


ANNUAL REPORT 2001

 **Ballast Nedam**



Theme to the illustrations: Through the eyes of the user

There is often a world of difference between declared government policy and actual delivery. That is certainly true when it comes to physical planning.

Policy documents, structural plans, long-term investment plans and so forth outline future *land use*. And it is vital that this should be the case, for it is all about allocating scarce resources. But that's not the end of the story, because it does not take account of the users of the land earmarked for this or that development. The illustrations in this year's annual report deliberately look at the problem *through the user's eyes...*

A house, not as a piece of architecture, but as a home; an office, not as a landmark, but – for many people – as a temporary home. Infrastructure, not merely in terms of miles of road, but as a means of getting from A to B. This is the secret of the Ballast Nedam vision – that we don't so much build things as create spaces for people to use. In other words, the important thing for us is not the actual houses, offices and roads that we build but the function which they serve for the people who will use them.

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*This publication is a translation of the official annual report, which was published in the Dutch language.
In the event of discrepancies, the version in Dutch shall prevail.*

Mission and company profile

Mission

Ballast Nedam is a renowned Dutch listed company with international as well as local operations, offering an extensive package of construction-related products and services.

Ballast Nedam ranks among the top five Dutch construction groups. The company aims to set itself apart by undertaking high-profile construction projects affording good profitability at home and abroad, based on a high degree of knowledge and expertise.

At all levels in the organisation, commitment, quality, expertise, reliability and flexibility vis-à-vis the client are the key. We also give our staff a challenging working environment, while contributing to the quality of the environment in which we operate. In this way, we hope to create the best possible shareholder value.

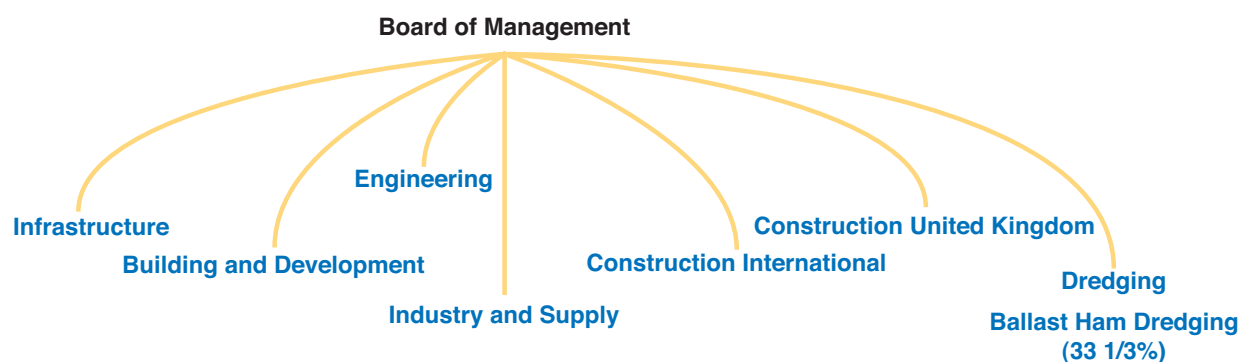
Company profile

Ballast Nedam is one of the larger construction groups, not only in the Netherlands but also internationally. Turnover achieved in 2001 was € 2.3 billion, with over 54% of this earned in the Netherlands. The group employed an average of around 7,300 people.

The activities are divided into six clusters of companies. There is also the in-house design and engineering bureau, which functions as the technical heart of the business.

The principal activities are civil engineering, development and construction of homes and other buildings, production and supply of construction materials and dredging.

Group structure



The new group structure introduced in 2000 was refined in various respects last year and in some cases altered to reflect changing circumstances.

There has been a major change in the organisation of the **Building and Development Division**, resulting in the amalgamation of the Ballast Nedam Utiliteitsbouw (General Building) and Ballast Nedam Woningbouw (Housing) organisations. This has brought the organisation closer to the client at both national and regional level and makes for more responsive and efficient operation.

The goal of expanding in the **Dredging** sector was achieved in the year under review by the merger of Ballast Nedam Baggeren and HAM to create a new company – Ballast Ham Dredging – which occupies a leading position in the international dredging market.

Disappointing results at **Ballast Nedam International**, partly due to altered circumstances on the international market, will mean a drastic reorganisation. Ballast Nedam International will be withdrawing from market segments with a high-risk profile and low margins, concentrating instead on profitable niche markets (such as medium-size civil engineering works for harbours) with selective tendering on the basis of careful risk analyses. Ballast Nedam International will be gradually halved in scale in connection with this exercise.

At **Ballast plc**, the restructuring embarked upon in 2000 did not produce results sufficiently rapidly to lift profitability to an acceptable level. At the end of the year under review, it was therefore decided to accelerate the reorganisation and widen its scope. It is expected that this will lead to a considerable improvement in margins, partly as a result of a clearer focus on projects extending higher up the value chain.

At **Ballast Nedam Infra** (Civil Engineering) and **Ballast Nedam Industrie en Toelevering** (Industry and Supply) there have been no significant structural changes.

The engineering bureau **Ballast Nedam Engineering** lies at the heart of the group.

Key figures

x € 1 000 000	2001	2000	1999	1998*	1997*
Turnover and result					
Turnover	2 326	2 098	1 998	2 068	1 956
the Netherlands	1 267	1 083	1 062	863	831
international	1 059	1 015	936	1 205	1 125
Order book	2 489	2 660	1 681	1 463	1 492
EBITDA	23	91	67	103	93
Depreciation	(44)	(43)	(45)	(41)	(39)
EBITA	(21)	48	22	62	54
Amortisation goodwill	(2)	-	-	-	-
EBIT	(23)	48	22	62	54
Result before taxation	(32)	34	10	52	49
Net result before amortisation goodwill	(48)	22	9	48	46
Net result	(50)	22	9	48	46
Investments					
Investments	345	123	51	81	81
Divestments	226	14	11	16	33
Net investments	119	109	40	65	48
Capital structure					
Capital employed	205	378	360	383	278
Shareholders' equity	215	276	267	285	275
Convertible bond	54	54	54	54	54
Interest bearing long-term loans	39	66	30	34	37
Net cash	110	18	(8)	(10)	88
Ratio's					
EBIT/turnover	-1%	2%	1%	3%	3%
Net result/turnover	-2%	1%	1%	2%	2%
EBIT/average shareholders' equity	-8%	13%	6%	19%	22%
Net result/average shareholders' equity	-20%	8%	3%	17%	17%
Average shareholders' equity/assets	22%	28%	31%	35%	36%
Number of employees (average)					
	7 264	7 607	7 674	8 545	8 115
Share capital					
Number of ordinary shares (x1000)	10 000	10 000	10 000	10 000	10 000
Market capitalisation at year-end	160	218	218	277	477
Dividend	11	11	11	23	23
Per share of € 6 nominal (€)					
Shareholders' equity	21.50	27.60	26.67	28.42	27.40
Dividend	1.13	1.13	1.13	2.27	2.27
Net result before amortisation goodwill	(4.85)	2.24	0.94	4.77	4.55
Net result	(5.01)	2.24	0.94	4.77	4.55

* restated for comparative purpose

Management



Board of Management

R.H.P.W. Kottman, chairman (56)

G.N.G. Wirken (53)

Concern Council

R.H.P.W. Kottman, Chairman

G.N.G. Wirken

Th. Mulder, Ballast Nedam Infra

R.L.M. Jacobs, Ballast Nedam Bouw en Ontwikkeling
(Building and Development NL)

P.J.G. Franssen, Ballast Nedam Industrie en Toelevering
(Industry and Supply)
(as of 1 February 2002 succeeded by P.J.M. van Vugt)

R.J.W.M. van Rooden, Ballast Nedam International

*From left: (behind) R.J.W.M. van Rooden,
R.L.M. Jacobs, Th. Mulder
(front) G.N.G. Wirken, R.H.P.W. Kottman,
P.J.G. Franssen*

Supervisory Board

P.C. van den Hoek, chairman

H-P. Keitel, vice-chairman

H.C. Broeksma

C. Izeboud

N. Kroes

B.F-W.M. Peus (till 1 January 2002)

M. Rohr (as of 1 January 2002)

R.B. Schermer



*From left: (behind) C. Izeboud, H.C. Broeksma and H-P. Keitel
(front) B.F-W.M. Peus, N. Kroes, P.C. van den Hoek and R.B. Schermer
M. Rohr is not shown at this picture.*

Personal particulars of the Supervisory Board

P.C. van den Hoek

Mr. van den Hoek was born in 1939; he is a Dutch national. He is a lawyer in Amsterdam, partner in Stibbe.

He is member of the Supervisory Board of the following companies: AON Groep Nederland B.V., ASMI N.V. (Chairman), Buhmann N.V. (Chairman), Robeco N.V., Rolinco N.V., Rorento N.V., Robeco Groep N.V. (Chairman), Financiële Dagblad Holding B.V. (Chairman) and Wavin B.V. (Chairman).

Mr. Van den Hoek was first appointed to the Supervisory Board of Ballast Nedam in 1988. His current term of office ends on 1 July 2004.

H.C. Broeksma

Mr. Broeksma was born in 1945; he is a Dutch national. Till October 1999 he was a member of the Group Executive Board of Koninklijke Wessanen N.V.

He is a member of the Supervisory Board of Delta Lloyd Verzekeringsgroep N.V., Delta Lloyd Bank N.V., and on behalf of N.P.M. Capital N.V. (Netherlands Participation Society) of Royal Auping B.V., Blauwhoed Holding B.V. and Moving People B.V. Furthermore he is amongst others chairman and executive member of a number of social and cultural organisations – including the National Museum Fund and Het Parool Foundation – and member of the board of governors of the postgraduate Controllers academy of the University of Amsterdam. Mr. Broeksma was first appointed to the Supervisory Board of Ballast Nedam in 1994. His current term of office ends on 1 July 2005.

C. Izeboud

Mr. Izeboud was born in 1946; he is a Dutch national. He is professor of Management Accounting at the Vrije Universiteit of Amsterdam. He is also treasurer of Care Nederland, member of the Board of Directors of Care International, member of the Supervisory Boards of MITROS Wonen, Intereffekt Japanse Aandelen N.V. and Intereffekt Japanse Warrants N.V., chairman of the Supervisory Board of Kruidenier Groep B.V., member of the Supervisory Committee of Stichting Tridos-Doen and vice-chairman of the Supervisory Committee of ROC Amsterdam, the regional training and education centre for the greater Amsterdam area.

Mr. Izeboud was first appointed to the Supervisory Board of Ballast Nedam on 16 January 1996 on the nomination of the Central Works Council.

His current term of office ends on 15 July 2003.

H-P. Keitel

Mr. Keitel was born in 1947; he is a German national. He has a great deal of international experience as a consulting engineer and contractor. He has been member of the Board of Management of Hochtief AG since 1990 and has been chairman of the Board of Management of Hochtief AG since 1992. He is member of the Supervisory Board of Iveco AG, Vitera AG (Germany), Pilkington PLC (U.K.), Leighton Holdings Ltd. (Australia) and The Turner Corp. Dallas (USA).

Mr. Keitel was first appointed to the Supervisory Board of Ballast Nedam on 8 March 1994 on the nomination of Hochtief.

His current term of office ends on 1 July 2004.

N. Kroes

Mrs. Kroes was born in 1941; she is a Dutch national. She has been President of Nijenrode University (1991 - 2000), before which she was State Secretary (1977 - 1981) and then Minister (1982 - 1989) of Transport, Public Works and Water Management. She is President of the Supervisory Board of NIB Capital N.V. and Port Support International B.V. and is a member of the Supervisory Board of Corio N.V., Brambles Industries Ltd. (Australia), Royal Nedlloyd N.V., Lucent Technologies B.V., NCM Holding N.V., New Skies Satellites, Prologis and Advisor of PricewaterhouseCoopers N.V.

Mrs. Kroes was first appointed to the Supervisory Board of Ballast Nedam in 1990.

Her current term of office ends on 1 July 2005.

M. Rohr

Mr. Rohr was born in 1955; he is a German national. He has been head of Hochtief's main branch Bavaria before he became head of the Management Board of Hochtief Civil in 1999. In July 2001 he was appointed as a member of the Board of Management of Hochtief Construction AG. Furthermore he is member of the Supervisory Board of Flughafen Hamburg GmbH, Infakom GmbH (Germany) and member of the Board of Directors of Hochtief (UK) Construction Ltd. Mr. Rohr was first appointed to the Supervisory Board of Ballast Nedam on 1 January 2002 on the nomination of Hochtief.

His current term of office ends on 1 January 2006.

R.B. Schermer

Mr. Schermer was born in 1932; he is a Dutch national. In 1982 he was appointed a member of the Board of Management of Ballast Nedam; from 1993 until the end of 1996 he was Chairman of the Board of Management of Ballast Nedam. He is a member of the Supervisory Board of Royal G. Wijma & Zonen B.V., Kampen (Chairman).

Mr. Schermer was first appointed to the Supervisory Board of Ballast Nedam in 1997. His current term ends as per the day at which the Annual meeting of shareholders will be held in 2004.

Report of the Supervisory Board

We have pleasure in presenting the 2001 annual report, including the annual accounts drawn up by the Board of Management and adopted by the Supervisory Board. The accounts have been audited by KPMG Accountants N.V., Amstelveen.

The auditors' report is included in the annual report.

We recommend that you approve the annual accounts. A separate resolution ratifying the management of the Board of Management and the supervision exercised by the Supervisory Board in the year under review will be put before the Annual General Meeting of Shareholders.

Despite the loss for the year, the Board of Management proposes, with the Supervisory Board's approval, to distribute an unchanged dividend (apart from rounding) of € 1.13 per share to the shareholders, which will be charged to the distributable reserves.

Ms. Kroes and Messrs. Broeksma and Schermer were reappointed as members of the Supervisory Board in the year under review. Mr. B.F.-W.M. Peus resigned from the Supervisory Board in connection with a change in his duties at Hochtief. He had been a member of the Supervisory Board of our company since 1994. We are deeply indebted to him for his enthusiastic and expert contribution. Mr. M. Rohr was appointed to the Supervisory Board in his place. Mr. Keitel was appointed vice-chairman of our Board.

In the year under review, the Supervisory Board met on six occasions – in nearly all cases at full strength – with the Board of Management. Between these meetings the Board also received regular written progress reports. In addition, the chairman of the Supervisory Board had regular informal meetings with the chairman of the Board of Management and with other members of the Supervisory Board.

As usual, discussions ranged over such issues as strategic policy, financial results and forecasts, the annual report, the report by the external auditors, the corporate plan, acquisition policy, several specific acquisitions and significant incidental events. Particular attention during the year was devoted to the merger of the dredging activities of HBG and Ballast Nedam and to the reorganisation of Ballast Nedam's international activities.

The company's auditors were also present during the discussion of the annual report and the half-year report.

In addition, the Supervisory Board met without the Board of Management to discuss its own performance, the relationship with the Board of Management and composition and performance of the latter Board.

Delegations from the Supervisory Board attended consultation meetings with the Central Works Council on several occasions and had informal meetings with a delegation from the Central Works Council.

Last year was not without its difficulties for Ballast Nedam. The process of implementing structural improvements in the group necessitated various – in some instances painful – actions. The measures which have been implemented combined with the commitment shown by the workforce during the year give us the confidence that the way up will be found.

Nieuwegein, 7 March 2002

The Supervisory Board

P.C. van den Hoek
H-P. Keitel
H.C. Broeksma
C. Izeboud
N. Kroes
M. Rohr
R.B. Schermer

Ballast Nedam's shares

Ordinary shares

The number of ordinary shares issued is 10,000,000. This number has remained unchanged since the flotation in 1994. Of the total of Ballast Nedam shares, depositary receipts have been issued for 41.5%. Depositary receipts for Ballast Nedam NV shares are listed on the Euronext Amsterdam stock exchange.

Share price in 2000

The share price moved as follows during the year under review:

Price on 1 January 2001	€ 21.80
Highest price (31 May 2001)	€ 31.15
Lowest price (28 December 2001)	€ 16.00
Price on 31 December 2001	€ 16.00
Price on 1 March 2002	€ 21.32

Dividend policy

The basic principle of the dividend policy is that 50% of the net profit is placed at the disposal of shareholders for distribution as dividend.

Dividend proposal

As stated elsewhere, in a departure from the above dividend policy, the Board of Management, with the Supervisory Board's approval, proposes to distribute an unchanged dividend – apart from the effects of rounding – of € 1.13 per share, chargeable to the distributable reserve.

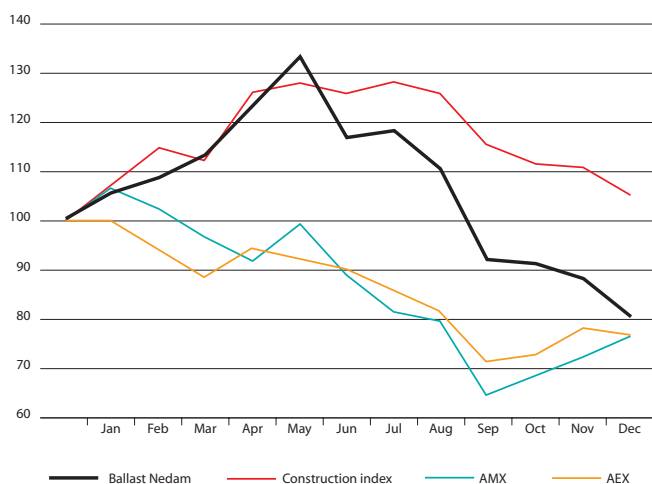
Convertible subordinated bond loan of € 54.4 million

This loan was issued in 1997 with a coupon rate of 5% and a conversion price of € 57.63 per share.

If no conversion takes place the loan must be repaid as a lump sum on 9 October 2002.

Agenda

25 April 2002	General Meeting of Shareholders
8 May 2002	Dividend becomes payable
12 July 2002	Publication of half-yearly figures for financial year 2002



Ballast Nedam N.V. shareholders:

Hochtief AG	48.0%
Stichting Administratiekantoor van aandelen	
Ballast Nedam	41.5%
Various ING-companies	5.5%
Stichting Werknemersparticipatie	3.0%
Stichting Pensioenfonds Ballast Nedam	2.0%

The following interests of 5% or more had been notified in relation to the depositary receipts for shares as at 31 December 2001:

Commercial Union Assurance PLC / Delta Lloyd Verzekeringen N.V.
Driessen Beleggingen B.V.

Information

Investor Relations: A.C. van Haeringen
telephone +31 30 2 85 41 04
telefax +31 30 2 85 49 01
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Public Relations: Mrs. N. de Geus
telephone +31 30 2 85 41 60
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Vision

Ballast Nedam aims to be a structurally sound, large construction group with national and international operations. The portfolio comprises an extensive package of construction-related products and services.

Deriving from the above, the following objectives have been formulated for the period ahead:

Objectives

1. Structural improvement in profitability and, partly as a result of that, greater shareholder value. The key to this lies in concentrating on market segments, products and types of contract offering higher added value and a better risk profile.

Targets:

- To achieve average growth in earnings per share of 15-20% over a period of three years (counting from 2000).
- 15% return on shareholders' equity in 2004.

2. Enhancement of the company's reputation, both in the client market and in the labour market.

Targets:

- Awareness of the Ballast Nedam name: independent market research (in 2001) reveals a positive awareness score of 43%; 63% of the respondents rated their overall impression of Ballast Nedam as good. We shall be attempting to further increase our awareness score and rating.
- To remain the most attractive construction company in the graduate recruitment market. (According to market research by Intermediar in 2001, this was Ballast Nedam's achievement last year.)

3. Ballast Nedam needs to have the necessary in-house disciplines to be able to offer integrated solutions to often complex physical planning problems. Efforts are accordingly being made to achieve a structural improvement in the necessary competencies. This involves extending and deepening the knowledge and expertise within the company as well as strategic alliances with specialist companies.

Targets:

- A number of new methods and applications are brought to the market each year as a result of the internal innovation programme and other developments. The target is at least to maintain the present high level of progress. A separate section of this year's report has been devoted to this aspect.
- To enter into at least two new strategic alliances with specialist companies in 2002.

4. Scale is a strategic factor. Ballast Nedam must continue to rank among the leading Dutch construction groups.

Targets:

- To rank among the top five construction groups in the Netherlands.
- The Ballast Ham Dredging joint venture is currently number two in the world dredging market on the basis of turnover. The company aims to further expand this position.

5. The lasting quality of a company is the key to maintaining its market position. Numerous measures are accordingly being implemented with a view to bringing about a structural improvement in the internal organisation.

Targets:

- To implement the planned rationalisation of the international activities of Ballast Nedam International and Ballast plc.
- To bring the integration process in the Infrastructure and Building and Development Divisions to a successful conclusion.
- To implement the BASICS process management programme.
- To introduce a group-wide procurement structure.

6. Retention of the specific Ballast Nedam mentality: hard work and a strong, focus-orientated, daring and indomitability.

7. Ballast Nedam is aware of its social responsibility vis-à-vis the environment in which the group operates. It is impressed on employees at all levels that they need to be aware of the effect of their actions on themselves, on the company and on the environment in which they are working.

Key aspects of strategy 2001 - 2002

The 2000 annual report (pages 22-23) contained a number of key aspects of corporate strategy. These are reviewed below, with an indication of the progress made in 2001, why the policy is being continued or why it is being changed.

1. **Objective:** to increase profitability through a process of structural improvement

Action in 2001:

Efforts were made throughout the group to make the business fit and lean, involving reorganisations, process management, procurement, e-business, ICT and human resources management.

Policy in 2002:

In 2001, it was found that the company was still too vulnerable to risks in international markets. This has led to a drastic rationalisation process by which Ballast Nedam will restrict its activities to a number of profitable international niche markets. The central organisation will be adjusted accordingly.

In the United Kingdom, too, the group is reducing its exposure by withdrawing from the open tendering market in a number of areas of the country which are structurally loss-making.

The margin in other parts of the group is more satisfactory, but even here we would like to do better, and the profitability target is being maintained.

2. **Objective:** Ballast Nedam needs to possess the necessary disciplines to tackle often complex planning problems involving land use. Ballast Nedam covers the entire value chain of construction. It is the aim of corporate policy to shift the emphasis towards both the higher and lower ends of the chain.

Action in 2001:

Acquisitions in Building and Development, Infrastructure and Industry and Supply. Strategic partnerships in the field of underwater concrete and for homecare concepts. Expansion of positions in land assets.

Policy in 2002:

Scale remains an important factor in the marketplace. Strengthening the core business therefore continues to be our objective. Further acquisitions will accordingly be made in the Dutch market in 2002. Strategic alliances will also be entered into in certain specialised fields and with regard to complementary elements in the construction process.

3. **Objective:** to improve the procurement position

Action in 2001:

Acquisitions in Industry and Supply enabled Ballast Nedam to strengthen its profitable activities involving the production and supply of building products and materials and specialist services.

Preparations for a group-wide ICT-based procurement structure were made in 2001.

Hochtief and Skanska, acting in partnership, launched an international project for e-business in the construction industry. Together with other major Dutch construction companies, Ballast Nedam is preparing a shared procurement portal for the Netherlands, in anticipation of linking up with the Hochtief initiative where possible.

Policy in 2002:

It has been decided to expand the Industry and Supply activities by means of acquisitions. The profitability of this division is above the group average, there is potential for synergy in relation to the actual construction activities and such a move will strengthen the procurement position. The policy will therefore continue to be pursued, involving further acquisitions in raw materials, finished products and specialist supplies.

The group-wide procurement structure will be implemented in 2002. Regarding the e-business project, a decision on implementation and the required capital expenditure will be taken this year.

- 4. Objective:** to reduce the share of open tendering, shifting the emphasis instead to one-to-one contracts, long-term relationships and appropriate forms of contract.

Action in 2001:

Open tendering on the international market is characterised by excessively narrow margins and excessively high risks. It has therefore been decided to run down activities in this sector at an accelerated pace.

Policy in 2002:

In the light of our experiences in 2001, the decision to withdraw from the international open tendering market will be implemented with greater intensity. In the United Kingdom, the emphasis will be placed increasingly on PFIs and long-term framework contracts with clients, which also generate a better cash flow.

- 5. Objective:** to increase our scale

Action in 2001:

Acquisitions in the Netherlands. Strategic alliances added new competencies (see 2).

The proposed addition of electrical and mechanical contracting to the portfolio was not pursued because of the priority accorded to other portfolio-related decisions (the dredging merger), the capacity of the Building and Development Division to absorb even more acquisitions and the state of the market in the electrical and mechanical contracting sector in 2001.

Policy in 2002:

The policy considerations (see 2) remain unchanged: strengthening of the core business through acquisitions and strategic alliances.

- 6. Objective:** to increase the scale of the group's dredging arm Ballast Nedam Baggeren over the next few years through an alliance with third parties.

Action in 2001:

This strategic objective was achieved with the merger with HAM. Ballast Ham Dredging is a leading player in the international dredging market (number one in fleet capacity; number two in turnover).

Policy in 2002:

Through its participating interest in Ballast Ham Dredging, Ballast Nedam aims to continue its involvement in the further growth of this good profitable market.

Social responsibility

Business activities affect the world we live in. This rightly imposes obligations, sets limits and requires certain standards and values. As a company with international operations, Ballast Nedam is fully aware of this. We have to operate under all kinds of political systems, against different cultural backgrounds and in social conditions that frequently differ from what we are used to in the Netherlands. Ballast Nedam's policy is one of adapting as far as possible to the local culture, while at the same time observing a number of basic principles.

Ballast Nedam accordingly adheres to various international agreements:

- International Labour Organisation (ILO) fundamental principles:
 - Labour must be freely selected
 - Contractual formalisation of individual and/or collective conditions of employment
 - No discrimination in recruitment
 - No child labour
 - Right of association
 - Right to have free trade unions and the right of unions to negotiate on behalf of employees
 - Employees' pay must cover the basic necessities of life
 - No excessive working hours.

- Organisation for Economic Cooperation and Development (OECD):
 - Respect for human rights
 - Regular, reliable and relevant reporting on financial and social policies
 - Elimination of forced labour and child labour, attention to health and safety at work and encouragement and enablement of the trade unions and their work
 - Investment in local communities, e.g. by creating employment
 - Contribution to sustainable development going beyond statutory environmental protection requirements
 - Elimination of corruption
 - Safeguarding of consumer interests such as product safety, quality and honest information
 - Support of or partnership with local universities wherever possible
 - Avoidance of unfair competition.

In the realisation that deeply entrenched social and cultural situations at variance with the above principles will continue to exist in many countries, Ballast Nedam actively explores ways of developing appropriate and practical codes of conduct in consultation with the Dutch government and other Dutch companies operating in those countries.

Ballast Nedam has signed – as first Dutch construction company – an international covenant with the International Federation of Building and Wood Workers (IFBWW) and FNV Bouw, the Dutch construction industry union, concerning employees' rights. In so doing, Ballast Nedam has, for example, endorsed the ILO conventions.

Report of the Board of Management

2001

The year under review was one of both ups and downs for Ballast Nedam.

- With the completion of the dredging merger between Ballast Nedam Baggeren and HAM, one of the group's most important strategic objectives was achieved.
- The reorganisations of Ballast plc and Ballast Nedam International were brought forward in order to reduce the risks associated with the activities outside the Netherlands.
- These drastic rationalisation measures are accompanied by considerable reorganisation costs and provisions, which have been charged in their entirety to EBIT for 2001.
- This produces a negative net result for the group of € 50 million.
- The core business in the Netherlands was strengthened by, among other things, five acquisitions.
- All the long-overdue accounts in Saudi Arabia were paid in full.

General

The world economic outlook was already beginning to look less attractive in the short term when the terrorist attacks of 11 September had the effect of further depressing manufacturing output and international trade. And it is not certain how and when recovery will take place. The uncertainties have increased to such an extent that it may be some time before confidence is restored and spending begins to pick up again.

The prospects for the Dutch economy, too, deteriorated rapidly.

Whereas the Central Planning Bureau was initially working on the basis of 2.75% growth in GNP in 2001, the latest estimate came in at 1.0%.

The CPB's estimates for 2002 do not exceed 1.25% growth.

Construction in the Netherlands

It was initially expected that Dutch construction industry output in 2001 would still show some growth, albeit declining, but the latest forecasts from the Economic Institute for the Construction Industry are in fact based on around 2% shrinkage. For the current year, too, the sector as a whole is not expected to achieve any growth and is more likely to see a fall in production.

For the house building and general construction sector, there is expected to be a fall in production averaging 4% in 2002, with output gradually picking up again in ensuing years. Compared with the house building and general construction market, the level of investment in civil engineering projects is less sensitive to economic cycles. New-build work in this sector is accordingly expected to continue showing growth of around 2.0% in 2002 before levelling off in subsequent years. The only prospect of growth for civil works for the time being lies in maintenance.

The following pages provide an overview of the market, strategy, operating review and prospects for the various sectors.



The new Hemboog rail link (between Zaandam and Amsterdam) when completed in 2003 will represent a significant upgrade to the Amsterdam area infrastructure.

Infrastructure Netherlands

Market

Fast and efficient transport of people and goods continues to be of huge economic importance for the Netherlands.

Major infrastructure works like the High-Speed Line South, the Betuwe Freight Line, various metro projects and other civil engineering schemes are all part of this picture.

The construction and upgrading of vital infrastructure without compromising the quality of life or safety will continue to be important in the future. The civil engineering sector will remain a growth market in the densely populated Netherlands for the time being, despite the current indications of a certain slowing in the rate of growth.

In recent years, the public sector has been an important client. The contracts for many schemes have now been awarded and work has started on the various projects. Completion is expected to take around five years. The growth in the number and size of projects means that the market volume has increased strongly. Whether this will continue to be the case largely depends on the government's success with its policy of attracting greater financial involvement on the part of the private sector. DBMF (design-build-maintain-finance) arrangements and public-private partnerships (PPPs) appear to offer the ideal structures for achieving this.

The lower-tier public authorities together form the most important clients in the civil engineering sector. This work generally concerns the design, construction and maintenance of schemes involving excavation, earthmoving and roadworks. Partly in view of the nature of the Urban Renewal Investment Policy (Dutch acronym ISV) – which is designed to encourage private sector involvement – the authorities are increasingly thinking in terms of public-private partnerships in this market, too. Demand for the services of infrastructure builders with development capability is consequently increasing. Integrated development projects for entire areas are also growing in number and size. The organisation of integrated projects of this kind will increasingly be entrusted to the private sector. European directives regarding competitive tendering introduce a complication into the equation, however. Even where the land is owned by the public authority, infrastructure projects still have to be put out to competitive tender if they subsequently have a public function.

The Parliamentary Inquiry and investigations conducted by the Ministry of Public Affairs and the Netherlands Competition Authority into construction sector irregularities will cause upset in the industry in 2002. The effects of these investigations on the functioning of the market are unpredictable. Ballast Nedam has declared that it will be adhering strictly to the competition rules.

Strategy

In order to further strengthen the position of Ballast Nedam Infra in the infrastructure market over the next few years, the company will be responding to developments in the

x € 1 000 000	2001	2000	1999	1998
Turnover	474	367	368	324
Order book	619	684	314	342
EBITDA	19	14	8	5
EBITA	12	7	1	(2)
EBIT	12	7	1	(2)
EBIT/turnover	2.5%	1.8%	0.3%	-0.6%
Capital employed	(31)	27	57	48
Average number of employees	1 469	1 383	1 414	1 448

marketplace. On the one hand, this will involve taking charge of the entire process from initiative and feasibility studies, via design and construction right through to maintenance, and possibly include finance and operation as well. On the other hand, it will involve making knowledge and expertise (technical, financial and contractual) increasingly available right across the whole field of civil engineering from maritime and allied works to infrastructure projects on dry land.

Ballast Nedam Infra is active at regional level as well as being involved in the major infrastructure works, and is one of the important players in the market. Apart from the basic activity of civil engineering in wet and dry environments, Ballast Nedam Infra also specialises in certain fields like parking garages, foundation engineering, specialist earthmoving, environmental activities including recycling of waste and noise barriers, rail-related work, traffic control systems, various maintenance activities and concrete construction activities on behalf of the process industry and utilities.

Cost savings can be achieved on construction projects when the construction company is involved in the process from start to finish. By getting together at an early stage, it is possible to increase efficiency in a way which benefits both client and contractor. Ballast Nedam Infra's proactive, integrated approach is the ideal solution in this regard, and every effort is accordingly made to achieve this kind of partnership. Scaling up operations remains crucial, too. Attempts are accordingly made to expand both existing and new activities.

The company provides its services from the head office in Nieuwegein, from the five regional Ballast Nedam Houses in Groningen, Arnhem, Zaanstad, Capelle aan den IJssel and Eindhoven and from the offices of the specialist business units.

Operating review

In 2001, work on all the individual contracts for the HSL-South project commenced. Ballast Nedam Infra has a stake in the joint ventures responsible for four of these contracts, viz.:

- Northern Holland
- Zuid-Holland South
- Brabant North
- Existing infrastructure links.

Work on the Botlek Tunnel in connection with the Rotterdam Port Line/Betuwe Freight Line was completed. A start was made with the construction of the section of line between Zevenaar and the German border and the Buren-Kesteren section.

Ballast Nedam Infra also continued work on the Caland Tunnel, the Hemboog rail link, the Amersfoort-Apeldoorn railway line renovation project, the access links for the VINEX expansion sites of Vleuterweide and Veldhuizen in Vleuten-De Meern, the fifth runway at Schiphol Airport and the Tram Tunnel scheme in The Hague, among other projects.

The effect of the start of construction on the major projects of the HSL-South and the Betuwe Freight Line was a considerable increase in turnover, while the order book shrank slightly.

Prospects

Not including the effects of possible acquisitions, Ballast Nedam Infra expects to see turnover stabilise over the next few years because of the constant volume of the market and the pressure on the labour market. As regards the operating profit, a further improvement is expected in 2002 as progress is made on the major infrastructure works.

Ballast Nedam Infra aims to further strengthen its market position in the years ahead and raise the EBIT margin to 3.5% of turnover over the next three years. This will be achieved partly through organic growth and partly through acquisitions. The efforts will focus on filling gaps in Ballast Nedam Infra's geographical coverage of the infrastructure market where the company's presence is still insufficient and on strengthening the specialist activities such as underground construction and small-scale underground infrastructure.

The outlook for Ballast Nedam in the infrastructure market remains as good as ever. The order book is well filled in both qualitative and quantitative terms, with work on the major infrastructure schemes as well as on the smaller projects across the various regions and projects involving the specialist activities.

Building and Development Netherlands

Market

The slowdown seen in almost all sectors of the economy in the Netherlands did not have any serious impact on developments in the construction and property sector during the year.

The effects will be felt in 2002 and beyond. The sector is, however, hindered in the development of projects by the drawn-out planning procedures.

The Fifth Physical Planning Memorandum (draft white paper) makes far-reaching statements concerning future land use in the Netherlands relating to the concentration and balancing of areas for residential use, for work and for recreation.

The decision-making process with regard to the finalisation of development visions and zoning plans and also the forthcoming amendment of the Municipalities (Preferential Rights) Act (Dutch acronym WVG) mean greater risks attaching to the purchase of building land. Despite the amount of capital it ties up, however, and despite the risks represented by the protracted planning procedures, assuming land positions remains absolutely vital for the continuity of the construction activities.

In the Dutch *house building* sector, planning delays resulted in an all-time low in the number of new homes under construction, at 55,000. Some catching up is expected in 2002 but beyond then the number of housing completions will stabilise at a lower level as things stand. This supply-side trend is at variance with demand. It is not only in the urban centres of the west but in the rest of the country, too, that the tensions in the housing market are assuming serious proportions.

Demand for more expensive and better-quality owner-occupied housing has increased, partly because the homes built on the new VINEX expansion sites do not always satisfy the aspirations of the average homebuyer. In short, housing supply is tight and patchy.

Interest in the existing housing stock is accordingly rising. In view of this development, there will be increasing concentration on the upgrading of existing urban areas in the years ahead. Although this will not as rapidly proceed as originally expected, it is generally assumed that more than 40% of the total housing production will be accounted for by urban redevelopment, renovation and repair within a few years.

Projections for the current planning period, despite the economic slowdown, show plenty of demand for quality homes in the more upmarket segment. An important factor will be mortgage interest rates. If rates rise sharply, demand could be depressed. It will also be necessary to develop more alternative products such as high-rise residential buildings and homecare complexes, combined with all kinds of services.

Although the *general building* market is still buoyant, the slower rate of growth will shortly be reflected in this market, too.

The *office market* has peaked but demand for office space remains high. In the longer term, the growing impediments to

x € 1 000 000	2001	2000	1999	1998
Turnover	540	514	488	432
Order book	447	432	462	303
EBITDA	18	22	19	15
EBITA	15	20	16	13
EBIT	14	20	16	13
EBIT/turnover	2.7%	3.9%	3.3%	3.1%
Capital employed	(40)	(34)	(19)	(26)
Average number of employees	1 649	1 648	1 604	1 513

travel could mean that, on the one hand, there will be an increase in teleworking and, on the other hand, businesses will relocate to sites near stations, to out-of-town business parks and to locations outside the urban centres of the west altogether.

Threats of recession and the associated decline in consumer confidence have a more immediate impact on the market for traditional *retail property*. Redevelopment of old town centres – involving projects offering a combination of shopping and leisure where possible – and new developments on prime sites, such as the new stations on the HSL-South, still offer the best opportunities.

Owing to the position of the Netherlands as a distribution hub, in the *industrial buildings market*, demand for modern distribution centres remains undiminished. These developments mainly concerned modern business parks with good access.

To summarise, as far as housing is concerned, the market remains reasonably stable overall, despite shifts of emphasis, but the commercial property market is exhibiting a downward trend.



Zogwetering housing project in Maarsse.

Strategy

The reorganisation embarked upon at the start of 2000, which began with the organisation of the three operating companies active in the property market – Ballast Nedam Ontwikkelingsmaatschappij (development), Ballast Nedam Utiliteitsbouw (general building) and Ballast Nedam Woningbouw (house building) – into one division under the name Ballast Nedam Bouw en Ontwikkeling (Ballast Nedam Building and Development, Dutch acronym BNBO), was taken a stage further in 2001.

BNU (general building) and BNW (house building) were merged into a single construction company under the name of Ballast Nedam Bouw (BNB). BNBO now operates with two operating companies, BNO (development) and BNB (building).

The aim of this change in the organisation structure is to encourage a strategic partnership between development and building and to integrate the actual construction companies.

Ballast Nedam Bouw comprises six regional offices, active in both house building and general building, including the development of whole estates and small-scale property development, plus one national organisation, Special Projects, which operates from Nieuwegein.

The strategy of Ballast Nedam Bouw – apart from growth in profitability – is aimed at increasing national coverage.

To this end, a number of acquisitions were made during the year. In Drenthe, Zomers Bouwbedrijf was taken over, in Limburg, Laudy Bouwgroep was acquired and in Noord-Brabant a 50% stake was taken in Bouwbedrijf Van Asperdt.

The demand on the part of institutional investors and housing corporations for services connected with the management and maintenance of homes and other buildings is increasing strongly.

Through organic growth and acquisitions, Ballast Nedam Bouw is attempting to achieve national coverage with regional service units in order to provide a professional and appropriate response to the market demand for facilities management. This demand emanates from both national clients in the commercial property market and local housing corporations.

Operating review

Turnover for the year on an organic basis was down on expectations. This was due to actual construction of a number of large projects on which preparation costs were incurred being put back to a later date. This also affected the operating profit, since all preparation costs for work not yet at the construction stage are expensed immediately.

It should also be pointed out that the result in 2000 was affected strongly by the result on the completion of a major project. The previously mentioned acquisitions provided some compensation for the reduced organic growth.

Urban restructuring, including the redevelopment of whole districts, is an activity that has become inseparable from the property development operating company *Ballast Nedam*

Ontwikkelingsmaatschappij. Such development projects frequently involve public-private partnerships (PPPs), in which financial engineering is an essential ingredient.

A new departure concerns the activities connected with life cycle projects (LCPs) – a format for living which includes services and care for the elderly, and is thus the response to future demographic developments in the market. Also new is the Long-Term School Operation project group (Dutch acronym LES), which has the task of developing a campus format in partnership with a firm of organisation consultants.

Property management and operation will be further expanded in the current planning period.

Completions in 2001 included a number of major projects in Amsterdam-Zuidoost, like the Mojo Concert Hall, the Villa ArenA combined residential and shopping centre and the Oval Tower. Construction of the Haagse Veste IV development in The Hague was also completed.

A start was made with the construction of the Lambertius Zijlplein housing complex in Amsterdam, the project providing 500 new homes together with commercial facilities on a limited scale. Planning delays were, however, experienced on the large VINEX development sites of Maarsse Brug in Maarsse and Vleuterweide in the Municipality of Utrecht, where a total of around 1,350 new homes are to be built by Ballast Nedam. The development of the entirely new Tongelre residential district in Eindhoven, a development of 900 homes, is also proceeding much more slowly than expected.

The contracts have, however, now been signed for the refurbishment of the Westelijke Tuinsteden (Western Garden Cities) in Amsterdam. With regard to the development of the Railway Zone in Delft, it is expected that the partnership agreement with the Delft Municipal Authority, in the form of the PPP for the construction, will be signed in 2002.

Ballast Nedam Bouw made significant progress with various specific product developments such as Hoogbouw (High-Rise) and Origineel Wonen (Individual Homes) in 2001.

A start was made with the construction of the new ING office in Amsterdam-Zuidoost. Work also started on the Westpoint Tower in Tilburg, at 53 stories, the highest apartment building in the Netherlands. In the year under review, Ballast Nedam Bouw en Ontwikkeling continued to expand its positions in building land.

As at year-end 2001, the portfolio contained a total of around 265 hectares of land and development rights as a result of actual land purchases and options. This area of land is together potentially sufficient for the development of more than 8,000 new homes, half of which will be on brownfield sites, plus some 295,000 m² of office space, mainly situated in peripheral locations around the major cities. The portfolio also contains positions sufficient for approximately 140,000 m² of retail/commercial space, mainly located out-of-town.

These various positions hold out the prospect of a development and construction volume amounting to around € 1.8 billion in the short to medium term.

Prospects

2002 is likely to be a difficult year due to the slippage of large housing projects and the signs of a slowdown in the general building sector. We accordingly expect to see a temporary setback in development turnover, which will obviously have a knock-on effect as regards actual construction turnover.

Based on the forecasts for the market outlined above, Ballast Nedam Bouw en Ontwikkeling is expecting to see a slight drop in turnover in 2002, with the EBIT margin coming under pressure.

In the light of the successful acquisitions and the promising positions with regard to major developments, however, the company is looking to the future with confidence. The emphasis will be on further increasing the gross margin to a level of 4%.

Industry and Supply

Market

The use of prefabricated building products manufactured on an industrial scale, along with specialist techniques, is widespread in the Netherlands. This industrial approach to construction is making steady advances, owing to the benefits of shorter construction times, space saving, better working conditions and better quality control and the advantage that there is not so much need for skilled labour (which is in short supply) plus the ability to take maximum advantage of the scope offered by ICT. The restricted space available at construction sites in particular is a problem demanding novel solutions, which the innovative strength of the supply industry is essentially able to provide. Ballast Nedam responded to this trend with a clear vision some considerable time ago.

A successful integration of the processors of construction and supply industry makes it possible to meet the steadily increasing demands of the market for faster, smarter and cheaper solutions to optimum effect. This trend gives Ballast Nedam, as both builder and supplier of industrially manufactured products, a competitive edge in the marketplace.

Restrictions on the issue of concessions and increasingly stringent environmental requirements are going to limit the availability of primary building materials in the near future, both in the Netherlands and in Belgium. At the same time, innovations in the concrete industry (self-consolidating concrete) and in the asphalt industry (new surfacing materials) are placing stringent quality standards on the materials.

The number of companies in possession of long-term concessions and licences to extract high-grade primary building materials is limited. By using modern production technology, these companies can profit from a situation involving a scarce commodity and growing demand.

Strategy

The aim is to increase the contribution of Ballast Nedam Industry and Supply to the group's profit-earning capacity, in addition to maintaining and, if possible, improving the profitability of the individual operating companies.

We shall be attempting to grow turnover, both organically and through acquisitions, with value creation as the key objective.

Within the strategy, the focus will primarily be on leadership in terms of costs and the ability to keep ahead of the competition by means of product and process innovation. This competitive edge can be achieved through active involvement in the development and actual application of the latest tools in the field of ICT, amongst other things.

Operating review

The various companies forming Ballast Nedam Industry and Supply are under decentralised control and are managed by experienced people in their respective fields.

x € 1 000 000	2001	2000	1999	1998
Turnover	202	168	178	156
Order book	62	64	50	50
EBITDA	22	22	21	19
EBITA	14	14	15	12
EBIT	14	14	15	12
EBIT/turnover	6.7%	8.5%	8.2%	7.9%
Capital employed	106	93	72	72
Average number of employees	1 048	947	894	780

The ability of the companies to set themselves apart is determined by their ability to deliver total solutions offering high added value, in addition to their ongoing commitment to product and process innovation. All the operating companies have obtained quality certification and several of them already have the new KAM-Zorg certificate (for quality, health & safety and environmental management systems combined).

The activities of Ballast Nedam Industry and Supply are organised into four clusters, which cooperate closely with each other.

The *Raw Materials* cluster has significantly strengthened its long-term position through the expansion of its raw materials extraction and supply activities.

Apart from investing in concessions for extracting river sand and gravel and in a participating interest for extracting infill sand, it is mainly the involvement in the expansion of production of quarried material and the increased interest in offshore production of sand which will guarantee supplies in the long term. With its 30% participating interest in the management company Bontrup acquired in 2001, Ballast Nedam is involved in the large Bremanger crushed sandstone quarry in Norway and in an installation for processing imported granite in Amsterdam. This is part of Ballast Nedam's response to the consolidation taking place in the raw materials sector on a European level.



Raw materials – like sand and gravel – are the key to building. Ballast Nedam is strengthening the company's strategic position in this market with its participating interest in a Norwegian crushed sandstone quarry and the installation in Amsterdam for processing imported granite.

The *Ready-Mixed Concrete and Mortar* cluster occupies a good position in the supply of ready-mixed concrete in the urban centres of Amsterdam, Utrecht and Eindhoven. The activities were adversely affected by the slowdown in house building, especially in the area around Eindhoven. We have, however, proved capable of distinguishing ourselves in the marketplace by developing technologically advanced mixtures and providing an above-average standard of service.

Although the *Precast Concrete Products* cluster was also hit by the housing slowdown in several sectors of the market, it is gratifying to note that production capacity is being utilised as evenly as possible by means of cooperation among the individual business units, a broad-based approach to the market and flexible production systems. A great deal of attention was devoted to the strategic repositioning of several units in this cluster.

The concrete repair and renovation companies in the *Specialist Techniques* cluster strengthened their position through organic growth. The potential of these business units will be further increased by investing in regional expansion.

In the market for specialist pre-stressing methods, the position was particularly strengthened by the acquisition of Spankern.

The merger of this company with Spanstaal has resulted in a strengthening of both businesses' positions in the various market segments.

Turnover during the year under review increased by 20%.

The EBIT margin was down, however, compared with preceding years, owing to of the restructuring of two companies.

Prospects

The good position in the various markets and the ability to adapt available capacity flexibly to market demand, even in a market that is slowing in certain areas, create sufficient scope for a good result. The target is to lift EBIT to around 8% of turnover within the next two years.

Profitability will be further increased by means of vertical investments, efficiency improvements and utilisation of the possibilities for synergy. The position of operating companies and activities which don't meet our profitability requirements will be reconsidered. In addition to organic growth, efforts will be made to achieve substantial growth through acquisitions, the main criterion in this regard being that newly acquired companies offer potential synergies.



Once a fort, now a shopping mall. In Curaçao, the 200-year-old Riffort has been converted into the Riffort Village entertainment and shopping centre.

Construction International

Market

Ballast Nedam's international activities have traditionally involved civil engineering work, such as the construction of tunnels, viaducts, bridges, harbour facilities and navigation locks, water management schemes, airfields, foundations and other high-grade concrete structures. Clients are frequently from the public sector.

The deteriorating economic and political climate in the countries where Ballast Nedam is active have resulted in tighter margins and higher risks, as clients faced payment problems. This has led to a hardened contractual relationship with clients. Safety risks have meant withdrawal from a number of regions. The events of 11 September also resulted in projects being deferred and, in some cases, cancelled altogether.

Strategy

In view of the deterioration of the international markets, Ballast Nedam has decided to adjust its strategy. The group will be scaling back operations to a limited number of niche markets (mainly concerned with medium-heavy sized civil engineering projects). Tendering for projects will be even more selective. New projects will be evaluated for their profit potential versus associated risks by means of more exacting standard procedures.

Operating review

The accelerated rationalisation of the international activities means withdrawal from a number of regions, the closure of offices and a drastic slimming-down of the head office. Provisions have also been formed for a number of large projects which are the subject of negotiations concerning additional work, claims for delays on the part of clients and so on. All reorganisation costs identified up to the end of 2003 have been charged to the 2001 accounts. This means reporting a considerable loss, despite the growth in turnover by 19% to a level of € 320 million and the receipt of all outstanding payments from the Saudi Arabian government.

Prospects

Based on the order book, turnover in 2002 is expected to be on a par with 2001. Provisions have been made for the risks on current projects. Drastic cuts are being made in overheads, both centrally and in the regions. On the strength of this reduction in costs among other things, a break-even result is forecast for 2002.

The new approach to the market by Ballast Nedam International will lead to a sharper focus on areas of concentration and a highly selective tendering policy with regard to 'hit-and-run' projects in the coming years, resulting in a lower level of turnover. The action which has been taken is designed to produce higher margins on projects and reduce the risks. Although the new policy means a lower forecast turnover, it should result in an EBIT margin of at least 4% within a few years.

x € 1 000 000	2001	2000	1999	1998
Turnover	320	270	265	523
Order book	494	604	215	194
EBITDA	(30)	9	(4)	31
EBITA	(35)	4	(12)	22
EBIT	(35)	4	(12)	22
EBIT/turnover	-10.9%	1.3%	-4.6%	4.2%
Capital employed	69	148	155	176
Average number of employees	809	1 481	1 636	2 665



The new building for Marlborough Primary School, Isleworth, Middlesex, built by Ballast plc.

Construction United Kingdom

Market

According to the UK construction industry planning organisation, Construction Forecasting and Research Ltd. (CFR), the lean years for UK construction are behind us.

Various indicators point to a revival. 2001 is seen as the turning point in the UK construction industry. In recent years, the UK construction market has shown growth of less than 2%. This year, growth will be around 3%. And the medium-term projections are very promising, too. The strongest growth is in the renovation and repair sector.

The civil engineering sector is receiving a push in the right direction from two sources. Public-private partnerships (PPPs) are being strongly encouraged and the British government itself is also taking a significantly more active role as client. As regards new-build projects in this sector, there are signs of a positive trend in the field of underground construction.

In general building, a strong upturn is observable, particularly in renovation and repair. New-build work in this sector, however, is being increasingly affected by the general economic downturn.

Strategy

In the UK market, **Ballast plc** is mainly active in the field of public, industrial and commercial building. The results of this subsidiary have been unsatisfactory for some time, chiefly because of the loss-making situation in the southern part of the country, which has become almost structural. This led to an acceleration in 2001 of the reorganisation already initiated, resulting in the replacement of the top management.

The objects of this policy are:

- to cut overheads, including shedding of staff
- to further reduce the amount of traditional contracting activities with their high risks and low margins
- to reduce the risks associated with payments for additional work
- to accelerate the moving to other areas and markets offering higher returns, especially in the South.

The commercial focus will be on PFIs (contracts awarded under the British government's Private Finance Initiative programme) and the facilities management activities (involving management and maintenance) frequently linked to these contracts. In addition, there will be greater emphasis than in the past on cultivating long-term relationships, or partnerships, with clients.

Operating review

Following the change of course, turnover was down by 7% at € 582 million. Substantial provisions were charged to the operating result in connection with the reorganisation. Substantial provisions had to be made for disputes with clients concerning payment for additional work where the outcome is uncertain. It was these provisions which accounted for the heavy operating loss.

x € 1 000 000	2001	2000	1999	1998
Turnover	582	629	570	452
Order book	544	465	446	390
EBITDA	(30)	3	5	3
EBITA	(32)	1	4	2
EBIT	(32)	1	4	2
EBIT/turnover	-5.5%	0.2%	0.6%	0.5%
Capital employed	(46)	2	(32)	(9)
Average number of employees	1 355	1 419	1 435	1 437

The order book expanded in the year under review, and it is worth mentioning that the quality of the work also improved, owing to an increase in the number of projects offering higher added value. For instance, a large PFI contract was received for the design, construction and facilities management of a school complex in Caerphilly (Wales).

Several more projects of this kind are still in the pipeline. In the context of partnerships, a contract for upgrades to a number of supermarkets was received from the large retail group J.S. Sainsbury.

Prospects

The downsizing of the organisation and the sharp reduction in the level of activities in several regions are expected to mean a reduction in turnover. Full attention can now be devoted to maintaining and improving the position in the other regions. With new leadership at the helm and a new course to steer by, 2002 should lay the basis for better EBIT margins (3%) in the future.



The new IJburg residential district in Amsterdam.

Dredging

Market

The dredging market can look back on a number of good years. Buoyed up by the economic boom in large parts of the industrialised world, world trade and shipping enjoyed unprecedented growth. This was accompanied by a growing demand for the construction and maintenance of ports and navigation channels. The strength of the economy created the need for further room to expand in a number of already densely populated coastal areas. Land reclamation was in many cases the answer. The advent of 'jumbo' suction hopper dredgers during the last ten years has been an important catalyst for this kind of project. The capacity of these large dredgers puts land reclamation and infrastructure projects which were previously not economically feasible within the realms of possibility. This and other factors have produced a structural increase in the size of the market.

The long-term prospects for the dredging market are favourable, too. Economic and demographic trends are resulting in a growing shortage of space and a further increase in world trade and shipping. The world economy can also be expected to revive in the relatively short term. Economic development in Europe and in South-East Asia in particular will show a further increase. Another favourable factor is without doubt also the fact that the majority of dredging companies realise that unrestricted investment in these good times could lead to structural overcapacity in the future. As a consequence, investment decisions are taken carefully and growth is mainly sought in mergers and acquisitions. With their well filled order books, dredging companies will have little difficulty keeping their fleets occupied in the coming period.

Strategy

Apart from the good results, 2001 was dominated for Ballast Nedam Baggeren by the merger with HBG's dredging subsidiary HAM. After protracted legal proceedings, the new company, Ballast Ham Dredging, came into existence on 14 November. The merger represents the achievement of a large part of Ballast Nedam's strategy, namely expansion through an alliance with another dredging company. Ballast Nedam has a 33 1/3% stake in the new company.

Ballast Ham Dredging is one of the most important players in the international dredging market. The company occupies a strong position in the Netherlands and the other European home markets. The perfect composition of the fleet, which is larger and significantly younger and more modern than that of the main competitors, offers plenty of scope for further expansion of the good market position and for rapid growth in volume and profitability. Ballast Ham Dredging expects to achieve considerable synergistic gains from more efficient deployment of human resources, financial resources and equipment in the near future. Better utilisation of the existing fleet will remove the need to make a number of substantial investments. In the longer term, it will be mainly the improvement in the strategic position, the increased flexibility and the pooling of the knowledge and expertise possessed by two leading players in the dredging industry that will make Ballast Ham Dredging into the epitome of a successful merger.

x € 1 000 000	2001	2000	1999	1998
Turnover	206	147	127	211
Order book	323	411	194	184
EBITDA	40	33	30	34
EBITA	21	15	12	19
EBIT	20	15	12	19
EBIT/turnover	9.6%	9.9%	9.4%	8.8%
Capital employed	127	134	90	90
Average number of employees	713	549	515	540

Operating review

For Ballast Nedam Baggeren, 2001 was another successful year, despite the delay in the completion of the merger with HAM. In October, the new trailing suction hopper dredger 'Rotterdam' began work on its first major project in Hong Kong. Turnover and EBIT increased in 2001 by 40% and 33%, respectively. The order book shrank as a result of the high turnover and the fact that no megaprojects were commissioned in 2001. In relation to the annual turnover, however, the level of the order book is very good. The amount of capital employed remained almost unchanged. With effect from 14 November 2001, the figures are based on the pro rata consolidated share in Ballast Ham Dredging.

In 2001, Ballast Nedam Baggeren worked on the following projects among others, either alone or on a consortium basis:

Europe: In the Netherlands, Ballast Nedam Baggeren was, for example, involved in major projects like the IJburg development and the HSL-South. In Europe generally, a number of projects were carried out in Germany.

South America: Work included maintenance and upgrading of a harbour in Guatemala, and in Argentina a major infrastructure project was completed.

Asia: Harbour works and land reclamation projects in Malaysia, Hong Kong and Singapore. Construction of a harbour in India.

Middle East: Harbour projects in Egypt and Lebanon.

Prospects

The prospects for the dredging industry are as good as ever. The size of the new dredging company and the composition of its fleet enable Ballast Ham Dredging to undertake projects of any type and magnitude anywhere in the world. Opportunities for work mainly concerned land reclamation projects, construction of offshore airfields and expansion of maritime infrastructure.

Despite the fact that 2002 will be dominated by the process of integration, Ballast Ham Dredging expects to achieve significant cost savings even in the current year. The target for the medium term is to grow the EBIT margin to 12% in 2004.



High-Speed Line (HSL).

Engineering

Market

Ballast Nedam has its own in-house multidiscipline engineering consultancy, serving the operating companies both in the Netherlands and beyond. Consultancy and design services are supplied worldwide in all stages of construction projects, and product development within Ballast Nedam is stimulated by the engineering activities. Ballast Nedam Engineering also sells its services on the external market, partly with the object of increasing the volume of construction work for Ballast Nedam's operating companies.

Strategy

Ballast Nedam Engineering is the technical heart of Ballast Nedam and, within the group, the consultancy is the logical partner to turn to for product development and to deliver integrated designs for the acquisition and execution of projects.

New forms of contract like design-and-construct (D&C), public-private partnerships (PPPs), build-own-operate-transfer (BOOT) and design-build-finance-maintain (DBFM) make it increasingly important for contractors to have an in-house design capability. The positioning of the design discipline in a separate business unit with its own clear identity which is also visible outside the organisation underscores the growing importance of the activity.

Developing new products and maintaining the expertise needed to do this represent an important weapon in the competitive struggle. Examples of the sort of thing we mean are solutions for multiple land use, for sustainable construction and sustainable development and for underground construction and new concepts in port facilities. To ensure that know-how is not lost and to achieve the maximum synergy, the knowledge that exists within the individual Ballast Nedam operating companies is pooled and safeguarded by Ballast Nedam Engineering.

Operating review

In 2001, Ballast Nedam Engineering made an important contribution to a number of projects relating to *rail infrastructure*, both in the Netherlands and in other countries. The unit worked on the draft design and the detail design for a large number of projects including the various HSL sections, the Betuwe Freight Line, the Tram Tunnel (TramKom) project in The Hague, the Groningen light rail scheme, the construction of a high-speed railway line in Taiwan and a light rail project in Ireland.

Ballast Nedam Engineering was also involved in a large number of schemes, tenders and existing projects in the field of *civil engineering* at home and abroad, like the Randstad Circuit and Zuiderzee Line maglev train projects, the tunnel near Abcoude on the Amsterdam-Utrecht Line and the Vondelingenplaat flyover on the RW15 highway as well as harbour, jetty and wharf projects in Africa, India and South America.

In the field of structural engineering, the company acted as consultants to Euroborg in Groningen, Omniworld in Almere,

the Westerhuis parking garage in Amsterdam and the upgrading of the NAC stadium in Breda. Various design reviews were also executed.

Ballast Nedam Engineering carried out a study in 2001 to identify the most appropriate migration path from a design environment based on two-dimensional drawing to one based on three-dimensional modelling. Various technical solutions (3-D CAD applications) were examined that could be used in the conceptual design stage. The outcome of this study in 2002 will be the practical application of a 3-D CAD environment to one of Ballast Nedam's general building projects.

The large number of projects meant that capacity utilisation during the year was exceptionally high, generating considerably higher turnover and a significantly improved result. The special positioning of Ballast Nedam Engineering means that the company is not subject to external profit targets.

A man in a dark uniform is walking on a ship's deck, holding a handheld device. The scene is viewed through a window, with a red fire extinguisher in the foreground. The background shows a port terminal with cranes and a body of water.

Through the eyes of the user (ECT container terminal, Port of Rotterdam).

Financial results

Turnover and EBIT

Turnover for the year was up by 11% at € 2,326 million. The infrastructure division (up 29%), international construction (up 19%), dredging (up 40%) and industry and supply (up 20%) all made gains.

Turnover in the United Kingdom, however, was down by 7% owing to a restrictive policy.

Turnover x € 1 000 000	2001	2000	1999	1998
Infrastructure Netherlands	474	367	368	324
Building and Development Netherlands	540	514	488	432
Industry and Supply	202	168	178	156
Construction International	320	270	265	523
Construction United Kingdom	582	629	570	452
Dredging	206	147	127	211
Other	2	3	2	(30)
	2 326	2 098	1 998	2 068

As at year-end, the outcome of negotiations relating to claims in a number of projects outside the Netherlands was still uncertain, and it was accordingly decided to charge provisions in respect of these claims to the profit for 2001.

This concerned both projects in the United Kingdom and construction international division projects. It was simultaneously decided to accelerate reorganisations in these two divisions which had already been initiated and to add to the reorganisation provisions made for this purpose. These reorganisation costs, which will be incurred over the next few years, have been charged to the 2001 accounts in their entirety.

EBIT x € 1 000 000	2001	2000	1999	1998
Infrastructure Netherlands	12	7	1	(2)
Building and Development Netherlands	14	20	16	13
Industry and Supply	14	14	15	12
Construction International	(35)	4	(12)	22
Construction United Kingdom	(32)	1	4	2
Dredging	20	15	12	19
Other	(16)	(13)	(14)	(4)
	(23)	48	22	62

Margin	2001	2000	1999	1998
Infrastructure Netherlands	2.5%	1.8%	0.3%	- 0.6%
Building and Development Netherlands	2.7%	3.9%	3.3%	3.1%
Industry and Supply	6.7%	8.5%	8.2%	7.9%
Construction International	- 10.9%	1.3%	- 4.6%	4.2%
Construction United Kingdom	- 5.5%	0.2%	0.6%	0.5%
Dredging	9.6%	9.9%	9.4%	8.8%
Other				
Total	- 1.0%	2.3%	1.0%	3.0%

The previously mentioned provisions for the international activities were of such an amount as to make the overall EBIT result negative, despite the fact that the divisions active in the Dutch market and the dredging activity achieved reasonable to good results.

Infrastructure Netherlands in fact succeeded in almost doubling EBIT, partly as a result of the good progress made with the construction of the HSL-South and the Betuwe Freight Line.

The Building and Development Division in contrast saw its margin shrink because of the substantial delay in the start of a number of major projects.

The Dredging Division, with its long-term contracts, performed excellently.

Net result

The interest charges were lower than in the previous year, following the receipt in the course of 2001 of the outstanding payments from Saudi Arabia, but nevertheless remained at a relatively high level in connection with the financing of work in progress during the year.

The computed corporation tax charge largely related to the results in the Netherlands. Since these results were higher, although the overall result before tax was negative, the tax burden increased.

Net result <i>x € 1 000 000</i>	2001	2000	1999	1998
EBIT	(23)	48	22	62
Interest income and charges	(9)	(14)	(12)	(10)
Result before taxation	(32)	34	10	52
Taxation	(18)	(12)	(1)	(4)
Net result	(50)	22	9	48

Order book

The volume of work in hand at the start of the year was relatively large, owing to the substantial infrastructure contracts awarded in the Netherlands, the share in the high-speed line in Taiwan and several very large dredging contracts in East Asia.

The order intake in the year under review was also unusually large, with the exception of Construction International.

The higher level of turnover resulted in a limited decline in the order book as at year-end 2001 compared with the record level of year-end 2000.

Order book <i>x € 1 000 000</i>	2001	2000	1999	1998
Infrastructure Netherlands	619	684	314	342
Building and Development Netherlands	447	432	462	303
Industry and Supply	62	64	50	50
Construction International	494	604	215	194
Construction United Kingdom	544	465	446	390
Dredging	323	411	194	184
	2 489	2 660	1 681	1 463

Acquisitions and divestments

In the Building and Development Division there were acquisitions involving the purchase of Zomers Bouwbedrijf in Klijndijk, Laudy Bouwgroep in Sittard and a 50% interest in Bouwbedrijf Van Asperdt in Eindhoven.

In the Industry and Supply Division, Spankern, based in Maarssen, was taken over and a 30% interest was acquired in Bontrup in Bunde in connection with the quarrying of sandstone in Norway.

Financing and liquidity

The amount of capital employed declined by € 173 million in the year under review, mainly as a result of the receipt of overdue accounts in Saudi Arabia. For a proper view of the capital employed, reference is made to the segmented information in the annual accounts.

The reduction in shareholders' equity meant a lowering of the solvency ratio, which was 22% as at year-end 2001.

Human Resources

Organisation

The process of change initiated in 2000, aimed at promoting a strategic partnership among the various business units and integration of the actual construction companies, was continued in the year under review.

The integration of the operating companies formerly active in the Dutch civil engineering market was finalised. Within Ballast Nedam Building and Development (BNBO), the operating companies BNU (general building) and BNW (housing) were merged into a single company.

BNBO now has just two operating companies, Ballast Nedam Ontwikkelingsmaatschappij (BNO – looking after development) and Ballast Nedam Bouw (BNB – looking after construction).

By the end of 2001 it had become clear that the restructuring of Ballast plc had to be brought forward and there was no option but to rationalise and scale back these UK activities. Several offices in the southern regions will be closed and a number of jobs will be lost.

The reorganisation of Ballast Nedam International also entered the final stage in the year under review as plans were brought forward. Central staff numbers will be reduced both at head office and at the various international offices. Some of the international offices will be closed.

The most far-reaching change within the Ballast Nedam organisation, however, was the merger of the dredging activities with those of HBG's dredging company HAM.

For reasons of scale, fleet composition and efficiency, the merger of the two dredging companies served both their interests in the best conceivable manner. As holder of 33 1/3% of the shares and with managing representation on the board, Ballast Nedam is actively involved in the new company.

Employee loyalty

Motivating staff and nurturing their loyalty are important conditions for the continuity of a business like Ballast Nedam which relies so heavily on knowledge and experience. With this aim in view, a project was launched in 2001 to look into staff turnover at Ballast Nedam's companies in the Netherlands with reference to things like conditions of employment, communication, management style and career counselling. The first stage of the study will continue into 2002, with a possible follow-up. Staff turnover was 4.1%. This represents a drop of 2 percentage points compared with the previous year.

Career counselling and training

In preceding years, Ballast Nedam's career development system had included only senior management and promising young staff in the various operating companies and divisions, whose progress was monitored in discussions between individual managers and the Board of Management.

In the year under review, it was decided to extend the career

development programme to all corporate staff. In future we shall also be examining how the programme can be extended to include all employees falling under the collective labour agreements as well. This means devoting care and attention to staff at lower levels in the organisation.

To facilitate this, a software package was developed in-house to manage the career development programme within Ballast Nedam.

The databases have already been filled with the relevant details of all eligible staff, and these details, including individual career aspirations, are available online. In addition to this career development programme, the internal vacancy bank continues to be available to everyone on the company intranet, along with access to the career centre.

Ballast Nedam is committed to increasing the management skills of its staff. This involves on-the-job training and specific training courses provided internally by Ballast Nedam, such as 'Leidraad' (= Guideline) for supervisors/section leaders, Initial Management Programme and The Bullet-Proof Manager.

The existing range of training courses for developing management skills was expanded in 2001. For senior management, for instance, the Advanced Management Programme, an internal Ballast Nedam programme, was launched. This programme concentrates mainly on entrepreneurship, strategy and leadership. An internal training course was also developed to enhance coaching leadership skills.

The company's excellent package of practical training courses and general conditions of employment ensures that Ballast Nedam continues to be the most attractive employer in the Dutch construction industry, especially for new university and college engineering graduates.

Absenteeism

A new approach for combating absenteeism was tried in 2001. Immediate supervisors play a key role in these efforts. Anyone reporting sick has to do so to his or her supervisor, and it is up to the supervisor to keep in contact with the absent member of staff for as long as that person is on sick leave. The absentee rate in 2001 was 5.9% (2000: 6.0%), compared with an average for the industry of 8.2% (2000: 8.1%).

Supervisors, HRM and the Health and Safety authority will meet regularly to discuss overall absenteeism and individual cases of absence, including frequent short periods of absence as well as long-term sick leave.

This policy is designed to get people back to work quickly. In the first quarter of 2002, all supervisory staff will be attending a short course on absenteeism, in which the role of the supervisor will be closely examined.

Sick leave protocols within the company have been amended accordingly. The Central Works Council has lent its support to the new approach.

UTA-CAO conditions of employment pilot scheme

Ballast Nedam has decided to take part in the pilot scheme 'introducing flexibility into conditions of employment', an experiment under the terms of the recent collective labour agreement (UTA-CAO). For the next few years, Ballast Nedam will accordingly be experimenting with different hours of business at the group's various head offices, divisions and operating companies. It will also be made possible to exchange up to ten days of special paid leave as well as paid leave over and above the statutory minimum holiday entitlement for such things as a better pension/early retirement benefit, various insurance plans and the costs of crèche facilities.

Covenants

Last year Ballast Nedam signed a framework covenant with the Ministers of Social Affairs and Large Cities and Integration Policy concerning multicultural HRM policy and the recruitment and promotion of ethnic minorities by large companies.

The Ballast Nedam, the International Federation of Building and Wood Workers (IFBWW) and FNV Bouw, the construction industry union, entered into an international covenant for a

period of two years concerning the rights of employees of the company and its subcontractors, based on the International Labour Organisation (ILO) conventions.

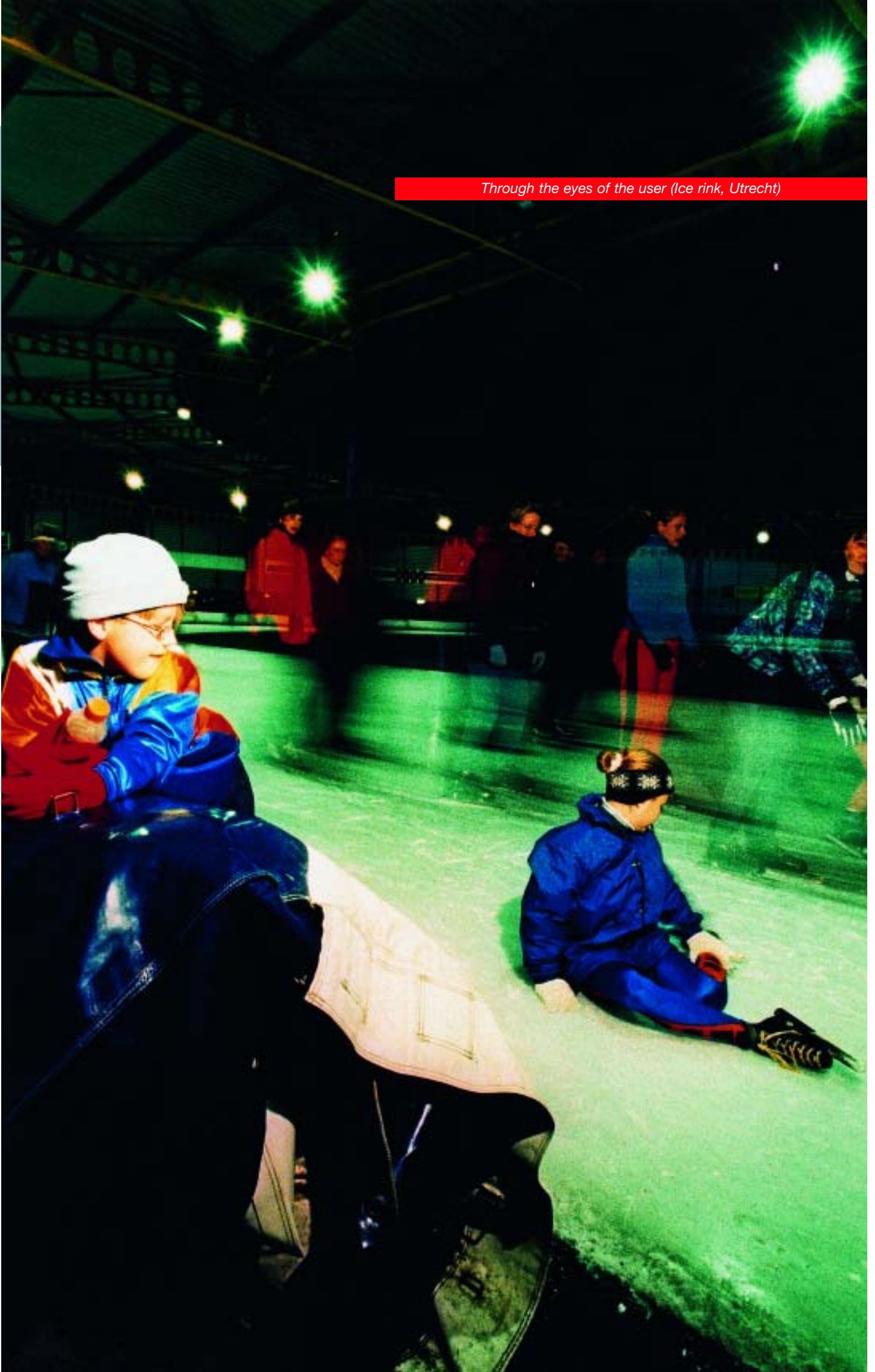
Worker participation

The Central Works Council met jointly with the management on ten occasions during the reporting period. Six of these meetings were scheduled meetings and four of them concerned extra consultative meetings in connection with important requests for the Council's recommendations. A total of four members of the Supervisory Board attended the consultative meetings.

Important topics discussed included the corporate plan, the financial state of affairs, social policy, the relocation of the head offices from Amstelveen to Nieuwegein including all the associated arrangements agreed with respect to the workforce, the requests for the Council's recommendations regarding the merger between Ballast Nedam Baggeren and Hollandsche Aanneming Maatschappij and the rationalisation of the international activities.



Through the eyes of the user (Ice rink, Utrecht)



Risk management

At all stages in the construction process, problems arise which can adversely affect completion. This concerns not only technical setbacks and exceptional weather conditions affecting the actual construction but also risks of a legal nature or concerned with economics and taxation. Political questions can also involve risks which it is not always possible to anticipate. Early identification and management of uncertainties and strict adherence to the stipulated authorisation and reporting procedures are accordingly of the utmost importance.

Experience has shown that the risks which have the most serious financial impact occur at the contracting stage. Ballast Nedam companies are therefore careful to chart all possible risks at the preliminary stage of construction projects. In the case of international projects, extra investigations are made into local construction methods, statutory and other rules and regulations, legal and taxation requirements, non-standard guarantee conditions and all the various forms of insurance cover applicable to construction projects including cover for client credit risks.

Owing to the wide range of possible risks, potentially risky projects are submitted for consideration by the central contract committee, and all projects where the production value is likely to be in excess of 20 million are scrutinised by the committee in any event. The central contract committee is made up of the members of the Board of Management together with a number of senior corporate staff.

Construction does not start on company-developed projects until there is certainty about sale or letting. In the case of housing projects, advance sales generally have to reach 65%, with a figure of 100% being applied in the case of commercial property.

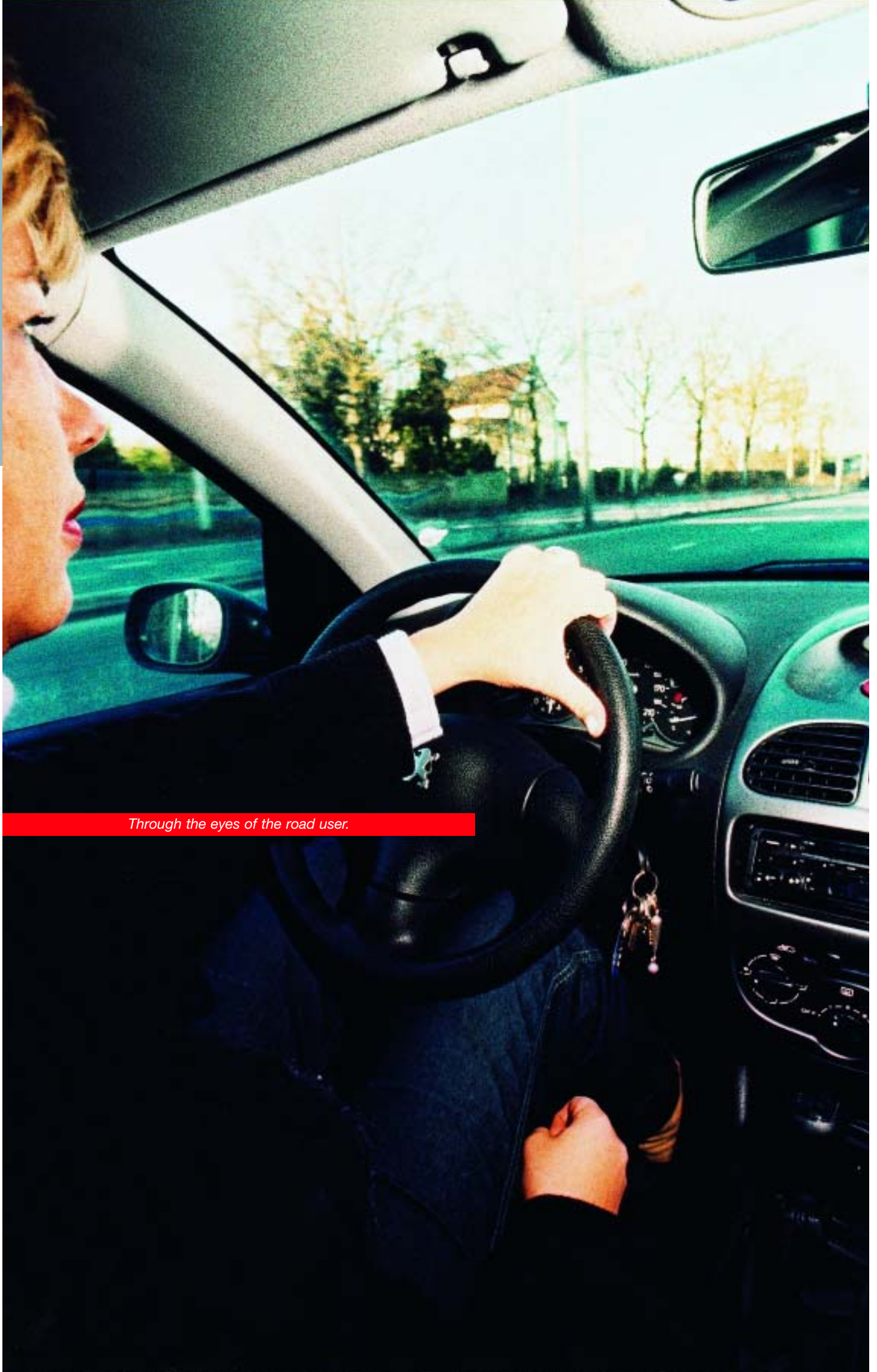
During the construction stage, the risks are generally technical in nature. Ballast Nedam policy focuses on process control, quality assurance and systematic analysis of rectification costs. In the Special Projects Department of Ballast Nedam Bouw (general building), for instance, the integrated 3D project management system has been implemented, under which risk management techniques are applied at all stages of the construction process.

There is a trend among clients in favour of DBMF (design-build-maintain-finance) contracts, with operation in some cases being delegated to the contractor as well. With this kind of contract, the risks for the construction company are not only greatly amplified but the period of exposure to those risks becomes longer in that the economic life of the project is also a significant factor.

The risks are not merely connected with technical, geological or economic matters. Local conditions such as the availability of building materials and site operatives and the attitude of the local population can all adversely affect the progress of the work, too. In addition, the weather, general climatic conditions

and seasonal variations can in some cases have a major impact on progress and therefore on the final result. This is particularly true of maritime projects and dredging works.

New forms of contract like design-and-construct and PPP arrangements, particularly in the Netherlands, necessitate more comprehensive risk analyses and have to be included in the tender documentation. The in-house engineering consultancy Ballast Nedam Engineering has a dedicated unit which is permanently engaged in risk analysis throughout a project, from tendering to completion. The number of staff employed in this unit, which is involved in almost all major tenders submitted by Ballast Nedam companies, has recently been increased significantly in view of the major infrastructure schemes being undertaken in the Netherlands. On the HSL contracts in which Ballast Nedam is involved, risk management support is provided on an almost continuous basis.



Through the eyes of the road user.

Information and communication technology (ICT)

Several years ago Ballast Nedam opted for a twin-track approach to ICT. This involved consolidating the ICT infrastructure along standardised lines as far as possible while ensuring that the process-supporting information systems met the individual requirements of the various Ballast Nedam business units.

To this end, the management of what had previously been a highly fragmented ICT infrastructure was made the responsibility of a separate entity, Ballast Nedam ICT (BNICT), in the course of 2001. The resultant scale of the operation combined with the important catalytic effect of the new head office, BNICT is now in a position to provide a professional, cost-effective and advanced ICT infrastructure serving all electronic workstations, whether in the office, on site or at home.

Part of the new system is the Voice Over IP network in Nieuwegein, in which voice and data functions are integrated in a single network. Ballast Nedam is the first company in the Netherlands to have successfully implemented this technology on such a large scale. Over the next few years, communication with and on our construction sites (including wireless systems) will play an increasingly important role thus bringing construction site computerisation to its maturity.

As regards the information systems which support our production processes, Ballast Nedam is currently considering what the future strategy should be. Rapid developments are taking place in this field which oblige the company not only to consider the internal processes but, particularly, also the interfaces between the internal systems and the wider world of electronic communications.

The development of e-business and project data management (PDM) systems arising out of the commercial use of the Internet have made it possible for various players in the construction industry to initiate developments extending upstream and downstream in the value chain.

One possibility as regards e-business, for example, concerns systems under which joint procurement of building materials takes place via an international network on the Internet. Collaborative project data management can be used to control the flow of all relevant information exchanged between one party and another during the construction process – from initiative right through to demolition. Process innovation, system innovation and standardisation throughout the chain play an important part in these developments. The time would appear to be ripe for developing joint construction industry initiatives in the fields of e-business and PDM. Ballast Nedam, supported by the major German construction group Hochtief, is playing a pioneering role in this process.

A project was defined in 2001 in connection with the development of technology by Ballast Nedam with the object of recording all project information in a structured and unambiguous manner in a central project file. The close cooperation of all the partners in a project (developer, builder, architect, designer,

supplier and consulting engineer) will play a crucial part in this. A PDM system accessible via the Internet has been implemented to meet the above objectives. The flows of information between the various players will be supported by the workflow engine incorporated in the PDM system.

These developments will enable Ballast Nedam to provide optimum support for its production processes using a modern infrastructure and an efficient internal and external information system.

Quality, health and safety and environmental protection

It is Ballast Nedam policy to deliver products and services satisfying contractual requirements and to execute the work using effective, efficient working methods and, of course, having due regard to the rules and regulations imposed by society. One of the things this means is an integrated approach to the problems associated with quality assurance, health and safe at work and environmental protection.

Responsible conduct of the business, including compliance with all the public requirements and standards at home and abroad, necessitates the permanent monitoring and systematic improvement of the in-house organisation.

Quality, health & safety and environmental management systems form an integral part of overall operations at Ballast Nedam and are built into the system. This system is used throughout the organisation. To monitor compliance, the management makes use of a number of standardised tools such as recording of complaints, defects and anomalies, identification and analysis of unsafe situations, reporting of incidents, accidents and near misses in the workplace, reporting and analysis of sick leave, internal and external audits, workplace inspections at construction sites and on board our ships and project evaluations.

Maintenance of the quality, health & safety and environmental management systems is the responsibility of specially appointed coordinators in the operating companies. The role of these coordinators is to support and encourage the proper keeping of records, partly by conducting internal audits. To preserve objectivity, the various coordinators are regularly interchanged. The system is also monitored by arranging regular external audits. Improvement programmes are drawn up on the basis of the findings of both internal and external audits.

Quality assurance

To provide a measure of the quality of work, Ballast Nedam policy is one of process control, quality assurance and systematic analysis of rectification costs. The basis for quality assurance is the maintenance of a system of external certification. All the companies have certified NEN ISO 9001 quality systems (and some also have NEN ISO 9002 certification). Quality assurance is also of primary importance in the international construction activities. Ballast Nedam International is certified by Lloyd's Register Quality Assurance.

Health and safety at work

Preventing physical injury and harm to the health of our employees is one of Ballast Nedam's most important aims in the context of health & safety policy. The health and general welfare of our employees is therefore paramount in all our operations. The policy is formulated and implemented in close consultation with the employees' representatives. The Contractors' Safety Checklist (Dutch Acronym VCA) is used and most of the Ballast Nedam companies are certified according to this standard or its equivalent.

The health and safety of the workforce is promoted by the provision of clear working instructions, the right tools, plant which is safe to operate and personal protective equipment. Awareness of safe working practices is encouraged through consultation, instructions, publications and VCA courses. Safety instructions are given and the necessary protective equipment is issued on all projects, whenever the work is discussed, for each team and for each job.

Regular inspections are held alternately by our own people and external safety experts to keep the safety policy up to date.

Supervisors, specialists and subcontractors, too, bear responsibility for ensuring safety at work. At the start of each project and whenever a new employee joins the team, the need to report unsafe situations is always stressed. Information is also provided on any rules and requirements imposed by the client. Detailed records are kept of any accidents which occur despite these measures.

The accident statistics are compiled using the VCA method and are systematically compared with the appropriate standards.

The aim is to achieve a steady improvement in the incident frequency relative to the industry average.

The downward trend in the number of accidents is being maintained. Despite this improvement, several serious accidents unfortunately occurred in 2001.

Safety Award for Ballast Nedam Utiliteitsbouw

Ballast Nedam Utiliteitsbouw's Special Projects Department won the Jaap Endtz Safety Award in 2001.

This award is given once every two years to a construction company which has exhibited exceptional merit in the field of safety at work. The panel of judges appointed by Bouwned – the federation of VGBouw and NVOB – was particularly impressed by the special attention which the management devoted to safety, ongoing accident analysis and identification of accident trends.

Environmental protection

Environmental protection is important in all sectors of industry, but the construction industry is especially concerned with the most important elements of the environment, viz. soil, air and water. Ballast Nedam's environmental policy is aimed particularly at preventing environmental pollution, by taking appropriate precautions. This includes limiting the damaging effect on the environment due to the company's activities, using ecologically sound construction methods including the use of sustainable materials, saving energy and water, ensuring a proper indoor environment and minimising, segregating and recycling waste.

All employees are expected to be aware of their own responsibilities with regard to the environment and to comply with the appropriate operating instructions. Monitoring of compliance is a line management responsibility, supported by the special coordinators, but the employees themselves watch that the regulations are being observed.

Sustainable building is an important area of attention for Ballast Nedam Engineering, with the focus on three aspects in particular:

- sustainable development of rural and urban areas
- intensive urban development
- development of sustainable business parks.

Even in our overseas operations, where statutory and other environmental rules and regulations may be less stringent than in the Netherlands, we continue to be more conscientious in our environmental policy than is the local norm.



Extra attention to safety was rewarded with the Jaap Endtz Safety Award

Innovation

Ballast Nedam is particularly renowned for its spectacular, innovative approaches on major, high-profile projects, such as the use of the floating crane Svanen, whose services were invaluable on three bridge-building megaprojects, the Great Belt Bridge in Denmark, the Prince Edward Island Bridge in Canada and the Oresund Bridge linking Sweden and Denmark.

It is not just on large, well-known projects, however, that novel leading-edge ideas are found. Technological innovation is the hallmark of Ballast Nedam on all kinds of projects, large and small.

Projects in 2001 included:

- Supporting structures and curtain wall systems for high-rise buildings
- Design and construction of jetties
- Product Data Management (a system for maintaining uniform project files and the structured management of documentation)
- The Concrete Technology Knowledge Platform
- AutoCAD drawing development platform
- Three-dimensional design systems
- Redevelopment of residential districts involving multiple use of the available land
- Redevelopment of industrial sites involving multiple use of the land
- Safety conflicts arising out of intensive land use
- Temperature gradients in road surfacing materials
- Impermeable concrete products.



Concrete Prize 2001

On 15 November, Ballast Nedam was awarded the Concrete Prize 2001 for the steel and concrete bridge across the Zuid-Willemsvaart Canal near Veghel. The report by the panel of judges refers in glowing terms to the 'exceptional marriage of steel and concrete'.

The bridge is not particularly large, but it is extremely complex. Slightly rising and on a bend in the A50 motorway, it crosses the Zuid-Willemsvaart Canal at an angle. The piers are also aligned at an angle to the bridge and, at the midpoint, the bridge widens to accommodate an exit ramp. The most exceptional feature (from the technical angle) is hidden from view. The heart of the bridge comprises steel box girders, which carry a concrete deck. All the girders have different heights, so that the amount by which they bend under load is also different.

By linking the underside of the girders with specially developed plates of aesthetic appearance the bridge appears to be a single closed structure when seen from below.

The resultant depth of the structure is also very slim.

The effect is a particularly elegant design, comparable to the Charles De Gaulle Bridge in Paris.

Steel and concrete structures are quite common around the world. Apart from the attractiveness of the designs, there are also savings of around 15% to be achieved. Lack of familiarity with steel and concrete structures in the Netherlands means that this combination of materials is not used to full advantage in the country.

The bridge near Veghel can be seen as an extremely instructive pilot project for more reasons than one. Not only is there the technical expertise which has been gained relating to this unique combination of concrete and steel but, perhaps more importantly, there is the groundbreaking public private partnership between Ballast Nedam and client (Rijkswaterstaat – the Government Department of Public Works). For Ballast Nedam, this bridge is a good example of the 'new-style' Ballast Nedam. The company took a project right at the earliest stage, designed it and brought to fruition.

Prospects

The markets in 2002

Following tentative signs of a downturn at the end of 2000, 2001 nevertheless unexpectedly brought to an end a period of economic boom enjoyed by the whole of the western world, with the exception of Japan. World economic growth in 2001 fell back from an average of 4.6% to something less than 2%. It is generally assumed that 2001 was a year of transition and that the world economy will pick up again in the course of 2002. The existing overcapacity may, however, continue to hold back economic growth for some considerable time.

The construction industry generally responds to changes in the economy with a time lag, owing to the long lead times of capital expenditure decisions. In boom periods, the growth strategies of potential clients often mean need for new buildings. However, actual construction frequently does not get under way until the business cycle has peaked and companies have to draw in their horns again. The effects of economic recession and recovery are therefore not generally seen in the construction sector until sometime later.

As far as the Dutch construction market is concerned, the long-term contracts for major infrastructure works of a civil engineering nature will continue to ensure some growth in 2002. In the other sectors of the industry, however, a certain decline in output will become noticeable.

The other markets of Europe, too, along with many other overseas construction markets will face a slowdown. The various dredging markets, which generally concern long-term public sector contracts, will not be affected by an economic downturn.

It is, however, possible for volume of the order book to shrink temporally in the more distant future, owing to the fact that acquisition of new contracts will take longer.

Prospects for Ballast Nedam

The Board of Management has every confidence in the core competencies of the company and in the commitment of its workforce. The results, however, continue to be unsatisfactory. The operation to bring about a structural improvement, begun in 2000, will therefore be pursued with vigour. This will mean changes in the portfolio mix (disposal and acquisition of business units) and reorganisations. Intensive efforts are also being made to improve our commercial strengths, contract management, the control of production processes and cost control.

Other important issues for 2002 are:

- Work on the HSL projects is in full swing in 2002. However, capacity restrictions due to labour shortages mean that the aggregate turnover of Ballast Nedam Infra is likely to be on a par with 2001. Progress on the projects will, however, be reflected in the result. The order book is well filled.
- The prospects for the house building and general building markets are less encouraging. The slowdown of the Dutch economy is bound to have an impact on these markets. Ballast Nedam Building and Development will be attempting to address the squeeze on margins by introducing cost-saving measures.
- With regard to the structurally loss-making activities of Ballast plc in the United Kingdom, the necessary action has already been taken. When the activities in the loss-making regions have been run down, it is expected that the new management will be able to concentrate on improving profitability in the other regions.
- As regards the international construction operations, it has been decided to adjust the scale of the activities and to downsize the Ballast Nedam International organisation. When a healthy base has been established, the aim will be to market only specialist know-how and expertise in selected fields.
- Ballast Nedam Industry and Supply will be further strengthened by means of acquisitions. Efficiency improvements will also produce further gains in profitability.
- In view of the composition of the fleet and the size and quality of the combined order book, the merger of the dredging activities in the new company Ballast Ham Dredging can be expected to have a favourable effect on turnover and results.

To summarise, turnover in 2002 is expected to be a repeat of 2001.

At this stage, we are unable to make any quantified profit projections for the current year, owing to the uncertainties surrounding economic developments and the effects of the reorganisation of the international activities which has been embarked upon.

Nieuwegein, 7 March 2002

Board of Management

R.H.P.W. Kottman
G.N.G. Wirken



Annual Accounts

Consolidated profit and loss account

<i>x € 1 000 000</i>	2001	2000
Turnover	2 326	2 098
Other operating income	-	10
	2 326	2 108
Operating costs excluding depreciation	(2 305)	(2 020)
Income from participating interests	2	3
EBITDA	23	91
Depreciation	(44)	(43)
EBITA	(21)	48
Amortisation goodwill	(2)	-
EBIT	(23)	48
Interest income/charges	(9)	(14)
Result before taxation	(32)	34
Taxation	(18)	(12)
Net result	(50)	22
Net result per share (€)	(5.01)	2.24
Diluted net result per share (€)	(4.36)	1.99

Consolidated balance sheet

before profit appropriation

<i>x € 1 000 000</i>	31 December 2001	<i>31 December 2000</i>	
Fixed assets			
Intangible fixed assets	63	-	
Tangible fixed assets	321	308	
Financial fixed assets	43	46	
	427		354
Current assets			
Work in progress	(110)	(64)	
Stocks	33	38	
Receivables	505	589	
Cash	114	80	
	542	643	
Current liabilities			
Bank loans	(4)	(62)	
Trade creditors	(345)	(257)	
Taxation	(15)	(18)	
Other liabilities	(225)	(210)	
	(589)	(547)	
Working capital	(47)		96
	380		450
Long-term liabilities			
Long-term loans	39	66	
Provisions	65	41	
	104		107
Guaranteed capital			
Convertible bond	54	54	
Equalisation account		13	
Minority interests	7	-	
Shareholders' equity	215	276	
	276		343
	380		450

Primary segmental information 2000

<i>x € 1 000 000</i>	<i>Infrastructure Netherlands</i>	<i>Building and Development</i>	<i>Industry and Supply</i>	<i>Construction International</i>	<i>United Kingdom</i>	<i>Dredging</i>	<i>Other</i>	Total
Turnover	367	514	168	270	629	147	3	2 098
Other operating income	-	-	-	-	-	-	10	10
	367	514	168	270	629	147	13	2 108
Operating costs excluding depreciation	(354)	(492)	(146)	(261)	(626)	(114)	(27)	(2 020)
Income from participating interests	1	-	-	-	-	-	2	3
EBITDA	14	22	22	9	3	33	(12)	91
Depreciation	(7)	(2)	(8)	(5)	(2)	(18)	(1)	(43)
EBITA	7	20	14	4	1	15	(13)	48
Amortisation goodwill	-	-	-	-	-	-	-	-
EBIT	7	20	14	4	1	15	(13)	48
Margin	1.8%	3.9%	8.5%	1.3%	0.2%	9.9%		2.3%
Order book	684	432	64	604	465	411	-	2 660
Capital employed	27	(34)	93	148	2	134	8	378
Assets	142	246	106	75	75	241	112	997
Investments fixed assets								
intangible	-	-	-	-	-	-	3	3
tangible	7	3	14	9	2	66	7	108
financial	-	1	-	-	-	-	11	12
Non-consolidated companies	6	8	2	0	4	2	25	47
Liabilities	86	183	54	31	93	112	108	667
Average number of employees								
permanently employed	81	92	66	1 238	15	131	8	1 631
employed on contract basis	1 302	1 556	881	243	1 404	418	172	5 976
	1 383	1 648	947	1 481	1 419	549	180	7 607

Primary segmental information 2001

<i>x € 1 000 000</i>	<i>Infrastructure Netherlands</i>	<i>Building and Development</i>	<i>Industry and Supply</i>	<i>Construction International</i>	<i>United Kingdom</i>	<i>Dredging</i>	<i>Other</i>	Total
Turnover	474	540	202	320	582	206	2	2 326
Other operating income	-	-	-	-	-	-	-	-
	474	540	202	320	582	206	2	2 326
Operating costs excluding depreciation	(456)	(522)	(180)	(350)	(612)	(167)	(18)	(2 305)
Income from participating interests	1	-	-	-	-	1	-	2
EBITDA	19	18	22	(30)	(30)	40	(16)	23
Depreciation	(7)	(3)	(8)	(5)	(2)	(19)	-	(44)
EBITA	12	15	14	(35)	(32)	21	(16)	(21)
Amortisation goodwill	-	(1)	-	-	-	(1)	-	(2)
EBIT	12	14	14	(35)	(32)	20	(16)	(23)
Margin	2.5%	2.7%	6.7%	-10.9%	-5.5%	9.6%		-1.0%
Order book	619	447	62	494	544	323	-	2 489
Capital employed	(31)	(40)	106	69	(46)	127	20	205
Assets	188	194	116	59	85	251	76	969
Investments fixed assets								
intangible	-	6	22	-	-	38	-	66
tangible	13	5	8	15	8	224	3	276
financial	1	-	-	-	-	5	(3)	3
Non-consolidated companies	7	3	2	-	4	6	21	43
Liabilities	158	128	49	59	116	108	64	682
Average number of employees								
permanently employed	131	67	84	579	12	371	14	1 258
employed on contract basis	1 338	1 582	964	230	1 343	342	207	6 006
	1 469	1 649	1 048	809	1 355	713	221	7 264

Consolidated cash flow statement

<i>x € 1 000 000</i>	<i>2001</i>	<i>2000</i>
Operations		
Net result	(50)	22
Depreciation	44	43
Amortisation goodwill	2	-
Movements in work in progress	46	61
Movements in provisions	11	11
Movements in other working capital	189	(27)
Net cash flow from operating activities	242	110
Net investments		
Intangible fixed assets		
investments	(66)	(3)
divestments	1	-
Tangible fixed assets		
investments	(276)	(108)
divestments	219	14
Financial fixed assets		
investments	(3)	(12)
divestments	6	-
Net cash flow relating to investments	(119)	(109)
Finance		
Movements long-term loans	(27)	36
Movements minority interests	7	-
Dividend paid	(11)	(11)
Translation differences	-	1
Net cash flow relating to finance activities	(31)	26
Total net cash flow	92	27
Operating cash balance as at 1 January	18	(9)
Closing cash balance as at 31 December	110	18

Activities

The activities of Ballast Nedam consist of supplying an extensive package of construction-related products and services in the Netherlands and other countries.

Change in accounting policies

Commencing in 2001, various changes were made in the reporting and presentation to enhance the transparency of the annual accounts in response to the new Guidelines for Annual Reporting in the Netherlands. These changes provide a more accurate view of the financial position and the company's results.

Changes in presentation

The profit and loss account, and also the primary segmentation of income, now includes the items EBITDA, EBITA and EBIT. This presentation is in line with developments in the construction industry and reflects the internal management information. The reconciliation with one of the standard formats prescribed by law has been included in the notes.

Introduction of the percentage of completion method

Profit is now recognised according to the percentage of completion of projects.

In the case of projects lasting less than one year, profit is in fact recognised on completion for practical reasons, unless this method of profit recognition would have a material effect on the financial position and results. Previously, profit was recognised on completion in the case of projects lasting less than one year regardless of any effect on the financial position and results. This change in accounting policies has no material effect on the financial position and results.

Capitalisation of goodwill

Goodwill paid on the acquisition of participating interests has been capitalised with effect from 2001 and is amortised over the expected economic life of the assets concerned. Previously, goodwill was charged directly to shareholders' equity. The comparative figures for preceding years have not been restated.

Consolidation principles

Participating interests in group companies – companies in which Ballast Nedam is able to exercise a decisive influence on policy – are fully consolidated.

Participating interests in joint ventures where the company does not have a controlling interest but policy can be influenced by the company to the same degree as by each of the other partners, including construction consortiums and Ballast Ham Dredging, are proportionally consolidated. The accounting policies of Ballast Nedam are applied as far as possible.

The liabilities of construction consortiums borne by the company by virtue of joint and several liability are only recognised if and to the extent that the financial position of the construction consortium and/or one or more of the partners in it gives rise to such action.

Use is made of the exemption provided by Section 402, Part 9, Book 2, of the Netherlands Civil Code. A list of participating interests has been deposited at the office of the Commercial Register in Utrecht, where it is open to inspection.

Accounting policies

Valuation

The historical cost convention is applied.

Intangible fixed assets

Goodwill is stated at cost less accumulated amortisation. Amortisation is generally calculated on a straight-line basis according to the expected economic life of the asset concerned, with a maximum period of 20 years.

Concessions are stated at cost less accumulated amortisation. Amortisation is generally calculated on the basis of extraction progress and according to the expected economic life of the asset concerned.

If the fair value of the intangible fixed assets, as shown by the periodical review, is lower than the book value, the difference is charged to the profit and loss account.

Tangible fixed assets

Tangible fixed assets are stated at cost of acquisition or manufactured cost less accumulated depreciation. Depreciation is generally calculated on a straight-line basis according to the expected economic life of the assets concerned. In the event of a permanent diminution in value, as shown by the periodical review, the carrying amount of the tangible fixed asset concerned is written down to the fair value.

Financial fixed assets

Non-consolidated participating interests are included on an equity basis as shown by the latest published balance sheets. In determining the net asset value and the results, the Ballast Nedam accounting policies are applied as far as possible. Other interests are stated at cost. In the event of a permanent diminution in value, as shown by the periodical review, the carrying amount of the financial fixed asset concerned is written down to the fair value.

Results of participating interests are recognised in the annual accounts from the effective date of acquisition and up to the date of disposal. Amounts receivable from participating interests are stated at face value less any necessary provisions.

Special-purpose companies established for specific development, construction and operation projects are accounted for as non-consolidated participating interests in line with the trend in the construction industry, provided that Ballast Nedam does not have a controlling interest and is not exposed to a significant economic risk, partly owing to the usual non-recourse financing involved.

Stocks

Stocks of finished goods are stated at cost, excluding interest charges. Stocks of raw materials are stated at cost. Expected losses are recognised immediately in the form of provisions.

Work in progress

Work in progress is stated at cost plus a percentage of the profit according to the progress on the project and less invoiced instalments. The cost does not include interest charges. For practical reasons, unless it would have a material effect on the financial position and results, profit is in fact recognised on completion in the case of projects lasting less than one year. Expected losses are calculated up to the end of the project and are charged directly to the result in the form of provisions.

Provisions

Provisions are formed for liabilities and losses existing at the balance sheet date. Provisions are stated at face value, with the exception of the provision for early retirement pensions, which is carried at net present value.

Other assets and liabilities

Other assets are stated at face value less any necessary provisions. Other liabilities are stated at face value.

Turnover

Turnover represents production during the year stated at net realisable value. For the companies engaged in supply activities, turnover is the total of the invoiced supplies.

Foreign currency translation

Assets and liabilities of participating interests denominated in foreign currencies are translated at the rates of exchange prevailing at the balance sheet date, with profit and loss account items being translated at the average rates for the year. Exchange differences on the capital invested in these participating interests and the differences between results translated at average exchange rates for the year and at year-end exchange rates are accounted for in shareholders' equity.

Foreign currency receivables and payables are translated at the prevailing rates at the balance sheet date or at the applicable forward rates if forward contracts have been entered into.

Other exchange differences are taken to the profit and loss account.

Notes to the profit and loss account

<i>x € 1 000 000</i>	2001	2000
Turnover		
Secondary segmentation		
The Netherlands	1 267	1 083
United Kingdom	597	632
Other European countries	60	54
Middle East	76	125
Southeast Asia	201	90
Other parts of the world	125	114
	2 326	2 098
Operating costs turnover excluding depreciation		
Raw materials, consumables and other costs	1 991	1 723
Wages and salaries	258	230
Social security costs	40	44
Pension costs	16	23
	2 305	2 020
Depreciation		
Land and buildings	3	4
Dredging equipment	16	15
Other plant and equipment	19	18
Other fixed assets employed in the production process	6	6
	44	43
Concessions	-	-
	44	43
Interest income / charges		
Interest income	6	4
Interest charges	(15)	(18)
	(9)	(14)

Taxation

The taxation charge amounts to € 18 million (2000: € 12 million), of which € 12 million relates to the Netherlands. The effective tax burden was the same as the applicable rate of taxation. Since 2000, Ballast Nedam has not had tax losses to carry forward in the Netherlands.

Notes to the balance sheet

x € 1 000 000

Intangible fixed assets

	<i>Goodwil</i>	<i>Concessions</i>	Total
<i>1 January 2001</i>	-	-	-
Investments	52	-	52
Amortisation / depreciation	(2)	-	(2)
Acquisitions	-	14	14
Divestments	-	(1)	(1)
Movements	50	13	63
Historical costs	52	13	65
Accumulated depreciation	(2)	-	(2)
31 December 2001	50	13	63

The remaining weighted average amortisation period of the goodwill as at year-end was 10 years.

All of the investments relate to the Netherlands.

Out of the investments in goodwill totalling € 52 million, € 37 million relates to the contribution of Ballast Nedam Baggeren B.V. to Ballast Ham Dredging B.V. as consideration for shares issued on 14 November 2001. The figure relates to the difference between the book value of Ballast Nedam Baggeren B.V. and 33 1/3% of the net asset value of Ballast Ham Dredging B.V., plus the associated transaction costs.

The remaining € 15 million relates to goodwill paid on the acquisitions of Zomer's Bouwbedrijf B.V. (100%, 22 June 2001), Laudy Bouwgroep B.V. (100%, 5 November 2001), Bouwbedrijf van Asperdt B.V. (50%, 27 November 2001), Spankern Materieel B.V. (50%, 18 June 2001) and Beheermaatschappij Fr. Bontrup B.V. (30%, 21 December 2001) included in an aggregate purchase price of € 26 million.

x € 1 000 000

Tangible fixed assets

	<i>Land and buildings</i>	<i>Dredging equipment</i>	<i>Other plant and equipment</i>	<i>Other fixed assets employed in the production process</i>	Total
Historical costs	97	284	201	65	647
Accumulated depreciation	(30)	(136)	(124)	(49)	(339)
1 January 2001	67	148	77	16	308
Investments	13	68	28	7	116
Acquisitions	-	151	7	2	160
Divestments	(16)	(194)	(7)	(2)	(219)
Depreciation	(3)	(16)	(19)	(6)	(44)
Movements	(6)	9	9	1	13
Historical costs	90	307	217	65	679
Accumulated depreciation	(29)	(150)	(131)	(48)	(358)
31 December 2001	61	157	86	17	321
Depreciation period in years	10-30	10-20	5-15	2-10	

x € 1 000 000

Investments

Secondary segmentation	2001	2000
The Netherlands	92	93
United Kingdom	7	2
Other European countries	3	2
Middle East	-	-
Southeast Asia	10	5
Other parts of the world	4	3
	116	105

The tangible fixed assets carried by Ballast Nedam Baggeren B.V. were transferred with the business on 14 November (€ 189 million). A one-third share of the tangible fixed assets of Ballast Ham Dredging B.V. was then recognised with effect from that date (€ 145 million).

x € 1 000 000

Financial fixed assets

	<i>Participating interests</i>	<i>Amounts owed by participating interests</i>	Total
1 January 2001	37	9	46
Results	2	-	2
Investments	2	1	3
Divestments	(3)	(3)	(6)
Dividends received	(1)	-	(1)
Other movements	(2)	1	(1)
31 December 2001	35	8	43

The participating interests include the interest in Stichting Werknemersparticipatie Ballast Nedam (the employee shares trust), amounting to 102,311 depository receipts (year-end 2000: 89,365). The BDRs are carried at the year-end quoted price.

x € 1 000 000

Special Purpose Companies

	2001	2000
Capitalised costs	30	30
Cash	3	1
Non-recourse financing	(30)	(28)
	3	3

The financial fixed assets include the special-purpose companies Sussex Custodial Services Ltd. (15%), Falkirk Schools Partnership Ltd. (20%) and Grannag Ltd. (20%).

<i>x € 1 000 000</i>	2001	2000
Work in progress		
Project costs	2 083	1 883
Invoiced instalments	(2 193)	(1 947)
	(110)	(64)
Own development	27	29
Third parties	(137)	(93)
	(110)	(64)
Overvalues	(311)	(167)
Undervalues	201	103
	(110)	(64)
Received instalments	1 920	1 574
Outstanding instalments	234	341
Retentions	39	32
Invoiced instalments	2 193	1 947
Stocks		
Finished goods	18	22
Raw materials	15	16
	33	38
Receivables		
Invoiced instalments	273	373
Trade debtors	166	168
Other debtors	46	32
Prepaid expenses	20	16
	505	589
Net cash		
Cash	114	80
Bank loans	(4)	(62)
	110	18
Unrestricted cash balances	19	(11)
Ballast Ham Dredging	15	-
Proportional consolidated	76	29
	110	18

<i>x € 1 000 000</i>		2001	2000
Other liabilities			
VAT, payroll tax and social security and pension contributions		37	26
Charges relating to work in progress		19	45
Current part of long-term loan		4	4
Other liabilities		165	135
		225	210

Long-term loans

An amount of € 33 million of this item relates to the financing of the suction hopper dredgers Amsterdam and Rotterdam. The interest rate on the loans concerned is based on AIBOR (EURIBOR) plus a spread. The interest rate risks associated with the Amsterdam and the Rotterdam have been hedged up to the end of June 2005 and the end of August 2006, respectively. Repayment of these loans is scheduled to take place in not more than 12 annual instalments.

<i>x € 1 000 000</i>					
Provisions					
	<i>Maintenance</i>	<i>Reorganisation</i>	<i>Deferred taxation</i>	<i>Other provisions</i>	Total
<i>1 January 2001</i>	20	4	4	13	41
Addition	27	18	9	6	60
Withdrawal	(30)	(3)	(1)	(2)	(36)
31 December 2001	17	19	12	17	65
<i>short-term (< 1 year)</i>	-	9	1	3	13

The provisions carried by Ballast Nedam Baggeren B.V. were transferred with the business on 14 November (withdrawal). A one-third share of the provisions of Ballast Ham Dredging B.V. was then recognised with effect from that date (addition).

The deferred taxation provisions essentially relate to future tax liabilities resulting from temporary differences between net asset value for reporting purposes and for tax purposes.

The other provisions concern guarantee commitments on completed projects, transitional early retirement pension and the equalisation account.

The provision for early retirement pensions has been formed in respect of staff earning more than the maximum for the industry under the standard early retirement scheme, and has been calculated on an actuarial basis. An amount of € 0.7 million of the provision for early retirement pensions relates to former members of the Board of Management (year-end 2000: € 2.1 million).

The equalisation account concerns financing gains received in advance on cross-border lease transactions relating to dredging equipment. The equalisation account will be released to the profit and loss account over not more than 12 years, started as from 1997. In 2000, the equalisation account was fully consolidated and was included in the capital base.

Convertible bond loan

A subordinated convertible bond loan of NLG 120 million (€ 54 million) was issued in October 1997 at a price of 100% and with a coupon of 5%. The bonds are convertible into fully exchangeable bearer depositary receipts issued by the trust office Stichting Administratiekantoor van Aandelen Ballast Nedam at a conversion price of NLG 127.00 (€ 57.63) per BDR.

The bonds are redeemable on **9 October 2002**, but may be redeemed prematurely in their entirety under certain conditions if Ballast Nedam so desires on repayment of the principal plus interest. It is the intention to refinance the loan by means of a similar instrument – to be included in the capital base.

Commitments and contingent liabilities

<i>x € 1 000 000</i>	2001	2000
Guarantees		
Guarantees	367	302
Surety bonds	175	85
	542	387

The guarantees include guarantees given by third parties in connection with the execution of projects and advance payments received, together with letters of intent. Surety bonds have been provided for guarantees relating to works in Canada and the United States.

<i>x € 1 000 000</i>	< 1 year	1 - 5 year	> 5 year
Lease commitments			
Offices	14	23	154
Other fixed assets	10	32	
	24	55	154
Rental commitments	< 1 year	1 - 5 year	> 5 year
Offices	11	13	2

Ballast Ham Dredging

In connection with the creation of Ballast Ham Dredging, HBG and Ballast Nedam have provided each other with guarantees.

Financial instruments

General

Treasury is a central responsibility at Ballast Nedam and is organised as such.

Interest rate risks

Only the interest rate risk on the finance for the suction hopper dredgers has been hedged, using interest rate swaps.

Exchange risk management

To hedge the transaction risk on cash flows arising from ordinary activities, forward contracts are concluded with first-class banks.

Ballast Ham Dredging

HBG has granted Ballast Nedam a put option on Ballast Nedam's share in Ballast Ham Dredging B.V.

Consolidated capital employed, assets and liabilities

<i>x € 1 000 000</i>	2001	2000
Capital employed		
Fixed assets	427	354
Working capital*	(157)	78
Provisions	(65)	(54)
	205	378
Assets		
Fixed assets	427	354
Current assets	542	643
	969	997
Liabilities		
Current liabilities	589	547
Convertible bond	54	54
Long-term loans	39	66
	682	667

* excluding net cash

Consolidated profit and loss account - reconciliation

<i>x € 1 000 000</i>	2001	2000
Turnover	2 326	2 098
Other operating income	-	10
	2 326	2 108
Operating expenses	(2 351)	(2 063)
Operating result	(25)	45
Interest income / charges	(9)	(14)
Income from participating interests	2	3
Result before taxation	(32)	34
Taxation	(18)	(12)
Net result	(50)	22
Net result per share (€)	(5.01)	2.24
Diluted net result per share (€)	(4.36)	1.99
Raw materials, consumables and other external costs	1 991	1 723
Wages, salaries, social security costs and pension costs	314	297
Depreciation	44	43
Amortisation	2	-
Operating expenses	2 351	2 063
Operating result	(25)	45
Income from participating interests	2	3
EBIT	(23)	48

Company profit and loss account

<i>x € 1 000 000</i>	2001	2000
Results from participating interests	(41)	22
Other result	(9)	-
Net result	(50)	22

Company balance sheet *before profit appropriation*

<i>x € 1 000 000</i>	31 December 2001	31 December 2000
Fixed assets		
Financial fixed assets	229	310
	229	310
Current assets		
Receivables	3	3
Intercompany receivables	64	145
	67	148
Current liabilities		
Bank loans	(15)	(82)
Other liabilities	(6)	(12)
	(21)	(94)
Working capital	46	54
	275	364
Long-term debts		
Long-term loans	-	26
Provisions	6	8
	6	34
Guaranteed capital		
Convertible bond	54	54
Equity	215	276
	269	330
	275	364

Notes to the company profit and loss account and balance sheet

x € 1 000

Board members	2001			2000		
	Gross salaries	Bonus	Pension costs	Gross salaries	Bonus	Pension costs
R.H.P.W. Kottman	363	47	37	353	19	30
G.N.G. Wirken	280	36	36	272	25	31
Former members Board of Management	214	6	28	463	23	46
Members Supervisory Board	154			154		

x € 1 000 000

Financial fixed assets

	Participating interests	Amounts owed by participating interests	Total
1 January 2001	284	26	310
Results	(41)		(41)
Net investments	(8)	8	-
Dividend received	(15)		(15)
Others	(2)	(23)	(25)
31 December 2001	218	11	229

Equity

	Share capital	Share premium	Other reserves	Total
1 January 2000	57	58	152	267
Net result			22	22
Dividend			(11)	(11)
Translation differences			1	1
Goodwill			(3)	(3)
1 January 2001	57	58	161	276
Net result			(50)	(50)
Dividend			(11)	(11)
Translation differences			1	1
Others	3	(3)	(1)	(1)
31 December 2001	60	55	100	215

The authorised share capital is € 113 million. The issued share capital comprises 10,000,000 ordinary shares of € 6.00 nominal value. Out of the share premium account, an amount of € 25 million is distributable free of tax in the Netherlands. The shares were redenominated in euros in 2001. The nominal value per share was increased from NLG 12.50 to € 6.00. The resultant increase of € 3 million was charged to the tax-free share premium reserve.

Staff options

	year granted	1997	1999	2001	Total
R.H.P.W. Kottman				2 000	2 000
G.N.G. Wirken		7 000	4 000	2 000	13 000
Others		379 460	138 075	65 300	582 835
	number	386 460	142 075	69 300	597 835
	exercise price in €	45.38	33.15	34.83	
	exercise period				
	from	01/12/1997	01/04/2002	15/05/2004	
	to	30/11/2002	02/05/2004	13/05/2006	
	maximum number of shares to be issued	250 000	100 000	200 000	550 000

The options have been granted in respect of depository receipts for shares held by Stichting Werknemersparticipatie Ballast Nedam (Ballast Nedam Employee Participation Foundation). No options have been exercised and none have expired. The members of the Supervisory Board have not been granted any options.

Depository receipts for shares

	1 January 2001	bought	sold	31 December 2001
R.H.P.W. Kottman		286		286
G.N.G. Wirken	5 695			5 695
Members Supervisory Board	11 671			11 671
	number	17 366	-	17 652

Commitments and contingent liabilities

x € 1 000 000	2001	2000
Guarantees		
Guarantees	367	302
Surety bonds	175	85
	542	387

Ballast Nedam N.V. has filed a declaration of joint and several liability within the meaning of Section 403, subsection 1, under f, Book 2, of the Netherlands Civil Code in favour of Ballast Nedam Services B.V. with the office of the Commercial Register of the Chamber of Commerce.

Ballast Nedam N.V. has given undertakings not to furnish any security in the form of charges on fixed assets in respect of credit and guarantee facilities.

In connection with the creation of Ballast Ham Dredging, HBG and Ballast Nedam have provided each other with guarantees.

Ballast Nedam N.V. has provided guarantees on behalf of a number of subsidiaries.

Ballast Nedam N.V. bears joint and several liability together with a number of subsidiaries which form a fiscal entity with the company in respect of corporation tax and value added tax in the Netherlands.

Definitions

EBITDA

Earnings before interest, tax, depreciation and amortisation

EBITA

Earnings before interest, tax and amortisation

EBIT

Earnings before interest and tax

Net cash

Cash plus deposits less bank overdrafts and other short-term loans

Capital employed

Fixed assets plus working capital excluding net cash but including the equalisation account and provisions

Liabilities

Current liabilities plus long-term loans and the convertible bond loan

Investments

Investments (either direct or via acquisitions) in intangible, tangible and financial fixed assets.

Other information and Auditors' report

Auditor's report

Introduction

We have audited the accompanying financial statements of Ballast Nedam N.V., Nieuwegein, for the year 2001. These financial statements are the responsibility of the management of Ballast Nedam N.V. Our responsibility is to express an opinion on these financial statements based on our audit.

Scope

We conducted our audit in accordance with auditing standards generally accepted in the Netherlands. Those standards require that we plan and perform the audit to obtain reasonable assurance about 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 of Ballast Nedam N.V., as well as evaluating the overall presentation of the financial statements. 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 2001 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 of Book 2 of the Netherlands Civil Code.

Amstelveen, 7 March 2002

KPMG Accountants N.V.

Other information

Provisions of the articles of association concerning profit appropriation

The most relevant provisions of the articles of association of profits are contained in article 21. Article 21 reads as follows:

1. The Company may make distributions to the shareholders and to other persons entitled to the profits eligible for distribution only up to a sum not exceeding the amount of the distributable reserves.
2. Profits shall be distributed after approval of the Annual Accounts showing such is allowed.
3. Of the profit gained according to the approved Annual Accounts the Board of Management shall, subject to the approval of the Supervisory Board, determine which part shall be reserved.
The remaining part of the profit shall be distributed as dividend on the shares.
4. In calculating the profit appropriation, the shares held by the Company in its own capital shall not count, unless a usufruct has been created in these shares, or depositary receipts therefor have been issued with the cooperation of the Company.
5. Insofar as profit is available in the Company, the Board of Management may with the approval of the Supervisory Board resolve upon payment of an interim dividend on account of the dividend to be expected, provided always that the provisions laid down in paragraph 1 of this article have been satisfied, such to be shown by an interim capital statement as referred to in article 105 paragraph 4 of Book 2 of the Civil Code.
6. The resolutions to distribute (interim) dividends may entail that (interim) dividends will be wholly or partly distributed in cash or in shares in the Company.
7. Upon a motion by the Board of Management with the approval of the Supervisory Board, the General Meeting may resolve to make a distribution against the distributable reserves.
The provision laid down in paragraph 6 shall apply mutatis mutandis in this respect.
8. The (interim) dividend shall be made payable on a day to be determined by the Board of Management, no later than 14 days after the determination of the (interim) dividend.
9. (Interim) dividends which have not been collected within five years after they became payable shall be forfeit to the Company.

Dividend proposal

The Board of Management, with the Supervisory Board's approval, proposes to distribute an unchanged dividend of € 1.13 per share, chargeable to the distributable reserve.

Stichting Administratiekantoor van aandelen Ballast Nedam

Report

In compliance with the provisions of Article 15 of the Trust Conditions relating to the registered shares of Ballast Nedam N.V. dated 15 May 1994, last amended on 28 December 2001, we report as follows to the holders of depositary receipts.

During 2001 the Stichting performed the customary activities for the administration of the shares referred to above.

As at year-end 2001, the nominal value of the shares held in trust amounted to € 24,885,600, against which bearer depositary receipts had been issued in an equal nominal amount.

The Executive Committee of the Stichting is made up of:

M. Ververs (chairman)

S.B. Braaksma

P.C. van den Hoek

W.P.M. van der Schoot

To fill the vacancy arising in 2001, Mr. Van der Schoot was appointed in April 2001.

The activities associated with the administration of the shares are performed by the administrator of the Stichting: Administratiekantoor van het Algemeen Administratie- en Trustkantoor B.V., Amsterdam.

In addition to administering the shares, the Executive Committee met several members of the Board of Management on three occasions to be briefed on the company's performance and general progress. The meetings took place after the publication of the annual results and the half-year figures and also in connection with the reorganisation of the international activities; the latter meeting also considered the amendment of the Articles of Association and the Trust Conditions.

On 28 December 2001, the nominal value of the depositary receipts for shares was changed from NLG 12.50 to € 6.00. The Articles of Association and Trust Conditions of the Stichting were amended accordingly.

Nieuwegein, 28 February 2002

Executive Committee

N.V. Algemeen Nederlands Trustkantoor ANT

Report

5% subordinated bonds (1997 - 2002) convertible into ordinary shares - NLG 120,000,000 issued by Ballast Nedam N.V.

In compliance with the provisions of Article 11 of the Trust Deed executed before H.B.H. Kraak, civil-law notary practising in Amsterdam, on 8 October 1997, we report as follows.

Following an amendment of the Articles of Association, the nominal value of the depositary receipts for shares was changed from NLG 12.50 to € 6.00, with the missing fraction being charged to the tax-free share premium reserve.

The bonds may be converted at any time throughout the remaining period to maturity of the loan into depositary receipts for shares in Ballast Nedam N.V. of € 6.-- nominal value each at a conversion price currently of € 57.63.

No bonds were offered for conversion during 2001. As at 31 December 2001, the loan outstanding amounted to NLG 120,000,000.

In compliance with the provisions of Article 4, paragraph 23, of the Trust Deed, a certificate of registration has been lodged in the name of the trustee in respect of as many share certificates as are necessary to enable full conversion of all outstanding debentures.

The debtor is authorised to redeem the loan at par on condition that the average price quoted on Euronext Amsterdam N.V., Amsterdam - as published in the Official List of Amsterdam Exchanges N.V. - for depositary receipts for shares in Ballast Nedam N.V., during a period of 30 successive trading days ending on the 14th day prior to the day on which the notice of early redemption is served on debenture holders, is equal to at least 130% of the then applicable conversion price.

The debtor is also authorised to redeem the loan at par throughout its entire term provided that at least 85% of the debentures originally issued have been converted or repurchased.

On the occurrence of an event referred to in Article 3, paragraph 2, of the Trust Deed, the debtor is entitled to redeem the entire loan prematurely.

Pursuant to the provisions of Article 11, paragraph 3, of the Trust Deed, the debtor has declared that it has met all its obligations under the Trust Deed executed on 8 October 1997 and that there have been no cases of default or potential cases of default.

We did not have any grounds for comment or action.

Amsterdam, 16 January 2002

N.V. Algemeen Nederlands Trustkantoor ANT

Mr. L.J.J.M. Lutz

Five year summary (2001 - 1997)

Summarised balance sheet (2001 - 1997)

x € 1 000 000	2001	2000	1999	1998*	1997*
Fixed assets					
Intangible fixed assets	63	-	-	-	-
Tangible fixed assets	321	308	257	266	261
Financial fixed assets	43	46	33	32	29
	427	354	290	298	290
Current assets					
Work in progress	(110)	(64)	(3)	52	84
Stocks and receivables	538	627	557	439	296
Cash	114	80	15	29	88
	542	643	569	520	468
Current liabilities					
Bank loans	(4)	(62)	(23)	(39)	-
Other liabilities	(585)	(485)	(440)	(366)	(351)
	(589)	(547)	(463)	(405)	(351)
Working capital	(47)	96	106	115	117
Total	380	450	396	413	407
Long-term liabilities					
Long-term loans	39	66	30	34	37
Provisions	65	41	31	24	23
	104	107	61	58	60
Guaranteed capital					
Convertible bond	54	54	54	54	54
Equalisation account		13	14	16	18
Minority interests	7				
Shareholders' equity	215	276	267	285	275
	276	343	335	355	347
Total	380	450	396	413	407

* restated for comparative purposes

Key figures

x € 1 000 000	2001	2000	1999	1998*	1997*
Turnover and result					
Turnover	2 326	2 098	1 998	2 068	1 956
the Netherlands	1 267	1 083	1 062	863	831
international	1 059	1 015	936	1 205	1 125
Order book	2 489	2 660	1 681	1 463	1 492
EBITDA	23	91	67	103	93
Depreciation	(44)	(43)	(45)	(41)	(39)
EBITA	(21)	48	22	62	54
Amortisation goodwill	(2)	-	-	-	-
EBIT	(23)	48	22	62	54
Result before taxation	(32)	34	10	52	49
Net result before amortisation goodwill	(48)	22	9	48	46
Net result	(50)	22	9	48	46
Investments					
Investments	345	123	51	81	81
Divestments	226	14	11	16	33
Net investments	119	109	40	65	48
Capital structure					
Capital employed	205	378	360	383	278
Shareholders' equity	215	276	267	285	275
Convertible bond	54	54	54	54	54
Interest bearing long-term loans	39	66	30	34	37
Net cash	110	18	(8)	(10)	88
Ratio's					
EBIT/turnover	-1%	2%	1%	3%	3%
Net result/turnover	-2%	1%	1%	2%	2%
EBIT/average shareholders' equity	-8%	13%	6%	19%	22%
Net result/average shareholders' equity	-20%	8%	3%	17%	17%
Average shareholders' equity/assets	22%	28%	31%	35%	36%
Number of employees (average)					
	7 264	7 607	7 674	8 545	8 115
Share capital					
Number of ordinary shares (x1000)	10 000	10 000	10 000	10 000	10 000
Market capitalisation at year-end	160	218	218	277	477
Dividend	11	11	11	23	23
Per share of € 6 nominal (€)					
Shareholders' equity	21.50	27.60	26.67	28.42	27.40
Dividend	1.13	1.13	1.13	2.27	2.27
Net result before amortisation goodwill	(4.85)	2.24	0.94	4.77	4.55
Net result	(5.01)	2.24	0.94	4.77	4.55
* restated for comparative purpose					

Ballast Nedam N.V.

Corporate staff

- Company Secretary
- Personnel & Organisation
- Communication and Services
- Strategic Planning & Investor Relations
- ICT

INFRASTRUCTURE NETHERLANDS

Ballast Nedam Infra B.V.

- Ballast Nedam Infra Noord West B.V.
- Ballast Nedam Infra Noord Oost B.V.
- Ballast Nedam Infra Midden B.V.
- Ballast Nedam Infra Zuid Oost B.V.
- Ballast Nedam Vepo B.V.
- Ballast Nedam Infra Zuid West B.V.
- Ballast Nedam Infra Specialiteiten B.V.
- Burggraaf Onderhoud B.V.
- Ballast Nedam Funderingstechnieken B.V.
- Ballast Nedam Specialistisch Grondverzet B.V.
- Ballast Nedam Grondstoffen B.V.
- Recycling Maatschappij 'Feniks' B.V.
- Ballast Nedam Milieutechniek B.V.
- Dibec B.V.
- Transport- en Handelsmaatschappij van Drooge B.V.
- Van Strien Verkeersgeleiding B.V.
- New Engineering B.V.
- BBL Railinfra v.o.f. / Ballast Nedam Rail
- Ballast Nedam Beton- und Wasserbau GmbH (Germany)
- Betuweroute Gelderse Poort v.o.f. (33 1/3%)
- Bouwcombinatie HSL – Hollandse Meren v.o.f. (22,39%)
- Bouwcombinatie HSL – Drechtse Steden v.o.f. (19,9%)
- Combinatie Beneluxlijn v.o.f. (14%)
- Cobeton B.V. (25%)
- Combinatie Harlinger Haven v.o.f. (21%)
- Combinatie Hemboog v.o.f. (50%)
- HSL Brabant Noord v.o.f. (25%)
- HSL Infra Rail v.o.f. (12,75%)
- Combinatie Schiphol Zuid v.o.f. (33 1/3%)

Supervisory Board

Board of Management

GENERAL

- Accounting & Control
- Treasury
- Legal Affairs
- Risk Control and Assurance

BUILDING AND DEVELOPMENT NL

Ballast Nedam Bouw en Ontwikkeling B.V.

Ballast Nedam Bouw B.V.

- Bouwborg Noordwest
- Bouwborg Oost B.V.
- Bouwcombinatie 'Hoge Erasmus' v.o.f. (50%)
- Bouwcombinatie Zuid-Oost v.o.f. (50%)
- Combinatie IJsseloord 2 v.o.f. (50%)
- Onderhoudscombinatie Ahoy (50%)
- Aannemingsbedrijf F.W. Onrust B.V.
- Ballast Nedam Bouwborg B.V.
- Laudy Bouw Groep B.V.
- Zomers Bouwbedrijf B.V.
- Bouwcombinatie Zoetermeer Oosterheem v.o.f. (25%)
- Combinatie Tarwewijk v.o.f. (50%)
- Bouwbedrijf van Asperdt B.V. (50%)

Ballast Nedam Ontwikkelingsmaatschappij B.V.

- Ballast Nedam Project Stadshart Amstelveen
- Ballast Nedam Vleuterweide B.V.
- Haagse Veste Holding B.V. (50%)
- Ontwikkelingsmaatschappij Centrumgebied Amsterdam Zuidoost B.V. (33 1/3%)
- Ontwikkelingscombinatie G4 v.o.f. (25%)

Ballast Nedam Bouwmaterieel B.V.

Ballast Nedam Engineering B.V.

Ballast Nedam Services B.V.

- Ballast Nedam ICT

INDUSTRY AND SUPPLY

Ballast Nedam Industrie en Toelevering B.V.

- N.V. Algri (Belgium)
- Beheersmaatschappij Fr.Bontrup B.V. / Graniet Import B.V. / Bremanger Quarry S.A. (30%) (Norway)
- N.V. Immobiliën en Grindexploitatie-maatschappij Bichterweerd (Belgium)
- Société d'Exploitation des Carrières d'Yvoir S.A. (Belgium)
- Ballast Nedam Bulk Grondstoffen v.o.f.
- N.V. La Gravière d'Amay (25%) (Belgium)
- V.o.f. Vibouw / Van Happen (50%)
- Zand- en Grindhandel Verkaik v.o.f.
- Durisol Raalte B.V.
- Haitsma Beton B.V.
- Hoco Beton B.V.
- Lingen Beton B.V.
- Rademakers Gieterij B.V.
- TBS Soest B.V.
- Waco-Liesbosch Beton B.V.
- Bruil Specialistische Bouwtechnieken B.V.
- Ingenieursbureau voor Systemen en Octrooien Spanstaal B.V.
- Ivacon B.V.
- Nieuwenhuis Betonrenovatie B.V.
- Spanvloer B.V.
- Spankern B.V.
- Exploitatiemaatschappij Transportbeton B.V.

Commercial Organisation Chart 1 March 2002

CONSTRUCTION INTERNATIONAL

Ballast Nedam International B.V.

- Ballast Nedam Groep N.V.
- British Aerospace-Ballast Nedam International B.V.
- Ballast Saudi Arabië B.V.
- Ballast Nedam Equipment Services B.V.
- Ballast Nedam Equipment Services Pte Ltd. (Singapore)
- Ballast Nedam International (Malaysia) Sdn Bhd (Malaysia)
- PT Ballast Indonesia Construction (47,5%)
- PT Ballast Nedam South East Asia (Batam, Indonesia)
- Ballast Nedam Suriname N.V. (Surinam)
- Ballast Nedam Caribbean N.V. (St. Maarten)
- Lange-Ballast Contractors Ltd. (45%) (Trinidad)
- Ballast Nedam Canada Ltd. (Canada)
- Golden Peaks Resort Inc. (Canada)
- Ballast Nedam Ghana B.V. (Ghana)
- European Gaza Development Group (55%)
- Water Group Holland B.V. (14,3%)
- J.V. Hochtief – Ballast Nedam - Pan Asia (Taiwan)
- OPC – Ballast Nedam Mexico S.A. de C.V. (50%) (Mexico)
- IHI Co.Ltd - Toyo Engineering India Ltd.- Itochu Co.Ltd. – Ballast Nedam International B.V. (24%) (India)

Ballast Nedam International Product Management B.V.

- Ballast Nedam Telecom Infrastructures B.V.
- Ballast Nedam Telecom U.K. Ltd. (United Kingdom)
- Ballast Nedam International Product Management Luxemburg SARL
- Ballast Nedam International Product Management SAS (France)

CONSTRUCTION UNITED KINGDOM

Ballast plc (United Kingdom)

- Wiltshier Facilities Management Ltd.
- Harmondsworth Investments Ltd.
- Wiltshier Estates Ltd.
- Falkirk Schools Partnership Ltd. (20%)
- Ballast Wiltshier Investments Ltd.
- Homecare Contracts (Scotland) Ltd.
- Quays Campus Ltd.
- Canterbury Sports Ltd. (80%)
- Grannag Ltd. (20%)
- Serah Properties PLC (27,5%)
- Sussex Custodial Services Ltd. (15%)

DREDGING

Ballast Nedam Bagger Holding B.V.

- Ballast Ham Dredging B.V. (33 1/3%)
- Natco Limited Partnership (25%) (USA)

Key Personnel 1 March 2002

Ballast Nedam N.V. Board of Management

R.H.P.W. Kottman, voorzitter
G.N.G. Wirken

General

Advisor Board of Management
Secretary of the Company
Corporate Projects

J.A. Holleman
W.H. van de Wal
P.M.A. Baaijens

Corporate Staff

Legal Affairs
Finance
Treasury and Project Finance
Personnel and Organisation
Strategic Planning and Investor Relations
Communication and Services
ICT
Risk Control and Assurance

W.H. van de Wal
T.A.C.M. Bruijinckx
R.B. Kleyn
F.M. Gerrits
A.C. van Haeringen, W.L.P.M. van der Elst
J.W. Bolt
R.J. Kathmann
P.Th.G. Kaatee

Ballast Nedam Engineering B.V. Ballast Nedam Services B.V. Ballast Nedam Bouwmaterieel B.V.

H. van der Horst
J.W. Bolt
L. Philippen

INFRASTRUCTURE NETHERLANDS

Ballast Nedam Infra B.V.

- Ballast Nedam Infra Projecten
- Ballast Nedam Infra Noord West B.V.
- Ballast Nedam Infra Noord Oost B.V.
- Ballast Nedam Infra Zuid Oost B.V.
- Ballast Nedam Infra Zuid West B.V.
- Ballast Nedam Infra Midden B.V.
- Ballast Nedam Infra Specialiteiten B.V.
- Ballast Nedam Funderingstechnieken B.V.
- Ballast Nedam Kabels & Leidingen B.V.
- Ballast Nedam Industriebouw B.V.
- Ballast Nedam VEPO B.V.
- Ballast Nedam Grondstoffen B.V.
- Ballast Nedam Milieutechniek B.V.
- Dibec B.V.
- Recycling Maatschappij Feniks B.V.
- Ballast Nedam Rail
- Ballast Nedam Geluidwering
- Ballast Nedam Zuiveringen
- Ballast Nedam Specialistisch Grondverzet B.V.
- Van Drooge Transport en Handelsmaatschappij B.V.

Th. Mulder, R. Malizia, B.A. Post, R. van Schravendijk
A.S. Hoekstra, J.J.A. van Huijstee
J.T. Folkerts, R.P. de Keijser
K. Braam, R. Philipse
R. Malizia
H. Kuipers, A.J. Elsevier van Griethuysen
K.J. Meinardi
C.J. Luesink, A. van der Zijden
A. Kuiper, R. Looij
R. Versluis
A.S. Hoekstra, J.J.A. van Huijstee
Th. Mulder
J. van den Brink, P.A. de Wit
W.E.R. Huntjens
P.G.M. Ballast
A.C.G. van Beurden
P.S. van der Bijl
R.P. de Keijser
R. Malizia
K. Roelfsema
R. Philipse

BUILDING AND DEVELOPMENT NETHERLANDS

Ballast Nedam Bouw en Ontwikkeling B.V.

Ballast Nedam Ontwikkelingsmaatschappij B.V.

Ballast Nedam Bouw B.V.

- Bouwborg Noordwest
- Ballast Nedam Bouwborg B.V.
- Speciale Projecten
- Regio Midden
- Regio West
- Regio Oost
- Regio Zuid

R.L.M. Jacobs
J. H. Seelen
R.L.M. Jacobs, F.P.A. de Canne, F.L. van Oorschot
P.J. Cupido
R.P. Perk
J.A.G. van Oostrum
F.A. Rombouts
R. Honig
J.H.C. Vermaak
J.B.C. Marijnissen

- Aannemingsbedrijf F.W. Onrust B.V.
- Laudy Bouw Groep B.V.
- Zomers Bouwbedrijf B.V.
- Bouwbedrijf van Asperdt B.V. (50%)

J.J.M. Waegemaekers, P. Onrust
 J.J.M. Waegemaekers, J.F.A.M. Corten
 J.J.M. Waegemaekers, H.H.W. Zomers
 J.J.M. Waegemaekers, P.C.J. van der Weijden

INDUSTRY AND SUPPLY

Ballast Nedam Industrie en Toelevering B.V.

- N.V. Immobiliën en Grindexploitatie­maatschappij Bichterweerd en N.V. Algri (Belgium)
- Ballast Nedam Bulk Grondstoffen v.o.f.
- Soci t  d'Exploitation des Carri res d'Yvoir S.A. (Belgium)
- V.o.f. Vibouw-Van Happen (50%)
- Zand- en Grindhandel Ver­kaik v.o.f.
- Van Oord Handel en Transport B.V.
- Bontrup B.V. (30%)
- Durisol Raalte B.V.
- Haitsma Beton B.V.
- Hoco Beton B.V.
- Lingen Beton B.V.
- TBS Soest B.V.
- Waco-Liesbosch Beton B.V.
- Bruil Specialistische Bouw­technieken B.V.
- Ingenieursbureau voor Systemen en Octrooien Spanstaal B.V., Spanvloer B.V., Spankern B.V.
- Ivacon B.V.
- Nieuwenhuis Betonrenovatie B.V.
- Rademakers Gieterij B.V.
- Exploitatie­maatschappij Transportbeton B.V.

P.J.M. van Vugt, P.J.G. Franssen, W. Zandbergen,
 L.B. van Rietschoten, C.I. Terwel
 H.P. van der Meer

H.P. van der Meer
 H.P. van der Meer
 K.A.M. Oosterwaal
 H.M. Bronder
 H.M. Bronder
 F.J. Bontrup, H.P. van der Meer
 E.W. Blaauw
 H. Eckhart, J. Kroon
 J.J.G. Holtackers, L.M.G.C. Peerlings
 F.W. Lingen
 W. Ent
 B.U.J.M. van Roosmalen
 J.G.J. Nieuwenhuis, B.H.J. Kamphuis
 W.J.J. Smit

N.P. van Lith
 J.G.J. Nieuwenhuis, B.H.J. Kamphuis
 J.G.J. Nieuwenhuis, P.J. Wolderdorp
 J.A. Vriens

CONSTRUCTION INTERNATIONAL

Ballast Nedam International B.V.

- Global
- Middle East
- Ballast Nedam International Product Management B.V.
- Equipment Services B.V.
- Special Projects

R.J.W.M. van Rooden, A. Kok
 G. van der Schaaf
 R.P. Rombouts
 H.G. van Uitert
 J.W.J. Dieben
 Ph. Dubbeling

CONSTRUCTION UNITED KINGDOM

Ballast plc

- Scotland
- North East Region
- Northern Region
- North West Region
- South West Region
- South East Region
- Developments Division
- Special Projects Division

M. van Galen, G.N.G. Wirken, P. Cooper, N.P. Brook,
 D.A. Barrat, M.P. Snasdell, J.T.J. Schoonderbeek
 J.M. Middlemiss
 W. Johnson
 S.J. Clarkson
 N.P. Brook
 B. Grimes
 A. Gaskill
 R.A. Blythe
 P. Cooper

DREDGING

Ballast Nedam Bagger Holding B.V.

- Ballast Ham Dredging B.V. 33 1/3%

R.H.P.W. Kottman, G.N.G. Wirken
 D. de Waard, A.H. Godri, J. van Herwijnen, O. Verkerke