppliers. In addition, Imtech is (financially) powerful, reliable and independent.

The building-up and strengthening of Imtech’s position as a multidisciplinary service provider was prompted by the trend among customers to out-source non core activities, such as engineering and maintenance, preferably to large, multidisciplinary players with one contact point. In response to this trend Imtech’s activities in the field of electrical engineering, mechanical engineering and ICT were clustered and offered to the market as an integrated whole. This multidisciplinary offering of technical solutions enabled Imtech to meet the growing demand and increase added-value substantially.

The most important strategic success factors are:

- offering customers the combination of information and communication technology, electrical engineering and mechanical engineering via a single contact point;
- effective cross selling between these technologies;
- covering of the entire service provision column throughout the life-cycle of specific products or services in the markets and countries relevant for Imtech;
- taking responsibility for all non strategic technical affairs for customers so that they can concentrate more on their own core activities;
- taking initiatives that lead to early involvement in projects so that Imtech can demonstrate its added-value;
- achieving leadership through the creation of scale combined with strong positions (top-3 market positions) and outstanding technological innovation;
- co-operation with third parties by entering strategic alliances and partnership relationships with suppliers of specific technological products;
- a decentralised, customer-oriented organisation in which the ‘entrepreneurship’ phenomenon is well developed and overheads are relatively low.

Imtech received an order from Hellenic Shipyards in Greece for the modernisation of the platform automation of six Greek Navy frigates. An *Integrated Platform Management System (IPMS)* enables the integrated operation of all platform systems including energy generation and distribution, gas turbine propulsion and fire and calamity prevention. All the technical solutions on board are monitored and controlled via integrated computer screens. The system significantly increases the operational effectiveness of the ships.



In BMW's new automotive factory in Leipzig, Germany, Imtech is installing the total air and climate technology (heating, heat sources, air conditioning, cooling and compressed air) in two enormous manufacturing halls with a combined area of 150,000 m². Imtech is also responsible for the high-value process technology in the fully automated paint shop. The production of the BMW 3 series will start here in 2005.



SOURCE: BMW

Action points for implementing the strategy are:

- acquisitions in the field of ICT;
- extending the position in Spain to through acquisitions in the field of electrical engineering and ICT;
- expanding activities in the new European Community countries from existing market positions;
- further strengthening of the position in England;
- reinforcement in a number of specific markets, such as the infrastructure, industrial and marine markets and the parking segment.

In addition, Imtech is striving for a further strengthening of its design, advisory (for example consultancy and engineering) and technical maintenance and management activities. Imtech has sufficient means to finance complementary acquisitions for the majority of these strategic trajectories.

Acquisitions must fit in with the strategy, make an immediate contribution towards earnings per share, provide measurable added-value, possess a capable management and offer possibilities for synergy.

Imtech in the Benelux

The activities in the Benelux developed reasonably well in 2003. Turnover rose by 4.6% to 728 million euro (2002: 696 million euro). Production rose by 8.6% to 694 million euro (2002: 639 million euro). The unfavourable economic situation and fiercer competition put margins under pressure and the organisation was adjusted accordingly. EBITA amounted to 29.3 million euro compared with 29.9 million euro in 2002 – a drop of 2.0%. The order portfolio increased by 1.6 % to 766 million euro (2002: 754 million euro). Activities in the buildings market came under pressure in the Netherlands but grew in Belgium and Luxembourg. The infrastructure market also came under pressure in the Netherlands. Activities in the industry market developed reasonably well in both the Netherlands and Belgium. Imtech achieved robust growth in the maintenance and management market in all the countries.

in millions of euro	2003	2002 ¹	2001 ¹
Net turnover	728	696	565
EBITA	29.3	29.9	22.7
EBITA as a % of net turnover	4.0	4.3	5.3
Production	694	639	665
Order portfolio	766	754	785
Capital employed excluding liquid assets	70	63	56
Number of employees on 31 December	5,810	5,797	5,376

Profile and approach

In the Netherlands Imtech is active in the buildings, industry and infrastructure market sectors with two divisions: Imtech Projects including Imtech Maintenance (turnover 462 million euro) and Imtech Infra (turnover 128 million euro). In Belgium Imtech operates in the buildings and industry sectors under the name Imtech Belgium (turnover 110 million euro). In Luxembourg the activities are carried out by the subsidiary Paul Wagner et Fils (turnover 28 million euro) and are limited to the buildings market. The market in the Benelux is organised on a highly regional basis: there are ninety offices and competence centres.

¹ The figures for 2002 and 2001 have been adjusted for the purpose of comparison.

The clustering of the electrical engineering, mechanical engineering and (elements of the) information and communication technology core competencies has made Imtech one of the strongest multidisciplinary service providers in the Benelux.

Imtech is increasingly being involved in the very early stages of projects. New services are being developed, such as Energy Contracting, Industrial Flexible and Dismantleable Building (IFDB) and *System Contracting* in the industry market. In addition attention is being paid to Technology Lease (the leasing of all the technical solutions in a building), Public Private Partnership (PPP) and *Design, Build, Operate, Finance & Maintain* (DBOFM).

Business development

Buildings in the Netherlands

The situation in the buildings market has deteriorated considerably. In the office market, construction dropped by 30% in the private sector and 10% in the public sector and 5.3 million square metres of vacant office space was available on the market – an all-time record. A large number of shops and industrial facilities were also vacant. This led to fiercer competition and low prices in the new buildings segment. Imtech focused more on renovation and on projects involving extension with on-going exploitation. In addition Imtech pro-actively approached the market segments where the situation is still reasonable – health care, education and sports and leisure facilities. Imtech also targeted areas and segments where there was some growth, such as the area in and around Amsterdam Schiphol Airport and the market for integrated security. Margins in these segments also came under pressure due to fiercer competition.

Examples of special renovation projects included part of the technology in the Catshuis in The Hague (the official residence of the Dutch Prime Minister), the head office of Department of Public Works, and projects for KPN, NUON and SNS Bank. Technical upgrading while business continued as usual was carried out in the head offices of Shell and the ANWB. In the new buildings market the projects in which Imtech was involved included the Churchillhof II office complex in Rijswijk, development around the Stationsplein in Maastricht and a new tax office in Arnhem.

In the health care sector Imtech achieved growth. Imtech was involved in projects in the Utrecht Medical Centre (UMC), the St. Franciscus Hospital in Rotterdam, the Amsterdam Medical Centre (AMC) and the Utrechtse Diaconessenhuis hospital. Studies for Industrial Flexible and Dismantleable Building (IFDB) were carried out in the Erasmus Medical Centre (EMC) in Rotterdam. Imtech is shifting further and further towards the initial stages of projects.

In the education sector Imtech made progress and was involved in projects for the University of Amsterdam (UvA), the Vrije Universiteit (VU) and the Hogeschool Holland in Haarlem. The company also equipped a Virtual Reality Theatre (a visualisation centre for complex computation) for Groningen University (RUG). Another exceptional project was the technology for the new Faculty Dance Theatre in the Hogeschool voor de Kunsten (College of the Arts) in Arnhem. This is the first school in the Benelux to be constructed entirely underground. Imtech is also increasingly involved in the initial stages of projects in the education sector. The Talent group – the joint venture between Imtech, Bank Nederlandse Gemeenten, ISS and Strukton established last year – focuses on the entire school building process, from financing, design, construction, maintenance and facility services to the technical infrastructure and ICT. A first tender has been submitted.

In and around Amsterdam Schiphol Airport Imtech was involved in the renovation of the fire protection in all the terminal buildings, the improvement of car park lighting and the new court house for drug offenders.

In the integrated safety market Imtech was awarded major projects such as the renovation of the fire protection in The Central Bank of the Netherlands, the security in the Jaarbeurs exhibition centre and for the ADP salary administration company, and the improvement of the data and telecommunications in the Veenhuizen prison. Imtech has also signed an umbrella contract for security systems in all the Rabobank's offices in the Netherlands. The sprinkler activities are growing strongly thanks to projects such as the Stadshart Almere.

In the 55,000 m² World Trade Centre at Amsterdam Airport Schiphol Imtech was responsible for all the heating and climate technology, including heat and cold storage. The fully rented-out building is equipped with an automated building management system based on LON-technology (*LonWorks Network Operating System*). All the technical solutions are equipped with a standard chip, which makes safe, integrated control and operation possible.



Imtech supplied the technology for the Virtual Reality Theatre in the ICT[®]NN knowledge centre and Groningen University's Computer Centre. Here innovative applications whereby complex calculations are visualised in three dimensions and projected on a 2.5 m³ cube, are developed for both the scientific and business communities. Imtech was also responsible for the total technical infrastructure and the glass fibre link to a nearby data hotel and internet interchange.



In the sport and leisure market Imtech was awarded in combination a contract for the Groningen football club's new Euroborg stadium. Imtech is also responsible for the technology in SnowWorld Landgraaf, Europe's largest indoor ski slope.

Imtech performed well in the technical maintenance and management market, which is tending towards large-scale maintenance contracts. Imtech is able to reduce the cost of ownership for customers throughout the entire life-cycle. Large, national customers included Postkantoren (maintenance of all Dutch postoffices), T-Mobile (maintenance of the building-related installations of all the base stations) and Amsterdam Schiphol Airport (maintenance of automatic access doors). One major new contract was the maintenance of all 500 TPG Post sorting centres. A newly-developed Legionnaire's disease prevention service was used by twenty-five sports facilities in Eindhoven.

Industry in the Netherlands

Once again the number of new building projects declined. Customers concentrated on the optimisation, maintenance and management of existing facilities. Investments were, due to the economic situation, kept as low as possible and were generally of a short-term nature. Small projects and 'stop-gap' activities were the order of the day. Imtech responded with made-to-measure service concepts and flexible contract formulae. The unfavourable buildings market stimulated the industry's competitiveness, which put pressure on margins. But, even in this far from simple market situation, Imtech performed as it should.

Lyondell's new Propylene Oxide factory (PO-11) in the Rotterdam Maasvlakte was delivered. Major multidisciplinary orders were received from existing customers such as Teijin Twaron, Shell, KPE (Kuwait Petroleum), Frico Cheese, Shin-Etsu and Hydron. Imtech was proclaimed the best performing partner and safest sub-contractor by Teijin Twaron. Further growth was achieved by the sprinkler activities in the industry market.

Investments in the automotive industry developed positively. Imtech's multidisciplinary solutions answered market demands and this resulted in major orders from NedCar and Ford. The Dutch and Belgian Imtech companies are working together more and more frequently.

The demand for multidisciplinary energy applications is increasing because industry is being confronted with rising energy costs. Imtech has clustered its activities in this field into Imtech Energy Management & Contracting. The energy purchasing and technical infrastructure of AFS (Aircraft Fuel Supply) at Schiphol was improved, an energy management Action Plan was developed for Unilever Research and at the European Union's Institute of Energy (IE) the possibilities for efficient energy usage for a new fuel cell testing centre were inventoried.

In the technical automation area Imtech received large orders for management and database technology from customers including the Marin maritime research institute, AKZO Mantis, Coman-Paris, Vitens, Solvay and Bayer. The percentage of orders from the pharmaceutical industry increased yet again. The Feed & Food Competence Centre was established as a joint venture with Imtech ICT (see page 28).

Imtech also operates separate industrial competence centres for oil & gas and for power supply electronics. Both centres performed well. Technology is exported to oil producing countries from the Netherlands and orders were received from Oman, Gabon and Nigeria. Orders for power supply electronics were received from Ureco and Thales. The Catholic University of Nijmegen (KUN) presented a Best Supplier Award for a High Field Magnets Laboratory.

In the technical maintenance and management market Imtech has been awarded long-term industrial maintenance contracts by, among others, KPE (Kuwait Petroleum), Total, Shell, Yakult, Thermföss and DSM/Sabic.

Infrastructure in the Netherlands

The Dutch infrastructure market developed negatively due to reduced government spending. As a result competition was fierce and prices came under pressure. This market situation was made more difficult by the completion of part projects for the HSL (High-speed train) and the Betuwe railway line. Imtech's performance was in-line with the market situation with turnover and order inflow remaining the same but with lower margins. One major order was the total technology (plus a maintenance contract) for the widening of the N31 highway in the north of the Netherlands, an example of Public Private Partnership.

Imtech focuses on offering multidisciplinary technical solutions with high added-value: advice, engineering, total technology (including ICT), project management and execution capacity. New markets are being sought, successfully, and existing activities are being expanded. Spearheads in this context are infrastructure automation, traffic and transport management, high-tension and energy technology, railway infrastructure and infrastructure engineering.

One example of a project with added-value in the field of infrastructure engineering is the implementation of an advanced *Visual Docking Guidance System* (VDGS) which guides aircraft to the gates at Schiphol airport automatically. Air traffic beacons and antennas were developed for the Air Traffic Safety Authority in the Netherlands. Imtech was responsible for the management technology and automatic operation for the underground infrastructure in Maastricht. Imtech also renovated the automation of a large number of pumping stations, locks and bridges.

Traffic management centres are better equipped to co-ordinate heavy traffic and inform drivers of traffic conditions. By using its own software and hardware Imtech is able to combine and integrate different manufacturers' systems into efficient high-tech traffic co-ordination centres. The order for the new traffic centre in Rhoon proved the company's capabilities in this field.

One effect of the deregulation of the energy market is that quality and the reliability of the power supply has come under pressure. Partly due to the insistence of the Electricity Supervision Department (Dte), energy companies have invested more in maintenance. Imtech profited from this effect and carried out assignments for the national network company TenneT as well as for a number of energy companies such as NUON, Eneco and Essent. A smart transformer (Smart-Trafo[®]) was developed which can be used in areas where substantial power fluctuations occur. There has been considerable interest in this innovation with Eneco being the first company to place an order.

Improved capabilities in the field of traction and high-tension led to expansion in the railway infrastructure market. Imtech is involved in the improvement and extension of various tram and metro routes for RET in Rotterdam (the MetroPlus project) and HTM in The Hague. Imtech also received an order from ProRail for the traction and power supply of overhead cables for the railway. This, combined with route security, renewal of tracks, maintenance and the installation of cable and pipe networks is ensuring an increasingly strong position in the railway sector. This was also apparent from orders for the reconstruction of the line at Swalmen, a new signalling system at Zevenaar and the installation of sustainable information carriers for across-the-border rail traffic.

The infrastructure engineering activities developed well. The market for consultancy and design related to public lighting, traffic systems and parking facilities is growing. Various management contracts were signed with local authorities.

Buildings in Belgium

The buildings market remained stable in 2003. Volume decreased in the provinces of Flanders and Walloon but, as a result of the forthcoming admission of ten new countries into the European Community, increased in the Brussels region. Although there is considerable competition and pricing is very keen, Imtech has been able to profit from these market conditions. In Brussels a substantial order for the technology in the 109 metre high Tour Centre International Rogier offices was received from a subsidiary of Dexia. Other projects that have been awarded include the Brussels Euroblok II (100.000 m²), the new head office and laboratory of Interbrew in Leuven, the Maria Hospital in Lommel and the environmentally-friendly and energy-saving Flemish-Brabant provincial government building in Leuven.

At Amsterdam Schiphol Airport Imtech installed and maintains an automated and safe Visual Docking Guidance System. As an aircraft that has just landed approaches the gate laser beams scan its contours to identify it. The aircraft is then automatically moved to the stop line at a speed of four metres per second. A display keeps the pilot informed: the aircraft is brought to a stop in exactly the right position for the passenger bridge and the connections for air-conditioning and re-fuelling.



The admission of ten new member states to the European Community has given a boost to the office market in the Brussels region. One new construction is the energy-economical 109 metre high Tour Centre International Rogier built for a subsidiary of Dexia. Imtech is responsible for the complete air and climate technology, the cooling ceilings, fire protection and sanitary technology. This order is worth over 25 million euro.



SOURCE: JASPERS, EYERS, SAMYN

The activities in the field of technical maintenance and management have virtually doubled over the past five years and the demand for multidisciplinary technical solutions is also increasing. Imtech has developed from a large local player in the Brussels region to a national player with countrywide coverage. In Walloon maintenance contracts for 300 offices of the KBC bank and 350 offices of the Fortis bank/ insurance company were acquired. Other large maintenance contracts were received from Coca Cola, AXA, ING and the European Community.

Industry in Belgium

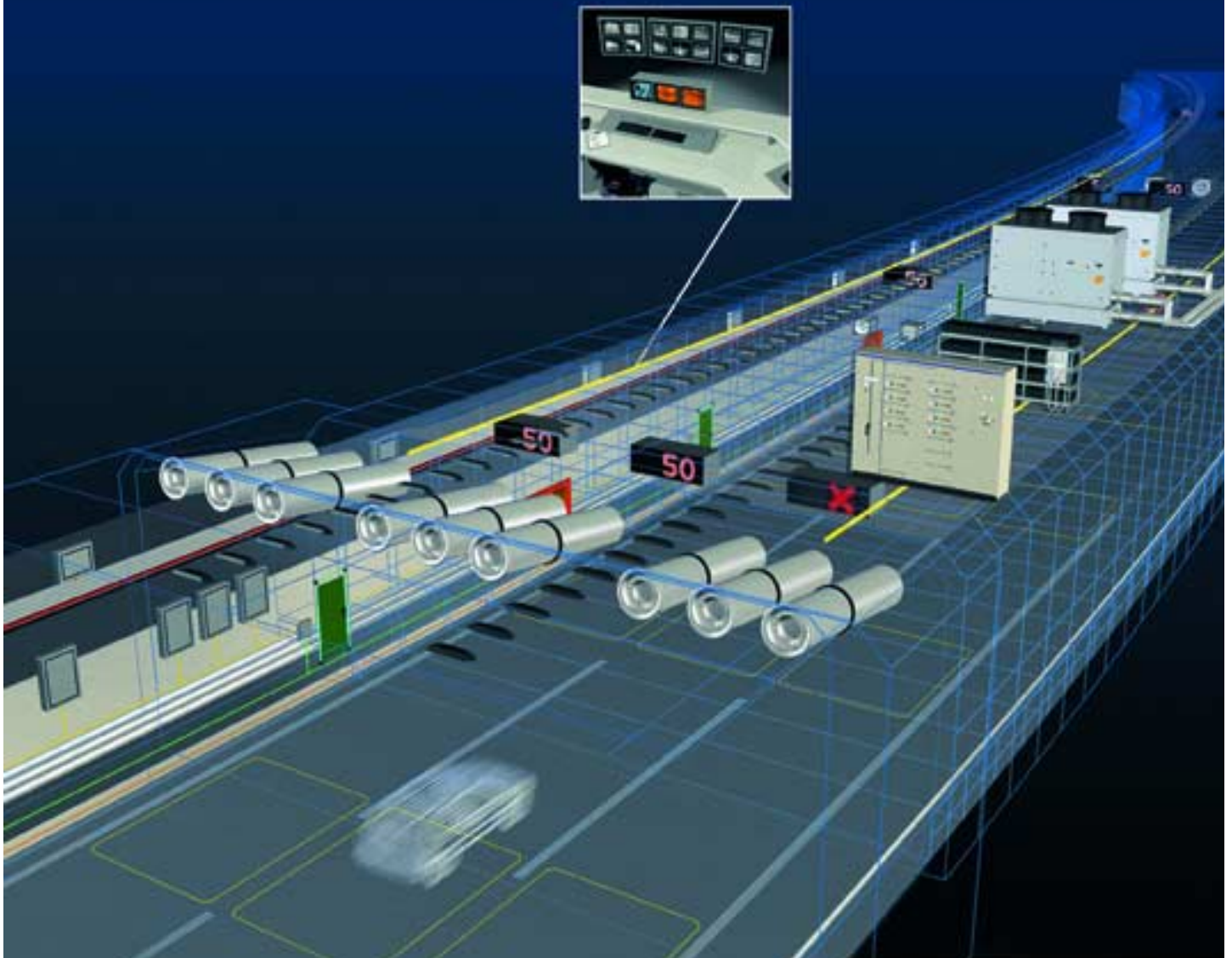
The picture in the Belgian industry market was mixed. The automotive industry developed well – the Volvo S50 and Volvo S60 are being produced in Gent and Volkswagen in Vorst is producing the new Golf. In both cases Imtech is responsible for some of the technological automation. The food and electronics industries are more or less stable. Imtech received orders from Amylum, LU, Solbelgra and Haust (food) and Barco (electronics). The feed and food industry declined and in this market Imtech also battled against the tide. The service package here has been extended to include, for example, solutions for tracking and tracing. The market for medium and high tension is limited. Belgacom in Belgium is occupied with the roll-out of UMTS, which is bringing additional activities with it. In the pharmaceutical industry Imtech occupies an excellent competitive position. The on-going order for the Discovery & Research Centre of Janssen Pharmaceutical (subsidiary of Johnson & Johnson) created spin-off. The special piping activities (mechanical engineering) developed well with orders from Glaxo Smith Kline Beecham, Pharmacia and UCB (Union Chimique Belge). The engineering-contracting activities had to cope with scale-reduction as projects are now being awarded in separate parts rather than one large contract.

Buildings in Luxembourg

The market for public buildings (government, local authorities, care) in Luxembourg was good, but the private sector showed a slight decline. Imtech (Paul Wagner et Fils) is the only large multidisciplinary technical service provider. Large office projects were the Drosbach building (together with Imtech Deutschland) and West Side Village (acquired by Imtech Belgium). In the care sector the multidisciplinary technology in the Kirberg Hospital was installed. In the same city the contact for the new construction of the Commerzbank was acquired. In Luxembourg City Imtech is involved with a large shopping centre and several bank buildings. Imtech is concentrating on the market for building maintenance and management and has been successful with, for example, the Commerzbank. The infrastructure market was penetrated for the first time with the installation of all the security technology in the nearly 1,600 metre long Markusbiertunnel (Saar-Lor-Lux region).

Organisation

The Dutch organisation was adjusted to the situation in the buildings market, which has meant job reductions. At the same time, co-operation between various business units in the buildings market was intensified. The organisation was also adjusted to the market in the infrastructure sector and a new regional structure which will improve Imtech's positioning was introduced. In the field of technical maintenance and management the formation of a countrywide maintenance organisation was completed in the Netherlands. This is essential for the further growth of these activities. In the Leidschenpoort business park in The Hague Imtech opened a new office into which all the activities of Imtech Projects and Imtech Maintenance in the region have been relocated. In Belgium the cooperation between the various companies has been formalised while maintaining regional capability by the formation of three organisational units: Projects, Maintenance and Engineering Contracting. This has increased competitive strength whilst maintaining jobs.



Caland Tunnel

The 14.5 metre wide and 1,500 metre long Caland Tunnel runs 26 metre under sea-level. Imtech was awarded a 30 million euro order for the total technology. A total of 15,000 partial solutions were integrated. Safety was the priority. Between the two tubes of the Caland Tunnel (one for each direction of traffic) there are two other tubes one above the other: one is an escape route and the

other holds the technology. The tunnel comprises: seven hydrostatic pumps with excess pressure installations, 868 armatures with automatic light metering, 37 partially reversible ventilators (these start up automatically when C/LEL levels are too high) and a Motor Traffic Management System with video, camera and sound systems. Should a calamity occur the tunnel is closed automatically. Medium-

tension (23 kV) and high-tension (1,600 kVA) power is generated. There is a complete fire extinguisher installation (water and foam) as well as 44 fire alarm locations. PLC systems, data cabinets and multi-core cables plus specially programmed software provide automatic control. There is also a high-tech control room. All the technology is equipped with a no-break provision.

Volvo's S50, S60, V50 and V70 cars are produced in Gent in Belgium. Imtech was responsible for the development of the hardware and software for the robotising of the *Body Shop*, including all the electrical engineering solutions and (operator) panels. Speed (100 metres a minute), consistent quality (position deviation less than 2 mm) and integrated safety were important. In 2003 Imtech's customers in Belgium also included Opel and Volkswagen.



Prospects

In the Dutch buildings market the organisation will be adjusted to the market situation through further integration and reorganisation, and additional cost reductions will be implemented. When the new initiatives started in 2003 have become more concrete, Imtech will be involved in projects in an even earlier phase so that the added-value can come (even more) into its own.

In the Dutch maintenance and management market efforts are being focused on co-operation with building maintenance specialists and on finding strong partners in the field of Facility Management.

In the infrastructure market Imtech is striving for an European position with increasingly high added-value. To this end co-operation agreements will be signed. The acquisition of high-tech companies has not been discounted. Co-operation with the Belgian Imtech companies will be intensified. Acquisitions are also possible here in order to build-up a position. The German market will also be explored.

In the industry market too the policy is aimed at intensifying the co-operation between the Dutch and Belgian Imtech companies. Synergy will lead to a strengthening of the position in the Benelux. Imtech will also strive for a further expansion of the range of maintenance services, particularly in mechanical engineering and in the field of rotating equipment.

Spearheads in Belgium are the further strengthening of the national coverage and organic growth.

Imtech in Germany, England and Spain

The activities in Germany, England and Spain developed positively in 2003 with turnover rising by 1.7% to 959 million euro (2002: 943 million euro) and production increasing by 11.1% to 918 million euro (2002: 826 million euro). EBITA amounted to 35.1 million euro compared with 29.3 million euro in 2002, an increase of 19.8%. The order portfolio increased by 1.6% to 943 million euro (2002: 928 million euro). The German market for multidisciplinary technical services came under pressure as a result of the stagnating economy and a restrained investment policy. Despite these difficult market conditions performance was good. Thanks to the positive development of the English market, the market position and results of Meica – acquired during the year under review – continued to improve. Imtech also developed well in Spain.

in millions of euro	2003	2002 ¹	2001 ¹
Net turnover	959	943	933
EBITA	35.1	29.3	14.8
EBITA as a % of net turnover	3.7	3.1	1.6
Production	918	826	822
Order portfolio	943	928	834
Capital employed excluding liquid assets	117	133	191
Number of employees on 31 December	4,324	4,674	4,944

¹ The figures for 2002 and 2001 have been adjusted for the purpose of comparison.

Profile and approach

Imtech Deutschland was created two years ago by the merger of two Imtech companies which had been active in the German market since 1860 – ROM (Rud. Otto Meyer) and Rheinelektra Technik. With a turnover of 840 million euro and 3,946 employees, Imtech is the largest multidisciplinary technical service provider in the German market. The provision of high-value multidisciplinary total solutions (the combination of electrical engineering, mechanical engineering and data and telecommunications) in the buildings, industry and marine markets via a single contact point is the basis of the strong growth Imtech has achieved in recent years. The organisation operates through six regional head offices in Hamburg, Berlin, Dusseldorf, Frankfurt, Stuttgart and Munich, plus 65 local support centres. There are also various competence centres as well as separate business units for maritime technology and ICT. The activities are concentrated in the heart of the German economy (the Dusseldorf-Frankfurt-Stuttgart-Munich backbone).

To test technical solutions Imtech has a high-value Research & Development Centre – the ZIT (Zentralbereich Ingenieurtechnik) in Hamburg. The ZIT is one of the most renowned R&D centres in Germany and has even gained international repute. The Centre plays an important role when it comes to giving shape to Imtech’s strategy of being involved with projects at an early stage. It is also the place where new products and services are developed before being marketed.

With the acquisition of Meica in August 2003 Imtech has gained a strong position in England. Meica, with 220 employees and a turnover of over 100 million euro per annum, operates primarily in the buildings and infrastructure markets but is also active in the industry market. The activities in the buildings and industry markets are confined to the South-east of England (greater London area) where the market volume is substantial. Meica is one of the top-10 players in the market. Besides new construction Meica concentrates primarily on renovation, the conversion market and on projects involving on-going exploitation. Meica is active nation-wide with its solutions for the infrastructure market and is one of the top-5 specialists in the United Kingdom. Meica possesses unique expertise regarding the design, maintenance and management of complete drinking water and waste water treatment plants.

In the Spanish market Imtech distinguishes itself from the competition by providing total mechanical engineering services with well-developed management and control systems. Imtech’s activities are concentrated mainly on the major economic regions around Barcelona and Madrid and focus primarily on the buildings market. In the fragmented Spanish market this makes Imtech one of the larger technical service providers.

Germany

2003 was another bad year for the German economy with investments declining, especially in the buildings market. The picture in the industry market varied from one segment to another. In both markets preservation, cost reductions, process improvement, renovation and conversion predominated. There was scarcely any large-scale new construction. The fact that, despite the unfavourable market situation, Imtech’s performance was good is thanks to innovation, its distinguishing and technologically high-value multi-functional service package, its sophisticated process management, its financial power and its independent position.

In the buildings and industrial markets the different regions performed with varying degrees of success. The South-east region’s performance was excellent – partly due to two successful projects in Munich (AVIVA, a 56,000 m² office building, and Munich Airport’s new Terminal 2). The East (Berlin) region managed to repeat its good performance of the previous year. The South-west (Stuttgart) region performed similarly to 2002. Large projects, such as Airbus and Hamburg Airport, improved the result of the North (Hamburg) region. Due to a reduction in regional investments, the Central (Frankfurt) and West (Dusseldorf) regions had to contend with reduced production and a lower result.

The competence centres developed well with the performance of Energy Contracting being especially good. Because automobile manufacturers are introducing new models more and more frequently, the engine-test

Munich’s airport has developed into a major interchange for European air traffic. A second terminal with a capacity of 25 million passengers a year has been built. Imtech received an order worth 24 million euro for the complete air and climate control, heating, ventilation, air conditioning and heat and cold storage plus all the related electrical engineering solutions and the technical equipment for baggage handling in the 260,000 m² terminal.



In Toulouse and Hamburg Airbus assembles the A-380, the world's largest airplane. Imtech supplied the total technology for the 16,000 m² paint shop in Hamburg where two aircraft a week are painted using special aircraft coatings. A unique combination of clean-room & process technology, air and climate technology, heat and cold technology, measuring and control technology and power supply guarantees a powerful flow of pre-conditioned air which meets Airbus's stringent quality standards.



SOURCE: AIRBUS

engineering and climate and bodywork testing competence centre developed also positively. The marine technology business unit acquired several cruise liner and naval vessel orders and made progress while the ICT business maintained its level in a difficult market. The R&D Centre ZIT developed into an important 'accelerator' for both buildings and industry projects.

The forthcoming admission of new member states into the European Community has already led to an expansion of German customers' activities in these countries. Although the inflow of orders is still limited, this positive development is actively being pursued. Imtech also has its own support centres in Poland and the Czech Republic both of which developed well.

Buildings

In the buildings market Imtech concentrated on reducing costs for customers, technological improvement, renovation and conversion. This was the case in both the private offices and government building markets. In the face of fierce competition Imtech succeeded in acquiring several good-quality projects. The good co-operation between the regions, competence centres and ZIT research centre bore fruit.

In the maintenance market good progress has been made in the areas of building management and Energy Contracting. Examples include a six-year maintenance contract for the IG-Metall head office in Frankfurt and the achievement of a minimum energy saving of 29% for a period of 10 years in 22 public buildings in the Berlin region. Service contracts were signed for Hamburger Pensionkasse, the multi-disciplinary building management of the multi-functional Linden-Arcaden building in Lübeck, and dozens of governmental buildings in Frankfurt.

Examples of large-scale renovation are the redevelopment, in a Public Private Partnership, of the Hans-Sachs-Haus municipal building in Gelsenkirchen and the conversion of a former hotel in the Spree Galerie in Cottbus into luxury offices.

One major new construction order involved the multidisciplinary technology, including data and telecommunications, in a new 40,000 m² office building on the Taunusanlage in Frankfurt for Allianz Immobilien GmbH. Other large new construction projects are an office building for publishers Axel Springer in Berlin, the new station building in Kiel, extension of the European Parliament in Strasbourg, and the new head office of detergent manufacturer Henkel in Düsseldorf. Current projects include the 155 meter high, energy-efficient Skyper Tower in Frankfurt and the multi-functional 64,000 m² 'DomAquaree' complex in Berlin.

In the care sector too Imtech is concentrating on energy saving, for example in the Humaine Klinikum in Munich and the Rheinischen Kliniken in Bonn. One attractive new construction project in this sector is the Robert Bosch Hospital in Stuttgart.

In the airport market Imtech acquired a new project – HAM 21 – the extension and modernising of Hamburg's airport. This project includes a new passenger terminal (Terminal 2) as well as a station for the high-speed train, shops, restaurants and parking areas. Imtech is responsible for the complex air and climate technology, the air conditioning in the aircrafts from the moment they dock at the terminal and an innovative fire protection system. A similar system had already been installed in Düsseldorf Airport. Patented technology (ROM-Drall®) ensures that should fire break out the deadly smoke would be extracted in seconds enabling passengers to leave the building safely and the emergency services to do their job more efficiently. A similar system had already been installed in Düsseldorf Airport. Imtech also developed the innovative air circulation for a new sports stadium which will be built in Düsseldorf. Renovation is the dominant market in this segment as well. Projects awarded to Imtech included the technical renovation of the Olympia Stadium in Berlin.

Industry

The industrial market is concentrating more and more on preservation, cost reduction, process improvement and renovation. Good co-operation between the Energy Contracting competence centre and the ZIT led to early involvement in projects. Study of the possibilities for energy savings at DSK-Anthrazit's anthracite mine in

Ibbenbüren led to savings of 12%. At the LIFE factory of the pharmaceutical company B. Braun Melsungen the savings were 15% and at the Geothermie thermal bath in Unterschleißheim Imtech was able to generate 70% of the required heating from the thermal bath's own source. HKSim® – an intelligent simulation model that optimises the relationship between heating, air conditioning and energy usage was developed.

In the industry market Imtech's main focus is on the automotive industry, vehicle supply industry, the pharmaceutical industry, the electronics industry, the manufacturing industry, food and confectionery industry, the market for industrial laboratories and research centres and the market for clean-room technology.

The automotive industry remains a major customer for Imtech. Imtech was responsible for the technology in BMW's new 150,000 m² automobile factory in Leipzig. The high-value competence centre for engine-test engineering and climate and bodywork testing developed well. The engine-test engineering centre received orders from customers in Germany (including DaimlerChrysler, Porsche and Audi) and abroad. Climate and bodywork tests are being conducted for customers from all over the world – from Thailand and China to the American automotive industry in Detroit. Audi in Ingolstadt signed a contract for Energy Contracting.

Large-scale and prestigious new construction orders were received from Airbus (the paint factory for the new Airbus A-380 in Hamburg), the Pirelli tyre company and the Krombacher brewery. In the pharmaceutical segment Imtech equipped a fully automated Steam Facility Centre for the pharmaceutical manufacturer Pfizer in Illertissen. Other pharmaceutical orders came from Chiron Behring and BASF Ludwigshaven.

Examples of scientific centres, industrial laboratories and research centres in which Imtech is responsible for the multidisciplinary technology are Frankfurt University's laboratory and a 30,000 m² research and development centre with 140 testing booths for the high-pressure cleaners and hedge-clippers manufacturer Andre as Stihl in Waiblingen. Work is also being carried out, in co-operation with Imtech Projects in the Netherlands, in the Shell laboratories in Hamburg.

Imtech is the European leader in cleanroom technology. Investment in this sector is increasing but the centre of gravity is in South-east Asia. In Germany orders were received from FMC Freiburg and for the new Waber FAB 300-2 factory. The cleanroom specialism is also being used more and more frequently by the pharmaceutical industry.

Marine

In the maritime market Imtech in Germany is primarily active in the passenger liner segment. This market fell dramatically after September 2001 and did not start picking up seriously again until 2003. An order for the air and climate technology and fire protection on board two new cruise liners for Norwegian Cruise Line of Norway (part of the Malaysian Star Cruise Group) was acquired from the Meyer Werft (Meyer Warf). Both cruise liners can carry 2,500 passengers. Imtech also contributed towards work on the Queen Mary 2 – the world's largest cruise liner (345 metres long, 21 storeys high and with space for 2,620 passengers) – built by the French Chantier (shipyard) d'Atlantique.

In co-operation with Imtech Marine & Offshore, Imtech Deutschland improved its position with the German, Polish and Greek navies. The complementary competencies of (platform) automation, integrated bridges, electrical propulsion and electrical engineering (from the Netherlands) and air and climate technology (from Germany) means these national navies can be offered total technical solutions (see also page 30). A number of new class 124 frigates were realised for the German Navy and the order for the first new corvette, with an option for six more, was acquired from the Polish Navy. This order was a breakthrough for Imtech in Poland. Imtech will also renovate the platform automation and the air and climate technology on board six frigates for the Greek Navy.

Imtech supplied the engineering and all the technology for two new Call Centres which form part of the C3i-project (Command, Control, Communication and Information) – an advanced automation trajectory for London's Metropolitan Police Authority. The new Call Centres will handle and co-ordinate around 70% of all emergency calls in London. In recent years the use of the emergency number has risen dramatically, partly due to the increased number of mobile phones.



The 190,000 m² Xanadu shopping centre in Madrid is one of Europe's largest shopping centres. In addition to 220 shops the complex also includes a large number of restaurants, fifteen cinema studios and the Snow Dome which contains a 220 metre long indoor ski slope. Imtech was responsible for all the air and climate technology and all the technical solutions for gas, water and sanitary facilities including an advanced management system.



England

The turnover and result of Meica, which was acquired in the year under review, rose. The market sees the acquisition by the financially strong Imtech as a positive step. Meica acquired a large number of multidisciplinary projects, many involving complex renovation and conversion and most in on-going exploitation situations. There are plenty of projects of this type available in the Greater London area, but they do place considerable demands on Meica's management and staff. One example is the successful renovation of the Lake Side Shopping Centre, the largest but one decentralised shopping centre on the outskirts of London. Meica was also responsible for all the technical solutions related to the renovation and (technical) up-grading of the luxury Peter Jones department store in the centre of London. An example in the education sector is the technical improvement, including the renovation of the scientific laboratory, of Birkbeck College.

Meica is also involved, on behalf of Bovis Lend Lease, with the complex new construction of '10 Exchange Square' (a luxury Business Centre). Another 'up-market' development is the multi-functional Albion Riverside complex designed by architect Sir Norman Foster. The Metropolitan Police Authority has awarded Meica total responsibility for the technical equipment in two high-tech call centres which will handle and co-ordinate around 70% of all emergency calls in London. Meica is also responsible for the total technology in the new UK headquarters of the Roche pharmaceutical company. In the infrastructure market Meica concentrates on drinking water and wastewater treatment. Meica has signed sizeable construction and service contracts with a number of Water Boards including Welsh Water in Wales, Thames Water in south-east England and Wessex Water in Bristol. Meica is responsible for the complete package: construction, renovation, upgrading, piping, environmental and process technology, purification and drainage for both small and large projects.

Spain

After many years of robust growth the Spanish economy hampered lightly but, on average, the market situation should be labelled as favourable. Partly thanks to its fast-growing reputation, Imtech enjoyed its best year yet with a substantially improved result.

The shopping centre Xanadu in Madrid had been completed. The most important order was for the air and climate technology and fire protection in the Hotel El Cigarral in Toledo. In Madrid Imtech is involved with the refurbishing of the former head office of the electricity company Endesa, the multi-functional Office Centre TN6 and the laboratory of the leading medical research institute MAPFRE. In Barcelona Imtech was responsible for all the air and climate solutions in the Filatures Güel services complex and was also involved in buildings for the 'Forum 2004' event and the new FIRA 2000 exhibition area. In the National Museum for the Art of Catalonia Imtech is not only responsible for the maintenance but also for the renewal and extension of the HVAC and fire protection.

Further expansion of the position to include electrical engineering is the goal. To this end, during the year under review many initiatives were started but have not yet resulted in agreements. In order to achieve further growth in Spain an office has been opened in Valladolid (North-west Spain) to serve the regions Castilla y León, Asturias and Cantabria. This new office made a good start signing various maintenance contracts and acquiring a large contract for the new 'Espacio León' shopping centre in León. Setting-up the electrical engineering competence as an independent company is also being considered and possibilities for strengthening the position in the industrial technical maintenance and management market are being sought.

Organisation

In the German Central and West regions the drop in production led to the organisation being adjusted and job reductions. In the light of prevailing market conditions, ways to reduce costs still further were sought in other regions as well and temporary employment contracts were not renewed. The efficiency of the head office was improved and one uneconomic support office was closed. Overall staff numbers fell by approximately 300 partly as a consequence of further integration of the activities. In England and Spain the organisation was expanded.

Prospects

For the first time in many years, expectations regarding the German economy are positive. Imtech is in a good position. The industry market is already showing signs of increased investment and the strategy is aimed at further expansion of the activities in this segment. The innovative position of R&D Centre ZIT is contributing hereto as are the strong energy activities. The buildings market is not expected to recover until the second half of 2004. The forthcoming admission of several new countries into the European Community also offers opportunities.

In England Imtech can, via Meica, seek further strengthening through selective acquisitions, particularly in the geographic areas in which Meica is not active. Co-operation with other Imtech activities will also be sought, for example in the field of parking and in-house telecommunications. The possibilities for exporting the expertise in the field of drinking water and waste water treatment to Europe via the Imtech network will be explored.

In Spain the strategy continues to be focused on achieving a national position in electrical engineering and mechanical engineering so that multidisciplinary technical solutions can be offered. Possibilities for strengthening the range of maintenance services are also being explored.

ICT & Technology

In 2003 the development of the ICT & Technology activities varied considerably from one market segment to another. Overall turnover rose by 13.9% to 411 million euro (2002: 361 million euro) and production rose by 8.2% to 408 million euro (2002: 377 million euro). EBITA amounted to 18.7 million euro compared with 19.2 million euro in 2002 – a drop of 2.6%. The order portfolio also decreased by 7.1 % to 377 million euro (2002: 406 million euro). In 2003 the ICT activities contributed less towards the result than in 2002. Imtech Technology performed better than the previous year. The marine activities achieved results virtually the same as the previous year. Imtech Telecom made a loss, primarily due to the poor situation in the Dutch telecommunications market.

in millions of euro	2003	2002 ¹	2001 ¹
Net turnover	411	361	280
EBITA	18.7	19.2	21.7
EBITA as a % of net turnover	4.5	5.3	7.8
Production	408	377	243
Order portfolio	377	406	381
Capital employed excluding liquid assets	84	72	46
Number of employees on 31 December	2,939	3,284	4,030

Profile and position

Imtech ICT is a full service ICT service provider with an integrated package of ICT services focused on Information Technology, ICT consultancy, ICT Infrastructure Solutions, Communication Solutions and server technology (Imtech ICT Brocom). In the Netherlands Imtech ICT with a turnover of 132 million euro is one of the larger ICT companies.

Imtech Technology combines high-value system technology and automation in the international oil and gas market, in the field of fire protection and in the access & parking and process industry markets. Good positions have been developed in each of these market segments. Turnover amounted to 109 million euro.

¹ The figures for 2002 and 2001 have been adjusted for the purpose of comparison.

Imtech provided the software engineering for Alva's MPO. The MPO (*Mobile Phone Organiser*) is a compact piece of equipment with Braille keys that gives the visually handicapped easy access to the mobile telephone internet services and organiser functions. The input is in Braille and the output is in either Braille or artificial speech. A completely new software programme that took the demands of the target group into account was written for this high-tech application.



Imtech Marine & Offshore is a contractor offering integrated total solutions in the marine market. Imtech focuses on the combination of (platform)automation, bridges for integrated ship's management and electrical propulsion. This is combined with electrical and mechanical engineering services. Turnover amounted to 96 million euro. The combination of the German and Dutch marine activities makes Imtech a top-3 player in Europe.

Imtech Telecom designs, supplies, installs and maintains networks for fixed and mobile operators and internet service providers. The organisation is moving towards becoming a knowledge company, that specialises in high-value products and services, engineering and network configuration. Offices in the Netherlands, Belgium, Germany, England and Sweden offer services to European telecoms and internet service providers. Turnover amounted to 74 million euro. Imtech is one of the larger players in the telecoms market.

ICT in buildings, business services and industry

Investments in the ICT market fell by nearly 20%. As a result, Imtech ICT's profitability was lower than in the previous year. This was a satisfactory result considering the market situation and fierce competition. It appears that the achieved size, unambiguous market vision and Imtech ICT 'brand' are considered distinguishing factors. This enables the strategy to be focused on areas where the added-value of Imtech comes into its own.

The Information Technology market came under pressure with less investment, fierce competition and low prices leading to a reduction in turnover. The organisation has been adjusted and offices have been clustered to reduce the cost of premises. Imtech targeted segments where there is growth – software assembly, IT services related to software packages and consultancy. The accent was on the financial sector, business services, the public sector, the agricultural market, the manufacturing industry and Research & Development. Examples of this are management information, the digitalisation of municipal services, agricultural automation, the optimisation of manufacturing processes and (embedded) software engineering. A data warehouse was designed for the Rabobank, internet, intranet and extranet applications were developed for Levob, the management information of Rotterdam municipality and ZLTO (Southern Land and Horticulture Organisation) was improved, Shell's Supply Chain systems were optimised and a management concept for the automation of new manufacturing equipment was developed for Assembléon. One successful and innovative trajectory was Lynx – the automation of the auction clock for all the vegetable auction houses in the Netherlands so that traders and suppliers can participate in an auction remotely.

Special attention was paid to the establishment of the Imtech Feed & Food Competence Centre and the technical automation collaboration between Imtech ICT, Imtech Projects and Imtech Belgium. This Competence Centre can offer integrated technical services right down the service column from manufacturing and administration to distribution and delivery to consumers. This takes into account all statutory stipulations (environment, quality, safety) and the following of products in the food-chain (*Tracking and Tracing*). Customers included amongst others Frico Cheese, Nutreco, Riedel and Campina.

Despite margins being under pressure Imtech was able to strengthen its ICT Consultancy position. Progress was made in, for example, Amsterdam Airport Schiphol and in the infrastructure market. Imtech automated the traffic management system of RET (Rotterdam Electric Tram) and was also active in the governmental and education sectors.

In the Communication Solutions market the demand for 'out-sourcing', maintenance and management remained stable. The need for data solutions increased. Imtech focused on the convergence of voice and data and the interaction between data and telecommunications, for example the equipping of Call Centres, flexible remote operation and telephony over the data network (*Voice-over-IP*). A major contribution was made towards the fastest data network in the Netherlands (Gigabit Ethernet, the glass-fibre network in Nijmegen). Imtech was also responsible for the infrastructure that enables 80,000 secondary school pupils in Brabant (OMO: Ons Middelbaar Onderwijs (Our Secondary Education)) to access databases and surf the internet and for the total data and telecommunications, networks and telephony via the internet for the Hoge Economische School Amsterdam.

Under the Imtech flag Brocom, which was acquired end 2002, enjoyed the best year in its twenty year history. The combination of client-orientation, server solution expertise, ICT systems and complementary ICT services was a powerful distinguishing factor. Brocom concentrates on tailor-made server solutions with added-value. Half of the turnover is generated by the on-line shop – services are tailored to the individual customer. More and more often maintenance and management are being contracted-out and carried out remotely, for example for the Federatie Nederlandse Vakvereniging (Dutch Trade Union Association). Major new customers were Vodafone, the Province of Utrecht and the City of Amsterdam. Large projects were carried out for Amgen, ING Car Lease, Haarlem municipality, Zorggroep (Health Care Group) Noorderbreedte and EMI Music. Imtech was also responsible for the infrastructure and work-station automation in DaimlerChrysler's new premises in Utrecht.

A new initiative in which Imtech holds 80% of the shares is Beep! – a breakthrough in the European ticketing market. Beep! enables customers to receive digital cinema, amusement park, theatre, concert or event tickets via the mobile telephone SMS feature. The first trials at De Efteling (amusement park) and Merral Bioscopen (cinemas) were successful. There is considerable interest in Beep!.

Technology in buildings and industry

The Technology activities performed well with progress being particularly good in the field of fire protection, access technology and process technology.

In the niche market for metering and analysis solutions Imtech works for the international oil and gas industry. The measuring activities are characterised by a high degree of ICT. Calsys®, Imtech's own validation and calibration software, proved its worth. Imtech is focusing on the growing market for gas metering. The ICT was developed in the Netherlands and skid builders from low-income countries were employed for the installation work. The successful Shell M1 Jintan project proved that this strategy works. Other orders were received from Exxon, Statoil and Chiyoda. Lyondell ordered additional metering systems for its new Propylene Oxide factory. In the analysing systems market Imtech has, for some time now, been confronted with increasing price competition, partly due to the sharp fall in the dollar exchange rate.

In the field of fire protection Imtech is a major player with the Saval and Knowsley brands. The demand for high-value and reliable solutions increased and, as a consequence, so did the result. The decline of the Dutch buildings market was amply offset by industrial fire protection, replacement and service. Major orders were the replacement of the Halon fire protection in five ING offices and the fire protection of storage tanks for Shell-Couronnaise in France and Nitto Europe in Belgium.

In the access technology market Imtech is the exclusive supplier of several top brands. Imtech focuses on automated access control for people and vehicles. Total maintenance is provided via one contact point. All Aldi and Laurus shops were fitted with Imtech technology. Imtech's share of the maintenance and management market is growing. Service contracts were acquired for the head office of ING in Amsterdam and, via Imtech Maintenance, for 500 TPG Post sorting centres. There was considerable demand for products which enhance security, such as advanced access control at the Dutch Ministries of Housing, Regional Development & the Environment, Justice, and Internal Affairs. The demand for fire and break-in prevention solutions increased. This demand offset the reduction in projects in the new buildings construction market. Turnover and result increased.

In the area of paid parking WPS Parking Systems supplies its patented combination of barcode technology, security and easy service to parking garage managers and owners. The market volume declined in Europe. This was because the introduction of the euro had brought about increased investment in previous years. By contrast, Canada and the USA developed well. Turnover and result fell slightly. Databases are being linked to parking systems more and more often. The demand for the combination with modern video communication, for which the Parkview® was developed, has increased. To meet the growing demand for simple and inexpensive systems Easy P® has been developed. Imtech is responsible for all the parking solutions for the 2004 European Football Championships in Portugal.

Imtech is active in a large number of countries with a combination of patented barcode technology, security and easy operation. The linkage with databases, video communication and voice technology puts Imtech ahead of the competition. In Q-Park's Vrijthof car park in Maastricht with space for 445 cars Imtech was responsible for all the parking technology. This is the first example of Public Private Partnership in the field of parking in the Netherlands.





Polish corvettes

The Polish Navy, which is increasingly operating in a NATO role, is purchasing seven Gawron-class corvettes (2000 ton, length 95 metre). Imtech is responsible for an *Integrated Platform Management System (IPMS)* and the total air and climate technology (HVAC: *Heating, Ventilation and Air Conditioning*). An order has been placed for one corvette and

there is an option for six more. IPMS enables the integrated operation – via computer monitors – of all the platform systems: transmission, propulsion, power, monitoring, control, radar, security cameras, fire and smoke alarms. The operational task effectiveness on board is high. All the data needed for steering and control is available, via a redundant Gigabit

glass-fibre network, at every required operating position. The corvettes will be built at the wharf in Gdynia. For Imtech this order means a breakthrough into the Polish marine market.

In the field of process technology Imtech possesses unique expertise (*Fluid Bed Technology*) and is active world-wide. The world market is handled from two locations – one in the Netherlands and one in the USA. The result increased with orders being received from customers such as Tarmac and Hanson in England and Müller in Germany.

Marine

In the marine and offshore market Imtech has developed from a Dutch electrical engineering specialist into an international player with a unique specialism – the combination of high-value (platform) automation, integrated bridges for ship's management and innovative electrical propulsion. This can be combined with electrical and mechanical engineering services, such as energy generation and distribution of HVAC (*Heating, Ventilation and Air Conditioning*), which makes Imtech a total technical service provider with integrated total solutions and a high added-value. Imtech has now gained world-wide acclaim as an innovator.

From its Marine & Offshore Competence Centre in the Netherlands Imtech works all over the world in the defence vessel (frigates, corvettes, submarines) market and the markets for passenger liners, luxury yachts, dredgers and cargo ships. International sales of systems including UniMACS®3000 (integrated bridge for ship's management), SMCS® (*Submarine Motion Control System*) and ECDIS® (electronic sea charts) are also handled from Rotterdam. Rotterdam also co-ordinates services (maintenance, 'upgrading', conversions) and approaches the market for offshore platforms and specialised ships (floating cranes, cable layers, artificial islands). In England Imtech has a complete organisation at its disposal and a similar organisation is being formed in Germany. Activities in South-east Asia are supported by an office in Singapore. Imtech and IHC Caland are joint owners of IHC Systems (dredging technology).

Imtech has for long a strong position in the Dutch naval defence market. Imtech works in close co-operation with the Dutch Royal Navy which, thanks to increasing automation, is able to achieve increasingly greater tasking flexibility with a limited capacity, which has a positive influence on exploitation. Last year Imtech received an order for virtually all the technology in the Dutch Royal Navy's second LPD (*Landing Platform Dock*) from the Schelde Marinebouw shipyard. This is an amphibious transport vessel for both humanitarian and military actions. This year the order for the vessel's diesel-electric propulsion system was acquired. This relatively inexpensive application ensures high manoeuvrability and low fuel consumption. This is the first naval vessel in the world to be fitted with this innovative system. Another order involved the automation of two hydrographic naval ships. Imtech also worked on the platform automation, integrated bridge (UniMACS®) and electrical engineering on board four Air Command frigates, three of which are now in operation.

Export to foreign navies has been intensified in recent years. This led to substantial orders in 2003. An order was received for the automation of six Greek Navy frigates, in Poland work commenced on the board automation and an *Integrated Platform Management System* (IPMS) on board the first Polish corvette and there is an option for six more corvettes. As Imtech Deutschland was responsible for the HVAC on these ships, the total technology came from Imtech – a breakthrough in Poland. In England the technical infrastructure and diesel-electric propulsion on four Royal Navy ship was realised and, via defence specialist BAE Systems Marine, Imtech worked on the automation and integrated management of submarines. Imtech was also involved in the engineering of two new aircraft carriers. In Germany Imtech worked on the automation of a frigate and the installation of an innovative automated stabiliser system (*Rudder Roll Stabilisation*) on board five corvettes. Three Belgian Navy frigates were modernised.

Imtech's innovative technology is also sold via shipbuilders. The good relationship with the Damen Shipyards Group, which builds ships on various continents, contributed towards this. But Imtech also collaborates with other shipyards. This resulted in Imtech being given responsibility for the diesel-electric propulsion of a security and investigation ship in Bahrain as well as the automation on a South African patrol vessel. In Bilbao in Spain Imtech installed automatic bridges in four dredgers belonging to the Jan de Nul Group. In the marine market Imtech is more and more frequently acting as engineer, project leader and system supplier. Further internationalisation is on the horizon. The installation work carried out by local sub-contractors.

Imtech is the world's leading ship automation innovator. The MOAC® was developed on the basis of the successful UniMACS 3000® integrated bridge concept. This 'Mother Of All Consoles' is a high-tech digital ship's bridge with touch-screen operation and an ergonomic state-of-the-art console. All the management and control functions necessary for safe navigation, steering and technical control on board a ship are digitised and integrated into the MOAC. Also in the luxury yacht Katrion Imtech was responsible for the (platform) automation.



SOURCE PICTURE KATRION: FEADSHIP DE VRIES SCHEEPSBOUW

Imtech has an 80% interest in Beep! – a breakthrough in the ticketing market. Consumers can receive digital tickets for the cinema, a visit to an amusement park, theatres, events or concerts via their mobile phone. These tickets, in the form of an SMS-matrixcode, serve as admission tickets. They are checked at the door by a scanner after which entry is granted via an Imtech automatic access gate.



Imtech targets the top of the growing market for luxury yachts and is making good progress. The companies with which Imtech co-operates in this area include the Fedship and Damen-Amels shipyards. Both these shipyards build luxury private yachts in which Imtech's innovative technology rules the roost. To expand the service activities in this segment a support centre has been opened on the Côte d'Azur in France where there is a concentration of luxury yachts.

The offshore platform market improved. Imtech received an order from Heerema for the automation and electrical engineering on the Wintershall-L8P4 oil platform and in Norway Imtech was responsible for upgrading the Maersk Halfdan North-East platform. To further strengthen its maintenance position Imtech is looking towards co-operation with Maintenance Partners (formerly ABB).

Thanks to product development Imtech has increased its competitive lead. The MOAC[®], a high-tech digital-bridge concept with touch-screen operation for the ship's management of the future has been developed for the top-end of the market. The MOAC includes systems for automatic identification, *Decision Support* and security (including the Black Box, which has been installed in aircrafts for many years). To serve the lower-end of the market a basic version of the UniMACS[®]3000 – the Blue Line[®] has been introduced.

Telecoms

In the Netherlands services related to the detachment and roll-out of ADSL have declined. The anticipated roll-out of UMTS was delayed and did not start until the last quarter of the year. On the other hand, the demand for intelligent network equipment with related ICT services increased. Opportunities stemming from new developments, such as *Voice-over-IP* (telephony over data networks), cordless connections (including WiFi, *Wireless Fidelity*), *Indoor Coverage* (optimisation of GSM coverage in large buildings) and extreme broadband for data and transmission networks were seized successfully.

Imtech has developed from a capacity provider into a knowledge company with high-value products and services, such as engineering, the configuration and maintenance of complex networks. In this area Imtech co-operates actively with business partners such as Juniper, Lucent Technologies and World Wide Packets. Umbrella contracts have been signed with existing customers such as KPN, UPC, Orange and Vodafone. Radio metering is an interesting and opportunity-rich activity. Imtech carried out a benchmark study of network quality for T-Mobile.

As the company was set up as a capacity provider, its transformation into a knowledge company had organisational consequences. The stagnation of the Dutch telecoms market was partially offset by positive developments in Belgium, Germany, England and Scandinavia.

In Belgium the mix of high-value services and the sale of intelligent network products was successful. To supplement a multi-year order from the Ministry of Flemish Communities new orders were received from the government and B-Telecom. An umbrella contract for the engineering of Mobistar's mobile network was signed and the GSM network at Brussels' Zaventem Airport was analysed using radio metering. Imtech Telecom is now active in Luxembourg as well.

In Germany Imtech extended networks and prepared them for UMTS for mobile providers like E-Plus, T-Mobile and DFMG. This involved extensive network expansion with hundreds of sites been installed in several regions. A pilot project for DFN (Deutsche Forschungsnetz), carried out in co-operation with Juniper, was completed successfully.

In England good progress was made with customers such as Telewest, Dante, Energis and the Rabobank. The emphasis was on market where the demand for broadband is greatest – the education and research markets and the financial sector. Imtech co-operated with Juniper and World Wide Packets. In the Fiber-to-the-Business market a collaboration between Imtech and Telewest achieved a breakthrough.

In Scandinavia Imtech worked for large operators such as Song, Teracom, Citylink and Nordunet and, in co-operation with Lucent Technologies, acquired an order for B2's ADSL network. Imtech is not only active in Norway and Sweden but also more and more frequently in Denmark and Finland.

At the end of the year an important turning-point was reached in the Netherlands when orders from customers including Tiscali, NRC, Alcatel and Nortel were added to the order portfolio and, at the same time, the roll-out of UMTS began. Imtech has received large (follow-on) orders from KPN, Mobile, E-Plus, Vodafone, T-Mobile, Orange and Mobistar in the Netherlands, Germany and Belgium.

Organisation

Reorganisations were carried out at Imtech ICT, Imtech Marine & Offshore and Imtech Telecom, reducing the number of employees. The objectives of these reorganisations were twofold: on the one hand, they were aimed at reducing costs and redressing the over-capacity that had resulted from the changes in the market, on the other hand the metamorphose of the organisation into a (platform) automation and ICT (Imtech Marine & Offshore) and knowledge company (Imtech Telecom) necessitated a quality-turn.

Prospects

Imtech ICT will focus on acquiring positions abroad. In the Netherlands the co-operation between the ICT and installation activities will be intensified. The successful Brocom will operate as an autonomous unit under the name Imtech ICT Brocom and the co-operation with Imtech ICT Communication Solutions will be extended still further.

The Technology activities are well positioned for further growth. The strategy is aimed at co-operation in the field of safety and access systems (Integrated Safety) and the further strengthening of the European parking activities.

Imtech's marine activities show great promise and further growth within and outside Europe is anticipated. Co-operation with strong international players is on the cards and acquisitions have not been discounted.

Imtech Telecom is focusing on a further consolidation of its position as a knowledge company and a provider of related capacity services and is confident of its future. The order book is well-filled. In Belgium, Germany, England and Scandinavia good progress is expected to continue. The roll-out of UMTS in Western Europe will have a positive effect on the situation.

The Dutch Ministry of Education, Culture and Science in The Hague asked Imtech to distribute TV channels around its 'De Hoftoren' premises via the existing data cabling. Imtech developed CATV (a closed circuit audio/TV system) over UTP (the standard cabling for the computer network). However long the cable, a good signal is received at every required location. This solution offers optional flexibility and is far cheaper than the installation of a traditional television network.



Financial position

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

Changes in reporting

The accounting principles are the same as last year. In accordance with the new Guidelines for Annual reporting, the presentation of the consolidated profit and loss account has been amended such that items formerly recognised as extraordinary items are now recognised in the normal operating result. The comparable figures have been adjusted accordingly.

The non-recurring extraordinary income of net 5.9 million euro recognised in 2002 resulting from profit-taking on projects pursuant to the introduction of the 'Percentage of Completion' method is now credited directly to shareholders' funds in the comparable figures, which have been adjusted accordingly.

On behalf of Allianz, and in co-operation with Hochtief, Imtech executed a 40,000 m² multi-functional building on the Taunusanlage in Frankfurt. Imtech is responsible for the complete technical infrastructure: the ICT infrastructure, power, electrical engineering, air and climate technology, measuring and control technology, energy management and water technology, as well as the fire protection and security. Several advanced technological solutions have been installed in the building including an automated building management system based on LonWorks.



Turnover

Net turnover rose by 98 million euro to 2,098 million euro (+4.9%). Organic turnover fell by 13 million euro (-/-0.7%). The acquisition effect amounted to 114 million euro (5.7%), and the currency exchange rate effect was 3 million euro negative.

EBIT/EBITA

Compared with the operating result (EBIT) for 2002, EBIT rose by 4.1 million euro to 70.8 million euro (+6.1%). This figure includes 8.5 million euro reorganisation costs. EBIT for 2002 is adjusted for comparison purposes by 7.9 million euro in reorganisation costs incurred in 2002. EBIT for 2003 also includes costs amounting to 3.1 million euro related to the amortisation of goodwill capitalised since 1 January 2002. EBITA amounted to 73.9 million euro (2002: 68.4 million euro, +8.0%)

Financial income and charges

At 5.1 million euro negative the balance of financial income and charges remained at a lower level in comparison with 2002 (-/-4.5 million euro). This includes interest income and charges amounting, on balance, to -/-6.2 million euro (2002: -/-5.0 million euro), mainly resulting from financial charges related to pension schemes in own custody in Germany.

Taxes

Taxes amounted to 20.8 million euro, 1.1 million euro more than in 2002. The effective tax rate, however, remained the same at 31.6%.

Net result

The net result amounted to 44.0 million euro after deduction of minority interests of 0.9 million euro (2002: 41.7 million euro). The net return on average shareholders' funds was 14.5% (2002: 14.4%).

Capital and financing

The addition of the net result has further strengthened shareholders' funds. The dividend proposal has not been recognised into the balance sheet. The balance sheet total rose from 896.0 million euro in 2002 with 20.4 million euro – an increase to 916.4 million euro. The fixed assets : balance sheet total ratio was 17.0% (2002: 16.6%) and the long-term capital : balance sheet total ratio was 50.8% (2002: 50.7%).

Solvency expressed in shareholders' funds as a component of total liabilities was 34.3% (2002: 33.4%).

The net cash position amounted to 124 million euro (2002: 132 million euro). On 31 December 2003 Imtech had over 139 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 financial scope for further acquisitions.

During the financial year 4,000 shares were purchased by Imtech for a total of 61,924 euro to cover the balance of the option rights that were granted or expired in 2003.

Investments and depreciation

Investments in tangible fixed assets amounted to 16.8 million euro (2002: 30.0 million euro) and depreciation to 20.4 million euro (2002: 21.1 million euro). Divestments involved a sum of 7.2 million euro (2002: 11.7 million euro). Investments in 2004 are expected to be at the same level.

Cash flow

Cash flow from operational activities amounted to 55.7 million euro -/-8.1 million euro lower than in 2002. Cash flow from investment activities amounted to 35.8 million euro negative compared with 53.9 million euro negative in 2002. Financing was done from available cash flow.

The policy aimed at managing the working capital has been intensified since 2002 and is expressed in a constant working capital (322 million euro) with an increase in turnover and production. More attention continues to be paid to 'classic' working capital management: optimum creditor control, tighter agreements with suppliers and keenly negotiated payment conditions.

Risk management

Risks can be divided into several categories: Financial risks, operational risks and market risks. A great deal of attention is paid to managing these risks.

Financial risks

For business operation development Imtech has ample bank facilities at its disposal, including the day-to-day management of working capital and the taking on of obligations (including bank guarantees and letters of credit). On top of this a portfolio of medium-term stand-by facilities amounting to a total of around 100 million euro is available. No securities related to these facilities have been provided. But accepted financial covenants have been agreed. Imtech has not been awarded an official credit rating. In the light of the strong balance sheet position and positive cash flow, Imtech has a good credit rating and, therefore, ample access to other (public and private) sources of financing.

Foreign currency exchange risks are extremely limited – over 95% of the money stream is in euro and the remainder is mainly in pounds sterling and the US dollar. The limited exchange rate risks related to foreign participations are not covered. The equally small exchange rate risks arising from the purchase of materials for sale abroad are covered as far as possible by forward currency contracts. The sum involved amounts to several tens of million euro.

As Imtech serves over 10,000 diverse customers creditor risks are very widely spread. Debtors credit insurance is not used apart from in a few export transactions. In many cases, however, use is made of credit information supplied by specialist institutions.

Financial obligations related to leasing and hiring contracts include the vehicle fleet and a major portion of the business premises currently in use (see the entry for contingent liabilities on page 56 of this report).

Staff pension schemes in the Netherlands are, for the most part, placed with various company pension funds. In addition, the pensions in Germany are to a large extent kept in own custody. Imtech also operates a supplementary pension scheme for higher and middle management in the Netherlands which is placed with the Company's own pension fund. The average wage regulation means backservice obligations related to pension schemes are limited to the indexing.

Operational risks

Over the years Imtech's projects have become larger and more complex. This is a direct consequence of technological developments, market trends, increasing complexity in the sectors in which Imtech operates and Imtech's growth into a sizeable European technical service provider. Changes within the company, in part influenced by globalisation, imply that Imtech's risk profile is higher than when the Company began operations in 1993.

As a project organisation Imtech has always paid a great deal of attention to managing project risks. In 2003, and in advance of the Tabaksblat Committee recommendations, this led to a policy, called GRIP® which safeguards the organisation's risk management of large complex projects. The objective of the Risk Management department, which in this context operates at a Concern level, is the timely anticipation of risks so as to prevent surprises occurring during the term of the project. This is carried out using risk management procedures specifically developed for Imtech, which will be further implemented in 2004.

SnowWorld in Landgraaf, the Netherlands boasts the longest indoor ski slope in Europe. Imtech was responsible for the engineering and installation of the total electrical and mechanical engineering in the 520 metre long hall where the temperature is maintained at a constant minus seven Celsius and atomised water (mist) is converted into artificial snow. Imtech also supplied all the fire detection, emergency lighting and broadcasting systems.



In Brussels Imtech was responsible for the complete air and climate technology, the automated building management and security via LON technology (a LonWorks Network Operating System comprising 15,000 information points), the fire protection and the sanitary technology in the 100,000 m² Euroblok II complex in the centre of Brussels. All the space in this multi-functional building with offices, shops and a parking garage has been rented out.



In practice this means that, if sums above 4 million euro are involved, operating companies must submit to Risk Management details of project estimates or consortium participation at an early stage of the tendering process so that a risk inventory and a risk plan can be drawn-up. Once approval has been given the risk plan is checked regularly and progress is reported. In addition, cash flow development, project progress and result and risk development of these large, complex projects are reported regularly to the Board of Management via project status reports.

The Legal Department checks the legal aspects of project contracts in the tender phase and any deviation from the policy is put before the Board of Management for approval. When a large project is involved a contract manager is seconded to the project manager's staff. In addition to risk inventories and project status reports Imtech pays a great deal of attention to increasing the management's awareness of risk and contract management. To this end the Risk Management and Legal departments organise workshops at various levels in the organisation. During these sessions practical examples of, e.g., contract evaluation, purchasing and execution problems are discussed and evaluated.

The Company is also well insured against possible damage arising from business and execution risks.

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 Audit Committee.

Product liability is only relevant for Imtech to a very limited degree 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 hardly ever build-up.

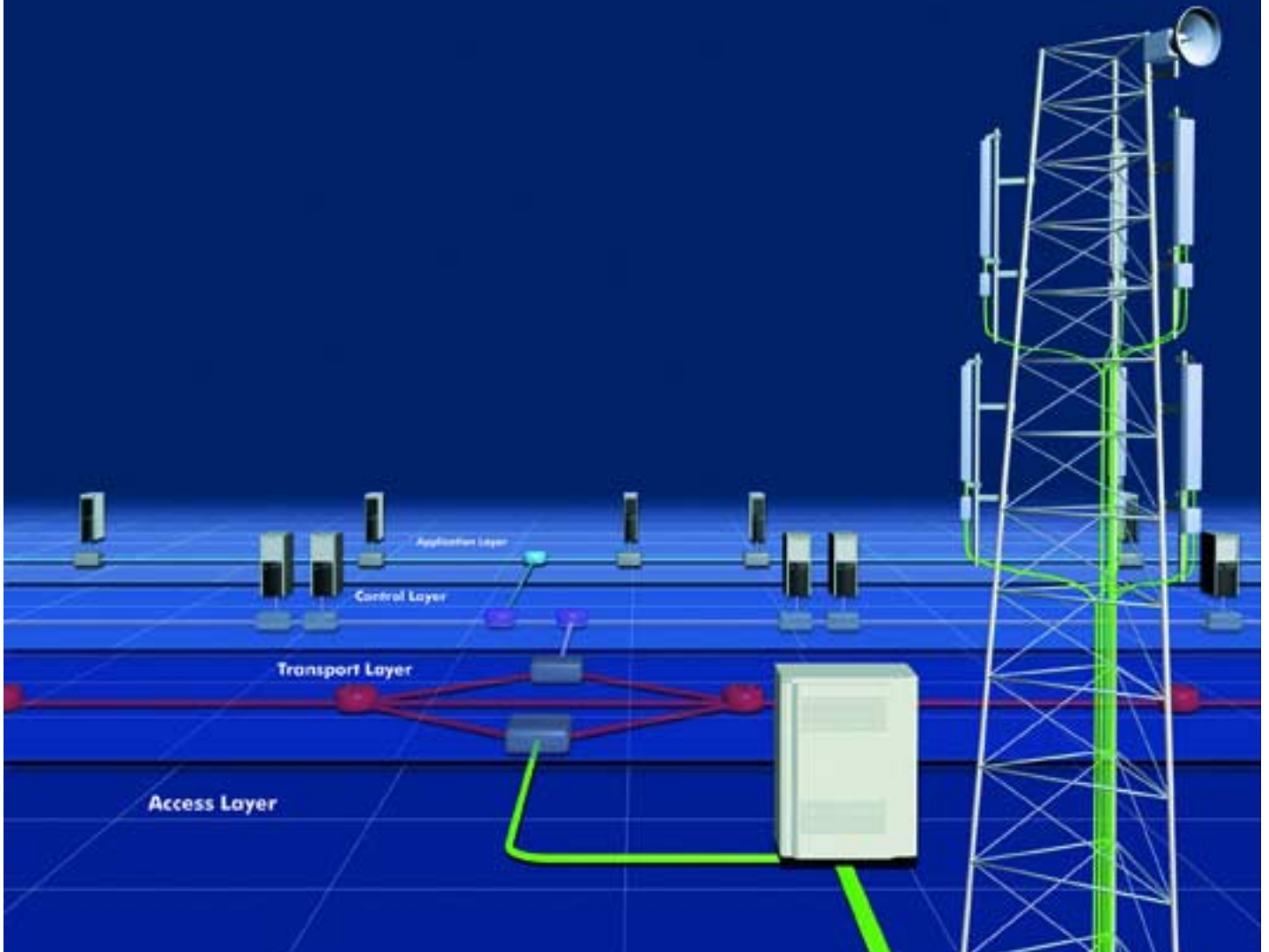
The policy objective in the area of safety and working conditions is the proper protection of employees. This means that the risks of job-related accidents, and possible claims resulting from such accidents, remain limited.

Know-how within the organisation is increasingly being stimulated by active knowledge management. In this area the intranet (Mercator) is playing a major role.

Market risks

Doing business involves risks. These risks vary for the different activities with which Imtech is involved. The cyclic nature of these markets differs, which means Imtech is less cyclic-sensitive than companies which concentrate on just a single or several markets. The combination of technologies (information and communication technology, electrical engineering and mechanical engineering), the geographical spread and the diverse markets make Imtech least sensitive to fluctuating market conditions.

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.



UMTS roll-out

UMTS exchanges vast quantities of voice, data and image information. Imtech is responsible for the Radio Access of sites in the Netherlands, Germany and Belgium: site acquisition, engineering, design, the installation of network components and linking equipment (including NODE-Bs, antennas, cables and Micro waves), electrical engineering, security, site installation and network testing and integration.

Radio Access is the last link in the UMTS network of transmitting and receiving antennas which are in contact with diverse subscribers. A new access network had to be installed for the UMTS network. As the range of an UMTS access point is smaller (more information) than that of GSM, approximately three times as many UMTS sites had to be realised compared with GSM. UMTS sites can be Rooftop,

Greenfield (mast site) or Special (exceptional sites such as churches, silos etc.). A site is integrated into the UMTS network after it has been approved by the customer.

Up-scaling, stock optimisation and stringent governmental regulations related to the environment, quality and safety are changing procedures in the cheese industry. For Frico Cheese Imtech installed a *Cheese Management System*: the automation of the entire chain of deliveries, production, conveyance, distribution, administration and the remote following of the products in the food chain through *Tracking and Tracing*, including ERP-systems and a system for maintenance and management.



Business Principles

The general rules for conducting business within Imtech are laid-down in the 'Business Principles'. Each manager has a copy of these Business Principles and is committed to them. 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 bookkeeping. It goes without saying that the offering or accepting of bribes is inadmissible.

Imtech believes in a free market system. Competition with other companies in the branch should be conducted in a businesslike, honest and ethical manner. Imtech has also taken measures to prevent competition limiting agreements and fraud. In early 1998 the Board of Management warned all the operating companies, in writing, that new legislation prohibited competition-limiting agreements (unless exemption has been granted). In respect of the annual accounts and on behalf of the external auditor, since 2001, every divisional and company director has formally declared that he or she is not aware of any (possible) infringement of the Law. This measure was taken in part as a result of the attention given to possible fraud in the construction industry. Pursuant to announcements in the media Imtech is conducting an internal investigation regarding possible involvement of one or more Dutch subsidiaries violating the Dutch Competition Act (Mededingingswet) in the period before end 2001. Imtech has informed the NMa (Dutch Competition Authority) thereof, and has stated that it will give full transparency about the outcome of that investigation. Furthermore, Imtech will fully co-operate with the enquiries of the NMa in the installation branch.

Personnel and organisation

Following is information regarding changes in staffing levels, staff supply and demand, conditions of employment, indicators in the Netherlands (including all ICT & Technology activities legally based in the Netherlands), Germany and Belgium, Management Development, pensions and insurance, consultation with representative bodies and the development of the internet within.

Staff in-flow and out-flow

In spite the acquisition of Meica (220 employees), in 2003 on balance the number of staff was further reduced from 13,780 to 13,100 – a reduction of 4.9% (680 employees of which nearly 300 worked in Germany). This staff reduction, which was mainly due to parts of the organisation being brought in-line with market conditions, affected Imtech Projects, Imtech Infra and Imtech ICT. Imtech Telecom and Imtech Marine & Offshore underwent a 'quality-revolution' and transformed themselves into more of a knowledge-company and automation specialist, which meant here too the workforce was reduced. The further integration of activities in Germany and a more efficient staffing of the head office in Hamburg also meant less staff were required. Staff reductions were conducted in good consultation with trade unions and coupled with social plans. Instruments such as natural out-flow and a stop being put on vacancies were employed. There were a limited number of compulsory redundancies. Staff numbers rose in Belgium, England and Spain.

Because various markets came under pressure, a great deal of attention was paid to the proportions of direct and indirect staff. Cost savings were achieved in various ways including the reorganisation of divisional head offices and staff departments, increasing the efficiency of indirect staff, the clustering of offices and the closure of one uneconomical support centre. The assembly capacity of the Dutch installation activities was reduced by natural means, which increased flexibility. This flexibility already existed in the other Imtech countries. At the same time the quality level was raised, which means that should market conditions improve in 2004 Imtech will be in a good position. There were additional investments in the skills related to early involvement with projects, such as financing, consultancy and contract management. In specific areas, such as health care, energy management and education, specialists were employed. Imtech has developed rapidly into a high-value knowledge company with added-value and an increasing level of automation.

Staff supply and demand

The number of applicants increased not only because of an increased offer on the labour market in both the Netherlands and Germany, but also because of a fast-growing awareness of the Imtech name and image as a quality company. The acquisition and selection of well-qualified (technical) staff remained an issue requiring attention at both the lower and top ends of the labour market. Specialists in area relevant for Imtech, such as health care, energy management and education, are scarce, which means using creativity when filling vacancies. This year preparations were made to acquire more technicians with a higher professional level education.

Imtech strives to fill as many management positions as possible from within its own ranks. Important tools in this respect are the so-called ‘Imtech fleet review’ (an annual assessment of the management qualities of young talent and potential management candidates) and the Imtech Management Programme. To ensure a good in-flow of assembly staff Imtech is co-operating with the co-ordinating organisations of regional vocational training centres. In Germany it is noticeable that for the first time in years the number of students taking technical subjects has increased. This is not the case in other countries.

Conditions of employment

As a result of the application of specific Employment Agreements, especially the Employment Agreement applicable for the Metal and Technical branches, the salary agreements made by the Dutch government and social partners in the Autumn of 2003 could not be followed. Well before the so-called ‘Autumn Agreement’ an increase of 2.5% as of February 2004 was agreed by the branch association in the Netherlands. In Germany Imtech is a member of the Bundesverband Heizung Klima Sanitär (BHKS), which here too led to an increase which will be determined during 2004. In Belgium each company has its own Employment Agreement. Within the framework of the formation of a single legal entity in Belgium these Agreements will be harmonised in the coming period. This has already taken place, where relevant, in other areas of the organisation. Average salary costs increased slightly rising by 0.9% .

The higher management staff in Europe has agreed to a zero-growth salary system for 2004. Where results in market segments or sub-areas have been disappointing this has affected the bonus and profit-sharing schemes.

Indicators

Absence due to sickness decreased still further. The average absence due to sickness figure was 4.5% (2002: 4.9%). In the Netherlands the average fell from 5.7% to 5.2%, in Germany from 3.4% to 3.0% and in Belgium from 5.5% to 5.2%. The policy aimed at the management of absence due to sickness via Imtech’s own Occupational Health & Safety Service has led to a structural decrease over the years. In the Netherlands absence due to sickness results for 2.6% from an industrial accident, thus bringing the accident/absence rate to 0.13%.

In the Netherlands staff in-flow was 4.2% and staff out-flow was 9.8%. In Germany the figures were 2.2% and 9.4% respectively and in Belgium 9.9% and 8.9%. Figures for staff leaving at their own request were 3.2% in the Netherlands, 3.5% in Germany and 4.0% in Belgium. Training costs were stable and amounted to 2.1% of the total personnel costs in the Netherlands, 0.5% in Germany and 0.4% in Belgium. Around 48.5% of the staff in the Netherlands were in the 30–45 age group, in Germany 44% and in Belgium 48%. The average duration of employment per employee was high – 10.5 years in the Netherlands, 12.8 years in Germany and 10.1 years in Belgium. This says a lot about the bonds with and of the staff.

Management Development (MD)

In 2003 several multi-year MD programmes were completed and a large group of potential and existing managers participated in training with a focus on business skills. Knowledge-management was also taken in hand via this programme and, to this end, the RONK (Return On Nett Knowledge,) initiative was developed. In 2003 preparations were made for training and coaching more closely oriented towards Imtech’s strategic development and with the accent on the further improvement of co-operation within the company. The requirement for qualified managers at every level has not changed.

The first totally underground school in the Benelux is being built in Arnhem, the Netherlands – the Dance and Theatre faculty of the Hogeschool voor de Kunsten (College of the Arts). The building is an underground extension of the existing school, designed by the renowned architect Rietveld. Imtech is responsible for the total technology as well as all the transport solutions and their connection to the existing college building.



The German market for building management and Energy Contracting is showing robust growth and Imtech is one of the strongest players. Imtech has been awarded a six-year contract for the total building and energy management in the eighty metre high head office of the personnel organisation IG Metal in Frankfurt. Substantial energy savings are achieved by using water from the River Main as cooling water.



Pensions and insurance

Most pension schemes 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. All the Dutch ICT staff are included in this scheme. This means that in the Netherlands an equivalent pension package has been achieved for all staff.

A pension scheme in own custody exists for former employees in Germany. All the German staff have been brought under the MetallRente/Pensionskasse pension fund. In addition there is a supplementary management pension. Belgian, English and Spanish staff are covered by various pension insurance companies.

Consultation with representative bodies

In 2003 the Central Works Council was once again a constructive discussion partner for the company. The current issues discussed were the protection of Private Data Act, Socially Responsibility and the implications of the findings of the Tabaksblat Committee. Other topics discussed were the strategy and Management Development as well as the functioning of the employee participation within the organisation. In addition to training this led to a revised meeting cycle whereby two consultation meetings attended by two members of the Supervisory Board are dedicated to current issues.

In addition, constructive consultations were held between local management and works councils concerned in the various countries.

Preparations were made for the setting-up, in the course of 2004, of a Special Negotiations Group which, in the longer-term, will result in the establishment of a European Works Council. Imtech's decentralised organisational structure and the complex legal structure of the Act on the European Works Councils means this is not a simple exercise. The Board of Management would like to thank the representative bodies in the Netherlands, Germany and Belgium for their positive and constructive contribution.

Intranet

In 2002 Imtech introduced an intranet under the name Mercator. Mercator brings knowledge, people and organisation together virtually and is an instrument for further organisational development. Mercator has now developed as a platform for internet, intranet and extranet with a wide range of possibilities. Structured information is exchanged internally via applications such as 'shared document'. All Imtech's activities are linked to commercial contacts via a search application. This forms an impetus for further knowledge management. There is also a Content Management System for the management of the dozens of Imtech websites in Mercator and the Corporate Identity is supported.

The digitising of the purchasing process has also been further developed via Mercator. IPM-online (Imtech Procurement Management online) has proved its worth. The wider introduction of this system in Europe is a policy spearhead.

Socially Responsibility

Imtech is currently in the orientation phase of Socially Responsibility. During 2003 this key issue was discussed and a policy memorandum was drawn-up in consultation with the Supervisory Board and the Central Works Council. In the policy document the boundaries for the demarcation of those aspects of sustainable business relevant for Imtech are laid-down and choices regarding further orientation in this policy area in the future are specified.

Imtech is a technical services provider operating mainly in Europe and complying with all the legal requirements and standards relevant to its products and services. Where products and services are manufactured or supplied by a customer, primary responsibility within the framework of the applicable legislation rests first and foremost with that customer and, of course, with the government in so far as the drawing-up of regulations and legislation. In addition, (product) suppliers have their own responsibility. Imtech itself never, or rarely, produces goods which significantly curtail its responsibility for sustainability.

Most of Imtech's more than 10,000 customers are reputable companies with their own responsibilities in the field of sustainable business. Participation in projects usually involves governmental approval, which means Imtech always operates within a legislative framework. Imtech only operates in countries where working conditions and the environment are very strictly legislated and regulated.

It has been decided that the operational aspects which will be given priority for further orientation in the future are safety and the environment. These are relevant aspects for Imtech as they fit in with the nature of our activities which are not only governed by statutory standards but also by the wishes of our customers. These are also areas in which Imtech has its own responsibilities and has taken comprehensive measures to fulfil these responsibilities. Further improvements to our performance in these areas are, however, possible and additional measures were implemented during the year under review.

Imtech looks at safety and the environment in broad terms: not just ecology and energy but also safety, working conditions and product safety. It is abundantly clear that it is a specification that cannot be applied in just one company. Co-operation and consultation between the links in this chain is essential if our goals with regards to sustainable business are to be achieved.

As far as safety and ecology are concerned, Imtech's services make a major contribution towards Socially Responsible Business. Thanks to Imtech environmental pressure is reduced, sulphur emissions are lower, fossil fuels will be available for longer and a substantial quantity of energy is saved. In addition, Imtech offers advice regarding the use of (the most) environmentally-friendly technology in projects where the responsibility for making the decisions rests with the customer.

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 that is checked regularly by the management and, where necessary, optimised. Suppliers are asked to guarantee their products and services in the same way.

The Company Care System encompasses – within the peripheral conditions of ISO 9000, ISO 9001 and VCA** – the entire business process from selection, purchasing, installation and/or application to maintenance and management. Responsibility rests at the deepest possible level of the organisation. Every employee, be they a manager or a worker on the shop-floor is responsible for the high-quality, safety, health and environmental-awareness of his or her own operations. The staff's performance and targets in this area are checked each year via the job assessment system and, where necessary, improved through additional training or instruction.

Imtech wants to achieve and maintain a quality of services and products such that they meet the most stringent demands and expectations of 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. This offers customers the assurance that the high-quality of services and products they demand and expect is actually achieved.

Imtech installed the flexible lighting along the N 315 highway in the Netherlands. Detector technology in the road surface signals the approach of traffic via a GSM modem to special LED units in the road surface and the roundabout kerbs and, at exactly the right moment, the environmentally-friendly lights around the junction are switched on. The result? Optimum safety and an energy saving of 99.2%. The project was awarded the 2003 infrastructural Energy Saving prize.



In Luxembourg Imtech is active mainly in the buildings market. In 2003, however, the infrastructure market was penetrated for the first time. And successfully. Imtech was responsible for all the security technology in the 1,575 metre long Markusberg tunnel, which improves the accessibility of the Saar-Lor-Lux region considerably. Imtech's contribution involved the approach control, traffic signals, video surveillance, lighting, audio-installation, medium and high tension, emergency power, fire detection and the SOS-installation. Imtech also equipped a technical co-ordination centre.



Safety

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 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, including temporary staff and (sub)contractor's staff. Consequently, the policy is also aimed at preventing work-related injury for everyone involved. Where risks are unavoidable, Imtech aims for a project organisation such that there are no unacceptable risks. 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' (workplace 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. Equipment and materials which could be dangerous for people and the environment are inventoried and every employee is made aware of the risks via a system of information sheets.

Imtech's own, certified, Occupational Health and Safety Service with specialists in Imtech's specific working environment guarantees 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. Expertise is kept up-to-date through continuous refresher courses and training. Performance is checked through regular internal and external audits and meetings within the Association of Industrial Occupational Health and Safety Service.

To further hone its already stringent safety management system, in 2003 Imtech started a broad-based safety campaign. The objective is to further emphasis, via an integrated and recognisable safety campaign, the need for work to be carried out safely throughout the entire Imtech organisation and to optimise employees' personally involvement with and responsibility for their own safety. This campaign, which started in November 2003 and will continue until November 2004, is one of the measures Imtech is taking in its efforts to reduce the number of accidents to nearly zero.

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. Environmental demands are a fixed criterion when products are developed and services are carried out. 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 (the foundation certifying, inspecting and maintaining heating installations) and STEK (the foundation certifying cooling installations). On project sites the removal of environmentally damaging materials is always carried out in conformance with statutory requirements, whether or not this is covered by agreements with the customer or partners. To limit and prevent the emission of greenhouse gasses and ozone-damaging gasses staff are specially trained and certified. The small quantities of waste generated at the office sites is separated and removed in accordance with statutory regulations and its disposal is monitored and administered by a certified waste disposal company.

Goals

The growth in turnover and EBITA – both organic and through acquisitions - achieved in recent years instils confidence in the future. Imtech is ambitious, wants to develop into a leading European technical service provider and is striving for further growth of turnover and EBITA through a combination of organic growth and acquisitions.

From a strategic point of view, Imtech is striving for strong market positions (top-3) in the European technical service provision market (the Netherlands, Belgium, Luxembourg, Germany, England and Spain). Imtech has already achieved such market positions in several countries. In other countries, namely England, Spain and, via Germany where Imtech is the market leader, some of the new European Community member states, further growth is the strategic target. In all countries Imtech is also aiming for growth in the technical management and maintenance market.

Imtech's strategy is also aimed at achieving a constantly increasing added-value with its ICT & technology activities especially in the field of ICT where Imtech wants to strengthen its position. Imtech is, however, also striving for increased added-value and stronger market positions in the marine and parking markets.

Depending on the progress of the intended acquisitions, and without lowering its qualitative targets, over the next five years Imtech will strive for a turnover level of around 3 billion euro (2003: 2.1 billion euro). This means the current turnover target of 2.6 billion euro in 2004 is no longer applicable.

Under 'normal' market conditions Imtech strives for a target margin of 6%. This target is composed of:

- 5% for the multidisciplinary technical services in the Benelux (around 35% of turnover);
- 4% for the multidisciplinary technical services in Germany, England and Spain (around 40% of turnover);
- 10% for the high-value activities in the field of ICT & Technology (around 25% of turnover).

Achieving these target margins will depend on developments in the various market segments (particularly ICT and Telecoms).

Forecast 2004

In recent years Imtech has undergone considerable expansion and has also become far more international. This has been achieved through a combination of organic growth and acquisitions. The subsequent commercial and operational integration was, to a great extent, completed in 2002. The focus in 2003 was the strengthening of Imtech's European market positions and the achievement of a higher added-value. Where necessary the organisation was (further) adjusted in line with the unfavourable market conditions. The good result achieved under these conditions in 2003 confirms the opinion expressed last year – that Imtech has a firm foundation for further development into a leading European technical service provider in the markets relevant for the company. Imtech is, therefore, well positioned for the future.

In spite of hesitating market conditions Imtech can face 2004 with confidence. According to its current views, the Board of Management expects that in 2004 Imtech N.V.'s EBITA will continue to increase.

The German brewer Krombacher in Kreuztal-Krombach has been producing a special beer from rock water with a low mineral content since 1803. The brewery, with an output of over five million hectolitre a year, is one of the largest in Germany. Imtech was responsible for the total technology, including electrical engineering, mechanical engineering, compressed air, CO₂ installation, sprinkler technology and a building automation system in the brewery's over 6,600 m² extension.



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 inter-company profit included in the 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.

Acquisitions and divestments

In the year under review the Meica Group Ltd. in England was acquired. The acquisition price including earnout was 26 million euro. The payment of the earnout will depend on the results in the coming years.

Accounting principles

The accounts have been prepared under the historical cost convention. Unless otherwise stated hereafter, valuation has taken place at nominal value. Assets and liabilities are attributed to the period to which they relate.

Changes in reporting

The accounting principles are the same as last year. In a new Guideline, the Council for Annual Reporting changed the definition of extraordinary income and charges. This means that income and charges formerly not accounted for in the operational affairs no longer qualify as extraordinary income and charges.

The EBITA of 73.9 million euro included reorganisation costs amounting to 8.5 million euro. For the purposes of comparison the EBITA over 2002 has been corrected by 7.9 million euro for reorganisation costs, which formerly were presented under extraordinary income and charges.

In connection herewith it has been decided to attribute the effect of system changes directly to the shareholders' funds starting 2003; up to and including 2002 this was presented as extraordinary result. The non-recurring income of 5,9 million euro net resulting from the introduction of the percentage of completion method with respect to profit recognised on projects, which in 2002 was entered as extraordinary income, is credited directly to shareholders' funds in the comparative figures for 2002.

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 current and hedged forward rate of exchange is attributed in proportion with the term of the hedged 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.

Financial derivatives

Financial derivatives may be used to cover currency exchange rate risks, interest risks and risks resulting from price fluctuations on certain commodities markets.

Financial derivatives are valued on the basis of their market value derived from the listed price of the financial derivatives. Changes in the calculated value of a financial derivative are recognised in the profit and loss account when the hedged position is settled.

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 costs related to the acquisition, and the net asset 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. If necessary an impairment in value is taken into account.

Tangible fixed assets

These are valued at their acquisition price or manufacturing cost taking into account linear depreciation calculated over the economic lifetime. Land is not depreciated. Impairments are 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 asset value according to Imtech's principles of valuation. If no influence can be exerted the shares are valued at cost price or market 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 for doubtful receivables.

Other securities and receivables

Other securities

Other securities represent shares in companies which are not classified as either Group companies or associated companies. Individual securities are valued using the price 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. 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 is booked. The profit related to other projects is booked on completion of the project. These other projects comprise a permanent stream of orders most of which have a duration of less than one year, which means recognition of the profit on the basis of a percentage of completion would not have any material influence on the shareholders' funds and result.

The projects for which profit is recognised proportional to the percentage of completion are generally more complex projects with a correspondingly greater level of uncertainty. For this reason no profit is recognised over the first 35% of the work executed. Invoiced instalments are deducted from the balance of the work in progress less provisions.

Stocks

Stocks of raw and ancillary materials are stated at the lower of cost on the basis of first in first out (fifo) 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 for doubtful receivables.

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 pension schemes in Germany relate to final pay schemes partly managed by Imtech. These pension obligations in Germany are calculated in accordance with FAS 87. The annual interest account is charged as interest expense.

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

The provision for deferred tax has been built up for differences between the commercial and fiscal valuation of certain assets and liabilities, insofar as these differences will be taxed in the future except for differences relating to the permanent part of work in progress. The provision for deferred tax is calculated against 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 term 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 defined as proceeds from work delivered to, and products and services supplied to, third parties and non-consolidated participations excluding VAT over the turnover. Transactions between group companies are based on prices that are, in general, comparable with market prices.

Other operating income

Other operating income is defined as the results that are not directly related to the Company's core activities, such as divested assets and recharged transport and handling costs.

Consolidated cash flow statement

The cash flow statement has been prepared using the indirect method. Cash flows in foreign currencies are converted into euro using the weighted average exchange rates valid in the relevant periods.

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, taking into account permanent differences between the result according to the profit and loss account and the fiscal profit. Deferred tax liabilities and assets related to the temporary difference between the result according to the profit and loss account and the fiscal profit are included in the provisions for deferred tax liabilities 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.

in thousand euro, before proposed appropriation of the net result

	31 December 2003	31 December 2002
1 Intangible fixed assets	47,689	29,681
Buildings and land	56,404	59,934
Machinery, equipment and other tangible fixed assets	39,345	46,035
2 Tangible fixed assets	95,749	105,969
3 Associated companies and receivables from associated companies	2,124	2,086
4 Other securities and receivables	9,815	11,045
Financial fixed assets	11,939	13,131
Total fixed assets	155,377	148,781
5 Work in progress	76,935	60,498
6 Stocks	27,646	26,127
Stocks	104,581	86,625
Trade debtors	462,057	454,173
Other receivables	55,592	55,573
Receivables	517,649	509,746
7 Liquid assets	138,828	150,875
Total current assets	761,058	747,246
Total assets	916,435	896,027

	<u>31 December 2003</u>	<u>31 December 2002</u>
8 Shareholders' funds	310,993	295,279
9 Minority interests	<u>3,718</u>	<u>4,154</u>
Group funds	314,711	299,433
Pension provisions	86,665	83,496
Provisions for securities and claims	22,312	21,935
Deferred tax liabilities	33,091	16,130
Reorganisation provisions	<u>6,121</u>	<u>30,679</u>
10 Provisions	148,189	152,240
Private loans	<u>3,002</u>	<u>2,531</u>
11 Long-term loans	3,002	2,531
12 Banks	11,736	16,676
13 Trade creditors	283,852	263,969
14 Other creditors	<u>154,945</u>	<u>161,178</u>
Current liabilities	<u>450,533</u>	<u>441,823</u>
Total liabilities	<u>916,435</u>	<u>896,027</u>

Consolidated profit and loss account of Imtech N.V.

in thousand euro

	2003	2002 ¹
15 Net turnover	2,098,465	2,000,032
Change in work in progress	14,827	(36,730)
Other operating income	12,220	13,880
	<u>27,047</u>	<u>(22,850)</u>
Total operating income	2,125,512	1,977,182
Costs of raw and auxiliary materials and trade goods	556,414	498,021
Costs of work by third parties and other external charges	682,425	593,584
16 Wages and salaries	509,655	513,868
17 Social security charges	117,866	117,031
18 Depreciation of intangible fixed assets	3,091	1,704
19 Depreciation of tangible fixed assets	20,428	21,090
Other operating expenses	164,866	165,156
	<u>2,054,745</u>	<u>1,910,454</u>
Total operating expenses	2,054,745	1,910,454
Operating result	70,767	66,728
20 Results from associated companies	1,042	965
21 Results from other financial fixed assets	40	(414)
Interest income	4,524	5,467
Interest expense	(10,674)	(10,485)
	<u>(5,068)</u>	<u>(4,467)</u>
Total financial income and charges	(5,068)	(4,467)
Group result before taxation	65,699	62,261
22 Taxation	(20,793)	(19,671)
	<u>44,906</u>	<u>42,590</u>
Group result after taxation	44,906	42,590
Minority interests	(941)	(870)
	<u>43,965</u>	<u>41,720</u>
Net result	43,965	41,720
Weighted average number of issued shares (x 1,000)	25,829	25,842
23 Earnings per ordinary share	1.70	1.61
Earnings per ordinary share*	1.82	1.68
Earnings per ordinary share* – diluted	1.81	1.68

* For amortisation of intangible fixed assets.

¹ Adjusted for comparison purposes.

Consolidated cash flow statement of Imtech N.V.

in thousand euro

	2003	2002 ¹
Net result	43,965	41,720
Depreciation of intangible fixed assets	3,091	1,704
Depreciation of tangible fixed assets	20,428	21,090
Change in provisions	(4,051)	(15,840)
Change in working capital (excluding liquid assets)	(7,731)	15,130
24 Cash flow from operational activities	55,702	63,804
Investments:		
■ Tangible fixed assets	(16,756)	(29,962)
■ Financial fixed assets	(1,169)	(6,498)
Acquisition of companies	(26,427)	(30,823)
Disposal of group companies	–	(3,206)
Divestitures:		
■ Tangible fixed assets	7,191	11,724
■ Financial fixed assets	2,384	496
Other items	(995)	4,410
25 Cash flow from investing activities	(35,772)	(53,859)
Purchase of own shares	(62)	(1,306)
Options exercised on ordinary shares	635	–
Change in long-term loans	471	893
Change in current liabilities to credit institutions	(4,940)	(23,178)
Change in minority interests	(450)	1,635
Dividend previous financial year	(27,631)	(32,349)
26 Cash flow from financing activities	(31,977)	(54,305)
Change in liquid assets	(12,047)	(44,360)
Liquid assets as at 1 January	150,875	195,235
Liquid assets as at 31 December	138,828	150,875

¹ Adjusted for comparison purposes.

Notes to the consolidated balance sheet of Imtech N.V.

in thousand euro

1 Intangible fixed assets

As of 2002 the goodwill paid on the acquisition of capital interests is capitalised and amortised over the period in which the asset will contribute to the result. On average this is 15 years.

The movements of the assets entered under this item are shown in the summary below.

	2003	2002
Book value on 1 January	29,681	–
Goodwill paid	21,954	31,380
Adjusted calculation of purchase price	(312)	–
Amortisation of goodwill and impairments	(3,091)	(1,704)
Exchange rate differences	(543)	5
Book value on 31 December	47,689	29,681
Specified as follows:		
Cost of acquisition	52,423	31,385
Accumulated amortisation	4,734	1,704

The adjusted calculation of purchase price relates to the definite attribution of the purchase price of earlier acquisitions.

2 Tangible fixed assets

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

	Buildings and land	Machinery, equipment and other tangible fixed assets			Total 2003	Total 2002
		Machinery and installations	Hardware and software	Other fixed assets		
Book value on 1 January	59,934	4,736	13,806	27,493	105,969	106,474
Acquisition of companies	–	–	315	394	709	2,501
Disposal of companies	–	–	–	–	–	(92)
Additions	2,511	1,971	6,569	5,705	16,756	29,962
Disposals	(3,707)	(90)	(441)	(2,953)	(7,191)	(11,724)
Depreciation	(2,297)	(2,079)	(8,291)	(7,761)	(20,428)	(21,090)
Exchange rate differences	(37)	(1)	(21)	(7)	(66)	(62)
Book value on 31 December	56,404	4,537	11,937	22,871	95,749	105,969
Specified as follows:						
Cost of acquisition	73,252	22,825	50,046	81,558	227,681	213,653
Accumulated depreciation	16,848	18,288	38,109	58,687	131,932	107,684

The acquisition costs of buildings are generally depreciated 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.

3 Associated companies and receivables from associated companies

These represent:	2003	2002
Shares	1,146	1,131
Receivables	978	955
Total	2,124	2,086

Shares

Movements in the share in the net asset value of associated companies were as follows:

	2003	2002
Balance on 1 January	1,131	1,024
Increase in shareholdings	65	96
Share in results	1,042	965
Declared dividend	(1,076)	(914)
Other movements	(16)	(40)
Balance on 31 December	1,146	1,131

4 Other securities and receivables

These represent:	2003	2002
Other securities	4,218	4,156
Other receivables	5,597	6,889
Total	9,815	11,045

Other securities include temporary investments of capital in stock exchange listed securities.

The other receivables are generally held longer than one year. Other receivables include deferred tax assets amounting to 5.0 million euro (2002: 5.7 million euro).

5 Work in progress

Work in progress comprises:	2003	2002
Costs minus provisions for losses and risks plus a proportionate percentage of profit on completed work	985,787	999,440
Less: invoiced instalments	908,852	938,942
Work in progress	76,935	60,498
Specified as follows:		
Balance of work in progress more than invoiced instalments	210,016	201,738
Balance of work in progress less than invoiced instalments	(133,081)	(141,240)

6 Stocks

The stocks consist of the following:

	<u>2003</u>	<u>2002</u>
Raw and auxiliary materials	15,658	15,586
Semi-finished products	2,508	1,773
Finished products and trade stocks	9,455	8,360
Advance payments to suppliers	25	408
Total	<u>27,646</u>	<u>26,127</u>

7 Liquid assets

This includes funds with banks. Some of these funds are in deposit accounts. The liquid assets are freely available for use and can be withdrawn on demand.

8 Shareholders' funds

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

9 Minority interests

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

Movements were as follows:

	<u>2003</u>	<u>2002</u>
Balance on 1 January	4,154	2,519
Movements due to acquisitions	18	1,079
Share in results	941	870
Dividend	(1,380)	(290)
Exchange rate differences	(15)	(24)
Balance on 31 December	<u>3,718</u>	<u>4,154</u>

10 Provisions

	<u>Pensions</u>	<u>Warranties and claims</u>	<u>Deferred tax liabilities</u>	<u>Reorganisations</u>	<u>Total</u>
Balance on 1 January	83,496	21,935	16,130	30,679	152,240
Deposits	7,219	6,610	18,049	8,556	40,434
Withdrawals	(4,050)	(6,218)	(1,088)	(33,114)	(44,470)
Exchange rate differences	-	(15)	-	-	(15)
Balance on 31 December	<u>86,665</u>	<u>22,312</u>	<u>33,091</u>	<u>6,121</u>	<u>148,189</u>

An amount of 24.2 million euro (2002: 32.9 million euro) can be considered as short-term (less than one year).

The provision for pensions mainly concerns present and former employees in Germany.

Pensions

	<u>31 December 2003</u>	<u>31 December 2002</u>
Notes to pensions in Germany		
Present value of pension obligations	99,384	92,773
Fund investments	–	–
	<u>99,384</u>	<u>92,773</u>
Prior-service costs	(3,561)	(3,833)
Gains and losses	(11,270)	(6,954)
	<u>84,553</u>	<u>81,986</u>
Pension obligations in Germany	84,553	81,986
Other pension obligations	<u>2,112</u>	<u>1,510</u>
Total	<u>86,665</u>	<u>83,496</u>

In 2003 the costs of the pension schemes in Germany amounted to 6.6 million euro. Interest on the obligations amounted to 5.4 million euro, the service costs 0.9 million euro, the prior-service costs provided 0.2 million euro and the gains and losses 0.1 million euro. The pension costs related to schemes outside of Imtech Deutschland amounted to 0.6 million euro.

In determining pension obligations in Germany the assumptions are: a discount rate of 5.5% (2002: 6.0%), future salary increases of between 0% and 3% (2002: idem) and a future indexation of 1.5% (2002: 2.0%).

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 deferred tax relates to future tax liabilities arising from differences between the fiscal and commercial valuation of certain assets and liabilities. No deferred tax liability has been recognised for the permanent part of the fiscally lower valued work in progress in the Netherlands. This liability amounted to 6.5 million euro (2002: idem). 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 17.8 million euro deferred tax assets and 50.9 million euro deferred tax liabilities (2002: 7.1 million euro and 23.2 million euro respectively). The deferred tax assets relate predominantly to provisions and tax loss carry forwards, and the deferred tax liabilities relate predominantly to work in progress. No value has been attached to 42.8 million euro tax loss carry forwards generated abroad.

11 Long-term loans

The average interest rate on the loans taken out is 3.3%. The short-term portion of the loans amounts to 0.6 million euro.

12 Banks

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

13 Trade creditors

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

14 Other creditors

The composition of this item is as follows:

	2003	2002
Bills of exchange and cheques	6	3,951
Amounts owed to participating interests	261	163
Taxes and social security contributions	46,454	55,120
Amounts owed in respect of pensions	1,779	2,374
Various creditors	106,445	99,570
Total	154,945	161,178

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 accruals and deferred income. This also includes the remainder of the purchase prices of acquisitions.

Contingent liabilities

Financial commitments, contracted for a number of years under leasehold, rental and operational lease agreements, amount to 192 million euro (2002: 205 million euro). These obligations in nominal amounts are divided over the coming years as follows:

	2004	2005 through 2008	After 2008
Long lease and rent	20,140	54,200	24,878
Operational lease	24,944	53,443	14,246
Total	45,084	107,643	39,124

The liabilities due to operational lease agreements, rental and leaseholdings amount to 53.0 million euro in the year under review (2002: 36.9 million euro). Some group companies are liable for several alliances.

Other

Pursuant to announcements in the media Imtech is conducting an internal investigation regarding possible involvement of one or more Dutch subsidiaries violating the Dutch Competition Act (Mededingingswet) in the period before end 2001. Imtech has informed the NMa (Dutch Competition Authority) thereof, and has stated that it will give full transparency about the outcome of that investigation. Furthermore, Imtech will fully co-operate with the enquiries of the NMa in the installation branch.

in million euro

15 The breakdown of net turnover, by geographical market

	2003	%	2002	%
The Netherlands	871	42	831	42
Other EU countries	1,115	53	1,043	52
Outside the EU	112	5	126	6
Total	2,098	100	2,000	100

Proportion of Group result per division

	Benelux		Germany/UK/Spain		ICT & Technology		Total	
	2003	2002	2003	2002	2003	2002	2003	2002
Production	694	639	918	826	408	377	2,020	1,842
Turnover	728	696	959	943	411	361	2,098	2,000
Operational EBITA	29.3	29.9	35.1	29.3	18.7	19.2	83.1	78.4
Amortisation goodwill							(3.1)	(1.7)
Group management costs							(9.2)	(10.0)
Operating result							70.8	66.7
Invested capital	120	107	220	216	106	104	478	471
EBITA-margin %	4.0	4.3	3.7	3.1	4.5	5.3	3.5	3.4

Reorganisation costs of 8.5 million euro (in the adjusted comparable figures 2002: 7.9 million euro) and book profit on business premises of 1.6 million euro (2002: 1.4 million euro) are included in the operating result as exceptional costs.

16 Wages and salaries

Wages and salaries amounted to 510 million euro (2002: 514 million euro).

17 Social security charges

This item includes the annual pension charges amounting to 17.8 million euro (2002: 16.3 million euro).

Number of personnel at year end

	2003	2002
Benelux	5,810	5,797
Germany/UK/Spain	4,324	4,674
ICT & Technology	2,939	3,284
Holding	27	25
Total	13,100	13,780
Of which: in the Netherlands	7,202	7,922
outside the Netherlands	5,898	5,858

in euro

Remuneration of Board of Management and Supervisory Board members

In 2003 the remuneration of members and former members of the Board of Management was as follows:

	Gross salary		Bonus and termination payment		Pension and social security charges		Total	
	2003	2002	2003	2002	2003	2002	2003	2002
R.J.A. van der Bruggen	467,400	433,020	143,217	90,756	201,811	632,145	812,428	1,155,921
B.R.I.M. Gerner ¹	309,000	69,444	132,250	–	106,654	13,928	547,904	83,372
H.C. Scheffer ²	–	227,220	971,251	1,052,809	–	48,267	971,251	1,328,296
Total ³	776,400	729,684	1,246,718	1,143,565	308,465	694,340	2,331,583	2,567,589

The members of the Board of Management also receive a contribution towards the costs which, within the framework of agreements with the tax authorities, are partially grossed.

The fixed incomes of the Board of Management members are compared annually with the Dutch remuneration market for Board members of larger companies. The weight and level of the functions determine the starting points for the market comparison. Following this market comparison it was decided to increase the Board of Management's salaries for 2003 by 3%. It has been decided that the fixed salaries of the Board of Management and top management will not be increased in 2004. The variable salary of the Board of Management is determined on the basis of a combination of the Group's performance targets and the achievement of personal targets. The targets have, to a great extent, been achieved. On Mr. Gerner's appointment a guaranteed variable salary for 2003 was agreed.

As far as pension provisions are concerned, a final pay arrangement is applicable for the Chairman of the Board of Management and an average pay arrangement is applicable for a member of the Board of Management. The variable part of the salary is included in the pension basis. Options with a term of five years are granted unconditionally to the Board of Management and top management, and are primarily intended to strengthen the bonds with the company.

In connection with the option plans for 1998 and 1999, loans with an interest rate of 4.4% were granted to Messrs. Van der Bruggen and Van Alphen. In 2001 the Supervisory Board decided that the interest charges on these loans should be borne by the Company and that the loans should be waived if, on the expiry date, the options had not been exercised. Mr. Van der Bruggen has redeemed the loan related to the 1998 option plan. The loan granted to Mr. Van Alphen in connection with the 1998 option plan was waived in 2003, which resulted in a gross expense of 119,968 euro. The outstanding balance at the end of 2003 was 8,122 euro and 20,304 euro respectively.

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

² Member of the Board of Management until May 2002. Agreed guaranteed income for 2003 was paid afterwards and included in the column 'Bonus and termination payment'.

³ Figures for 2002 exclude Mr. M.A. van Alphen, former Board member (total 460,473 euro).

The members of the Board of Management do not hold any shares in Imtech N.V. A summary of the option rights granted to Board of Management members who were active in 2003 is shown below.

	Granted in	Exercise price	Status 01-01-2003	Granted in 2003	Expired	Status 31-12-2003
R.J.A. van der Bruggen	1998	31.99	16,000		16,000	–
	1999	26.65	16,000			16,000
	2000	20.80	40,000			40,000
	2001	27.00	40,000			40,000
	2002	24.25	15,000			15,000
	2003	14.11		15,000		15,000
B.R.I.M. Gerner	2002	24.25	15,000			15,000
	2003	14.11		15,000		15,000
Total			142,000	30,000	16,000	156,000

The conditions are the same as for all other option holders (see page 64).

The remuneration of the Supervisory Board members in 2003 was as follows (in euro):

	2003	2002
A.G. Jacobs ¹ , Chairman	35,089	33,000
M.C. van Veen, Vice-chairman	28,924	28,000
B. de Vries ¹	24,859	23,388
G.J. de Boer-Kruyt	24,160	23,388
P.J. Groenenboom ¹	24,759	23,000
E.A. van Amerongen	23,759	15,333
Total	161,550	146,109

Audit Committee members receive an additional fee which is included in the figures stated above (2,000 euro per annum).

Supervisory Board members also receive a contribution towards the costs which, in the framework of agreements with the tax authorities, are partially grossed.

No Supervisory Board member holds shares, or options on shares, in Imtech N.V. except for Mr. Groenenboom who still holds staff options relating to the period in which he was Chairman of the Board of Management.

In connection with the option plans for 1998 and 1999, a loan with an interest rate of 4.4% was extended to Mr. Groenenboom.

In 2001 the Supervisory Board decided that the interest charges on this loan should be borne by the Company and that the loan should be waived if, on the expiry date, the options had not been exercised.

The loan in connection with the 1998 option plan was waived in 2003, which resulted in a gross expense of 119,968 euro. The outstanding balance at the end of 2003 was 20,304 euro.

Following a decision of the Annual General Meeting of Shareholders the remuneration of the Supervisory Board is adjusted annually in line with the development of the index Employment Agreement salaries for private companies. The Supervisory Board has decided to renounce the 2004 annual adjustment in the light of the 2003 autumn agreement.

¹ Audit Committee member.

in thousand euro

18 Amortisation of intangible fixed assets

This item comprises the amortisation of goodwill paid.

19 Depreciation of tangible fixed assets

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

20 Results from associated companies

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

21 Results from other financial fixed assets

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

22 Taxation

The tax charge is comprised as follows:

	<u>2003</u>	<u>2002</u>
Current taxes	8,521	9,843
Deferred taxes	12,272	9,828
Total tax liabilities	20,793	19,671

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

	<u>2003</u>	<u>2002</u>
Corporate income tax rate	34.5%	34.5%
Non-deductible amortisation of goodwill	0.5%	0.4%
Other non-deductible expenses	0.1%	0.6%
Tax facilities	(2.8%)	(3.3%)
Tax losses	–	(0.8%)
Tax rates for foreign business units	1.3%	0.9%
Other	(2.0%)	(0.7%)
Effective tax rate	31.6%	31.6%

Other includes tax benefits which relate to prior years. Imtech N.V. and most of the Dutch Group companies form a fiscal unit.

23 Earnings per share

The information regarding earnings per share is calculated by dividing the net profit by the average number of issued shares. When determining the diluted profit per share the average number of issued shares is increased by the issued option series in so far as the exercise price is lower than the average price in the year under review.

Financial instruments

Fair value

The fair 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.

Foreign currency risk management

Forward exchange contracts and currency swaps are concluded by the Company in order to hedge 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 rating agencies.

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.

Notes to the consolidated cash flow statement of Imtech N.V.

24 Cash flow from operational activities

Cash flow from operational activities amounted to 55.7 million euro (2002: 63.8 million euro); net profit and depreciation was 67.5 million euro (2002: 64.5 million euro). The increase in working capital was 7.7 million euro, compared with a decrease of 15.1 million euro in the previous financial year. The balance of work in progress and invoiced instalments rose compared with 2002 by 16.4 million.

25 Cash flow from investment activities

The balance of cash flow from investment activities was 35.8 million euro negative compared with 53.9 million euro negative in 2002. An amount of 26.4 million euro was related to acquisitions, compared with 30.8 million euro in 2002. At 16.8 million euro, the investments in tangible fixed assets were considerably lower than the previous year.

26 Cash flow from financing activities

Cash flow from financing activities showed a shortfall of 32.0 million euro. Short-term debt with banks was reduced and a cash dividend of 27.6 million euro was paid out.

Balance sheet of Imtech N.V.

in thousand euro, before proposed appropriation of the net result

	31 December 2003	31 December 2002 ¹
1 Intangible fixed assets	14,271	15,219
2 Group companies and receivables from Group companies	344,527	312,040
3 Other securities and receivables	468	799
Financial fixed assets	344,995	312,839
Total fixed assets	359,266	328,058
4 Receivables	10,880	14,414
Liquid assets	39,055	49,654
Total current assets	49,935	64,068
Total assets	409,201	392,126
5 Called and paid-up capital	64,528	64,528
6 Share premium reserve	36,120	36,120
7 Other reserves	166,380	152,911
Net result before appropriation	43,965	41,720
Shareholders' funds	310,993	295,279
8 Provisions	35,226	29,159
Banks	48,344	27,934
Amounts owed to Group companies	8,135	17,910
9 Other creditors	6,503	21,844
Current liabilities	62,982	67,688
Total liabilities	409,201	392,126

Profit and loss account of Imtech N.V.

in thousand euro

	2003	2002 ¹
Results from associated companies	47,753	27,653
Other income and charges	(3,788)	14,067
Net result	43,965	41,720

¹ Adjusted for comparison purposes.

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.

1 Intangible fixed assets

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

	<u>2003</u>	<u>2002</u>
Book value on 1 January	15,219	–
Goodwill paid (on balance)	–	15,915
Amortisation of goodwill and devaluation	<u>(948)</u>	<u>(696)</u>
Book value on 31 December	14,271	15,219
Specified as follows:		
Cost of acquisition	15,915	15,915
Accumulated amortisation	1,644	696

2 Interests in and receivables from Group companies

This item comprises:

	<u>2003</u>	<u>2002</u>
Shares	284,138	257,887
Receivables	<u>60,389</u>	<u>54,153</u>
Total	344,527	312,040

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>2003</u>	<u>2002</u>
Balance on 1 January	257,887	146,472
New Group companies	9,145	7,344
Additions	327	107,181
Disposals	–	(23,355)
Results	47,753	27,653
Dividends received	(29,551)	(23,459)
Exchange rate differences	(451)	1,065
Other movements	<u>(972)</u>	<u>14,986</u>
Balance on 31 December	284,138	257,887

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.

in thousand euro

3 Other securities and receivables

This item comprises:

	<u>2003</u>	<u>2002</u>
Securities	15	15
Receivables	<u>453</u>	<u>784</u>
Total	468	799

4 Receivables

	<u>2003</u>	<u>2002</u>
Receivables from participating interests	2,623	3,947
Other receivables, prepayments and accrued income	<u>8,257</u>	<u>10,467</u>
Total	10,880	14,414

5 Paid in and called-up capital

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

1 January	25,823,549
31 December	25,864,549

The number of subscribed shares amounted to 26,886,549. At the end of 2003 the number of shares repurchased by the company to cover the obligations emanating from staff options awarded up to and including 2003 amounted to 1,022,000. In 2001 and 2002 in particular shares were purchased at an average price of around 26 euro.

In 2003 and the preceding years, a number of executives, including members of the Board of Management and 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 2003, the number of outstanding options granted to (former) managers and (former) members of staff amounted to:

	Distributed	Quantity	Exercise price	Exercised before 2003	Exercised or expired in 2003	Outstanding on 31-12-2003
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		236,000 ¹	24.25	–	–	236,000
2003		174,000	14.11	–	45,000	129,000
				–	231,000	1,022,000

¹ Corrected figure.

In the year under review 4,000 shares were purchased to cover outstanding options.

The income tax liability related to the option scheme in 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 option holder. If the relevant options are not exercised the option holder's debt is nullified.

6 Share premium reserve

	2003	2002
Balance on 31 December	36,120	36,120
Comprises:		
Taxable on distribution	8,593	8,593
Exempt from taxation on distribution	27,527	27,527
	36,120	36,120

7 Other reserves

	2003	2002 ¹
Balance on 1 January	152,911	51,903
Purchase of own shares	(62)	(1,306)
Options exercised on ordinary shares	635	–
Profit appropriation	14,089	97,949
Price difference valuation of participating interest	(1,193)	(1,530)
Changes to the method of booking profit from projects	–	5,895
Balance on 31 December	166,380	152,911

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

Proposed appropriation of profit

	2003	2002 ¹
Dividend payable on ordinary shares	27,675	27,631
Transfer to the general reserve	16,290	14,089
Total	43,965	41,720

8 Provisions

	Warranties and claims	Deferred tax liabilities	Reorgani- sations	Total
Balance on 1 January	7,222	19,883	2,054	29,159
Deposits	–	11,458	1,461	12,919
Withdrawals	(865)	(4,905)	(1,082)	(6,852)
Balance on 31 December	6,357	26,436	2,433	35,226

¹ Adjusted for comparison purposes.

in thousand euro

9 Other creditors (short-term)

The composition of this item is as follows:

	<u>2003</u>	<u>2002</u>
Taxes and social security contributions	166	94
Various creditors	<u>6,337</u>	<u>21,750</u>
Total	6,503	21,844

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 240 million euro (2002: 286 million euro) on the balance sheet date.

Gouda, 8 March 2004

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 2003 financial statements of Imtech N.V., Gouda (with statutory seat at Rotterdam). The Company's management is responsible for preparing these financial statements. Our responsibility is 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 as at 31 December 2003 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, 8 March 2004

KPMG Accountants N.V.

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 Messrs. A.G. Jacobs, J.H. Holsboer, G. van Solinge and BV Trustkantoor Gestor represented by Mr L.J.J.M. Lutz. In his function as a member of the Board of Stichting Imtech Mr. Jacobs is not entitled to vote.

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, 8 March 2004

Imtech N.V.

Stichting Imtech

Board of Management

Management

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 44.0 million euro be appropriated as follows: a sum of 27.7 million euro to holders of ordinary shares and the remaining 16.3 million euro to the general reserve. The dividend proposal is stated on page 15 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.

IMTECH'S CORE COMPETENCIES

Imtech's core competencies can best be illustrated by the Imtech competence pyramid shown here. Imtech covers:

- **three technologies:** information and communication technology, electrical engineering and mechanical engineering. Imtech's competence covers the entire spectrum of these technologies horizontally and vertically;
- **five activities:** advice, design (engineering), installation, maintenance and management;
- **five markets:** buildings, industry, marine, infrastructure and telecoms.

Information and communication

technology means the complete ICT trajectory. Some striking examples are: all the relevant services in the field of Information Technology, control technology, platform automation, data and telecommunications, Data Modelling, ICT infrastructures, infrastructure automation, internet and intranet applications, logistics automation, robotising, satellite communication, simulation technology and technical automation.

Electrical engineering means the entire gamut of electrical engineering solutions whatever the scale. Some striking examples: electrical propulsion, energy technology, instrumentation, integrated security, building management, infrastructure technology, low, medium and high tension, measuring and control technology, access technology, system technology, traffic management, wind and solar energy.

Mechanical engineering means the entire spectrum of light and climate solutions in every form. Some examples worthy of mention are: fire extinguisher technology, clean-room technology, energy management, cold and heat storage, piping, process technology, sprinkler technology, mechanical engineering and (process)installations.

The activities encompass the entire process: from advice and design (engineering) to installation, maintenance and management, including cost,

processes, quality and safety and environmental control. The entire service column is covered in every market. As a technical service provider Imtech is responsible for the technology throughout its entire life: multidisciplinary, pro-actively and innovatively. From design to turn-key commencement of operations, from new construction to renovation and management, throughout the complete life-cycle. As a specialist in **Life Cycle Management** and **Total Cost of Ownership**, Imtech helps customers manage on the basis of the integrated costs from design to maintenance throughout the entire exploitation period.

These technologies and activities are focused on five **markets**. Each of these markets has its own dynamic and demands an individual market approach and specific process knowledge as well as technological expertise and experience. Imtech serves the following markets:

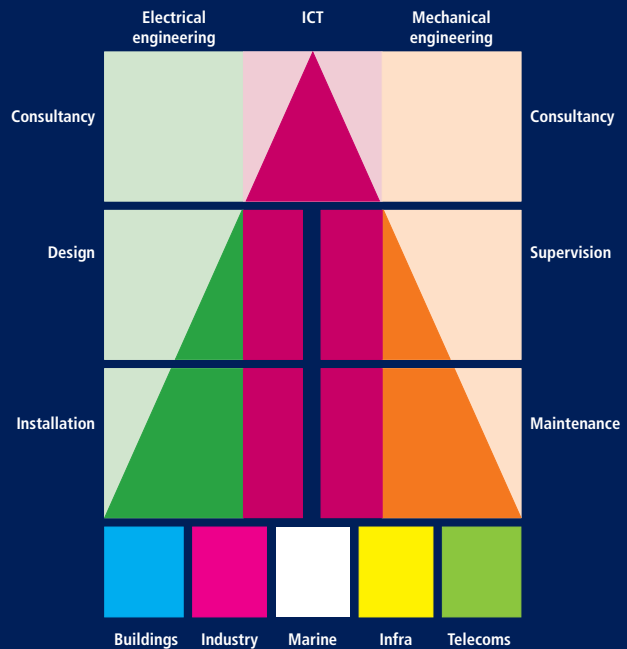
Buildings: including computer centres, distribution centres, financial centres, offices, laboratories, airport buildings, museums, parking garages, penal institutions, leisure centres, stadiums, stations, universities and colleges, shopping centres, hospitals and care establishments.

Industry: including the automotive industry, chemicals and petrochemicals, power stations, pharmaceuticals, machine building, environmental projects, oil and gas industry, the feed and food industry, the aircraft industry, the food and confectionery industry.

Infrastructure: including pressure sewerage systems, energy, airport infrastructure, rail (railway, tram and metro), locks, transport and distribution networks, tunnels, lighting, traffic management, water treatment and management.

Marine: including dredgers, naval vessels, luxury yachts, offshore platforms, passenger liners, cargo ships and working vessels .

Telecoms: including mobile, cordless and fixed networks for the transmission of voice, data or image (GSM, GPRS, UMTS, optical and also carrier class networks), indoor and satellite communications and Wireless Fidelity (WiFi) networks for broadband internet.



Imtech's strategic competence pyramid

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