

Annual Report 2015

Ballast Nedam



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The share

Shares and stock exchange listing

On 31 December 2015, Ballast Nedam had 220,299,776 issued shares and 219,967,276 outstanding shares. This increase of 200,632,276 shares is the result of the shares issued in 2015 (rights issue and private placement). At the end of 2015 we had 332,500 repurchased own shares and depositary receipts for shares.

The Ballast Nedam Administration Office issues depositary receipts for shares and administers the underlying shares. The depositary receipts are fully exchangeable. At the end of 2015, depositary receipts had been issued for 99.85% of the capital in issue. Ballast Nedam depositary receipts for shares are listed on Euronext Amsterdam. Ballast Nedam has been included in Euronext's Amsterdam Small Cap Index (AScX) since 2006. ABN AMRO Bank, ING Bank and Kempen & Co act as liquidity providers for Ballast Nedam shares.

Price movements

The Ballast Nedam share price quoted at the end of 2014 on Euronext was €3.73. The year 2015 ended at a price of €0.25. The highest closing price of €3.67 was attained on 25 February 2015. The lowest closing price of €0.23 was quoted on 29 December 2015.

Ballast Nedam Shares

As at 30 December 2015 Renaissance Infrastructure B.V. ("Renaissance") had reported to the Authority for the Financial Markets (AFM) that it held shares or depositary receipts for shares of Ballast Nedam representing an interest of 97.82%, pursuant to the Financial Supervision Act.

Consequently, Renaissance and Ballast Nedam have announced delisting of the depositary receipts of ordinary shares Ballast Nedam ("Depositary Receipts") from the Stock Exchange of Euronext in Amsterdam ("Euronext Amsterdam"), effective 26 February 2016, with the last trading day being 25 February 2016.

General Meeting of Shareholders

The Annual General Meeting of Shareholders of Ballast Nedam will be held on 17 May 2016 at the head office of Ballast Nedam, Ringwade 71 in Nieuwegein. The meeting will commence at 2.00 p.m. Prior to the meeting, the Ballast Nedam Administration Office will hold a meeting of holders of depositary receipts for shares. The agendas for these meetings will be available to interested parties on request from the company, or can be downloaded from the Ballast Nedam website.

Introduction

2015 was another difficult year for Ballast Nedam, in which we had to deal with project losses in the Building and Development division and the aftermath of radical measures taken in 2014 to face the heavy project losses on infrastructure projects. With the help of our project partners and clients we succeeded in reducing our risk profile in the major infrastructure projects A15 Maasvlakte-Vaanplein and A2 Maastricht. This also marked the decision to focus exclusively on smaller, integrated infrastructure projects and to tender selectively on a targeted basis paying close attention to the risk profile in relation to the margin. This led to an adjustment in capacity for the Infrastructure division.

These measures were followed by a successful completion of the refinancing, which was formalized in June 2015, and the approval of the General Meeting of Shareholders for a €20 million rights issue in 2015. At the same time we continued discussions with foreign parties on the possibility of a merger or takeover of the company. This process resulted in the announcement in July 2015 of a recommended public offer and a capital injection for Ballast Nedam by Renaissance Infrastructure B.V. (“Renaissance”).

The €20 million of additional losses reported by the Building & Development division in September caused an adjustment to the recommended public offer, which unfortunately resulted in a lower offer price for existing shareholders. During the EGM at which the offer was discussed, they voiced their disappointment. However, the majority of the shareholders did recognize the importance of the public offer and the subsequent capital contribution made by Renaissance. After the post-closing acceptance period in November, 80.8% of all depositary receipts were tendered under the public offer. This was followed by the rights issue and private placement totalling a €47.6 million capital contribution.

As of 30 December Renaissance held approximately 97.82% of all Ballast Nedam's issued share capital, whereupon Ballast Nedam requested Euronext Amsterdam to terminate its listing. Delisting took place on 26 February 2016, a date that marks the beginning of new phase in the existence of Ballast Nedam.

Although this will undoubtedly result in further changes, it does not alter the necessity to improve our operational performance. Financial control, cost savings and process improvements will require constant attention and awareness on the part of all of us. On behalf of the Board of Management, I would like to thank our new shareholder, all employees and stakeholders for their commitment and support.

Erik van der Noordaa
CEO

1 Profile of Ballast Nedam

1.1 Vision, mission and strategic pillars

Vision: working together for a better living environment, today and tomorrow

Ballast Nedam achieves enduring quality in the life cycle of development, construction, management/operation and the recycling of our living environment. By adopting an integrated approach to projects, we create solutions at the lowest possible life-cycle costs. Our solutions are appealing, future-proof and in harmony with the broader picture. We create them by means of collaboration and open innovation with our customers and partners. In that way we enhance people's wellbeing in their living environment.

Mission: creating enduring quality

Ballast Nedam strives to be distinctive and deliver added value for customers in everything we do. This is manifested in practical solutions, our knowledge and experience and the innovative capacity of our people. We always act with safety and integrity. As a result, *we create enduring quality*. We work to ensure the continuity of Ballast Nedam and an increase in value for our shareholders.

Strategic pillars

Ballast Nedam operates on the basis of five strategic pillars. These are explained in greater detail below.

1 Life-cycle thinking and acting

Ballast Nedam provides customers with optimum solutions throughout the life cycle, in harmony with the physical availability of space, financial feasibility, livability, the expected future situation, the surrounding community and stakeholders and sustainable material use. We develop, construct, manage and recycle. Modular products and industrialization are important aspects of our business cases. Our supply and specialized companies deliver distinctive capability through innovation, cost leadership and purchasing strength. We create enduring quality throughout the life cycle of projects.



2 Our people, standards and values

Our people are the most important factor in our success, and with this in mind Ballast Nedam aims to provide a healthy, safe and motivating working environment for all employees. Our shared standards and values are set out in our code of conduct and play a central role.

We achieve most when we exchange ideas about solutions with our customers and partners. Our approach is critical and committed. We are good at translating complex needs and criteria into

tangible, innovative solutions. Our attitude is one of getting to grips with the task and forging ahead. What drives us are entrepreneurship and innovation. Our trademark down-to-earth and forthright approach means we get things done. These are qualities we are happy to be held to account for.

3 Chain cooperation

Ballast Nedam creates real solutions within innovative forms of cooperation with a wide variety of partners. These solutions are better than those we could achieve separately. Not only do we aim for chain cooperation with our partners, but we also enter into dialogue with non-government organizations (NGOs) and knowledge institutions.

4 Innovation

Innovation is deeply embedded in our organization. It is what we do every day. Our belief is that the best ideas are joint ideas! The point is to plough back innovations of proven practical value for our customers' benefit. Besides substantial upgrades, we also innovate through stepwise improvement. We stimulate innovation in our employees on all levels and strive for open innovation with our stakeholders.

5 Being at the heart of the community

We perform our work at the heart of the community and are fully aware of the impact of our work on the environment. We control the impact of our projects through community relations management. Our social commitment is reflected in our community investment and social sponsorship.

1.2 Core activities

Our core activities are in the housing and mobility areas of work. We focus on integrated projects and on innovative, industrial construction.

Areas of work

We fulfil customers' requirements in the *housing* and *mobility* areas of work:

- In our *housing* area of work we create quality of use and preserve value wherever people live, work and spend time. This encompasses the entire life cycle of a wide variety of buildings for the public, for business and for public authorities. We work on district and project development, urban restructuring in large, logistically complex projects and in renovation assignments.
- In the *mobility* area of work we seek to achieve accessibility while respecting livability and safety. We not only cater for maintenance and management, but also develop and implement built objects that facilitate goods and passenger transport by road, rail, air or water. Our efforts are directed towards minimizing environmental and traffic nuisance during the implementation of the works.

In all our activities our efforts are focused on energy-saving measures and we seek to strike the right balance between the conservation and use of natural resources, as an inseparable part of our living environment.

Integrated projects

Ballast Nedam focuses primarily on integrated projects in the Netherlands and, on a selective basis, outside the Netherlands. An integrated project is deemed to be a project in which:

- Ballast Nedam is responsible for at least three of the following activities in the life cycle of a project: conceptualization, development, implementation, maintenance and management/operation; and/or
- As part of a construction team Ballast Nedam oversees a coherent approach by multiple disciplines (such as construction technology, construction and installation technology) in a complex project with external parties.

Industrialization of the building process

By focusing on an innovative, more industrial construction method, Ballast Nedam has developed a distinctive portfolio of modular products. Under controlled conditions, this construction method not only provides increased efficiency and constant quality, but above all leads to gains in terms of sustainability. Ballast Nedam offers modular concepts for residential and non-residential construction, which can be used for new buildings and renovation. We also increasingly use prefabricated elements and a standardized approach in infrastructure projects to raise quality and reduce costs. The industrialization of the building process is an appropriate answer to our clients' life-cycle management approach and the changing social needs and requirements of end-customers.

1.3 Operational organization structure

Since 2014 Ballast Nedam has operated on the basis of three divisions, namely Building & Development, Infrastructure and Specialized Companies & Supplies. The Board of Management and the three Divisional directors jointly formed the Ballast Nedam Concern Council in 2015.



In this annual report we report on our activities in the aforementioned three divisions: Building & Development, Infrastructure, Specialized Companies & Supplies.

Details of the legal structure are given in Section 6.1 *Management and control structure* on page 45.

1.4 Statement of the Board of Management

The 2015 Financial statements (which are presented after page 66 below) give a true and fair view of the assets, liabilities, financial position and results of Ballast Nedam and of its consolidated companies and describes the principal risks facing Ballast Nedam. The Annual Report gives a true and fair view of the performance of the business during the financial year and the year-end position of Ballast Nedam and the affiliated companies included in the consolidation.

With the exception of a termination agreement concluded between a former member of the Board of Management and the company and the conclusion of agreements with Renaissance as major shareholder of the company pursuant to which Renaissance and Ballast Nedam amended the merger agreement, no transactions took place in 2015 involving a conflict of interest on the part of supervisory directors, managing directors or natural or legal persons holding at least 10% of the Ballast Nedam shares. Best practice provisions II.3.2 to II.3.4 inclusive and III.6.4 of the Dutch Corporate Governance Code were complied with in these transactions. These are transactions which are of material significance for the company or the person in question.

2 Strategy

2.1 Review of strategic measures in 2015

In this section we describe the strategic measures taken in 2015. With a view to dealing with the heavy project losses in the Infrastructure division, Ballast Nedam presented a package of financial and strategic measures in April 2015. The main objective of the implementation of these measures was to lead to a substantial improvement of the company's solvency and liquidity. The strategic measures also include a reduction of the risk profile and targeted tendering.

A differentiated market approach was developed for the three divisions within Ballast Nedam's strategic focus in the 2014 financial year. This market approach was developed in response to the disappointing results and the additional cost overruns on several projects. In 2015 we introduced and implemented this differentiated market approach.

Reducing risk exposure and targeted tendering

On top of that in 2015 Ballast Nedam actively scaled back its interests in large-scale infrastructure projects, such as the A15 Maasvlakte-Vaanplein and A2 Maastricht projects.

The Infrastructure division focused exclusively on smaller, integrated infrastructure projects in concrete construction, road-building, civil engineering and industrial construction. Tendering was carried out on a highly selective and targeted basis for both Dutch and international projects, with close attention being paid in particular to the risk profile in relation to the margin. As a result, the extent of the infrastructure activities became smaller, necessitating an adjustment in capacity for the Infrastructure division.

The Building & Development division focused on the successful acquisition and implementation of complex, integrated projects. Projects in which we can make a difference for the client with our specialist knowledge and skills in non-residential construction, modular housebuilding, renovation, large-scale maintenance and restoration.

The Specialized Companies & Supplies division supplied products and services whose distinctive features helped deliver a clear competitive edge within Ballast Nedam's strategic focus. This division also operated on a market basis and thereby also contributed to the profitability of Ballast Nedam through the third-party market. The division has a specific focus on strengthening and expanding modular and industrial concepts.

Improving project management

The improvement of our project management was one of the important strategic measures during the 2015 financial year. Despite all efforts, the project management and financial control of the projects was on average below expectations and not up to standard. We integrated risk management in our project management in order to have a better insight into the financial impact of project risks. And also to be able to pay close attention to the risk profile in relation to the margin.

Improving the financial position

Another important strategic objective for 2015 was to improve the financial position of the company. Unfortunately the financial results in 2015 were again very disappointing and project losses increased, in both the infrastructure and building divisions.

A refinancing package was finalized during the second quarter of 2015 including the announcement of a rights issue. As part of the (financial) restructuring it was agreed to reduce the share in large infrastructure projects (A2 and A15).

Renaissance

From the end of 2014 strategic options were explored. Ballast Nedam investigated several scenarios to deal with possible financial setbacks. Ballast Nedam was approached by several parties with a view to exploring the possibilities of a merger or takeover. This resulted in a recommended public cash offer from Renaissance Infrastructure B.V. ("Renaissance") in September 2015.

As part of the public offer from Renaissance a capital injection of €47.6 million took place in December 2015. The bank debt was reduced by repayment of part of the loans and a write-off. Renaissance and Ballast Nedam have announced a delisting of the depositary receipts for ordinary shares of Ballast Nedam ("Depositary Receipts") from the Stock Exchange of Euronext in Amsterdam ("Euronext Amsterdam"), effective 26 February 2016, with the last trading day being 25 February 2016.

The acquisition by Renaissance will enable Ballast Nedam to enhance its strategic agenda and restructure the company in order to improve control and reduce costs.

2.2 Strategic Plan for 2016-2017

The year 2016 will be a year of transition for Ballast Nedam. A transition from a listed to a delisted company owned by one main shareholder. In order to improve the performance of Ballast Nedam our company needs to change. We need to pursue cost leadership in order to differentiate in a very competitive market. We also need to refocus on the market segments, both in the Netherlands and abroad. This will be done by assigning specific market segments to the different business units.

The acquisition by Renaissance opens up new prospects for Ballast Nedam and ensures our continuity. It will enable us to enhance our strategic agenda, develop better project management and cost control and introduce best practices.

Achieving the right balance between capacity, risk and return, as well as tightening financial control, means Ballast Nedam will have to improve its performance.

A single integrated construction company

We will change the divisional structure of our organization. Instead of three divisions for Building & Development, Infrastructure and Specialized Companies & Supplies, we will be moving towards a single integrated construction company. This will help in improving the operational and financial control. Consequently this will lead to the reduction of management layers and a different organization of our Business Units. We will review our capacity and adjust where necessary.

Cost leadership

In order to be competitive and return to a profitable situation, it is essential to reduce our cost base at all levels in the organization in order to ensure a competitive advantage. Reducing and controlling our general costs will be high on the agenda over the coming years.

Selective tendering

To control and reduce our tender costs, while nevertheless increasing our hit rate, we will tender selectively in clearly defined market segments.

Before starting a tender procedure we clearly analyse and discuss our opportunities and risks. In addition we set up strict guidelines as to which entity may tender for which type of projects.

2.3 Outlook

Market conditions remain very challenging and competitive in the Netherlands. There is still overcapacity with too low price levels throughout the different markets. Achieving cost leadership is one of the key objectives for Ballast Nedam. In cooperation with Renaissance we will increase our efforts in business development and tendering for the international markets.

The annual analysis by the Economic Institute for the Construction Industry (EIB) estimates growth of 4.5% for the building sector as a whole. Strong growth is expected in the residential market sector. With the distinctive portfolio of modular products which Ballast Nedam has developed, we are particularly well placed for the upturn in the residential market.

The non-residential building market is developing less favourably, with only a limited number of projects coming onto the market in 2016. Our extensive experience and knowledge of complex, integrated construction projects, in which we occupy a distinctive position through our process control in multidisciplinary collaboration with external operators, is also well aligned with the constant flow of PPP projects.

Infrastructure will continue to be very challenging, with some new PPP projects coming up for tender in 2016. Tendering by Ballast Nedam will be carried out on a highly selective and targeted basis for both Dutch and international projects, with close attention paid in particular to the risk profile in relation to the margin.

For the Specialized Companies & Supplies division we expect modest growth. The growth is mainly driven by the improving residential market.

3 Strategic objectives and results

This Chapter details the results achieved by Ballast Nedam in 2015 with regard to the strategic objectives defined in 2014. We then focus on the Group's 2015 financial results and the results at division level.

3.1 Results achieved in 2015 on strategic objectives set for 2016

In the 2014 annual report strategic objectives were formulated for four key areas:

- Strategic focus
- Continuous improvement in project management
- Improvement in the financial position
- Achievement of CSR objectives

The results for these objectives are highlighted in the following paragraphs.

Strategic focus

The objectives with regard to Ballast Nedam's strategic focus have been defined as follows:

- Strengthening our position in integrated projects:
KPI: the share of integrated projects in the order book at the end of 2015 should be equal to or greater than 60% (2014: 55%).
Due to the financial situation, Ballast Nedam has been restrained when taking on major contractual risks, having regard to our risk profile and the company's limited financial possibilities. We tendered on a very targeted and selective basis for large, integrated projects. The proportion of integrated projects in the order book at the end of 2015 fell to 33%, compared to 55% at the end of 2014.
- Strengthening our position in, and developing, modular building.
KPI: the percentage of iQwoning® homes should be increased as a proportion of the total number of homes started in 2015.
We maintained full efforts to pursue our position in and develop modular building in 2015:
 - The number of iQwoning® homes started in 2015 increased to 140, an increase of over 40% compared to 2014 (2014: 99). The percentage of iQwoning® homes as a proportion of the total number of homes started in 2015 (644) decreased to 22% (compared to 28% in 2014).
 - Haitsma Beton supplied 667 modular 3D prefabricated cells for the Zaanstad Penitentiary in 2014 and 2015. The prefabricated cells are complete units in which the facilities have already been installed. The units are delivered in shell form to the site. 24 cells have been installed per week across the various building streams on the site. The new penitentiary is completed and available for the client. Construction began in May 2014 and the institution will enter service in June-2016.
 - Ursem has produced 299 prefab bathrooms and 2,671 2D system elements, but a disappointing number of two 3D elements.

Continuous improvement in project management

The objectives regarding the continuous improvement in project management have been defined as follows:

- We will bring about an improvement in project control:
KPI: Improvement in margin to a level of 2-4% in the medium term.

Several measures have been implemented to improve project control, the most important being the Project Control Academy. This comprehensive programme combines individual training and development of our project controllers with structural improvement of our business tools and policies in project control, thus furthering a standardized approach. The programme will be concluded in mid-2016 with an officially recognized diploma in two varieties.

Due to the long lead times, these measures have not yet resulted in the envisaged improvement of the margin level to 2-4%. The further improvement and supervision of the internal risk management and control systems remains a priority for the Board of Management. This subject is therefore discussed regularly with the Audit Committee, the new Shareholder and the Supervisory Board.

Improvement in the financial position

The objectives regarding the improvement of the financial position have been defined as follows:

- With the 50+25 improvement programme we will save costs and cut working capital:
Reduce the working capital by €25 million by the end of 2015 and have saved €12.5 million of costs.
In 2015 the management of liquidity and the reduction of working capital was high on the agenda, but Ballast Nedam's financial situation resulted in a changed attitude among partners in joint ventures, clients and suppliers in 2015. This changed attitude, combined with the lower turnover, resulted in a working capital increase of €67.4 million.
The reduction of general costs in 2015 amounted to €36.3 million, which is partly due to restructuring measures. For 2016 the reduction of general costs will be pursued further.
- Improvement in solvency
KPI: improvement in solvency to a level of 15% or more in the medium term

Although we took a number of financial measures in 2015 aimed at improving the financial structure of Ballast Nedam, the improvement was partly offset by further disappointing results, resulting in a solvency level of 3.8% (2014: 2%). For a description of the financial measures, see the paragraph *Strengthening equity and refinancing* on page 16.

Achievement of CSR objectives

The 2014 annual report also includes a strategic objective with regard to 'achieving the CSR objectives'. The results for the CSR subjects can be found in Section 5.2 *CSR objectives and results* on page 34.

3.2 Financial results

Operating profit

x € 1 million	2015	2014
Infrastructure	(0)	(59)
Building & Development	(26)	(7)
Specialized Companies	7	5
Supplies	(3)	17
	(22)	(44)
Other	(28)	(21)
Earnings before interest and taxes (EBIT)	(50)	(65)
Loan waived by banks	16	-
Earnings before interest and taxes (EBIT) after loan waived by banks	(34)	(65)

Ballast Nedam had another difficult year, with an operating loss of €34 million. This loss included €15 million of restructuring costs, €8 million impairment charges on land positions, assets and goodwill, €6 million euros of book profits on disposals, a gain of €12 million on the sale of the A15 Maasvlakte-Vaanplein project (Ballast Nedam share) and a €16 million write off regarding the subordinated loan.

Revenue

x € 1 million	2015	2014
Infrastructure	232	458
Building & Development	554	611
Specialized Companies	135	190
Supplies	82	151
	1 003	1 410
Other	(153)	(244)
Total	850	1 166

Revenue decreased by 27% from €1,166 million to €850 million due to revenue declines in all the divisions caused by the completion of projects and a reduced scale of activities with smaller projects especially for the Infrastructure division. The line 'Other' includes among others the elimination of intra group revenues.

Margin

x € 1 million	2015	2014
Infrastructure	0,0%	(12,9%)
Building & Development	(4,7%)	(1,2%)
Specialized Companies	5,2%	2,6%
Supplies	(3,7%)	11,3%
Total	(5,9%)	(5,6%)

The overall margin decreased from minus 5.6% to minus 5.9%.

Profit (loss) for the period

x € 1 million	2015	2014
Earnings before interest and taxes (EBIT)	(50)	(65)
Loan w aived by banks	16	
Earnings before interest and taxes (EBIT) after loan w aived by banks	(34)	
Net finance income and expense	(8)	(7)
Profit before income tax	(41)	(4)
Income tax expense	(0)	(34)
Profit (loss) for the period	(41)	(103)

The net finance income and expense amounted to €8 million, a slight increase compared to the 2014 level. Since no income taxes are due, this results in a net loss for the period of €41 million. In 2014 an impairment of the deferred tax asset of €32 million was recognized.

Order book

x € 1 million	2015	2014
Infrastructure	328	559
Building & Development	457	625
Specialized Companies	46	49
Supplies	40	61
	871	1 294
Other	(258)	(268)
Total	613	1 026

The order book decreased to €613 million. The decrease in the Infrastructure division was mainly caused by sale of the A15 Maasvlakte-Vaanplein and the A2 Maastricht projects and a lower order intake. The Building & Development division order book decreased due to the completion of large projects and a lower order intake. The projects Hart van Zuid, Rotterdam, and VUmc Imaging Center, Amsterdam, are significant projects in the pipeline, but as financial close has not yet taken place, these projects have not yet been included in the order book. In the Specialized Companies & Supplies division, the lower order book resulted from a decrease in projects and activities.

Equity and cash flows

Ballast Nedam's shareholders' equity increased by €10 million to €21 million. Despite a net loss of €41 million in 2015, shareholders' equity increased due to a rights issue of €20 million and a private placement of €27.6 million, both in December 2015, by Renaissance. As a consequence, the solvency improved from 2% at year-end 2014 to 3.8% at year-end 2015. The solvency based on the guarantee capital floor (equity plus subordinated loan) is 8.8% at year-end 2015.

The total cash flow for 2015 was €28 million negative, compared to a positive cash flow for 2014 of €91 million.

The cash flow from operating activities deteriorated from €79 million negative in 2014 to a negative operating cash flow of €116 million for 2015. In spite of an improvement in work in progress, receivables and inventories, the operating cash flow deteriorated due to payments of other current liabilities and provisions, including the reorganization provision.

The cash flow from investing activities amounted to €3 million positive, which consisted of €6 million of investments and €9 million of disposals. Investments included €5 million of property, plant and equipment and €1 million of intangible assets. The €5 million net investment in property, plant and equipment was lower than the €10 million of depreciation.

The positive cash flow from financing activities of €85 million consisted of the €43 million of drawings under a subordinated loan facility and €2 million of other project loans. Furthermore this includes a repayment of other bank loans of €7 million, a rights issue with net proceeds of €20 million and a private placement of €27.6 million.

Assets and liabilities

Total assets declined by €100 million to €554 million. This was due to lower investments, the disposal of the Pi2 Zaanstad B.V. PPP project and lower current assets. The working capital requirement improved by €26 million as a result of lower current assets. Capital employed improved by €14 million to €62 million.

The unconditional capital contribution commitments with regard to the PPPs was €21 million at the reporting date, compared to €21 million at year-end 2014. These commitments are for the A9-Gaasperdammerweg project.

Financing position

x € 1 million	2015	2014
Cash and cash equivalents	69	70
Escrow account	25	53
Bank overdrafts	(2)	(3)
Net cash	92	120
Recourse loans	(104)	(82)
Financing position	(12)	38
Non-recourse loans	(4)	(5)
Financing position including non-recourse	(16)	33

Ballast Nedam's financing position deteriorated by €50 million, from a positive position of €38 million at year-end 2014 to a debt of €12 million at the end of 2015. The financing position including the non-recourse loans also declined by €49 million, from a positive position of €33 million at year-end 2014 to a debt of €16 million. Net cash declined by €28 million to €92 million. The cash includes approximately €25 million in a blocked account which is not freely available. This is an escrow account.

Loans

x € 1 million	2015	2014
PPP loans	-	-
Land bank financing	32	34
Business loans	74	49
Finance leases	1	2
Other loans	1	3
	108	88
Recourse	104	82
Non-recourse	4	5
	108	87
Current loans	75	31
Non-current loans	33	56

Strengthening equity and refinancing

In April 2015, a refinancing operation took place consisting of the following components:

- Two bridge loans granted by Sanderink Investment B.V. and the banking syndicate totalling €20 million until completion of the planned rights issue in the second half of 2015;
- A subordinated bank loan of €10 million maturing on 31 March 2017;
- A subordinated bank loan of €43 million maturing on 31 March 2017;
- A revolving credit facility of €10 million expiring on 31 December 2015; and
- A committed guarantee facility of initially €265 million being phased out on the basis of scaling back large-scale infrastructure projects, including the A2 Maastricht and A15 Maasvlakte-Vaanplein projects.

In addition to the refinancing by the banking syndicate, the following existing loans have been adjusted:

- An FGH mortgage loan of €28.6 million expiring on 31 December 2016 (extension)
- A Rabobank loan of €50 million expiring on 31 December 2016

In December 2015, Ballast Nedam strengthened its balance sheet with a successful rights issue of €20 million of depositary receipts for shares with tradable rights. The net proceeds of the rights issue of €20 million are being used to reduce the company's debt. The bridge loans, the subordinated bank loan of €10 million and the revolving credit facility of €10 million as mentioned above were repaid or

cancelled per 31 December 2015. Also in December 2015 a private placement of €27.6 million was carried out by our shareholder Renaissance. Both sources of net proceeds strengthen our financial position and enhance our financial flexibility. Furthermore as part of these refinancing agreements and private placement the lenders agreed to permanently waive their rights and claims for repayment of the subordinated bank loan for €16 million in total. This part of the subordinated loan is waived by the banks, which is recognised as a separate line item in the statement of income.

3.2.1 Infrastructure division

x € 1 million	2015	2014
Revenue	232	458
EBIT	(0)	(59)
Margin	0,0%	(12,9%)
Order book	328	559
Assets	99	116

EBIT and revenue

The Infrastructure segment recorded a break even result compared to a loss of €59 million in 2014. The EBIT was affected by a book profit on the sale of the A15 Maasvlakte-Vaanplein and A2 Maastricht projects of €12 million in 2015 (in 2014 the book profit was €76 million on the sale of offshore activities). The EBIT figures include a major loss on the N31 project.

The revenue decreased by 49% compared to 2014 to €232 million, which was primarily caused by:

- The sale of the Offshore activities (€13 million turnover in 2015, compared to €172 million turnover in 2014).
- The decrease in the turnover of Special Projects as a result of the reduced participation ratios in the A2 Maastricht and A15 Maasvlakte Vaanplein projects.

The total assets of the Infrastructure division decreased compared to 2014 to €99 million primarily due to a decrease in working capital.

Market and order book

Infrastructure projects in the Dutch market are growing in size and thus becoming more limited in number. These large-scale projects are characterized by high risk profiles and large capacity utilization. Foreign players are entering this market of increasingly large infrastructure projects. As far as management and maintenance are concerned, government bodies continue to invest in the existing areas. In 2015, the order book decreased by €231 million to €328 million due to the sale of the A15 Maasvlakte Vaanplein and A2 Maastricht projects and a lower order intake.

The main contracts in the order book are:

- The A9 Gaasperdammerweg public-private partnership (PPP) project includes the design, construction, management and maintenance, and financing of the existing and new infrastructure of the A9 between Diemen and Holendrecht. The work commissioned by the Dutch Ministry of Public Works and Water Management (Rijkswaterstaat) has a nominal project scope of approximately €700 million in total, including twenty years of management and maintenance once the new infrastructure is made available. Ballast Nedam, Fluor and Heijmans are jointly participating in the construction and operation phase with shares of one-third each.
- The design and construction contract for the N31 Traverse Harlingen project involves the doubling of a section of the N31 over a length of approximately 3km, the building of an aqueduct in the Van Harinxma canal and the construction of five viaducts for the intersection with the railway line and the underlying road network. The contract is worth approximately €84 million.
- Strengthening the old Waal bridge near Ewijk, in combination with Strukton (50%). This is a construction contract with detailed engineering for auxiliary structures. The contract was awarded for €69 million.

The cooperation with Renaissance resulted in a number of foreign project leads. These are followed up, always in close contact with other members of the Renaissance group (Heitkamp and Renaissance).

3.2.2 Building & Development division

x € 1 million	2015	2014
Revenue	554	611
EBIT	(26)	(7)
Margin	(4,7%)	(1,2%)
Order book	457	625
Assets	255	332

EBIT and revenue

The Building & Development division incurred an operating loss of €26 million in 2015 on a 9% decrease in revenue. With the exception of Ballast Nedam Beheer, all business units reported losses. These losses were caused by the effects of three bankruptcies of suppliers and partners, including Imtech Building Services, and the further deterioration of financial results on several projects.

The assets of the Building & Development division amounted to €255 million and are €77 million lower than at year-end 2014, mainly as the result of the sale of the 75% PI Zaanstad participation.

Market and order book

In 2015 market conditions improved based on the economic growth, the increasing (foreign) investments in Dutch real estate and a strong recovery of the residential market. The EIB (research institute) presented positive numbers for market volume. The Building & Development division has observed an increase in tenders and projects that are ready for construction and faces the challenge of turning this into profitable business.

Some of the projects awarded to the Building & Development division in 2015 are:

- The construction of the new Zuiderpark Sports Campus
- The construction of phases 1 and 2 of Ouddorp beach resort
- The Food Center Amsterdam integrated development project jointly with VolkerWessels Vastgoed (50%)
- A PPP project, De Knoop in Utrecht, in combination with Strukton (45%) and Facilicom (10%)
- Extended building H-106 HQ JFC Brunssum (NATO).

Despite the new projects, the order book decreased by 27% in 2015 to €457 million. The Hart van Zuid, Rotterdam, and VUmc Imaging Center, Amsterdam, projects are not yet included in the order book.

Although Ballast Nedam will continue its efforts in energy-neutral housing solutions, we have decided to step down from the leading group in the Stroomversnelling. In the allocation of our limited company resources such as time, people and capital, we have re-evaluated our choices.

The cooperation with Renaissance resulted in a number of foreign project leads. These are followed up, always in close contact with other members of the Renaissance group (Heitkamp and Renaissance). There appears to be a serious interest from the UK in our modular products. Both Ursem and iQwoning® are involved in one or more leads for delivery to the UK, due to high construction costs and lack of labour in the UK.

Housebuilding activities: property development exposure and land positions

The number of homes started and under construction increased from 352 in 2014 to 644 in 2015. As a result of the increase in homes completed to 892, the number of homes under construction decreased by 248 to 605 at year-end 2015. The homes being developed in-house mainly consist of the Vleuterweide, Vleuten and Polderhof, Alkmaar projects. Homes under construction for third parties include the following larger-scale housing projects: Ouddorp beach resort (120), Loevepark Oosterhout (104), Brakkenstein Nijmegen (98) and Alphen aan de Rijn (145).

Number of homes started and completed in	2015	2014
Under construction (start of year)		
Third-party contract	431	505
In-house development	422	424
	853	929
Started		
Third-party contract	517	207
In-house development	127	145
	644	352
Completed		
Third-party contract	411	281
In-house development	481	147
	892	428
Under construction (end of year)		
Third-party contract	537	431
In-house development	68	422
Total	605	853

Property development exposure

The total property development exposure, which consists of investments in land positions, investments in unsold stock and the related future liabilities, increased in 2015 by €13 million to €188 million. The aim is to reduce the amount of capital invested in property in the next few years. Since the market is improving, this is becoming less difficult. We have strived to reduce the existing purchase commitments, but, primarily as a result of the purchase commitment of Strukton's 50% share in the property development of the A2 Maastricht project, the unconditional purchase commitments have increased to €58 million. Of these commitments, €51 million will fall between 2016 and 2018 and €7 million during and after 2019.

In 2015, the total investment in unsold stock, both completed and under construction, declined by €3 million to €8 million. The book value of the completed and unsold stock amounts to €6 million and mainly consists of the Kloosterkwartier project. The number of unsold completed homes at year-end 2015 increased slightly to 18, compared to 15 at year-end 2014.

The unconditional purchase commitments increased by €23 million compared to year-end 2014 as a result of transfer of Strukton's 50% of the A2 Maastricht project (+ €35 million), the divestment of the land position in Beusichem (-/- €9 million), the payment of the municipality of Sluis (-/- €2 million) and the divestment of land positions (-/- €1 million).

Land positions

The land positions decreased by €8 million to €122 million, mainly as a result of the sale of a number of land positions and investment in land positions in Q4 2015, such as the purchase of Strukton's 50% share in the Gemeenteflat (property development of the A2 Maastricht project) and the purchase of the Vikingsite land position in Maastricht.

3.2.3 Specialized Companies & Supplies division

Specialized Companies

x € 1 million	2015	2014
Revenue	135	190
EBIT	7	5
Margin	5,2%	2,6%
Order book	46	49
Assets	58	69

EBIT and revenue

EBIT increased in 2015 by €2 million to €7 million. This result was influenced by a received earn-out of €3.2 million on the sale of Ballast Nedam Phoenix Ltd in 2014. In December 2015 the Dutch Feniks Recycling Maatschappij BV was sold to the Management of this company.

Revenue in 2015 decreased by €55 million to €135 million as a consequence of the restructuring of the activities of BN IPM, the sale of Ballast Nedam Phoenix Ltd and a lower order intake at BN Materieel, Dibec BNF/vL and SG due to the termination of the A15 Maasvlakte Vaanplein and A2 Maastricht projects.

The assets of Specialized Companies amounted to €58 million, €11 million less than in 2014. This is due to a sharp focus on working capital and a decrease in activities.

Market and order book

Low price levels in the markets will continue to pose a challenge in the short term. The indicators of recovery in the medium term in general are slightly more positive.

In 2015, the order book decreased by €3 million to €46 million. This is attributable to the capacity reduction in a number of specialized companies and the reduction in market volume driven by the infrastructure and construction markets. In addition to the Ballast Nedam projects, the specialized companies will continue to focus on the development of a third-party market.

Supplies

x € 1 million	2015	2014
Revenue	82	151
EBIT	(3)	17
Margin	(3,7%)	11,3%
Order book	40	61
Assets	88	135

EBIT and revenue

The revenue of Supplies decreased by €69 million to €82 million. This is partly due to the effect of measures taken in 2014 (the disposal of the 30% of Bontrup Beheer BV, the closure of the Omnia concrete factory). The 2015 revenue figures were also negatively impacted by the delay in the start-up of the Lus van Linne, low market volume and the decline in market share for TBS, technical performance issues at Rademakers and a delay in orders for Haitsma and Hoco.

Supplies recorded an operating loss of €3 million, compared to a €17 million positive result in 2014. The 2014 result included a book profit on the sale of Phoenix Ltd of €22 million. The concrete factories in particular suffered from underutilization, resulting in negative results.

The assets of Supplies amounted to €88 million and are therefore €47 million lower than in 2014, partly as a result of the reduction in turnover and strict working capital management.

Market and order book

The margins in the prefab market remain under pressure, particularly for standard products. However, the differentiated approach to the market and the focus on innovative, high-quality products from the prefab factories are contributing to a good-quality order intake. The raw materials market for sand and gravel also remained under pressure in 2015. In terms of volume, the markets were reasonable, thanks to the mild winter, but prices remained low. Overall, the supply companies are faced with a highly competitive market.

The order book decreased in 2015 by €21 million to €40 million. The main projects in the order book are the A9 Gaasperdammerweg, the N31 Traverse Harlingen and the Thialf Stadium in Heerenveen. In addition to the Ballast Nedam projects, the supply companies will continue to focus on the development of a third-party market, as in Belgium and in Germany.

4 Risk and risk management in Ballast Nedam

To create enduring quality, Ballast Nedam must stay alert to market opportunities and the associated risks. The aim of our risk control is to achieve an acceptable risk level in line with our risk appetite.

In this chapter we explain how risk management and the risk control process are organized within Ballast Nedam, and what our focus is for risk management in 2016. We also detail the specific risks arising in the environment in which Ballast Nedam operates. Finally, we consider a number of specific risks to which Ballast Nedam is exposed as a result of actual or potential disputes with third parties.

4.1 Outline of risk management

4.1.1 Principles

Ballast Nedam's risk management is based on the following three principles.

- 1 The aim of risk management is to keep the risks which the organization incurs through its activities in line with its risk appetite.
- 2 Risk management is an integral part of all business activities and runs through the entire project life cycle.
- 3 The Ballast Nedam Board of Management has ultimate responsibility for the way in which Ballast Nedam deals with risks. Ballast Nedam manages its operations within a structure comprising three divisions based on products and processes. The divisional directors apply the holding company's risk management policy to the business units in their own division. The divisional directors oversee compliance with the policy within the specified limits.

4.1.2 Risk philosophy

The aim of Ballast Nedam's risk management policy is to ensure that Ballast Nedam only takes responsible business risks and the probability of these risks materializing – and any consequences – must not jeopardize business continuity. For example, we have set a low risk appetite for the Safety, Compliance and Financial risk areas.

Ballast Nedam considers the management of risks to be a core competence, which is firmly embedded in the various projects we implement. Both within individual projects and across all projects as a whole we apply methodologies that are commonly used in the Construction and Infrastructure sector. That also makes it possible to communicate on risk management with parties in the chain.

At the same time a thorough risk management process alone cannot prevent the derailing of projects as we have experienced in recent years. A set of thorough and all-encompassing actions are being taken to prevent future project failures with the help of Renaissance. Specific actions are a more thorough tender procedure, stricter rules governing which entity can tender for which type of projects, centralized and tightened project control and centralized procurement.

4.2 Internal control of risks

Below we explain the structure of risk management within Ballast Nedam on the basis of the 'Lines of Defence' model.

4.2.1 First line: our people, operating processes and decision-making committees

A bottom-up approach to risk control

The project managers are responsible for managing the risks related to projects. They identify, analyse, prioritize and control these risks. The design of the risk management depends greatly on the size and risk profile of the specific project. In complex works, for example, in some cases hundreds of risks are recorded in a relational database and monitored in each phase of the project. The risks in a simple project, by contrast, are controlled with a checklist. Ballast Nedam applies the 'fit for purpose' principle in its project risk management. This will also be reflected in an updated Risk Management Policy and Manual.

The business unit managements periodically identify the risks in their unit. We then discuss these with the divisional directors. The Concern Council, on which the divisional directors and the Board of Management are jointly represented, discusses the results.

The attitude and behaviour of our employees and contractors are very important for the control of risks. We seek to ensure fair behaviour on the part of all those who are involved in our project and fall within our responsibility. We do that through our HR policy and our policy with regard to subcontractors and suppliers (see also Section 5.7 *Compliance and integrity* page 40).

In some cases the expertise required for a project is not available within Ballast Nedam. For such projects we then collaborate with a partner having specialist knowledge. That occurs in all phases: in the tender, implementation and management phase. In such a case we assign the risks for each area of expertise to the party best able to control them.

Use of support instruments

To maintain appropriate control of risks Ballast Nedam uses various systems and instruments geared to the specific requirements of operating companies and projects:

- Progress in the field of finance, operation and risk control is guaranteed by periodic management reports drawn up in accordance with the reporting and accounting instructions issued by the holding company.
- From the project level the divisions and associated business units monitor the liquidity requirements weekly through a central cash management system.
- The divisions and their business units also use a central financial system.

Involvement of the Contract Committee

Projects with a certain size and risk profile are submitted to the Contract Committee for approval. Risky liabilities include tenders for internationally complex contracts, contracts with open ends, with bank guarantees and e.g. with unlimited liabilities. Contracts with unlimited liabilities are subject to approval of the Contract Committee. Before the offer is submitted, it is discussed with the Board of Management during the mandatory Contract Committee meeting. Partly as a result of experiences in recent major projects, more time is now devoted to assessing whether the project fits in with the revised strategic focus, and to assess which project-related risks are involved and how they can be mitigated. The Board of Management's assessment covers matters such as the return risk ratio, the capital requirement, capabilities of the proposed team to execute the project and political aspects. The Board also considers the payment scheme.

Involvement of the Tender Committee

All risky liabilities are assessed by a Tender Committee in the division. After approval by the Tender Committee, the major risky liabilities are submitted to the Contract Committee for approval. The Tender Committee regulations in the divisions have the same goals as the Contract Committee

regulations, supplemented where necessary with specific information concerning the market in which the division operates.

4.2.2 Second line: supporting functions

Lawyers and contract managers

In order to maintain appropriate control of the contractual risks, specialist contract managers are deployed in the divisions, in both the tender and implementation phases. We also focus specifically on the competences of contract managers and devote attention to knowledge sharing based on lessons drawn from the recent past. The Legal department focuses on matters relating to the holding company. For large and/or complex projects a contract manager is added to the project team.

Insurance

Insurance is responsible for arranging and managing insurance policies for Ballast Nedam and its businesses in line with the insurance policy agreed by the Board of Management. In the first place this involves the arrangement and management of more general insurances which afford financial protection for the company in the event of claims and losses. Second, Insurance promotes the insurance interests of Ballast Nedam in the implementation of projects, in both the tender and implementation phases. Third, Insurance ensures that the arranged insurances offer the intended financial protection. Finally, this department has a responsibility in the field of prevention: within the various divisions it promotes awareness of the benefit and necessity of insurances.

Compliance officer

Ballast Nedam requires its employees, but also its suppliers and subcontractors, to behave with integrity. Ballast Nedam operates a zero tolerance policy for compliance with its code of conduct, in which the compliance officer plays a central role. The compliance officer conducts an enquiry whenever possible violations are reported. If violations have occurred, immediate measures are taken. In order to guarantee the organization's integrity we continually evaluate the compliance policy and tighten it where necessary. Further details can be found in Section 5.7 *Compliance and integrity* on page 40.

Safety

A major risk in the implementation of projects is the safety risk. Ballast Nedam's safety policy is aimed at creating a proactive safety culture. This safety policy is set out in a safety plan. Section 5.6 *Safety* on page 39 sets out the measures which Ballast Nedam takes to achieve and maintain a high level of safety awareness among our employees and subcontractors.

An important part of the control of safety risks is Dibec, a practically oriented knowledge organization with specialists in the field of the environment, safety, materials science and surveying. This unit develops safety plans and conducts safety audits.

ICT risks

Major ICT risks concern the continuity of the ICT infrastructure and ICT information systems. Examples include viruses and attacks with large volumes of data. Disruption of the authorization policy also represents a considerable risk. Ballast Nedam is aware of these risks. All business units make heavy use of ICT infrastructure and ICT information systems built on tried-and-tested technologies, in which we achieve as much uniformity as possible across the business units to prevent disruption. To guarantee continuity of business operations, the information systems accessible through this infrastructure are constantly improved and updated by means of a DTAP (Development, Testing, Acceptance, Production) approach. Our ICT infrastructure is based on a wide range of services, modern communication technology and advanced virtualization techniques for data storage and

processing. This enables us to continuously achieve and monitor the required capacity, availability and sustainability.

We have taken various measures to control the ICT risks. For example, we use:

- The Code for Information Security (an international standard for information security in organizations);
- Authentication for access to the network;
- Firewall technology for access from the Internet;
- External audits to identify deficiencies;
- Specific access portals requiring a combination of username and password;
- Management software for mobile hardware to erase devices remotely.

4.2.3 Third line: monitoring

The risk manager

As stated previously, the project manager is responsible for identifying, analysing, prioritizing and controlling the risks in the acquisition phase and in the implementation of the work. In the acquisition phase, the risks are also discussed in the Tender Committee and Contract Committee, depending on the nature and size of the project. To support the project manager in this task, risk managers are appointed within Ballast Nedam's projects; this role is performed on a part- or full-time basis, depending on the complexity of the project. The risk manager facilitates the risk-management process, contributes to risk awareness and monitors the project for changes in the risk profile. This officer is also responsible for updating the risk file and reports on the status of the risks through the project manager in the periodic project reporting. The group of risk managers is referred to as the 'risk community' within Ballast Nedam. The corporate risk manager is responsible for the definition and rollout of the business risk process and executes project reviews on selected projects focussing on project control.

Business control and treasury

Operational responsibility and financial control have also been separated at all levels within Ballast Nedam. This is consistent with our aim of further professionalization. Payments by Ballast Nedam are made and monitored centrally by the treasury function. The division and the associated business units also provide a weekly liquidity forecast at project level, which is assessed by the treasury function.

Ballast Nedam has developed a new format for financial reporting over the past year, which has recently been implemented. The new structure makes it easier to monitor the achievement of strategic and financial objectives. The format also improves the predictability of costs and income. The risks are also covered extensively in the reporting both at project level and across the organization. The Business Control department compares and evaluates the risks in the quarterly and other reports of the various divisions.

Since this enables us to improve the quality of the information, we can steer a more effective course and make any necessary adjustments. This new reporting method makes Ballast Nedam an organization which more actively anticipates developments in the market, and provides an insight into how we can improve our work and processes.

4.2.4 Fourth line: assessment by the Board of Management and the Supervisory Board

Board of Management

Ballast Nedam has a policy on corporate governance. This policy requires among other things that Ballast Nedam is well equipped to account for the implementation of its corporate governance policy to

all stakeholders, including shareholders, employees, customers, suppliers and society as a whole. A detailed description of the corporate governance policy can be found in Chapter 6 *Corporate Governance* on page 45.

With regard to risk control, the Board of Management has both a control and an assessment function. An important information source is the periodic management reporting, which surveys the current risks and opportunities for projects in the divisions and business units, and the status of the control measures. The Board of Management discusses the risks with the division managements. The division managements conduct similar discussions with the management teams of the business units. In addition, complex projects of a particular size or a particular risk level are always discussed with the Board of Management in the Contract Committee before an offer is submitted.

The Supervisory Board and the Audit Committee

Ballast Nedam's risk profile and the internal risk management and control systems are discussed at meetings with the Supervisory Board and the Audit Committee. At these meetings they discuss the financial state of affairs and the findings together with the company's internal audits and risk management. The activities are covered in Section 6.2 *Report of the Supervisory Board* on page 51.

4.3 Evaluation

4.3.1 Activities in 2015

The 2014 risk management policy and approach was further developed in 2015. Experiences in the recent past at project level also stressed points for improvement. The activities carried out included the following:

- The management reporting in the risk management field was further developed and standardized, with the risks being consolidated at division level.
- The majority of Ballast Nedam's divisions and business units were the subject of a business risk session in which the principal risks were identified and the effectiveness of their control was evaluated. This evaluation has provided the divisions with a basis for further improvements.
- An updated risk management course was rolled out to many employees to increase risk awareness.
- The 'risk community' was scrutinized, revealing a need for further qualitative and quantitative reinforcement. Several new colleagues have been appointed as responsible for risk management.
- A new Corporate Risk Manager was appointed.
- From the project level the divisions and the associated business units monitor the liquidity requirement weekly using a central cash management system.

4.3.2 Focus in 2016

Several large projects progressed with severe difficulties in 2015. That applies to infrastructure projects such as the A15 Maasvlakte-Vaanplein and N31 projects but also to utility construction projects such as a hospital in Curacao. The possibility of projects generating negative results is an inherent risk in a project organization such as Ballast Nedam. Our objective is to mitigate risks and thereby reduce the number of projects with negative results and limit their impact. Since Ballast Nedam sees risk management as an integral part of its business, we regularly assess potential improvements. The discipline and enforcement of the aforementioned risk measures and project control must be improved on all fronts across all departments. This will in any event lead to a number of additional activities in 2016:

- On the strategic level, the Board of Management will periodically review the risk appetite.

- On the tactical level, risk sessions will be organized again in each division and business unit. The risk-return assessment made in the Contract Committee will also be described more explicitly and reported on in a more structured way.
- On the operational level the risk management will be standardized and strengthened on the basis of recent experiences.

4.3.3 Assessment of risk management and control systems

On the basis of the above, the Board of Management declares that the risk management and control systems have in general worked correctly. Additional efforts have to be made particularly with regard to the control of major infrastructure projects.

With regard to the financial reporting risks, the internal risk management and control systems provide a reasonable degree of assurance that the financial reporting presented in the 2015 financial statements is free of material misstatements.

It should be noted that no 100% guarantee of the proper operation of risk management and control systems can be given. Project assessments are based on estimates and depend, among other things, on the results of negotiations and discussions on the financial settlement of projects (contract variations, penalties and claims, delivery time and quality of the work). It may subsequently emerge that the results of the negotiations do not correspond to the estimates made. Hence Ballast Nedam cannot guarantee that material errors, as well as fraud or violations of legal provisions, will not arise in the future.

The further improvement and supervision of the internal risk management and control systems remains a priority for the Board of Management. This subject is therefore discussed regularly with the Audit Committee, the new Shareholder and the Supervisory Board.

4.4 Relevant risks

Ballast Nedam identifies risks in the following areas:

- strategic risks;
- financial risks;
- operating risks;
- compliance risks

These four risk categories were examined during the risk sessions in most of the constituent parts of the organization. The results of these sessions were used as input for this section, which summarizes the main risks involved in each category and the way in which Ballast Nedam controls them.

4.4.1 Risks related to our strategy

Most relevant risks in relation to our strategy arise from the economic circumstances in the sector and loss of reputation resulting from a negative image.

Economic conditions in the market

Ballast Nedam is heavily dependent on the Dutch market and, within that market, particularly on public and semi-public clients.

The annual analysis by the Economic Institute for the Construction Industry (EIB) shows that the Government budget for highway, water and rail projects is 3% higher in 2016.

The EIB also reports strong growth in the housebuilding order book in the recent period. It estimates growth in building output at 4% for the year ahead and at 7% in the case of housebuilding. The total estimated growth of the construction market is estimated at 4.5%.

We are seeing clients, including in the public sector, increasingly opting for integrated forms of contract in which design, construction, financing, maintenance and management are the responsibility of a single supplier. Projects are also becoming more complex: the quantity and the diversity of knowledge and technologies required for projects are increasing. An example is the use of ICT in projects, stricter sustainability requirements, customized projects at keen prices and building in urban areas with a large number of stakeholders and logistical challenges. Finally, there is more demand for modular products. These developments match our strengths. In order to promote loyalty among our clients, we will distinguish ourselves in terms of our quality and innovative strength.

With the cautious revival in the market and the associated rise in costs, Ballast Nedam runs the risk of an exponential rise in project costs. We control this risk by establishing our liabilities at an early stage and agreeing price compensation where possible.

As already stated, the current market is generally characterized by low prices, putting margins under heavy pressure. To control this, each business unit monitors the developments in its market. Business units with larger projects and a specific focus will do this nationwide. Units such as highway construction and housebuilding operate regionally in order to respond effectively to specific customer requirements.

The risk of loss of reputation

Ballast Nedam attracted negative press coverage again on a number of occasions in 2015. In many cases the reports concerned the company's financial situation, developments in this area and more cost overruns on the A15 Maasvlakte-Vaanplein project.

There was positive news coverage of the projects which we acquired in 2015, including the A9 Gaasperdammerweg, the N31 Traverse Harlingen and Zuiderpark Sports Campus projects. The iQwoning® modular living concept also received positive news coverage on a number of occasions, including information on the concept itself and on the announcement of its construction in various projects.

Ballast Nedam was also in the news many times as it was acquired by Renaissance. The acquisition by Renaissance opens up new prospects for Ballast Nedam and ensures our continuity.

4.4.2 Financial risks

This section provides more information on our focal points with regard to the financial situation, particularly the limited solvency and liquidity position, and the financial control of projects.

Ballast Nedam identifies various financial risk factors with regard to currency, credit and liquidity. These risks are not uncommon in the industry. Ballast Nedam uses financial instruments, including derivatives, in its normal business operations. The policy is aimed at creating and maintaining the best possible financial conditions for Ballast Nedam's operating activities. The objectives and policy with regard to risk management in the use of financial instruments and, to the extent significant, in the assessment of assets, liabilities, financial position and results, are explained in greater detail in Section 7.9 *Notes to the statement of income*, from page 105.

Solvency

Ballast Nedam's solvency is at a low level of 4.2% despite the rights issue at the end of December. The main risks with such low solvency are: 1) inability to fulfil prequalification requirements in tenders; 2) more difficult financing of projects; 3) failing to obtain cover from credit insurers; 4) lack of confidence on the part of existing and future clients and suppliers; 5) heavy dependence on our house banks. The fact that Ballast Nedam is now part of the Renaissance Group is important in regaining the trust of external parties.

Liquidity

Despite the refinancing in 2015 including the rights issue, the current liquidity position is still tight. In order to control these risks, 1) the divisions and associated business units monitor the liquidity requirement weekly using a central cash management system, 2) payments by Ballast Nedam are made and monitored centrally, 3) there is increased focus on working capital management and 4) a further cost reduction programme is expected in 2016.

Financial control of projects

Positive results from projects and cost savings are preconditions for Ballast Nedam's continued existence. Improvements in project management and financial control are therefore top priorities. Many factors affect the quality and project costs in the implementation of complex projects. These factors are assessed in the tendering phase and the resulting costs are included in the tender. Nevertheless, there is a risk that the actual costs of certain projects will differ from the budgeted costs. To minimize this risk, the division management assesses the composition of the team with regard to its subject knowledge and competences. The Engineering Business Unit or external parties also assess the constituent parts of the tender during the tendering process. Finally, the Contract Committee conducts a critical assessment of the tender, drawing on experience in previous projects. In 2016 we foresee additional steps to strengthen project control. The plans for these additional measures are currently being developed in close cooperation with Renaissance.

4.4.3 Operating risks

Ballast Nedam's operating risks are closely related to the implementation of the primary process, i.e. our projects in the tendering phase, the implementation phase and the management phase. Ballast Nedam is focusing its activities for the forthcoming period on projects in which we can distinguish ourselves and which fit in with the size of Ballast Nedam. We see operating risks in three areas: our employees, knowledge management and safety.

Employees

2015 was again a turbulent year for Ballast Nedam, which again led to voluntary and involuntary departures of employees at all levels. In some departments this led to departures of personnel from key positions within Ballast Nedam. More details of the control measures taken in this area can be found in Section 5.5 *Human resources* on page 37.

Knowledge management

Within Ballast Nedam there is a risk that the new knowledge we acquire in the implementation and management phase will not be incorporated in subsequent, comparable tenders. To remedy this situation we use the performance measurement system in the realization and management phases; this is used to transfer the knowledge gained in these phases to the tendering phase.

Safety

Safety is a risk category which receives a great deal of attention within Ballast Nedam, including at Board of Management level. Our people are our capital and an asset we conserve with great care. Ballast Nedam has therefore taken many measures to ensure appropriate control of safety risks. One of the possible side-effects is that employees may place too much trust in the inspection procedures,

for example, and are less alert to possible risks that can still arise. To counter this effect, safety training is provided to maintain a high level of safety awareness. Managers are also trained specifically on how to deal with their example-setting role. Further details of the control measures for safety in the chain can be found in Section 5.6 *Safety* on page 39.

Compliance

Ballast Nedam integrates compliance into all aspects of its business activities. Fair, compliant behaviour is guaranteed as far as possible by giving employees clear guidelines, by providing an accessible compliance organization with supporting process and reporting systems and appointing a Chief Compliance Officer, who focuses among other things on the control of possible compliance risks. Ballast Nedam demands integrity and compliance on the part of its employees, but also on the part of its suppliers and subcontractors. Ballast Nedam identifies compliance risks in the following three areas: chain responsibility, working in consortia and doing business abroad.

Chain responsibility

Existing and forthcoming legislation points to an increase in liability and chain responsibility. This development could cause Ballast Nedam, through its own actions or otherwise, to be confronted with claims and/or violations, possibly harming the reputation of our company. In 2016 we will therefore continue to perform periodic audits on our subcontractor and suppliers. We are fully aware of the limited extent to which this risk can be controlled.

Working in consortia

Major integrated projects are often implemented on a consortium basis, with the result that different operating systems and cultures come together in the same workplace. It is important to note that this is a complicating factor in the maintenance and implementation of the compliance policy which Ballast Nedam applies and that further harmonization is required in the partnerships. Attention was devoted to this aspect in 2015.

Doing business abroad

Like the Netherlands, each country has its own culture, standards, values and manners. Every country has its own opportunities and risks. When we are considering starting activities abroad, we consider the compliance risks pertaining to that country. On the basis of that assessment, we can equip employees appropriately with training and additional support from the compliance organization. Another outcome of the assessment may be that we decide not to start these activities.

4.5 Specific risks

Building & Development division

Stadskantoor Venlo

Ballast Nedam is building a new City Hall for the city of Venlo. The goal of the client is to build an iconic building which refers with pride to the city's agrolistics tradition, with Venlo showcasing a Cradle to Cradle design (C2C). During the project several subcontractors went bankrupt, leading to significant additional costs. Ballast Nedam also claimed additional costs for a six-month delay at the beginning of the project due to the fact that the local soil conditions, when we started the construction, were different in such a way that we could not build the design that was used for the calculations for the tender. Ballast Nedam lost the lawsuit. The consequence is that we have to pay penalties due to late delivery and that additional costs due to the delay also have to be borne by Ballast Nedam. The handover to the client is now planned for July 2016. It has been decided to appeal against the verdict.

Hospital Nobo Otrobanda Curacao

Ballast Nedam is building a new hospital in Curacao for a contract value of US\$136.1 million. The approved sum of additional work currently amounts US\$2.7 million. A number of disputes have arisen with the client, resulting in a claim from Ballast Nedam against the client amounting to more than US\$15 million, which partly has been recognized by the client. As at the end of 2015 the estimated result is a loss of US\$15 million by the end of the project.

This number is currently included in the year-end figures at the year-end exchange rate. Discussions on the remainder of our claim continue.

Betacampus

Ballast Nedam and Heijmans are building a laboratory for the measurement of gravitational waves and nanotechnology research. The new Science Campus of the Faculty of Mathematics and Natural Sciences of Leiden University will have new laboratories, including facilities for "flicker-free" research. Cofely was hired for the installation part and is claiming an amount of €5.2 million for additional work because of omissions in the specifications. The defendant states that it has only an evaluation role. Cofely has instituted formal legal proceedings.

Hilton Schiphol

Heddes claims additional work, which has been denied by our client Schiphol Hilton (SHPC). This additional work was caused by changes or omissions in the design that Ballast Nedam received from SHPC. SHPC claimed in turn that the occupation of the hotel facilities fell within the scope of Heddes, which Heddes denied. The parties pursued an amicable settlement but did not succeed. The parties subsequently agreed to submit their claims to a binding judgment. This judgment was rendered in December 2015. SHPC's claim was rejected. The claims of Heddes were largely upheld, excluding the claim for additional steel reinforcement totalling €370,000.

In addition to the above claim, SHPC stated that Heddes did not hand over the building to SHPC in time and consequently that the contractual penalty was due. Heddes, on the other hand, contends that the late handover date was to a large extent caused by SHPC. The parties aim to reach an amicable settlement on the remaining issues.

Infrastructure division

A15 Maasvlakte-Vaanplein (MaVa)

Agreement has been reached with Strukton and Strabag, partners in the A15 Maasvlakte-Vaanplein project, under which Ballast Nedam has reduced its share of the project on the signing of the agreement from 40% to 10%. Strukton and Strabag each increased their share to 45%. Ballast Nedam will pay €4 million to Strabag and €6 million to Strukton in 2016 as a risk premium. The transaction had a positive impact of around €12 million on the results in 2015. The share transfer took place in the fourth quarter of 2015. We do still have a dispute with the client for a material sum, for which a claim was submitted in December 2015. This claim could be favourable for Ballast Nedam.

A2 Maastricht project Avenue 2

An agreement has been reached with Strukton, our partner in the A2 Maastricht project, for the takeover of Ballast Nedam's share in the infrastructure activities in the project. Strukton's share in the property development of the A2 Maastricht project is transferred to Ballast Nedam. Ballast Nedam paid its share of 50% of the project loss, i.e. €22 million, to Strukton. This payment was spread over the second half of 2015. Ballast Nedam acquired the right to the land positions for the property development and on completion of the tunnel will have to pay approximately €40 million to Strukton. The completion of the tunnel is expected at the end of 2016 / beginning of 2017.

Suriname refinery expansion project

In November 2013 Ballast Nedam completed successfully the delivery and installation of steel piles and civil engineering for the expansion of the Tout Lui Faut oil refinery in Paramaribo for Staatsolie

Maatschappij Suriname. During the course of the execution of the works, in 2012, a claim of almost US\$50 million arose following delays and disruption to the refinery expansion project, for which Ballast Nedam is holding the client liable. The parties have entered into discussions with a view to an amicable settlement, but no agreement has yet been forthcoming. For this reason Ballast Nedam has commenced an International Court of Arbitration (ICC) arbitration in accordance with the contract.

Butendiek

In the Butendiek project there is an ongoing dispute with the steel supplier EEW concerning various claims. Ballast Nedam is claiming damages for delays due to the late delivery of monopiles and transition pieces and is therefore withholding part of the payments. EEW is claiming additional work and exercising its right of retention in respect of as-built documents. Ballast Nedam disputes the legitimacy of the additional work. The parties have reached an interim agreement on the release of the as-built documents and the resolution of the remaining points. However, with regard to a final settlement the parties' positions remain far apart and arbitration may be necessary.

Specialized Companies & Supplies

Nedereindse Plas

The Court of Arbitration for the Building Industry ruled against Ballast Nedam in 2012 in a dispute with the municipality of Utrecht regarding the Nedereindse Plas project. Ballast Nedam designed and implemented a foil construction for this project. Ballast Nedam endeavoured to comply with the judgment of the court of arbitration. The municipality did not give its approval and in August 2013 instituted execution proceedings at the Court of Arbitration. Consultations then began, with the parties investigating the possibility of arriving at a practical solution with guidance from an independent firm of engineers.

5 Corporate Social Responsibility

5.1 Position of CSR in the organization

Ballast Nedam's sharper strategic focus is reflected in the CSR policy for 2015. Since 2015 Ballast Nedam has focussed more on the firm requirements to improve its performance in CSR matters of relevance to our market. In 2015 we brought the various CSR objectives closer to the business and associated them more with the projects. The urgency of these market demands will then be recognized more fully and ultimately conveyed to the place at which they are most relevant.

Ballast Nedam implements its CSR policy on a company-wide basis. We focus on a clear organizational structure, the establishment and maintenance of an efficient management information system and specific, relevant actions which have a positive impact on our organization, our stakeholders and the environment.

Our CSR policy is organized as follows:

- The directors, including divisional directors, are responsible for all CSR issues within their business unit.
- The policy on key performance indicators (KPIs) and formulated objectives has been implemented throughout the organization.
- The CSR results are taken into consideration in the remuneration of the directors, including divisional directors. The target letter to management states that KPIs for non-financial matters must account for one-third.
- Core teams have been appointed for various CSR subjects to support the organization/directors in achieving the objectives.
- The chairman of a core team submits proposals to the Board of Management/Concern Council, for example with regard to policy amendments, KPIs, objectives, tools, actions and analyses. The various core team members have been appointed from the three divisions, thereby assigning the commitment and decisiveness to the right place.
- The assurance results are measured at division and company level and consolidated at holding company level. The KPIs and the objectives form an integral part of the quarterly reporting, making CSR more firmly embedded in our operations.

5.2 CSR objectives and results

Below is a summary of the CSR objectives we set in 2014, the results achieved in 2015 and the objectives for 2016.

CSR subject	Intended goal	KPI 2016
Energy, CO ₂ and air quality	Energy efficiency and use of sustainable energy	CO ₂ (scope 1&2) / Dutch revenue
Waste & recycling and Materials	Reducing material consumption and increasing separation percentage	Number of ongoing projects and/or factories with waste management plan
Human resources	A healthy, safe and motivating working environment for all employees.	Percentage of sickness absence
Safety	We aspire to an injury-free Ballast Nedam.	Injury frequency
Integrity	We comply with all applicable rules, legislation and ethical standards and operate a zero tolerance policy	Compliance reports dealt with within 48 hours. Appropriate measures may be taken after investigation
Innovation	Offering customer added value as result of improved processes, products and business models	Number of innovations within projects Number of process innovations 2015: Number of innovations, including in sustainability
Community relations management	In projects we must provide comfort and clarity and not cause nuisance	Number of ongoing projects reported to Bewuste Bouwers at year-end
Community investment	In our activities we contribute to the training and employment of young and socially disadvantaged people	Number of Social Return projects

CSR subject	Result in 2014	Objective for 2015	Result in 2015	Objective for 2016
Energy, CO ₂ and air quality	18%	20% reduction compared to 2008	21%	22% reduction compared to 2008
Waste & recycling and Materials	34	40	24	≥30
Human resources	4.35%	4.5%	4.15	≤4.25
Safety	7.1	6.5	5.9	≤6.5
Integrity	5	100%	100%	100%
Innovation	5	3	2	>=3 >=3
Community relations management	41	40	28	≥30
Community investment	38	No objective	39	Comply with client requirement

5.3 Energy and CO₂

We carefully examine the energy requirement in the entire life cycle in the development of any new products, buildings or areas: from development and construction to management and maintenance.

Policy

Ballast Nedam's energy policy is focused on making our business operations more energy-efficient and sustainable in the years ahead. Choices made in the built environment also have a major impact on the wider environment. Not only during construction, but for decades thereafter. That insight spurs us to design sustainably through the entire life cycle of a project.

The CO₂ performance ladder (SKAO, the Foundation for Climate Friendly Procurement and Business) certifies the reduction of CO₂ and is used in civil engineering tenders to determine a national discount on the tender price. Also in 2015 we achieved the highest level of this certificate.

Our objective for 2020 is a CO₂ reduction of at least 30% relative to the reference year 2008, as a proportion of revenues from our Dutch businesses.

Objectives and results

In 2015 Ballast Nedam achieved a 21% reduction in CO₂ relative to the reference year 2008.

Overview of CO ₂ emission reduction	2008	2014	2015
CO ₂ footprint (Dutch activities in tonnes)	72,867(**)	44,095(**)	33,032(*)
Revenue from Dutch activities (millions of euros)	1,349	949	770
CO ₂ emissions (tonnes) per million of revenue in euros	54.0	46.5	42.9
Percentage relative to reference year	100%	86%	79%
Reduction relative to reference year		14.0%	21.0%

(**) Adjusted for comparison purposes. From 1 January 2015 the conversion method changed in accordance with the CO₂ performance ladder.

(*) Included in the EY assurance.

CO₂ footprint measurement system

In its footprint Ballast Nedam reports the emissions in Scope 1 (natural gas, petrol, CNG, cokes, diesel, LPG, kerosene, propane and business travel) and Scope 2 (electricity, terrestrial heat and business use of private cars) of the Dutch operations. The criteria have been established in accordance with the the GreenhouseGas Protocol – Revised edition and 'Handboek CO₂-prestatieladder version 3.0' of SKAO. We use the IFRS demarcation criteria, with participating interests of 50% or over and consortia being proportionally included in the footprint. If any monthly consumption figures are not known, estimates are made at the year-end based on the revenue trend. We calculate the CO₂ emissions on the basis of the conversion factors in SKAO performance ladder 3.0. During the year assurance services were provided for the CO₂ footprint for the fifth time with regard to this matter. The independent assurance report of EY can be found in Section 8.6 *Independent assurance report* on page 130.

There are three reasons for the reduction in the footprint (Scope 1 and Scope 2):

- We implemented energy-saving measures;
- Energy-intensive projects and/or businesses had lower production;
- We have promoted the consumption of green electricity by means of guarantee-of-origin certificates for wind power from the Netherlands.

	Office	Building site	Factory	Mobility	Total
Scope 1	1.089	5.565	9.512	9.931	26.096
Natural gas	1.089	279	3.496		4.864
Diesel		5.269	715	4.795	10.779
Petrol			27	1.571	1.598
Cokes			5.156		5.156
CNG				3.564	3.564
Other fossil fuels		16	118		134
Scope 2	1.221	2.156	1.793	1.767	6.937
Electricity	1.203	2.156	1.793		5.152
District heating	18				18
Business use of private cars				1.767	1.767
Scope 1 and 2	2.309	7.721	11.305	11.698	33.032

Projects awarded on the most economically advantageous tender criterion, based on the CO₂ performance ladder

The N31 Traverse Harlingen project involves the dualling of a section of the N31 over a length of approximately 3km, the building of an aqueduct in the Van Harinxma canal and the construction of five viaducts for the intersection with the railway line and the underlying road network. Ballast Nedam has adopted an integrated approach to this project, with the disciplines involved in the chain working closely together to limit the consumption of materials and hence CO₂ emissions as far as possible. The design includes high-quality prefabricated concrete elements. This choice of industrial production also contributes to rapid construction and helps limit the environmental impact. The ground transport has been optimized to reduce gas oil consumption and CO₂ emissions. A sustainability coach has also been appointed to the project to increase awareness. During the work preparations we created a new sustainability measure. We installed a mobile concrete factory to produce 50,000 cubic metres of concrete. This saves a lot of CO₂ because of less traffic.

5.4 Waste, recycling and materials

Ballast Nedam takes a whole-life-cycle view of waste, which means we look upon waste as the result of design, purchasing and implementation choices.

Policy

Our policy is directed towards eliminating waste and limiting material consumption. In that way we also avoid unnecessary environmental and other costs.

We adopt a dual approach:

- Quantitative: we reduce the quantity of waste structurally at the source by improving material productivity; we prevent waste by improving processes and innovating.
- Qualitative: we reduce the adverse effects of waste. This means we avoid resource depletion by using renewable and/or secondary materials. We combat pollution by using degradable and/or reusable materials and optimizing waste management procedures where possible.

Objectives and results

At the beginning of 2013 we introduced Ballast Nedam waste management plans. On the basis of a fixed format, the project team can draw up a detailed waste management plan for the implementation phase of a project. The format comprises seven stages, in which the whole chain is closely involved and the contribution of suppliers, subcontractors and waste processors is included at an early stage. That leads to the creation of a joint waste management plan that is tailored to the project. At the end of 2013 there were 26 in use; in 2014, waste management plans were in use at 35 ongoing projects/factories.

In 2015 the waste management plans were used at 24 ongoing projects/factories.

Waste and materials in the chain

A lot of waste arises because products are not supplied precisely to size or because materials are used only once. We therefore engage in a dialogue with suppliers or subcontractors concerning packaging materials which have a major impact, to assess whether the project could be conducted differently. This leads, for example, to agreements with suppliers on the recovery, reduction or changing of packaging materials. Another initiative is that materials are used more effectively in the design phase, so that fewer residual products remain.

5.5 Human resources

Our people are the key success factor to achieve a customer-oriented approach and an integrated approach to projects. This depends entirely on their commitment, expertise and enthusiasm in the work they perform.

Policy

The effective and successful management of our projects results from the joint efforts of employees and managers. The quality of their relationship largely determines the quality of the work and the involvement and the flexibility of the employee. Our human resources policy is aimed at facilitating cooperation and dialogue by developing and offering the appropriate tools and instruments.

Objectives and results

The continuing project losses for Ballast Nedam have led to another difficult year for our employees. In 2015 we had to deal with (the aftermath of) reorganizations and divestments and adjustments to our business objectives. The first half of the year in particular was dominated by uncertainty about the future of Ballast Nedam. In July 2015 Renaissance Construction announced its recommended public offer for Ballast Nedam.

In managing the reorganizations that had started in previous years, the main principle was 'from job to job': employees who were laid off were guided by our mobility office in finding a new job. Employees who ended up in an unemployment situation, or in a less well-paid job, could count on support.

With respect to the necessary divestments HR devoted attention to the staffing consequences. Jointly with the buyers of various business units, optimal preservation of the employment conditions of the associated staff was ensured.

For employees within our organization we took action to prepare them for the new reality as well as possible. In order to improve project control, we developed the Project Control Academy. This comprehensive programme combines individual training and development with structural improvement of our business tools and policies. For our young employees we have expanded our in-company training offer with the Management Course for young Professionals and Engineers.

MSS and ESS

With the shared view that the management and employees steer their own commitment in the organization, we have set up several staff instruments in accordance with the principle of Management Self Service (MSS) and Employee Self Service (ESS). Among other things, our assessment system

has been digitized and gives managers and employees the ability to go through the entire assessment process without the intervention of HR.

Sickness rate

2007	2008	2009	2010	2011	2012	2013	2014	2015
5.70%	5.00%	5.00%	4.78%	5.01%	4.81%	4.48%	4.35%	4.15%

One of our objectives for 2015 was a further reduction in the sickness rate. In 2015, the sickness rate declined for the fourth successive year to 4.15%. A good result, which has led to a reduction in the costs of absenteeism. With the increase in the pension and AOW age, it is increasingly important to keep older staff vital. The declining sickness rate is an indication that we are on track in maintaining the vitality of our employees.

This positive result is probably related to the further refinement of our internal management model in 2015. In this model responsibility for supervising sick employees passes to the manager. The manager and the employee are in close contact with each other and both play an active role. This contributes to the speed and energy put into ensuring that the employee can return to work.

Number of employees based abroad and in the Netherlands

	31-12-2014			31-12-2015		
	Abroad	The Netherlands	Total	Abroad	The Netherlands	Total
male	18	2,185	2,203	17	1,989	2,006
female	6	286	292	5	258	263
Total	24	2,471	2,495	22	2,247	2,269

Domestic workforce

Age	≤20	20-29	30-39	40-49	50-59	≥60	Total
male	1	145	398	548	663	234	1,989
female	0	15	72	89	62	20	258
Total	1	160	470	637	725	254	2,247

In 2015, the average age of our domestic staff was 46 years. This hardly differs from previous years. This means that our inflow and outflow were balanced in terms of age categories.

Inflow

Age	≤20	20-29	30-39	40-49	50-59	≥60	Total
male	1	38	24	31	20	3	117
female	0	6	4	5	1	0	16
Total	1	44	28	36	21	3	133

Vacancies were filled internally as far as possible. For vacancies that could not be filled internally, we approached the external labour market in a modest, targeted way, also utilizing our own network. In 2015, we maintained our intention to continue to recruit interns and starters under all circumstances.

Outflow

Age	≤20	20-29	30-39	40-49	50-59	≥60	Total
male	0	29	88	66	65	66	314

female	0	2	15	13	11	2	43
Total	0	31	103	79	76	68	357

Not only the forced departure of employees, but certainly also the relatively high voluntary departure of employees has caused a high outflow. Frequently mentioned reasons for leaving were (one or more of) the continuing turmoil, uncertain future prospects for Ballast Nedam and reduced or less challenging career prospects as a result of forced adjustment of our project ambitions.

In most cases we were able to replace departing (key) officers within our own succession plan mostly with our own staff.

5.6 Safety

We want to ensure that safe working is a permanent part of our activities. Our permanent and hired staff and subcontractors' personnel must be able to work safely, so that everyone can return home safe and sound at the end of the day. We therefore aspire to an injury-free Ballast Nedam. Everyone who works on our projects must therefore be continuously aware of the safety risks. The principle for all of us is *I'll work safely or not at all!*

Policy

Safety is one of Ballast Nedam's core values. Nevertheless, we encounter too many unsafe situations, incidents, accidents and injuries each year. That is not acceptable. The origin of our policy comes from the proven safety principles as published by the Ministry of Social Affairs and Employment (SZW). Ballast Nedam's safety policy for 2015-2017 is to create a proactive safety culture. The role of the senior and middle management is essential to achieve this goal. Ballast Nedam formulated three core values which should help us to improve our safety behaviour and culture. These are responsibility, leadership and cooperation.

Objectives and results

The injury frequency (IF) for 2015 is 5.8, which represents a decrease from 7.1 in 2014. The IF figure is based on the number of accidents suffered by employees and hired staff in relation to the number of hours worked. An analysis of the figures shows that in-house employees, hired employees and subcontractors had a smaller risk of being injured during 2015. A notable fact is that hired employees are more accident-prone during a day's work.

In October a hired employee was fatally injured whilst working on one of our housing projects. A wall fell on top of the hired employee. The employee died as a result of the sustained injuries.

Responsibility

It is important that senior and middle management take their responsibility by setting a good example, for instance by placing safety on the agenda and performing safety audits.

Leadership

Dialogue concerning safety is encouraged. The management of the business units reports the safety figures every quarter. In addition, they report on a set of questions formulated by the safety core team about the implementation of the safety policy and their commitments.

Safety in the chain

Ballast Nedam makes no distinction between its own employees and employees of subcontractors with regard to safe working. On our construction sites you work safely or not at all. We encourage our subcontractors to work safely by applying the policy in full to our projects. This means that we engage in a dialogue with subcontractors and at the same time supervise compliance with the safety standards as agreed in the risk assessment.

In the chain, clients and contractors work together to make a success of the 'Safety in Construction' governance code: the objective is to improve the safety culture in their own organizations.

5.7 Compliance and integrity

We have applied an enhanced and consistent compliance policy since 2012. Our principles and ambitions remained unchanged and clear during the year under review.

Policy

Our ambition in this field is evidenced in the way in which we organize compliance internally. The key principle, of course, is that we comply with all applicable laws, regulations and ethical and social standards. We also operate a zero tolerance policy, which means we do not permit any breaches of integrity, whether by our own employees or by third parties. Every report of a major or small-scale potential breach is investigated. To qualify the zero tolerance policy, we have a KPI; compliance reports are dealt with within 48 hours.

Through this policy we aim to make the actions of our company and the actions in our company transparent. We see compliance as part of our culture and of our dealings with each other. This applies to all parts of the company. By continuous training and actions on compliance we aim to make our employees more aware of the importance of fair and ethical behaviour.

Objectives and results

For Integrity the 2015 KPI was 'all reports dealt with within 48 hours' and this goal was achieved in full.

Compliance and Integrity were also included as one of the criteria used in the selection of projects and business partners.

In 2015 there were 23 new reports on compliance in general and 1 new report on discrimination. All investigations from the previous year were dealt with and closed. All new reports were investigated and 20 were dealt with and closed. If necessary, disciplinary actions were taken (two dismissals and mostly warnings). Of the 2015 reports there are still four under investigation.

The report on discrimination was dealt with by means of an official warning. There were no reports on the subject of corruption and competition.

Within our company the central control of compliance is assigned to the Chief Compliance Officer, who reports directly to the Board of Management and the Supervisory Board. On a decentralized basis the compliance officers in our business units and in our projects are actively engaged in the practical fulfilment and application of our policy.

We also have digital tools available: we offer e-learning modules and web tools to record and approve reports of incidents, donations and gifts. We have a Corporate Compliance Charter which contains the basic principles and the way in which this is set up within Ballast Nedam. Our Code of Conduct describes our business philosophy and has been developed into various sub-codes.

Code of conduct

All our new executive, technical and administrative personnel are asked to read our code of conduct and are now actively introduced to the compliance officer in their business unit. This takes place immediately after they enter employment. We subsequently draw their attention again to the content of this code of conduct by means of an e-learning module. Both occasions are monitored and if necessary we draw it to their attention again.

During the year under review we posted several news items on our own intranet site, for example in December we posted an item on the subject of gifts from and donations to third parties.

By taking these measures we promote alertness and awareness of compliance. At the same time we also make clear that – independently of information and training courses – each employee is responsible for his or her own behaviour and compliance with laws and regulations. He or she must be accountable on these matters at all times.

Compliance in screening of suppliers and subcontractors

We operate a Central Suppliers Database containing the bulk of our suppliers and subcontractors. The supplier or subcontractor is screened before being entered in the database. For this purpose we use an external research firm, among others, and repeat the screening periodically. We pay particular attention to the integrity policy of the company concerned. The screening can also be repeated on an interim basis if we deem it desirable. If the result is negative, we stop doing business with the party concerned. During the reporting year we added a number of parties to the blacklist.

5.8 Innovation

Innovation is deeply ingrained in our organization. We aim to offer our customers added value through practical innovations. We focus not only on renewing and improving our products and techniques, but also on optimizing our processes by means of improvements. Our approach to innovation sets us apart from others and strengthens our position in the integrated projects market. Our conviction is that innovation leads to opportunities for sustainability.

Policy

Innovation is one of our strategic pillars: it is our ambition to offer added value to our customers. However, findings of a recent internal study showed us that various aspects of our innovation programme had to be changed in order to achieve this desirable outcome. Based on these findings, a new policy was developed that focuses on four areas: the importance of innovation, the commitment of the organization, structure in relationship to innovation and collaboration.

By focusing on the importance of innovation we aim to ensure that innovation becomes a regular part of our operational business. It is our firm belief that innovation is about improving the current state; improvements can vary from small adjustments to radical changes in the way we work. A committed organization is important and we strive to accomplish this by informing the organization about innovation, supporting and valuing innovation and sharing the necessary information and knowledge through the organization.

Structure is necessary to achieve the desirable results in an efficient and effective way. Structure in the innovation programme increases the chance of capturing ideas and ultimately developing them into successful innovations. Collaboration in relationship to innovation helps us to identify and to exploit promising opportunities. Collaboration in the innovation context can be an internal affair, but can also occur with external parties.

Objectives and results

Although the internal study showed us that things had to be changed with regard to innovation, this does not mean that innovation is stagnant. In 2015 various innovation events were organized to stimulate innovation in general, but also to share knowledge and experiences. The main innovation event of 2015 was the internal Innovation Day on 23 April. At this event, attended by 350 of our employees, numerous innovations and innovative projects were presented. The Innovation Prize was also awarded for the best innovation in the opinion of visitors to the Innovation Day.

In 2015 several innovations and innovation projects were realized. A number of them are set out below.

Solar panels at Zaanstad Penitentiary

On the roof of the Zaanstad Penitentiary 5,500 solar panels are installed. The first solar panel was installed in November 2015 and all the solar panels have to be in place in 2016. The 5,500 solar panels will produce 1,200 MWh per year. This is equivalent to the energy consumption of 350 households. An added advantage of installing these solar panels is the reduction of carbon dioxide (CO₂) emissions by 475,000 kg per year.

De Voorsprong

De Voorsprong is a modular school building concept developed by Heddes. The concept is suitable for primary schools and can be realized within six months. The skeleton consists of columns, making it possible to arrange the walls in various ways. This offers the client the opportunity to arrange the building in accordance with his own insights and preferences. The concept also includes an additional set of measures to lower the energy performance to zero.

In addition, there are some long-term developments that cannot be directly attributed to a project. Some of the developments that stand out are listed below.

Digitization of the construction site

Our construction sites are becoming increasingly digitized. On various projects apps are used to support processes or in some cases even change the way of working. An example is the SOS (*Signaleren Onveilige Situaties*) App that was developed internally, but external apps are also used to facilitate the projects. Another internal development is the Datamanager that is being used in the IXAS project. The Datamanager is able to read data, to link various data flows and to report real-time results.

Intelligent Truckparking

Intelligent Truckparking is a digital platform that enables truck drivers to be informed about the possibilities for parking while they are on the road. Through the use of this platform, truck parks will be used in a more efficient way, logically leading to more efficient use of the surrounding infrastructure and less dangerous situations.

Digital invoice

In 2012 Ballast Nedam introduced digital invoicing in the Centrum Financial Services (CFS) department. It started by receiving invoices digitally in PDF and later in XML format. CFS processed 80% digitally in 2015.

5.9 Community

This section explains how Ballast Nedam aims to make a positive impact on the local communities in which we work. We achieve this on the one hand through community relations management and on the other through community investment and social sponsorship.

5.9.1 Community relations management

We have the versatility and creativity to use technology to bring social and ecological benefits, while meeting our stakeholders' expectations. We do this through community relations management. Ballast Nedam is a founder of Bewuste Bouwers, which helps builders to be good neighbours and professionalize the community relations management. The stakeholder dialogues play an important

social role, and the general duty of care under Section 2 of the Flora and Fauna Act has a significant ecological impact.

Policy

Ballast Nedam interprets community relations management as all activities that help us get to know and involve all community parties, with the aim of identifying shared goals as well as our own, and to ensure that we achieve our project objectives. We focus on communication, safety, careful work and an environmentally aware and social attitude.

Strategic community relations management is a tool for Ballast Nedam to understand and manage the points of contact between a project and its neighbours at the earliest possible stage. The point is to facilitate good relations between the project organization and the various stakeholders in the surrounding area, so that we identify win-win solutions.

Objectives and results

The aim of community relations management is to reduce nuisance in projects and provide comfort and clarity. The Bewuste Bouwers (considerate builders) code of conduct (www.bewustebouwers.nl) fits in with this. In 2015 we reported 21 (2014: 36) new projects to Bewuste Bouwers and 34 (2014: 31) Bewuste Bouwers projects were delivered. Together with the 41 ongoing projects reported at the end of 2014, this takes the total of number of Bewuste Bouwers projects at the end of 2015 to 28 (2014: 41).

In 2015 audits were conducted in 17 projects (2014: 18) on the basis of the Bewuste Bouwers code of conduct. 18 projects (2014: 22) received an anonymous visit from Bewuste Bouwers to assess the site.

Bewuste Bouwers uses detailed indicators to assess the performance of a project against five standards: Conscious, proactive communication (Bewust); Safe working (Veilig); Environment (Milieu); Careful work (Verzorgd); and Social attitude (Sociaal).

5.9.2 Community investment

Policy

Ballast Nedam's community policy is directly related to our vision and core activities. This means we support those local communities with the greatest need with a combination of time, knowledge, money and expertise. We firmly believe that these communities benefit most from a targeted, long-term involvement. Society as a whole also gains from this. We therefore focus on:

- Education;
- Employment, including the social return on investment (SROI);
- Entrepreneurship.

Our collaboration with education is primarily reflected in the internships and project visits we continuously offer to pupils and students. But we also contribute to education in a direct sense by taking a seat on steering committees for educational programmes and providing guest lectures at various educational institutions.

Objectives and Results

By far the most attention in 2015 was devoted to creating jobs as part of the SROI. The SROI is increasingly applied by our government clients, such as the Dutch government, provinces, water authorities and municipalities. They instruct us to contribute to the provision of (work) experience for people at the bottom of the labour market and at the beginning of their career. This includes long-term unemployed, disabled and BBL students. SROI is typically a requirement of the contract, but is

increasingly recognized as an award criterion in the tender. In 2015 Ballast Nedam had 39 ongoing social return projects.

Social Performance ladder

Along with companies and *Stichting PSO-Nederland* TNO has developed an instrument to measure the contributions of organizations to the employment of people with a vulnerable labour market position and its visualization. It looks as though (mostly public) commissioning parties will use the CSR in tenders in addition to, or even instead of, a project-specific SROI obligation. In this way contractors are encouraged to deploy people with a vulnerable labour market position over the long term, rather than for the duration of the tendered project.

Early in 2015 Ballast Nedam Construction & Development South and Laudy Construction & Development successfully applied for PSO certification. Both business units have been granted step 3 (highest achievable performance level). They are therefore regarded as leaders in the field of more social entrepreneurship.

Framework agreement

Tender and realization teams will increasingly have to deal with SROI. An agreement has been signed with a temporary employment agency specialized in SROI. This agency can support us in achieving our client requirements.

6 Corporate governance

6.1 Management and control structure

The operational management structure consists of three divisions that are formed around their related products and processes, Building & Development, Infrastructure, Specialized Companies & Supplies. Since the 2015 financial year, the results of the Specialized Companies & Supplies division have been reported on an integrated basis. A full overview of the companies in the various divisions can be found at www.ballast-nedam.nl.

The Board of Management of Ballast Nedam comprises Mr Erik van der Noordaa as Chief Executive Officer and Mr Cenk Düzyol as a member. Mr Düzyol's focus as a member of the Board of Management will primarily be directed towards co-operation with Renaissance Construction and the other companies within the Group. He is also a member of the Board of Management of Renaissance Construction Russia. Mr Düzyol was first appointed to the Board of Management for a four-year term on 20 November 2015.

The position of CFO (Chief Financial Officer) is being fulfilled on an interim basis by Mr Leon Verweij. He is not part of the Board of Management.

In 2015 there were three divisional directors, each of whom controlled one division. Each divisional director was supported by a financial director. In order to guarantee the independence of the financial function, the financial managers of the business units report to the corporate financial director, who reports to the CFO. This separation between operational responsibility and financial control has been implemented on all levels. The Board of Management and the divisional directors constitute the Ballast Nedam Executive Committee.

6.1.1 Dutch Corporate Governance Code

Ballast Nedam endorses the principles of the Dutch Corporate Governance Code ('the Code') and, with a few specific exceptions, applies the best practice provisions of the Code. The best practice provisions were applied as fully as possible in the 2015 financial year.

The General Meeting of Shareholders of 10 May 2006 approved Ballast Nedam's corporate governance policy and structure. Neither the company's corporate governance structure nor compliance with the Code have changed substantially in the meantime. The corporate governance structure and policy are included in the agenda for the shareholders' meeting every year.

Ballast Nedam adheres to the Code, with the exception of the following best practice provisions:

1. *Best practice principle III.4 and best practice provision III.4.3. The role of the chairman of the Supervisory Board and the company secretary.*

Ballast Nedam complies in part with these best practice provisions. According to Ballast Nedam's articles of association the Supervisory Board can appoint a secretary, who may be part of the existing workforce. The separation of the role of company secretary and secretary of the Supervisory Board prevents any possible appearance of undesirable exchange of information and emphasizes the different roles of the Board of Management on the one hand and the Supervisory Board on the other. Workload was also a consideration in the separation of these roles.

2. *Best practice provision IV.3.1: viewing presentations by means of webcasting*

Shareholders cannot follow analyst meetings, analyst presentations, presentations to institutional and other investors and press conferences live by webcasting, telephone or other means.

For a detailed overview of the way in which we comply with the Code and the aforementioned and other best practice provisions, see the compliance overview at www.ballast-nedam.com.

6.1.2 Corporate governance statement

Ballast Nedam N.V. has included in this Annual Report all statements and announcements described in the Code, the Netherlands Civil Code and other laws and regulations concerned with corporate governance. Our website also has a document that contains all statements and announcements as referred to in the Resolution of 23 December 2004 in respect of additional regulations concerning the content of the Annual Report.

6.1.3 Legal structure

Ballast Nedam N.V. is a public limited liability company under Dutch law, subject in full to the statutory two-tier rules. Since 20 November 2015 Ballast Nedam has applied the mitigated large company regime (*gemitigeerd structuurregime*). Following the unconditional public offer from Renaissance, the majority of the employees of the Ballast Nedam group have been employed outside the Netherlands, pursuant to which the mitigated large company regime can be implemented. In a mitigated large company regime, the members of the Board of Management are appointed by the general meeting of shareholders and the Supervisory Board no longer has this right. The issued share capital consists of 220,299,776 registered ordinary shares. Depositary receipts for Ballast Nedam shares are listed on Euronext Amsterdam. The Ballast Nedam Administration Office issues depositary receipts for shares and holds the underlying shares. As at 31 December 2015, the Administration Office had issued depositary receipts for 99.98% of the capital in issue. Ballast Nedam has no anti-trust constructions.

Ballast Nedam informed the shareholders' meeting of November 2014 of its intention to dissolve the Ballast Nedam Administration Office. The shareholders' meeting of June 2015 adopted the proposed amendment to the articles of association of Ballast Nedam Administration Office in preparation for the termination of the administration of shares in Ballast Nedam N.V.

The company has a Supervisory Board and a Board of Management. The Board of Management requires Supervisory Board approval for certain important decisions. The Board of Management also requires the approval of the General Meeting of Shareholders for important changes in the identity or character of the company or the business.

If the Board of Management moves a resolution to amend the articles of association and the Supervisory Board approves, the General Meeting of Shareholders will adopt the resolution by a simple majority of the votes cast. In all other cases, resolutions to amend the articles of association are carried in the meeting only by a majority of votes representing at least 70% of the capital in issue.

6.1.4 Supervisory Board

The Supervisory Board supervises the policy of the Board of Management and the affairs of the company and its business, and supports the Board of Management with advice. The Supervisory Board performs its tasks mindful of the interests of Ballast Nedam N.V. and the associated business, taking into consideration the relevant interests of the stakeholders who play a part or are affiliated. The Supervisory Board also takes into consideration in its duties the social aspects of business conduct that are relevant to the company.

During the Extraordinary General Meeting of Shareholders on 30 October 2015, Mrs I. Ilicak Kayaalp, Mr H.A. Akvardar and Mr E. Baki were conditionally appointed as members of the Supervisory Board.

Mr J. Bout and Mr J.S.T. Tiemstra conditionally stepped down as members of the Supervisory Board. The aforementioned resignations and appointments were conditional upon the declaration from Renaissance that its public offer was unconditional. The Supervisory Board currently has five members. All supervisory directors are independent within the meaning of the Code.

During the take-over procedure by Renaissance Infrastructure B.V., it was agreed that Ballast Nedam's minority shareholders' interests as well as non-financial covenants would be protected by the appointment of two independent Supervisory Board members for a term of two years, i.e. until 20 November 2017. Mrs Insinger and Mr Van Doorne are qualified as such independent Supervisory Board members.

Nomination and appointment

The General Meeting of Shareholders appoints the members of the Supervisory Board as nominated by the Supervisory Board. The General Meeting of Shareholders may reject nominations by a simple majority of the votes cast, provided that at least one-third of the capital in issue is represented at the meeting. The General Meeting of Shareholders and the Central Works Council can recommend persons for nomination as supervisory directors to the Supervisory Board. The Supervisory Board will follow the recommendations of the Central Works Council in nominating one-third of its membership. This principle ceases to apply if the Supervisory Board has objections, in particular if the Board expects:

- the nominee to be unfit to perform the duties of a supervisory director;
- the composition of the Supervisory Board to be inappropriate if the recommended appointment were made.

The General Meeting of Shareholders may adopt a resolution of no confidence in the Supervisory Board by a simple majority of the votes cast, provided that at least one-third of the capital in issue is represented at the meeting.

Remuneration

The General Meeting of Shareholders sets the remuneration of the supervisory directors. The current remuneration of the Supervisory Board was set at the Annual General Meeting of Shareholders in 2005. The remuneration of the Audit Committee was set at the Annual General Meeting of Shareholders in 2008.

Duties and regulations

The Supervisory Board has established an Audit Committee, a Remuneration Committee and a Selection and Appointments Committee. Each within its field of responsibilities, these committees prepare Supervisory Board decision-making and advise the Supervisory Board. The responsibilities and working methods of these committees are laid down in regulations which can be found at www.ballast-nedam.com.

The Supervisory Board regulations contain additional rules on the allocation of tasks and working methods of the Supervisory Board, and on its dealings with the Board of Management, the General Meeting of Shareholders and the Central Works Council. These rules can also be found on our website. The composition of the Supervisory Board can be found in Section 6.3 on page 59 of this Annual Report.

No conflict of interest

With the exception of a termination agreement concluded between a former member of the Board of Management and the company and the conclusion of agreements with Renaissance as major shareholders of the company, in which Renaissance and Ballast Nedam amended the merger agreement, no transactions took place in 2015 involving a conflict of interest on the part of supervisory directors, managing directors or natural or legal persons holding at least 10% of the Ballast Nedam

shares. Corporate Governance Code best practice provisions II.3.2 to II.3.4. inclusive and III.6.4 have been complied with. This concerns transactions which are of material significance to the company or the person in question.

Balanced allocation of seats

The company complies with Section 166 of Book 2 of the Netherlands Civil Code with regard to the seats on the Supervisory Board. The seats on the Board of Management are not currently allocated in a balanced way as referred to in the aforementioned section. The company is striving for a balanced allocation of seats on the Board of Management, but it is not easy to achieve this allocation in view of the small composition of the body. The interests of Ballast Nedam and its subsidiaries and the evident suitability and experience of the candidates for the seats on this body were paramount considerations in the selection of candidates. In future Ballast Nedam will again strive for a balanced allocation, but other important criteria referred to above will again be considered.

6.1.5 Board of Management

The Board of Management manages the company and is responsible for the company's objectives, strategy and policy and the consequent results. The Board of Management has two members.

The General Meeting of Shareholders appoints and removes members of the Board of Management. The Supervisory Board suspends members of the Board of Management. The Supervisory Board notifies the General Meeting of Shareholders of a proposed appointment. The General Meeting of Shareholders will enable the Board of Management member whom it intends to remove from office to account for himself to the General Meeting of Shareholders.

Remuneration

The Supervisory Board sets the remuneration of individual Board of Management members within the limits of the remuneration policy adopted by the General Meeting of Shareholders. Ballast Nedam's current remuneration policy was set at the Annual General Meeting of Shareholders in 2005. The Annual General Meeting of Shareholders of 17 May 2016 will discuss the 2015 remuneration policy as a separate agenda item. That is in accordance with the legislative amendment regarding the authority to adjust excessive bonuses of directors (the 'Clawback' Act) which came into force on 1 January 2014.

Regulations

The Board of Management Regulations contain further rules on the allocation of tasks and working methods of the Board of Management, and on its dealings with the Supervisory Board, the General Meeting of Shareholders, the Central Works Council and the external auditors. These regulations can be found at www.ballast-nedam.com. The composition of the Board of Management can be found in Section 6.5 on page 65 of this Annual Report.

6.1.6 Management of the divisions and business units

The Board of Management supervises the division management, which in turn supervises the management of the business units. The managements of the divisions and of each business unit have clearly defined terms of reference that determine their powers. Board of Management approval is required for projects above a certain value or with a particular risk profile, before Ballast Nedam can conclude a contract. The same system applies at division level for projects of the business units with a certain value and a certain risk profile. Approval from the division management is required for all major and high-risk projects, which must ultimately also be submitted for approval by the Contract Committee, which in addition to the Board of Management also comprises the secretary of the Board of Management / Legal Director. Additional information on this subject can be found in Chapter 4 *Risk and risk management in Ballast Nedam* on page 22 of this Annual Report.

6.1.7 General Meeting of Shareholders

The Annual General Meeting of Shareholders must be convened no later than six months after the end of the financial year. Other meetings of shareholders may be convened by the Board of Management or the Supervisory Board. Shareholders and/or holders of depositary receipts for shares who solely or jointly represent at least 10% of the capital in issue may also convene a meeting of shareholders.

Agenda of the Annual General Meeting

The agenda of the Annual General Meeting of Shareholders will include the following items:

- discussion of the Annual Report;
- adoption of the Financial Statements;
- discussion of the conducted remuneration policy;
- motion to grant discharge to the Board of Management and the Supervisory Board;
- appointment of the external auditors.

Shareholders and/or holders of depositary receipts for shares solely or jointly representing at least 3% of the capital in issue have the right to propose agenda items. The company will accept requests of this kind. Requests must be submitted at least sixty days prior to the date of the meeting.

In 2015 both a General Meeting of Shareholders and an Extraordinary General Meeting of Shareholders were held. The resolutions adopted at these meetings included the following.

The Annual General Meeting of Shareholders gave the Board of Management authority to amend the articles of association of Ballast Nedam as follows:

- To reduce the nominal value of the shares from €1 to €0.01 per share and increase the number of shares in the authorized capital;
- To provide for the consolidation of shares in the share capital in connection with a rights issue;
- To refer not only to holders of depositary receipts in the articles of association, but also to shareholders after the termination of the administration of the shares in the company.

The Board of Management requires approval from the Supervisory Board for these acts.

The Annual General Meeting of Shareholders gave the Board of Management authority until 31 December 2015 to resolve to:

- Issue such a number of ordinary shares, including the granting of rights, as is required to raise up to €20 million of capital by means of a rights issue;
- Limit or exclude the statutory pre-emption rights in connection with a rights issue.

The Board of Management requires approval from the Supervisory Board for these acts.

The Annual General Meeting of Shareholders gave the Board of Management authority until 29 December 2016 to:

- Issue shares and/or grant rights to acquire these shares, to a maximum of 10% of the capital issued at the time of issue, plus an additional 10% of the capital issued at the time of issue in connection with an acquisition or merger;
- Limit or exclude pre-emption rights on shares to be issued to a maximum of 10% of the capital issued at the time of issue, plus an additional 10% of the capital issued at the time of issue in connection with an acquisition or merger;
- Repurchase for valuable consideration, on the stock exchange or otherwise, fully paid-up shares or depositary receipts for shares in the company up to a maximum of 10% of the issued capital.

The Board of Management requires approval from the Supervisory Board for these acts.

In October 2015 the shareholders gave the Board of Management authority at an Extraordinary General Meeting of Shareholders to:

- Amend the articles of association of Ballast Nedam in connection with the implementation of the mitigated large company regime (*gemitigeerd structuurregime*);
- Amend the articles of association of Ballast Nedam by increasing the number of shares included in the authorized capital;
- Amend the articles of association of Ballast Nedam in order to implement an alternative consolidation of shares.

The Board of Management requires approval from the Supervisory Board for these acts. In October 2015 at an Extraordinary General Meeting of Shareholders the shareholders gave the Board of Management authority until 30 July 2016 to:

- Issue such a number of ordinary shares, including the granting of rights, as is required to raise up to approximately €47.6 million of equity, only under the condition that the rights issue, as resolved by the general meeting of the company on 29 June 2015 and announced on 29 April 2015, will not take place and only for the purposes of effecting the Rights Issue and the Private Placement;
- Limit or exclude statutory pre-emption rights pertaining to the ordinary shares in the Rights Issue and the Private Placement, only under the condition that the rights issue, as resolved by the general meeting of the company on 29 June 2015 and announced on 29 April 2015, will not take place and only for the purposes of effecting the Rights Issue and the Private Placement.

The Board of Management requires approval from the Supervisory Board for these acts.

Voting right and decision procedure

Each shareholder and holder of depositary receipts for shares has the right to attend and address the General Meeting of Shareholders, and to exercise voting rights at that meeting. In order to exercise such meeting rights, shareholders and holders of depositary receipts for shares must comply with the conditions stated in the announcement of the meeting. In convening a meeting of shareholders, the Board of Management uses a registration date. Each share or depositary receipt for a share affords the right to cast one vote. All resolutions of the General Meeting of Shareholders are carried by a simple majority of the votes cast, unless a larger majority is required by law or the Articles of association.

Voting results and minutes

The results of votes cast for each agenda item at a General Meeting of Shareholders are posted on the company's website www.ballast-nedam.com no later than fifteen days after the meeting. No later than three months after a General Meeting of Shareholders, the draft Minutes are posted on Ballast Nedam's website. Shareholders and holders of depositary receipts for shares may respond to the draft Minutes in the following three months. The Chairman and Secretary of the General Meeting of Shareholders will then adopt the Minutes.

6.1.8 Depositary receipts for shares

If the Board of the Ballast Nedam Administration Office exercises its voting rights for the shares, the Board focuses primarily on the interests of the holders of depositary receipts for shares and takes account of the interests of the company and its associated business. The Board of the Ballast Nedam Administration Office consists of three independent members and appoints the members. The Meeting of Holders of Depositary Receipts may recommend persons for appointment to the Board.

The Board of the Ballast Nedam Administration Office comprises Mr P.C. van der Linden as chairman and board member and Mr L.H. Keijts and Mr W.F.C. Baars as board members.

A Meeting of Holders of Depositary Receipts is convened each year. At this meeting, the Board of the Ballast Nedam Administration Office declares its proposed voting conduct at the General Meeting of Shareholders.

The Board of the Ballast Nedam Administration office issues proxies in all circumstances and without limitation to the holders of depositary receipts who so request. There is also the possibility to issue binding voting instructions. The depositary receipts are fully exchangeable. Ballast Nedam does not use the system of issuing depositary receipts for shares as an antitakeover measure, but as a means of preventing a minority of shareholders from controlling the decision-making process in a General Meeting of Shareholders, and as a means to allow shareholders, including minor shareholders, to be represented by an independent board in the exercise of their voting rights.

Section 8.4 on page 126 of this Annual Report presents the report of the Board of the Ballast Nedam Administration Office explaining its activities in 2015. The report also gives personal details of the Board members.

6.1.9 Auditors

The external auditors audit the financial statements. They are appointed by the General Meeting of Shareholders. In 2015 it engaged Ernst & Young Accountants LLP (EY) to audit the 2015 financial statements. The external auditors attend the Annual General Meeting of Shareholders to answer any questions about the auditors' opinion as to whether the Financial Statements present a true and fair view.

The external auditors also attend the meetings of the Audit Committee and the Supervisory Board at which the annual and interim figures are discussed. The external auditors report to the Supervisory Board and the Board of Management.

The Board of Management and the Audit Committee thoroughly assess the performance of the external auditors in their various duties at least once every four years. The General Meeting of Shareholders is informed of the main conclusions of this assessment, for its own assessment of the proposal to appoint external auditors.

6.2 Report of the Supervisory Board

2015 was another difficult year for Ballast Nedam. The Supervisory Board oversaw the strategic, financial and operational measures, which to a large extent had already been presented and implemented by the Board of Management in 2013 and 2014, in order to adapt to the increasing project losses. In 2015 a new package of financial and strategic measures was implemented. Unfortunately the measures also had an impact on employment. Ballast Nedam has been unable to retain many valued colleagues.

At each meeting the Supervisory Board discussed financial developments, and reviewed the operations within the Group and market trends, using the detailed weekly management reports and other information as input. Memorandums from the Board of Management were also discussed in the meetings, as well as Board of Management decisions requiring the Supervisory Board's approval. The strengthened supervision that the Supervisory Board started in 2014 was continued in 2015. The frequency of meetings with the Board of Management during the year was very high.

In June the Annual Meeting of Shareholders was prepared and evaluated. The Supervisory Board also consulted regularly with the Board of Management about the measures necessitated by the economic crisis. A great deal of time and attention was devoted to Ballast Nedam's financial health. This resulted in June and later on in October in the Board of Management reaching agreement, with the approval of the Supervisory Board, on an amendment and restatement of the refinancing agreement up to 2017. The refinancing agreement was agreed in February 2014.

In 2015 a great deal of attention was also devoted to strategic options that were actively explored by Ballast Nedam. The Supervisory Board was closely involved. During the various discussions and meetings on this topic, the Supervisory Board continuously and carefully considered the interests of all stakeholders, including the Company's minority shareholders, while closely monitoring the continuity of the Company. This resulted in July 2015 in the joint announcement by RC Rönesans Insaat Taahhüt A.S. and Ballast Nedam N.V. in respect of an intended recommended public cash offer by Renaissance Infrastructure B.V. ("Renaissance") for all issued and outstanding depositary receipts of ordinary shares in the capital of Ballast Nedam. In September 2015, Ballast Nedam informed Renaissance that it would incur material additional losses of approximately €20 million, which caused Renaissance to invoke the "No Material Adverse Change" provision as included in the merger agreement between Renaissance and the Company. Discussions between the Company, the Supervisory Board and Renaissance took place on a possible continuation of the offer. Again, the Supervisory Board continuously and carefully considered the interests of all stakeholders, including the Company's minority shareholders, while closely monitoring the continuity of the Company. On 9 September 2015, Renaissance and Ballast Nedam agreed to continue the offer on the terms agreed in the merger agreement as amended by an amendment agreement. Renaissance and Ballast Nedam jointly announced the amended terms of the offer. Due to the recent developments, the offer price as announced on 9 September 2015 was amended and set at €0.30 per depositary receipt. In November 2015 Renaissance declared its public offer unconditional. The result was that 66.6% of all issued and outstanding depositary receipts for ordinary shares in the capital of Ballast Nedam were held by Renaissance following settlement. After the post-closing acceptance period on 30 November 2015 Renaissance held 80.8% of all issued and outstanding depositary receipts for ordinary shares in the capital of Ballast Nedam.

In December 2015 Ballast Nedam launched a fully underwritten €20 million rights issue by Renaissance as well as a private placement to Renaissance of €27.6 million. This resulted in 97.82% ownership by Renaissance of all issued and outstanding depositary receipts for ordinary shares in the capital of Ballast Nedam. Furthermore amendments were agreed with Lenders on the (subordinated) facilities agreements, resulting among others in a waiver of financial covenants and a reduction of the subordinated loan of € 16 million.

The annual figures 2014 were discussed at the meeting in April 2015. The external auditors attended the discussions of these agenda items in order to present their findings on the financial reporting. The half-yearly figures 2015 were discussed with the external auditor in the July meeting. EY was commissioned in 2015 to conduct a review of the half-year figures included in Ballast Nedam's half-yearly report. On the basis of this review, EY issued an unqualified review report, including a paragraph emphasizing a material uncertainty with respect to the going concern assumption. No audit was conducted and no assessment assignment was carried out in respect of the half-year accounts for the period from 1 January 2015 to 14 June 2015. The Supervisory Board discussed with the external auditor and the Board of Management the findings of the external auditor, the management letter for 2015 and the follow-up to the findings. The Supervisory Board furthermore evaluated the relationship with the external auditor and, partly on that basis, recommended that the General Meeting of Shareholders instruct EY to audit the financial statements for the 2015 financial year.

In December 2015 Renaissance and Ballast Nedam expressed the intention to request delisting of the depositary receipts of ordinary shares in the capital of Ballast Nedam on Euronext Amsterdam.

Delisting of the depositary receipts occurred on 26 February 2016. The Supervisory Board states that 2016 will be another difficult year for Ballast Nedam, but expresses the wish that Ballast Nedam, as part of the Renaissance Group, will face a bright future. The further optimization of the organization is therefore receiving a great deal of attention from the Supervisory Board.

The Supervisory Board is aware that the difficult market conditions and the further fundamental changes made in the organization have required a great deal of effort on the part of all Ballast Nedam employees. The Supervisory Board is extremely grateful to them.

6.2.1 Report on supervision by the Supervisory Board

As part of its supervisory duties, the Supervisory Board has given consideration to the achievement of the corporate objectives, the strategy and risks, the purpose and performance of internal risk control, financial reporting, compliance with legislation and regulations, investor relations and corporate social responsibility (CSR). Commentaries on each of these matters are provided below.

Report on supervisory duties: achievement of corporate objectives

Looking back on 2015, the Supervisory Board notes that the Board of Management has again operated under difficult economic conditions. The Board of Management has also been obliged to devote much time and energy to financial matters and the exploration of strategic options. The Board of Management has also worked with the divisional directors in devoting a great deal of attention to the improvement of the operational performance and efforts to reach agreement on major claims.

The Supervisory Board notes that Ballast Nedam recorded an operating loss of €34 million for 2015.

As explained in Chapter 3 *Strategic objectives and results* on page 12 of this annual report, the other strategic objectives for 2015 were achieved in part.

The Supervisory Board discussed the performance of the Board of Management both collectively and with regard to individual members. The remuneration of Board of Management members was also considered.

In October 2015 Mr Van Zwieten and the Supervisory Board decided in close consultation that Mr Van Zwieten would step down as Chief Financial Officer with effect from 1 January 2016. With effect from 20 November 2015, the appointment of Mr Düzyol as a member of Ballast Nedam's Board of Management became effective.

Report on supervisory duties: strategy and risks

The Supervisory Board deliberated at length on Ballast Nedam's strategy. Within the financial possibilities of the company, the Supervisory Board supports the Board of Management in the strategy that is set out in Section 2.2 *Strategic Plan for 2016-2017* on page 10 of this Annual Report.

The Supervisory Board and the Audit Committee also frequently discussed the various risks set out in Chapter 4 *Risk and risk management in Ballast Nedam* on page 22 of the Annual Report.

Report on supervisory duties: purpose and performance of internal risk control

The Board of Management informed the Supervisory Board regularly about the risk profile, the course of events, the financial situation and market developments. The Supervisory Board also discussed with the Board of Management the most important risks for Ballast Nedam, the internal risk management and control systems, and how the risks could be further limited and controlled. The Supervisory Board further discussed with the Board of Management methods of limiting the risks in the operational process. The external auditor attended these discussions.

Report on supervisory duties: financial reporting

Financial reporting is discussed at each Audit Committee meeting. Developments related to IFRS and changes in legislation applying to auditors were also discussed at length. The Audit Committee also discussed taxation matters. Finally the Supervisory Board extensively discussed the half-yearly figures, the annual figures, the trading updates and the business plan.

Report on supervisory duties: compliance with legislation and regulations

The issue of compliance was discussed at each meeting of the Audit Committee and several meetings of the full Supervisory Board. All the important ongoing legal proceedings were also discussed in the presence of the external auditors.

Report on supervisory duties: investor relations

The Supervisory Board is of the opinion that the contact with shareholders should take place primarily in the shareholders' meetings. The Board considers it important for many shareholders to attend these meetings. In addition the Supervisory Board considers it important, for both the company and the shareholders, for contact to take place between the company and shareholders outside shareholders' meetings.

In view of Ballast Nedam's financial position, the Supervisory Board has had contact with the major shareholders on several occasions.

Report on supervisory duties: corporate social responsibility

Corporate social responsibility (CSR) is an important theme that is discussed by the Supervisory Board several times each year. Each Ballast Nedam business unit reports on non-financial CSR objectives in the quarterly report to shed light on the progress being made and how it can be managed. Details of the CSR policy and the objectives are provided in Chapter 5 *Corporate social responsibility* on page 33.

6.2.2 Report of the Audit Committee

The Audit Committee has two members. Mrs Insinger stepped down as chairman of the Audit Committee on 20 November 2015 and was succeeded by Mr Baki. Mrs Insinger continued as a member of the Audit Committee. Both members have acquired relevant knowledge and experience of financial matters. Mr Tiemstra stepped down from the Audit Committee on 20 November 2015. The Committee met on four occasions in 2015 in the presence of the CEO and the CFO of the Board of Management. The external auditors and the secretary of the Supervisory Board also took part in these meetings.

The Audit Committee discussed the following subjects, among others, in its meetings:

- the quarterly, half-yearly and annual figures;
- the Annual Report;
- the reports of the external auditors;
- the company's liquidity position;
- developments in International Financial Reporting Standards (IFRS);
- valuation methods;
- compliance;
- the risk profile;
- risk management;
- the ICT policy and its implementation;
- the company's tax position;
- developments in major projects, such as the A15 Maasvlakte-Vaanplein and A2;
- corporate social responsibility;
- the refinancing.

In addition the Audit Committee specifically addressed the general financial strategy and financial procedures, the internal risk management and control systems and the risk management of projects.

The Audit Committee held separate discussions with the external auditors and the Chief Financial Officer (CFO) on one occasion.

The Supervisory Board discussed the findings of the external auditor, the management letter for 2015 and the follow-up to the findings with the external auditor.

6.2.3 Report of the Remuneration Committee

The Remuneration Committee met on two occasions in 2015. Mr Van Doorne (Chairman) and Mrs Ilicak Kayaalp are the members of this Committee. Mr Bout stepped down from the Remuneration Committee on 20 November 2015.

The following matters were discussed at the meetings:

- evaluation of the remuneration policy for members of the Board of Management;
- evaluation of the remuneration of individual members of the Board of Management;
- evaluation of the remuneration of individual members of the Supervisory Board;
- scenario analyses.

The Remuneration Committee then advised the Supervisory Board on these matters. Section 6.4 *Remuneration report* on pages 60 to 64 provides further details of the remuneration policy.

6.2.4 Report of the Selection and Appointments Committee

The Selection and Appointments Committee met on two occasions in 2015. Mr Akvardar (Chairman) and Mrs Ilicak Kayaalp are the members of this Committee as of 20 November 2015 and they succeeded Mr Bout and Mr Van Doorne.

The following matters were discussed at the meetings:

- review of the size and composition of the Supervisory Board;
- review of the size and composition of the Board of Management;
- profile of the Supervisory Board;
- re-appointment of Mr Bout as Supervisory Board member;
- re-appointment of Mr Van Zwieten as a member of the Board of Management;
- review of the performance of individual members of the Supervisory Board collectively;
- review of the performance of individual members of the Board of Management and of the Board of Management collectively;
- the departure of Mr Van Zwieten and the filling of the vacancy for CFO.

The Selection and Appointments Committee then advised the Supervisory Board on these matters.

6.2.5 Composition of the Supervisory Board

At the Annual General Meeting of Shareholders of Ballast Nedam held on 29 June 2015, Mr Bout was re-appointed as a member of the Supervisory Board until the end of the 2016 financial year.

At the Extraordinary General Meeting of Shareholders of Ballast Nedam held on 30 October 2015, Mr Bout and Mr Tiemstra conditionally stepped down as members of the Supervisory Board and Mrs Ilicak Kayaalp, Mr Akvardar and Mr Baki were conditionally appointed as new members of the Supervisory Board. The aforementioned resignations and appointments were conditional upon the declaration from Renaissance that its public offer was unconditional.

As per 20 November 2015, the appointments of Mrs Ilicak Kayaalp, Mr Akvardar and Mr Baki and the resignations of Mr Tiemstra and Mr Bout as members of the Supervisory Board became effective. Mr Van Doorne and Mrs Insinger stayed on as members of the Supervisory Board. The Supervisory Board is grateful to Mr Bout and Mr Tiemstra for their work as members of the Supervisory Board.

Each member of the Supervisory Board must be capable of assessing the salient features of the overall policy. He possesses the specific expertise needed to fulfil his duties, within his role that is compatible with the Board's profile. The Supervisory Board strives to achieve a diversity of backgrounds and expertise among its members. Among the relevant areas of knowledge are human resource management, the construction industry, public administration, financial expertise, compliance and legal affairs. The composition of the Supervisory Board must be such that he is able to perform his duties satisfactorily. Furthermore each member of the Supervisory Board must have sufficient time available to perform his duties satisfactorily.

6.2.6 Supervision quality assurance

The Supervisory Board reports in this section on the activities carried out to monitor the quality of the management and its supervision.

Supervision quality assurance: evaluation

The Supervisory Board also frequently met independently of the Board of Management. At one of these meetings the Supervisory Board discussed the performance of the Board of Management both collectively and in terms of the individual members. The remuneration of Board of Management members was also discussed.

The Supervisory Board also evaluated its own performance, with the members discussing among themselves the performance of the Supervisory Board and its individual members. The Supervisory Board deliberated among other things on its internal decision-making process, the quality of its supervisory role and its relationship with the Board of Management.

Supervision quality assurance: succession planning

The Selection and Appointments Committee deliberated on Ballast Nedam's management development policy. The Supervisory Board also interviewed the divisional directors, financial directors and a number of staff directors to gain a clearer picture of the management level below the Board of Management and of these directors' insights concerning Ballast Nedam, having regard to the fact that this management level largely determines the continuity of the business.

Supervision quality assurance: introduction programme

Partly in the context of the introduction programme, Mrs Ilicak Kayaalp, Mr Akvardar and Mr Baki held introductory meetings shortly after their appointment and obtained extensive information on Ballast Nedam's financing position and on financial control within Ballast Nedam.

Supervision quality assurance: independence

The Supervisory Board complies with the independence criterion laid down in the Dutch Corporate Governance Code.

Supervision quality assurance: soliciting information

The Supervisory Board pays regular visits to construction projects and subsidiaries. The Board also invites Ballast Nedam employees to attend part of the Supervisory Board meeting. The purpose of these visits and invitations is to maintain affinity with the company and to gather information about the business other than through the Board of Management. In this framework the Chairman of the

Supervisory Board also had talks with the full Central Works Council. The Supervisory Board also solicits external advice on a regular basis.

Supervision quality assurance: internal auditor

Each year the Audit Committee evaluates the desirability of appointing an internal auditor. The Audit Committee concluded in 2015 that an internal auditor would at this time be unlikely to add any worthwhile value for Ballast Nedam. Ballast Nedam further tightened its financial and business control in 2015. The separation between operational responsibility and financial control was also applied at all levels within Ballast Nedam and annual assignments are being given to the external auditor to conduct additional audits.

6.2.7 Internal affairs

This section describes changes in the composition of the Supervisory Board and the attendance at meetings.

Internal affairs: departure

Mr Bout and Mr Tiemstra stepped down as supervisory directors in November 2015. The Supervisory Board thanks Mr Bout and Mr Tiemstra for their work as members of the Supervisory Board of Ballast Nedam. Mr Van Doorne remained as a member, but stepped down as chairman of the Supervisory Board and was succeeded by Mrs Ilicak Kayaalp. Mr Akvardar and Mr Baki were appointed as members of the Supervisory Board. Mrs Insinger remained as a member of the Supervisory Board and the Audit Committee, but stepped down as chairman of the Audit Committee and was succeeded by Mr Baki.

Internal affairs: attendance

In 2015 there were 74 meetings of the Supervisory Board, four meetings of the Audit Committee, two meetings of the Remuneration Committee and two meetings of the Selection and Appointments Committee. The majority of the meetings of the Supervisory Board took place by telephone. On 21 occasions a member of the Supervisory Board was unable to attend these meetings. Attendance thus amounts to 93.3%.

Internal affairs: secretary

Mrs T.J. Doornink was appointed as secretary of the Supervisory Board in 2014.

Mrs Y.E. Bosland, who fulfilled the position on an interim basis, stepped down as secretary of the Supervisory Board in November 2015.

6.2.8 Dividends

The basic principle of Ballast Nedam's dividend policy is that 50% of the net profit is distributed as dividend if the leverage ratio is less than 2. In view of the loss incurred, the poor market outlook and the fact that the leverage ratio is higher than 2, the Supervisory Board has approved the Board of Management's proposal to pay no dividend in respect of 2015.

6.2.9 Financial statements and discharge

The Supervisory Board hereby submits the Annual Report for the 2015 financial year, including the consolidated and company financial statements of Ballast Nedam N.V., as prepared by the Board of Management and approved by the Supervisory Board. The financial statements have been audited by Ernst & Young Accountants LLP. The independent auditor's report appears in Section 8.1 on page 122. The Supervisory Board recommends to adopt the financial statements and requests to grant discharge to the members of the Board of Management and the Supervisory Board in respect of their management and supervision respectively in 2015.

Nieuwegein, 24 March 2016

Supervisory Board

I. Ilicak Kayaalp
H.A. Akvardar
E. Baki
L.W.A.M. van Doorne
C.M. Insinger

6.3 Composition of the Supervisory Board

The Supervisory Board members are Mrs I. Ilicak Kayaalp, Mr H.A. Akvardar, Mr E. Baki, Mr L.W.A.M. van Doorne and Mrs C.M. Insinger. Further details of these members are provided in this section.

Mrs I. Ilicak Kayaalp (Chairperson)

Mrs Ipek Ilicak Kayaalp was born in 1978. She is a Turkish national. Mrs Ipek Ilicak acts as the Chairperson and member of the Board of Directors of Rönesans Holding.

Mrs Ipek Ilicak is also a board member of various subsidiaries of Rönesans Holding and holds minority shares of this company. She is a member of the Turkish Industry & Business Association TÜSİAD, the Association for Children with Cancer Kançoder and a member of the Board of Trustees of the Rönesans Education Foundation.

Mrs Ipek Ilicak was appointed to the Supervisory Board of Ballast Nedam in 2015. Her current term of office ends on 20 November 2019.

Mr E. Baki

Mr Emre Baki was born in 1975. He is a Turkish national. Mr Baki acts as a member of the Board of Directors of Rönesans Holding.

Mr Baki is also a board member of various subsidiaries of Rönesans Holding.

Mr Baki was appointed to the Supervisory Board of Ballast Nedam in 2015. His current term of office ends on 20 November 2019.

Mr H.A. Akvardar

Mr Hüseyin Avni Akvardar was born in 1965. He is a Turkish national. Mr Akvardar acts as a member of the Board of Directors of Rönesans Holding and President of Renaissance Construction.

Mr Akvardar is also a board member of various subsidiaries of Rönesans Holding.

Mr Akvardar was appointed to the Supervisory Board of Ballast Nedam in 2015. His current term of office ends on 20 November 2019.

Mr L.W.A.M. van Doorne

Mr Leo Van Doorne was born in 1959 and is a Dutch national. He is the CEO and a major shareholder of Optics Innovation Group B.V. and Managing Director of Pallieter RENEFF B.V.. Mr Van Doorne also serves on the Supervisory Boards of Pallieter Group B.V. (Chairman), Diana Capital SGEGR SA, CityFibre Infrastructure Holdings plc., Shanxi Guangyu LED Lighting Co. Ltd and Global BSN LLC (The Business Sustainability Network). He is a board member of Foundation Thomas van Villanova and also a member of the Advisory Boards of Verder International B.V. and of the Foundation Eindhoven Marketing (EHV365). Mr Van Doorne was first appointed to the Ballast Nedam Supervisory Board in 2012. His current term of office expires on 16 May 2016.

Mrs C.M. Insinger

Mrs Charlotte Insinger was born in 1965 and is a Dutch national. Mrs Insinger is a member of the Supervisory Board of SNS Reaal N.V., a member of the Supervisory Board of SRH N.V., a member of the Supervisory Board of Luchtverkeersleiding Nederland, a member of the Supervisory Board of the Netherlands Filmfonds, a member of the Supervisory Board of VastNed Retail N.V., a member of the Supervisory Board of Hogeschool Rotterdam and Chairman of the Supervisory Board of Stichting Worldexpo Rotterdam 2025. Mrs Insinger was first appointed to the Supervisory Board of Ballast Nedam in 2013. Her current term of office expires on 16 May 2017.

6.4 Remuneration report

The Supervisory Board hereby presents the remuneration report, containing a summary account of Ballast Nedam's remuneration policy. Mr Akvardar is Chairman and Mrs Ilicak Kayaalp is a member of the Remuneration Committee.

6.4.1 Principles of the remuneration policy for Board of Management members

The Supervisory Board determines the remuneration of the members of the Board of Management in accordance with the remuneration policy adopted at the Annual General Meeting of Shareholders in 2005.

The aim of the remuneration policy for Board of Management members is to motivate and retain competent board members. The members of the Board of Management must be capable of leading a major Dutch construction group with international operations.

The benchmark for the remuneration level of the members of the Board of Management of Ballast Nedam N.V. is the remuneration level of other (comparable) listed Dutch construction groups. The Supervisory Board takes into consideration the complexity, size, risk profile and management model of these companies. The remuneration level of the individual members of the Board of Management is furthermore based on the responsibilities of the respective members.

The remuneration agreements made with the members of the Board of Management are set down in contracts when they take up their positions.

Fixed annual salary

After members of the Board of Management take up their positions, increments to their fixed annual salary are limited in principle in line with increments under the collective labour agreement for the building industry (CAO Bouwnijverheid).

Short-term variable remuneration: bonus

Under the current remuneration policy for members of the Board of Management, a bonus may be paid in addition to the fixed salary, up to a maximum of one-third of the fixed salary. Two-thirds of the bonus is determined by reference to financial targets, the profit for the period and average capital employed, as documented in the business plan approved by the Supervisory Board. One-third of the bonus is determined by reference to non-financial criteria, as laid down and assessed by the Supervisory Board. These criteria are leadership, quality of relationships with the various stakeholders of the company, sustainability and the management of specific important issues arising in a given year. The Supervisory Board bases its assessment of these non-financial criteria on reports, personal observation, discussions with the Board of Management, discussions with third parties and other information.

The Supervisory Board has discretionary powers to award different bonuses or not to award bonuses, independently of any financial or non-financial criteria. Any bonus payment is made in the financial year following the reporting year. For competition reasons, the financial targets included in the business plan are not publicly disclosed in advance.

At the Annual General Meeting of Shareholders, the Supervisory Board reports on the financial and non-financial targets that were set for the reporting year, and the extent to which they were achieved.

Long-term variable remuneration: options

Ballast Nedam N.V. has a management option scheme that was approved at an Extraordinary General Meeting of Shareholders on 26 October 2006. The aim of the management option scheme is twofold, namely (i) to secure the long-term loyalty of directors and (ii) to ensure that the interests of individual directors mirror those of the shareholders.

Options are granted under the following two conditions: the members of the Board of Management must themselves purchase depositary receipts for shares (or shares following cancellation of depositary receipts), equivalent to a minimum of 5% of the number of options granted, and hold such shares or depositary receipts for three years after the options are granted.

The Supervisory Board is authorized annually to grant or not to grant options to the members of the Board of Management on the publication date of the Ballast Nedam N.V. annual accounts. The Supervisory Board determines the number of options to be granted with reference to the following criteria:

- the proven high personal significance for the company of the managing director in question;
- the Supervisory Board's desire to secure the loyalty of the managing director for the longer term, in the interests of continuity of the business;
- the degree to which the individual member of the Board of Management met the financial and non-financial criteria in the preceding financial year.

Under this scheme, the maximum option rights that the Supervisory Board may grant to the Board of Management in any one year is 2% of the total number of Ballast Nedam N.V. shares in issue. The members may exercise their option rights between three and six years from the date on which the options were granted.

The exercise price of the options is equal to the average closing price of Ballast Nedam N.V. shares on Euronext Amsterdam for five trading days prior to the grant of the options, including the grant date. The option exercise price and other conditions for the granted options remain unchanged throughout the term of the options.

6.4.2 Remuneration policy in 2015

The full Supervisory Board and the remuneration committee discussed the remuneration of the individual members of the Board of Management in a single meeting in 2015. In accordance with the Dutch Corporate Governance Code the Supervisory Board drew up and discussed scenario analyses in 2015 regarding the amount and structure of the remuneration of the members of the Board of Management.

Relationship between performance criteria and strategy objectives

The most important indicators of the financial targets derive from Ballast Nedam N.V.'s strategy objectives (see Chapter 3 *Strategic objectives and results* on page 12) and are reflected in the financial performance criteria (i.e. the profit for the period and average capital employed, as stated in the business plan). The achievement or otherwise of the financial 'profit for the period' and 'average capital employed' performance criteria is assessed largely with reference to Ballast Nedam's strategic objectives. The Supervisory Board refers to the achievement or otherwise of the financial and non-financial performance criteria in determining the eligibility of members of the Board of Management for bonus payments.

There is also a connection through the management option scheme between strategic objectives and long-term variable remuneration, in that the achievement or otherwise of strategic objectives is a determinant of Ballast Nedam N.V.'s share price.

Relationship between remuneration and performance, both ex-ante and ex-post

In the opinion of the Supervisory Board, the remuneration received by the Board of Management in 2015 is in line with their performance. The Supervisory Board has reached this judgment in part because the non-financial performance criteria were largely achieved. The Board of Management has successfully concluded the refinancing and explored strategic options. The Supervisory Board has also compared the remuneration level of members of the Board of Management with that of other listed Dutch construction groups, taking into consideration the complexity, size, risk profile and management model of the reference companies.

6.4.3 Remuneration and employment conditions of the Board of Management

The remuneration for the members of the Board of Management consists of the fixed annual salary, bonus payments, options, pension and other remuneration.

Fixed annual salary

The fixed annual salaries, including holiday pay, of the members of the Board of Management are as follows:

	1 January 2016	1 January 2015
Mr E. van der Noordaa	€500,000	€500,000
Mr C. Düzyol	not applicable	not applicable

These amounts consist of the fixed periodic salaries as at 1 January 2015 multiplied by 13, plus holiday pay. These fixed annual salaries are based on 52 weeks. Mr Düzyol does not receive any remuneration from Ballast Nedam.

Bonus

As is evident in this Annual Report, the Board of Management has demonstrated skilled management of important issues for the company, such as bringing the organization into line with the strategic route of the company. In the opinion of the Supervisory Board, the members of the Board of Management have satisfied the non-financial criteria. The Board of Management members have not met the financial performance criteria set for them. They are not eligible for a bonus.

Options

No options were granted to Board of Management members in 2015 in respect of the 2014 financial year. The Supervisory Board agreed with Mr Van der Noordaa upon the conclusion of his engagement agreement that he is entitled to a grant of 50,000 options. This grant has not taken place and Mr Van der Noordaa has decided that he will not make use of this right.

Pension

There is no early retirement scheme for the members of the Board of Management. It was agreed with Mr Van der Noordaa at the time of his appointment that he would receive a pension contribution of 17% of his gross salary.

Redundancy scheme

Mr Van Zwieten stepped down at the end of 2015 and received the contractually agreed severance pay (equal to one year's fixed annual salary).

Other matters

Board of Management members receive a fixed expense allowance. Mr Van der Noordaa receives a mileage allowance for the use of his private car. In other respects, the members of the Board of Management are entitled to the provisions of the applicable collective labour agreement for the building industry (CAO Bouwnijverheid), including annual increments. The members of the Board of

Management may avail themselves of the same schemes that apply to other Ballast Nedam employees, such as tax-efficient gym membership and use of a mobile phone or PDA.

Contract term, notice period, severance pay and clawback

Mr Van der Noordaa was appointed to the Board of Management for a four-year term on 27 June 2014. The notice period for Board of Management members is three months and for Ballast Nedam six months. However, in the first two years after the appointment of Mr Van der Noordaa the notice period for Ballast Nedam is twelve (12) months and the notice period for the Director is six (6) months.

In the event of termination of the engagement agreement by Ballast Nedam for reasons not attributable to Mr Van der Noordaa, Mr Van der Noordaa is entitled to gross severance pay equivalent to one year's fixed annual salary, unless this is unreasonable, in which case Mr Van der Noordaa is eligible, but only in the case of termination during the first term of appointment, for termination pay equivalent up to twice the fixed annual salary.

The Supervisory Board is authorized to claw back any variable remuneration if it was or is based on incorrect financial or other information.

Mr Düzyol was appointed to the Board of Management for a four-year term on 20 November 2015. Mr Düzyol is also a Board member of Rönesans Russia Construction and does not have any (employment) agreement with Ballast Nedam.

6.4.4 Remuneration policy for 2016

The Supervisory Board takes the view that the current scale of, and criteria for, the remuneration package properly reflect the management priorities. The Board supports limited variable remuneration linked to feasible targets that provide the appropriate emphasis. As stated above, the Supervisory Board drew up scenario analyses in 2015 for the possible outcomes of variable remuneration. Partly on this basis the Supervisory Board intends to continue the current remuneration policy in 2016, on the understanding that it will request the annual general meeting of shareholders to adjust the management option scheme. See Section 6.4.1 under *Long-term variable remuneration: options* on page 61.

The Supervisory Board expects the remuneration of the Board of Management in 2016 to be in line with the performance of the members of the Board of Management. This expectation arises from the inclusion in the remuneration structure of a variable component alongside a fixed salary (see *Fixed annual salary* in Section 6.4.3 on page 62 and the direct connection, also in 2016, between the established performance criteria and the strategic objectives for 2016.

6.4.5 Options

Theoretical value and time value

The theoretical value of the options at the grant date is measured using an option valuation model that takes account of the intrinsic value and the time value. The intrinsic value is determined on the basis of the difference between the share price and the option exercise price at the grant date. The time value is determined on the basis of factors including the predicted movement in the share price, which in turn is derived from historical prices. If the options concerned are publicly traded on the stock exchange, the value may deviate upwards or downwards.

Determination of cost of options

When granting the options Ballast Nedam recognizes the theoretical value of the options during the vesting period as an expense in the statement of income. This expense is distributed uniformly in time

over the year in which the option is granted and three subsequent financial years. The total costs in the financial year consist of the costs allocated to that financial year of all current option grants in the vesting period.

The expected value at the end of the vesting period is recalculated annually in the light of the information available at the end of the financial year. This expected value also consists of an intrinsic value and a time value. The time value may mean that the options have a value even though the current share price is lower than the exercise price.

6.4.6 Remuneration of Supervisory Board members

Supervisory Board members receive a fixed fee that is not dependent on the results of the company. The General Meeting of Shareholders set the remuneration of the Supervisory Board in 2005. As of 1 January 2016, the annual fees for members of the Supervisory Board were as follows:

- Mrs I. Ilicak Kayaalp not applicable
- Mr H. Akvardar not applicable
- Mr E. Baki not applicable
- Mr L.W.A.M. van Doorne €30,000
- Mrs C.M. Insinger €30,000

Mrs Ilicak, Mr Akvardar and Mr Baki are employees of Renaissance Construction and do not receive an additional fee for their membership of the Supervisory Board. The members of the Supervisory Board also receive an allowance for expenses incurred in performing their duties.

An Audit Committee has been formed of members of the Supervisory Board. The General Meeting of Shareholders set the remuneration of the Audit Committee in 2008. As of 1 January 2016, the annual fees for members of the Audit Committee were as follows:

- Mr E. Baki not applicable
- Mrs C.M. Insinger €5,000

Remuneration chart

Board of Management and Supervisory Board

x € 1 thousand	2015					2014						
	Gross salary	Severance compensation	Bonus	Pension charges & social security costs	Reimbursement	Total	Gross salary	Severance compensation	Bonus	Pension charges & social security costs	Reimbursement	Total
Board of Management												
E. van der Noordaa	592			32	5	629	268				3	331
P.van Zwieten 1)	423	517		38	4	982	364	30		83	4	481
T.A.C.M. Bruijninx 2)		64				64	496	689		110	3	1 298
C. Düzyol 3)												
	1 015	581		70	9	1 675	1 128	719		253	10	2 110
Supervisory Board												
L.W.A.M. van Doorne	43				2	45	41				2	43
C.M. Insinger	35				2	37	35				2	37
J. Bout 4)	27				2	29	32				2	34
J.S.T. Tiemstra 5)	31				2	33	4					4
I. Ilicak Kayaalp 6)												
H. Avni Akvardar 7)												
E. Baki 8)												
A.N.A.M. Smits 9)							33				2	35
	136				8	144	145				8	153
Total	1 151	581		70	17	1 819	1 273	719		253	18	2 263

1) Until 31 December 2015

2) Until 31 December 2014. Amount concerns severance compensation; reservation in 2014 was not sufficient.

3) As of 20 November 2015

4) Until 20 November 2015

5) Until 20 November 2015

6) As of 20 November 2015

7) As of 20 November 2015

8) As of 20 November 2015

9) Until 14 November 2014

6.5 Composition of the Board of Management

E. van der Noordaa (Chairman)

Mr Erik van der Noordaa was born in 1961 and is a Dutch national. Mr Van der Noordaa holds the position of Chief Executive Officer (CEO). He joined the company on 1 June 2014 and was appointed as Chief Executive Officer on 27 June 2014, after the Extraordinary General Meeting of Shareholders (EGM) was informed of the intended appointment. Mr Van der Noordaa began his career in 1986 at Damen Shipyards Group, a global shipbuilding group headquartered in Gorinchem, the Netherlands. He occupied a number of positions at Damen in the field of engineering, production, marketing and sales, as well as various management functions.

In 2004 Mr Van der Noordaa joined the Board of Management of Damen Shipyards Group, where he was appointed as Chief Operating Officer in 2006. He served in this position up to the time of his departure in 2010. From 2010 to 2013 he served as Chairman of the Board of Management of the Germanischer Lloyd Group (GL Group). In September 2013, the GL Group was merged with the Norwegian company DNV, since when it has operated under the name of DNV GL Group. Mr Van der Noordaa was appointed as Chief Executive Officer 27 May 2014 for a term of four years.

C. Düzyol

Mr Cenk Düzyol was born in 1971 and is a Turkish national. As a member of the Board of Management his focus will be primarily directed towards the co-operation with Renaissance Construction and the other companies within the Group. He is also a member of the Board of Management of Renaissance Construction Russia.

Mr Düzyol was first appointed to the Board of Management for a four-year term on 20 November 2015. His current term of office expires on 20 November 2019.

7 Financial statements

7.1 Consolidated statement of financial position

x € 1 million	Note	31 December 2015	31 December 2014
Non-current assets			
Intangible assets	2	14	16
Property, plant and equipment	3	63	78
Financial assets	4	5	5
Investments in associates	5	13	9
Escrow account	10	25	0
Deferred tax assets	6	-	0
		120	108
Current assets			
Inventories	7	135	148
Work in progress	8	59	52
Receivables	9	168	171
Cash and cash equivalents	10	69	70
Escrow account	10	-	53
Assets held for sale	16	3	52
		434	546
Current liabilities			
Bank overdrafts	10	(2)	(3)
Current portion of long-term loans	12	(75)	(31)
Prepayments on inventories	7	(6)	(2)
Work in progress	8	(88)	(88)
Trade payables		(132)	(191)
Income tax expense	6	(1)	(0)
Other liabilities	11	(176)	(195)
Provisions	14	(10)	(17)
Liabilities held for sale	16	(2)	(51)
		(492)	(578)
Current assets minus current liabilities		(58)	(32)
Capital employed		62	76
Non-current liabilities			
Loans	12	33	56
Deferred tax liability	6	0	1
Employee benefits	13	5	4
Provisions	14	3	4
		41	65
Total equity			
Equity attributable to the owners of the company	15	21	11
Non-controlling interest	15	-	-
		21	11
Finance		62	76

Note: See Notes to the consolidated financial statements on pages 71 - 114, which are an integral part of these consolidated financial statements.

7.2 Consolidated statement of income

x € 1 million	Note	31 December 2015	31 December 2014
Revenue	17	850	1 166
Other operating income	18.1	17	76
Costs of raw materials and subcontractors	18.2	(598)	(984)
Personnel expenses	18.3	(188)	(228)
Other operating expenses		(118)	(72)
		(904)	(1 284)
Earnings before interest, taxes, depreciation and amortization (EBITDA)		(37)	(42)
Depreciation and amortization of property, plant and equipment and intangible assets	2, 3	(12)	(16)
Impairment of tangible and intangible assets	2, 3	(1)	(7)
Earnings before interest and taxes (EBIT)		(50)	(65)
Loan waived by banks	12	16	-
Earnings before interest and taxes (EBIT) after loan waived by banks		(34)	(65)
Finance income	19	0	-
Finance expense	19	(8)	(7)
Net finance income and expense		(8)	(7)
Share of profit of associates and joint ventures	5	1	3
Profit before income tax		(41)	(4)
Income tax expense	20	(0)	(34)
Profit (loss) for the period		(41)	(103)
Attributable to:			
Owners of the company		(41)	(103)
Non-controlling interest			
Profit (loss) for the period		(41)	(103)

Consolidated statement of comprehensive income

x € 1 million	2015	2014
Profit (loss) for the period	(41)	(103)
Other comprehensive income, net of tax to be reclassified to P&L in subsequent periods		
Foreign currency translation differences	(0)	-
Net gain (losses) on cash flow hedges arising during the year, associates	5	2
Net gain (losses) on cash flow hedges arising during the year	(2)	(4)
Other comprehensive income, net of tax, not to be reclassified to P&L in subsequent periods	-	-
Other comprehensive income	3	(2)
Total comprehensive income for the period	(38)	(105)
Attributable to:		
Owners of the company	(38)	(105)
Non-controlling interest	-	-
Total comprehensive income for the period	(38)	(105)

The other comprehensive income includes €0 million of tax (2014: €0 million).

Note: See notes to the consolidated financial statements on pages 71 - 114, which are an integral part of these consolidated financial statements.

7.3 Consolidated statement of changes in shareholders' equity

x € 1 million	Issued share capital	Share premium	Repurchased own shares	Currency translation reserve	Reserves of associates	Hedging reserve	Other reserves	Profit for the period	Equity attributable to owners of the company	Non-controlling interest	Total equity
31 December 2013	60	52	(5)	-	36	(3)	(9)	(41)	90	-	90
Profit (loss) for the period								(103)	(103)		(103)
Foreign currency translation differences				0					-		-
Effective portion of changes in fair value of hedging instruments						(4)			(4)		(4)
Effective portion of changes in fair value of hedging instruments, associates							2		2		2
Net change in fair value of hedging instruments, transferred to income statement									-		-
Net change in fair value of hedging instruments, associates, transferred to income statement									-		-
Comprehensive income				0		(2)		(103)	(105)	-	(105)
Dividend paid								(0)	-		-
Option scheme								(1)	(1)		(1)
Repurchased own shares			(0)						-		-
Appropriation of 2013 result								(41)	41		-
Other					(3)		3		-		-
Rights issue	9	18							27		27
Change in nominal value	(49)	49									
31 December 2014	20	119	(5)	0	33	(5)	(48)	(103)	11	-	11
Profit (loss) for the period								(41)	(41)		(41)
Foreign currency translation differences				(0)					-		-
Effective portion of changes in fair value of hedging instruments						(2)			(2)		(2)
Effective portion of changes in fair value of hedging instruments, associates							5		5		5
Net change in fair value of hedging instruments, transferred to income statement									-		-
Net change in fair value of hedging instruments, associates, transferred to income statement									-		-
Comprehensive income				(0)		3		(41)	(38)	-	(38)
Dividend paid								-	-		-
Option scheme							0		0		-
Repurchased own shares			0						-		-
Appropriation of 2014 result								(103)	103		-
Other					(11)		11		-		-
Rights issue	0	48							48		48
Change in nominal value	(18)	18									-
31 December 2015	2	185	(5)	0	22	(2)	(140)	(41)	21	-	21

Note: See notes to the consolidated financial statements on pages 71 - 114, which are an integral part of these consolidated financial statements.

7.4 Consolidated statement of cash flows

x € 1 million	Note	31 December 2015	31 December 2014
Net cash - opening balance	10	120	29
Profit (loss) for the period		(41)	(103)
<i>Adjustments:</i>			
Depreciation	3	10	15
Amortization	2	2	1
Impairment (in) tangible assets	2,3	1	7
Finance expense	19	8	7
Finance income	19	-	-
Share-based payments	15	-	-
Other operating income and loan waived by banks	12, 18,1	(33)	(76)
Income tax expense	20	-	34
Share in profits of associates	5	(1)	(3)
Other operating income		-	-
<i>Movements:</i>			
Movement in inventories	7	13	26
Movement in work in progress	8	(7)	66
Movement in fair value investments	4,2	-	-
Movement in other receivables		3	53
Movement in provisions and employee benefits	13, 14	(12)	(23)
Movement in other current liabilities		(51)	(31)
Interest paid	19	(8)	(7)
Interest paid on hedging instruments	19	-	-
Interest received	19	-	-
Income taxes paid	6	(0)	(2)
PPP receivables	4,1	(0)	(43)
Repayment PPP receivables		-	-
Net cash from operating activities		(116)	(79)
<i>Intangible assets</i>			
investments	2	(1)	(2)
income from disposals	2	-	1
<i>Property, plant and equipment</i>			
investments	3	(5)	(12)
acquisitions		-	-
income from disposals	3	3	13
<i>Financial assets</i>			
income from disposals	4,1	-	0
other fair value investments	4,2	1	-
income from other receivables	4,3	(1)	(3)
Disposals of associates	5	-	3
Gain from disposal of subsidiaries		-	-
Proceeds from subsidiaries after deduction of disposed cash and cash equivalents	1	6	111
Net cash used in investing activities		3	111
<i>Proceeds from long-term loans draw n</i>			
Repayment of long-term loans	12	(7)	(14)
Disposal of long-term loans	12	-	-
Borrowing costs paid on new loans	12	-	-
Finance lease instalments paid	12	(1)	(2)
Acquisition of non-controlling interest		-	-
Dividend paid	15	(0)	0
Proceeds from issue of shares and private placement	15	48	27
Net cash from financing activities		85	59
Effect of exchange rate fluctuations on cash held		(0)	0
Net cash on balance		(28)	91
Net cash - closing balance	10	92	120

Note: See notes to the consolidated financial statements on pages 71 - 114, which are an integral part of these consolidated financial statements.

The net cash consists of the balance of cash and bank loans that cannot be offset against each another. For further details see note 10 Net cash.

7.5 Notes to the consolidated financial statements

General

Ballast Nedam N.V.'s registered seat and head office is Nieuwegein, the Netherlands. The parent company is Renaissance Infrastructure B.V. (referred as Renaissance), the Netherlands and the ultimate parent company is Rönesans Holding A.S., Turkey. The Company's depository receipts are no longer traded in Euronext Amsterdam since 26 February 2016. The consolidated financial statements of Ballast Nedam N.V. for the 2015 financial year comprise the parent company Ballast Nedam N.V. and its subsidiaries (jointly referred to as Ballast Nedam) and Ballast Nedam's interest in associates and entities over which there is joint control.

The financial statements were prepared by the Board of Management on 24 March 2016 and approved by the Supervisory Board on 24 March 2016. The financial statements will be submitted for approval to the General Meeting of Shareholders to be held on 17 May 2016.

Continuity and liquidity of the business

Developments and figures 2015

In 2015 Ballast Nedam incurred a net loss of €41 million (2014: €103 million). The negative result arose particularly as a result of further cost overruns on the project in Curacao, the N31, P12 Zaanstad and several construction projects in the Netherlands. The net loss includes book profits of €17 million, €15 million restructuring costs, €8 million impairment on the landbank and assets and a €16 million gain as a result of a loan waived by banks. During the year a €20 million rights issue and €27.9 million private placement were issued, resulting, in combination with the loss for the book year, in a solvency rate of 3.8%.

The rights issue, the private placement as well as the subordinated loans influence the guarantee capital of Ballast Nedam in a positive way. The solvency rate based on the guarantee capital is at the end of 2015: 8.8%

Measures carried out during 2015

- A15 Maasvlakte-Vaanplein project: economic interest has been reduced from 40% to 10%;
- A2 Maastricht project: infrastructure part has been transferred to Strukton Groep N.V.; Real estate development has been transferred to Ballast Nedam.

These transfers have reduced the risk profile of Ballast Nedam.

Refinancing 2015

In the first half of 2015 a refinancing took place consisting of the following components:

- Two bridge loans granted by Strukton Groep N.V. and the banking syndicate totalling €20 million until completion of the planned rights issue in the second half of 2015;
- A subordinated bank loan of €10 million maturing on 31 March 2017;
- A subordinated bank loan of €43 million maturing on 31 March 2017;
- A revolving credit facility of €10 million expiring on 31 December 2015; and
- A committed guarantee facility of initially €265 million being phased out on basis of scaling back of large-scale infrastructure projects, including A2 Maastricht and A15 Maasvlakte-Vaanplein projects.

In addition to the refinancing by the banking syndicate, the following existing loans have been adjusted in terms of maturity:

- An FGH mortgage loan of €28.6 million expiring on 31 December 2016 (extension);
- Rabobank loan of €50 million expiring on 31 December 2016.

In December 2015, Ballast Nedam strengthened its balance sheet with a successful rights issue of €20 million of depository receipts for shares with tradable rights. The net proceeds of the rights issue of €20 million were used to repay the bridge loans of €20 million (granted by Strukton Groep N.V. and the banking syndicate). Also in December 2015 a private placement of €27.6 million took place by our shareholder Renaissance. Both net proceeds, strengthen our financial position and enhance our financial flexibility. As part of the private placement the banking syndicate also waived €16 million on the subordinated bank loan of €43 million. Therefore the subordinated loan including non cash accrued interest is at the end of 2015: €28 million. The subordinated bank loan of €10 million was repaid at 31 December 2015. For the financial covenants associated with the loans, Ballast Nedam received a holiday for the last quarter in 2015 and 2016 until the maturity of the loans.

Delisting 2016

During 2015 a public offer on all outstanding Depository Receipts of shares was issued by Renaissance. Together with the rights issue and public offering this resulted in Renaissance having acquired (97.8%) of all outstanding Depository Receipts by the year end.

On 29 January 2016 the delisting process for Ballast Nedam was started resulting in a delisting on 26 February 2016. On this date Renaissance held 99.07% of the share capital.

Main basis of continuity: a revised business plan supported by the main shareholder

The financing requirement for Ballast Nedam is based on the 2016-2018 business plan, which assumes a continuation of the current basis of the Building & Development and Specialized Companies & Supplies divisions. With regard to the Infrastructure division, Ballast Nedam already had decided to actively scale back its interests in existing large-scale infrastructure projects.

The Infrastructure division will focus exclusively on smaller, integrated infrastructure projects in concrete and civil engineering, and industrial construction. Tendering will be carried out on a highly selective and targeted basis for both Dutch and international projects, with close attention being paid, in particular, to the risk profile in relation to the margin. As a result, the extent of the infrastructure activities will become smaller, necessitating an adjustment to capacity for the Infrastructure division.

Being a, for the large majority, privately owned company, Ballast Nedam is actively working on the refinancing of the existing financing package, which matures by the end of 2016 respectively March 2017. Also a new business plan 2016 – 2018 will be drawn up. This is a joint effort together with our main shareholder Renaissance.

Our forecasts show liquidity shortages in 2016. Together with our shareholder Renaissance we are seeking solutions to solve the liquidity needs for the short and longer term. One of the options for the longer term may include the sale of certain assets from Ballast Nedam to Renaissance in combination with an agreement on the refinancing of the bank facilities. In case this option is not realized soon, we expect Renaissance to provide cash support needed to cover the cash needs until a longer term solution is reached.

Given the financial position of Renaissance, Ballast Nedam is of the opinion that sufficient support from the majority shareholder is and will be available to successfully conclude a refinancing package that ensures the continuity of Ballast Nedam.

The continuity assumption therefore is based on our assumption that Renaissance will support the Company in the event of any shortage of funds, for at least a period of 12 months after the date of the approval of these financial statements. We did not receive formal confirmation of this support, but we have no indications to believe that our shareholder is not willing or unable to provide this required financial support to the Company.

Criteria and uncertainties

Although implementation of our business plan and envisaged refinancing is essential to the continuity of the company, it is subject to a range of uncertainties. On the one hand, these relate to operational sensitivities such as i) the inherent uncertainty concerning the scope and time of project execution, including the time when new projects are contracted, ii) the forecast results and margins from operational activities, and iii) the results of negotiations related to additional work and claims.

On the other hand, uncertainties exist with regard to implementation of the envisaged refinancing by our shareholder, the compliance to the remaining bank covenants, the attitude of the main lenders in the event of set backs. Operational developments can lead to shortfall in liquidity which are not financed. Agreements on a

refinancing package might not be obtained before loans mature. Should these uncertainties have negative consequences, there is a risk that any liquidity shortfalls occurring at that time may not be financed or that loans may still become payable.

Conclusion

Ballast Nedam believes that on the basis of the measures taken, the support experienced from the majority shareholder in the refinancing discussions in combination with the revised 2016-2018 business plan the company will have sufficient resources available to meet its obligations at least until the end of April 2017, while it is fully aware of the sensitivities and uncertainties set out above. On the basis of the above actions, plans and expectations, the 2015 financial statements have been prepared on a going concern basis.

Estimates and judgements by management

When preparing the financial statements, management makes estimates and assumptions which affect the amounts and results presented in the financial statements.

This affects the amounts recognized for assets, liabilities, revenue, costs and the related notes on contingent and off-statement of financial position commitments. Estimates and judgements are evaluated on a regular basis. The actual results may differ from these estimates and assumptions. Management judgements regarding the application of EU-IFRS which have significant consequences for the financial statements and estimates involving an appreciable risk of material change in the following year are disclosed in the notes.

Project results

'Work in progress' comprises, besides the recognized costs and invoiced instalments for each project, also the recognized interim gain or the affected loss provision. The gain and loss are both based on an estimate of the ultimate profit for each project and the end-of-work forecast.

The uncertainty in this profit estimate increases in line with factors such as:

- an agreed contract form that entails more risks for the contractor, such as the design risk that contractors accept in design & construct contracts, plus, for a DBMO contract, the responsibility for maintenance and operation;
- a project that is in an early design or implementation stage. When detailing a preliminary or final design, substantial deviations from the preliminary design may arise. This may be because an initial solution turns out with hindsight to be unfeasible, or because the underlying conditions are better or worse than expected, or because the dialogue with stakeholders is far more complicated, and therefore more expensive, than foreseen. Countless risks may also arise in the implementation phase that are for the account of the contractor. These deviations may be positive or negative;
- the term of the contract is longer and hence the forecast for the ending of the work involves inherently more estimation uncertainties;
- projects are liable to more additional work and claim situations.

See also note 8, work in progress and note 18.2, costs of raw materials and subcontractors.

Goodwill

The recoverable amount is measured using future cash flow forecasts. The budgets of the cash generating units are used to estimate future cash flow projections for the next five years. The assumptions of these budgets are partly based on historical profits and external information sources. Cash flows after five years are extrapolated with expected growth rates. For additional information concerning goodwill, see note 2.

Land positions

Landholdings are acquired and held for future development purposes, and are recognized at the lower of historical cost and realizable value. The realizable value is the higher of the current market value and the present value of the estimated future cash flows. The future cash flows are estimated using scenario and sensitivity analyses. The present value estimates are based on a discount rate of 9%. See further explanation in note 7 Inventories.

Valuation of deferred taxes

At the close of the financial year, Ballast Nedam makes an assessment of the income tax position of all fiscal entities. This involves estimating the actual short-term tax charges and income, and the temporary differences between the accounting carrying amounts and tax base of assets and liabilities. A decision is taken on the reporting date as to whether unused tax losses and deferred tax assets due to temporary differences may be recognized.

Ballast Nedam recognizes deferred tax assets if these are likely to be realized. If the actual taxable profits differ from the estimates, and depending on the tax strategies which Ballast Nedam may introduce, deferred tax assets which have been recognized may not be realized, thus affecting the financial position and results of Ballast Nedam. For multi-year losses convincing evidence is required for loss valuation (IAS 12). For additional information concerning taxes, see note 6.

Provisions

Provisions relating to actual liabilities are based on estimates and judgements as to whether the criteria for treatment as a liability have been met, including an estimate of the size of the actual liability. Actual liabilities are disclosed if it is likely that a liability will arise and its size can be reasonably estimated. Provisions for warranties are recognized for the expected expenses necessary to resolve complaints. If the actual outcome differs from the assumptions as to anticipated costs, the estimated provisions will be revised, and this could have an effect on the financial position and results of Ballast Nedam. For additional information concerning provisions, see note 14.

Summary of significant accounting policies

Basis of preparation

The consolidated financial statements have been prepared in conformity with International Financial Reporting Standards as adopted by the European Union (hereinafter: 'EU-IFRS') and Part 9, Book 2 of the Netherlands Civil Code. The consolidated financial statements are presented in millions of euros. Amounts of less than 0.5 million euros are represented by a dash. The consolidated financial statements have been prepared under the historical cost convention, unless stated otherwise.

With respect to the company statement of income of Ballast Nedam N.V., use has been made of the exemption under Section 402 of Book 2 of the Netherlands Civil Code.

Basis of consolidation, assets, liabilities and statement of income

Subsidiaries

Subsidiaries are entities in which Ballast Nedam directly or indirectly controls the financial and operating policy decisions with a view to obtaining benefits from their operations. These subsidiaries are consolidated in full and minority interests, where applicable, are separately disclosed. These entities are included in the consolidated financial statements from the date on which control commences until the date on which the control ceases.

Associates and joint ventures (equity method)

Associates are those entities in which Ballast Nedam exercises significant influence on the financial and operational policy, but over which it does not have control.

The consolidated financial statements include Ballast Nedam's share of the comprehensive income of associates, using the equity method, from the date on which Ballast Nedam first exercised a significant influence until the date on which the influence ceases. If Ballast Nedam's share in the losses exceeds the value of the interest in an associate, the carrying amount of the investment is written down to nil in Ballast Nedam's statement of financial position and no further losses are provided for, except insofar as Ballast Nedam has a legal or constructive obligation.

Joint ventures are collaboration arrangements in which Ballast Nedam exercises control jointly with other parties and has a right to the net assets of the joint venture. The parties concerned have contractually agreed that control will be shared and decisions on relevant activities require unanimous consent of the parties which jointly have control of the joint venture. The consolidated financial statements include Ballast Nedam's share of the comprehensive income of the joint venture, using the equity method, from the date on which Ballast Nedam first exercised a significant influence until the date on which the influence ceases. If Ballast Nedam's share in the losses exceeds the value of the interest in an associate, the carrying amount of the investment is written down to nil in Ballast Nedam's statement of financial position and no further losses are provided for, except insofar as Ballast Nedam has a legal or constructive obligation.

Joint operations

Joint operations are agreements in which Ballast Nedam exercises control jointly with third parties. A 'joint operator' must state its share of the assets, liabilities, revenues and costs.

Elimination of transactions for consolidation purposes

Transactions with subsidiaries, associates and entities over which joint control is exercised are determined at arm's length and eliminated in the same way (proportionately) as other intercompany accounts. Unrealized losses are eliminated in the same way, except where there are indications of impairment.

Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in 'euros' (€), which is the Group's presentation currency.

Assets and liabilities of foreign activities denominated in functional currencies other than the euros are translated to the functional currency in euros at the rates of exchange prevailing on the reporting date, with statement of income items being translated at the rates approximating the rate of exchange on the transaction date (average rate for the reporting year). Translation differences resulting from the conversion of investments in these foreign activities, including semi-permanent financing, and the differences between results translated at the average exchange rate during the year and the exchange rate prevailing on the reporting date, are recognized as a separate item in the consolidated statement of comprehensive income.

Receivables and payables in foreign currencies are translated to the functional currency at the exchange rate prevailing on the reporting date. Transactions in foreign currencies are translated to the functional currency at the exchange rate applying on the transaction date. The resulting exchange differences are recognized as part of EBIT.

Intangible assets

Goodwill

Goodwill arises as a result of the acquisition of subsidiaries, associates and joint ventures. All business combinations are accounted for using the purchase method of accounting. Goodwill is allocated to cash-generating units.

Goodwill is measured as:

- the fair value of the consideration transferred;
- the recognized amount of any non-controlling interests in the acquired entity;
- in a business combination achieved in stages, the fair value of the acquirer's previously held equity interest in the acquire; less
- the recognized net amount (generally the fair value) of the identifiable assets acquired and liabilities assumed.

Negative goodwill arising on acquisition is taken directly to the statement of income.

The transaction costs incurred by the Group in connection with a business combination, other than those concerned with the issue of shares or bonds, are recognized when they are incurred. A contingent consideration is recognized at fair value at the acquisition date. A contingent consideration that is classified as shareholders' equity is not reassessed and the settlement is recognized in shareholders' equity. Other changes are recognized in the statement of income after initial recognition.

Goodwill is not amortized. Instead, an impairment test is performed annually, or earlier if there are indications of impairment. In the case of associates, the carrying amount of goodwill is included in the carrying amount of the investment in the associate.

Other intangible assets

Software is stated at cost less accumulated amortization and impairment. Concessions for the extraction of raw materials are stated at cost less accumulated amortization and impairment.

Amortization

Amortization of intangible assets, other than goodwill and those with an indefinite life, is calculated on the basis of the expected useful life. Concessions in respect of land and raw materials are amortized in proportion to the extent of the raw materials extracted on the basis of an estimate of the raw materials remaining to be extracted.

The residual value, amortization methods and estimated useful lives are assessed annually. The expected useful lives are for concessions 5-40 years and for software three years.

Goodwill and intangible assets with an indefinite life are systematically assessed for impairment at least at each year-end, or sooner if there are indications of impairment.

Property, plant and equipment

Owned assets

Property, plant and equipment are stated at cost of acquisition or manufacture less accumulated depreciation and impairment. If individual items of property, plant and equipment consist of elements with different estimated useful lives, those elements are recognized and depreciated as separate assets.

Where they can be estimated reliably, the costs of dismantling and disposing of assets, to the extent that they arise from a contractual or legal obligation, and the cost of restoring sites where assets are located are capitalized at the net present value. The net present value of this liability is stated as a provision. The borrowing costs for qualifying assets, which necessarily take a substantial period of time to prepare for their intended use or sale, are capitalized.

Leased assets

Lease agreements under which Ballast Nedam assumes virtually all the risks and rewards of ownership are classified as financial leases. The leased asset is measured at the lower of the fair value and the present value of the minimum lease instalments at the commencement of the lease, less accumulated depreciation and impairment.

Subsequent costs

If it is probable that the future economic benefits will flow from the asset to Ballast Nedam and the cost of the asset can be reliably measured, Ballast Nedam includes the cost of replacement of part of an item of non-current assets in the carrying amount of the asset concerned when those costs are incurred. All other costs are taken to the statement of income when they are incurred.

Depreciation

Depreciation is generally calculated on a straight-line basis over the expected useful life of each item of property, plant and equipment (or part thereof). Land is not depreciated. The expected useful life is 10-30 years for buildings, 5-20 years for plant and equipment and 2-10 years for other operating assets.

The residual value, depreciation methods and estimated useful lives are assessed annually. Some assets are depreciated using the units of production method.

Financial assets

PPP receivables

Receivables in respect of Public-Private Partnership (PPP) agreements relate to concession fees from public authorities receivable in connection with PPP projects.

PPP receivables are initially recognized at fair value and are subsequently measured at amortized cost based on an effective interest rate in accordance with IAS 32, IAS 39 and IFRIC 12 'Service Concession Arrangements'.

Other investments

If no significant influence is exercised over the operating and financial policy, recognition of other investments is at fair value, with gains and losses recognized in the consolidated comprehensive income. If the investment is classified as available for sale, the value of the movements in other investments, which are not classified as held for sale, are recognized in the statement of income. Only in the exceptional case that the fair value cannot be reliably determined is valuation at cost minus impairment applied.

Derivative financial instruments

Ballast Nedam uses derivative financial instruments to hedge exposure to currency, interest rate and market risks arising from operating, financing and investing activities.

In conformity with its treasury policy Ballast Nedam does not hold any derivatives for trading purposes, nor does it issue such derivatives.

On initial recognition, derivative financial instruments are measured at fair value, and the attributable transaction costs are recognized in the statement of income as soon as they occur. If no hedge accounting is applied, gains and losses on revaluation to fair value are recognized directly in the statement of income. Results arising from fair value adjustments of forward exchange contracts are recognized as a part of the natural hedge on the currency results of the project concerned. Gains and losses on forward exchange contracts relating to projects have a selling price not denominated in euros are stated in the selling price of the project.

If hedge accounting is applied, Ballast Nedam documents the relationship between the financial instrument and the position to be hedged. The objectives with respect to risk management, and the strategy followed in initiating hedging transactions, are recorded. Ballast Nedam also documents estimates of the effectiveness of the hedging transaction. If the hedge relationship is effective, movements are recognized in the consolidated statement of comprehensive income, with allowance for the deferred taxation effect. The changes in the fair value of hedging transactions may comprise movements in the fair value of existing hedging transactions, and realized results if the hedged position is recognized in the statement of income. The movement in values for any ineffective portion of the hedging transaction is recognized in the statement of income.

The fair value of forward exchange contracts is the present value of the forward rate. The fair value of the other derivative financial instruments is measured on the basis of the discounted value of the estimated future cash flows from these instruments.

Escrow Account

Cash is valued at nominal value. Cash and cash equivalents which are not freely available expected to more than twelve months as escrow accounts or blocked accounts are classified under financial fixed asset.

Current assets

Inventories

Land positions are acquired and held for future development purposes and are recognized at the lower of historical cost and net realizable value. The net realizable value is the higher of the current market value, less cost to sell and the present value of the estimated future cash flows. The future cash flows are estimated using scenario and sensitivity analyses. In principle these holdings are not 'in production' and development costs are consequently not capitalized. Interest is capitalized subject to meeting the conditions for capitalizing finance expense and at the time the land position is actively developed. The associated costs are expensed. Planning permissions and building permits are included in landholdings.

Land and buildings for sale are also included in inventories. The buildings concerned have yet to be sold to third parties and are either under construction or have reached structural completion. The stocks of land and buildings available for sale are carried at the lower of cost, including directly attributable indirect costs, and market value less selling costs. Interest is capitalized subject to meeting the conditions for capitalizing finance expense.

Sold residential building projects in which the client has no option to specify structural elements in the design, and where there is continuous transfer of the significant risks and ownership, are recognized under inventories. This portion of inventories is recognized at cost plus profit in proportion to the progress of the project less a provision for foreseeable losses and less invoiced instalments in proportion to the progress of the project. Interest is capitalized subject to meeting the conditions for capitalizing finance expense. The cost of residential building projects includes directly attributable indirect costs on the basis of normal production capacity.

Finished goods are measured at the lower of cost and net realizable value. The cost of finished goods is based on the first-in, first-out (FIFO) principle. The cost includes interest subject to meeting the conditions for capitalizing finance expense. The cost of finished goods includes directly attributable indirect costs on the basis of normal production capacity.

Raw materials are stated at the lower of cost and net realisable value.

Work in progress

Work in progress on behalf of third parties is recognized at cost plus profit in proportion to the progress of the project less a provision for foreseeable losses and less invoiced instalments in proportion to the progress of the project. Interest is capitalized subject to meeting the conditions for capitalizing finance expense. The cost of work in progress includes directly attributable indirect costs on the basis of normal production capacity.

As soon as a reliable estimate can be made of the result of work in progress on behalf of third parties, the contractual revenues and expenses are recognized in the statement of income in proportion to the percentage of completion of the project.

The percentage of completion is determined on the basis of production measurements. Expected losses on projects are recognized immediately in the statement of income.

Preparatory expenses and design and construction costs on large projects (i.e. tendering costs) are included in the cost of work in progress as and when Ballast Nedam becomes the sole bidder in contract negotiations. Any preparatory expenses prior to this phase are charged to the statement of income. Tendering costs expensed in the period in which they arise are not subsequently capitalized if the project is won.

Receivables

On initial recognition, trade and other receivables are measured at fair value less attributable transaction costs. After initial recognition, trade and other receivables are carried at amortized cost less impairment. Long-term receivables are carried at amortized cost with the exception of deferred tax assets, which are stated at the nominal amount.

Assets and liabilities held for sale

Immediately prior to classification as held for sale, the carrying amounts of assets and liabilities of a disposal group are tested for impairment in accordance with the applicable policies. On initial recognition as assets held for sale, items of property, plant and equipment and groups of assets intended for disposal are stated at the lower of the carrying amount and fair value less selling expenses.

A discontinued operation is part of the Group's activities which represents a separate major line of business or geographic area of operations or is a subsidiary acquired exclusively with a view to resale. Classification as a discontinued operation occurs on disposal or, if earlier, when the operation meets the criteria for classification as an asset held for sale. A disposal group which ceases to be classified as such can also meet these criteria.

Cash

Cash consists of cash and bank balances and other demand deposits.

Bank balances form part of a cash pool together with the cash credit facilities which form an integral part of Ballast Nedam's resource management.

Impairments

Except for inventories of finished product, raw materials and semi-finished goods, Ballast Nedam's work in progress and deferred tax assets, the carrying amount of assets is reviewed at the reporting date to determine whether there are any indications of impairment. Where there are such indications an estimate is made of the recoverable amount of the asset. In the case of goodwill and assets with an indefinite useful life, the recoverable amount is estimated at each reporting date.

The recoverable amount is equal to the higher of fair value less costs to sell, and value in use. In measuring the value in use, the present value of the estimated future cash flows is calculated using a pre-tax discount rate which reflects both the current market estimates of the time value of money and the specific risks inherent in the asset in question. In the case of an asset which only generates income that is highly dependent on that of other assets, the recoverable amount is measured for the cash-generating unit to which the asset belongs. Impairment losses are recognized in the statement of income.

Repurchase of own shares

For purchased own shares included in equity in the statement of financial position, the amount paid, including directly attributable costs, is recognized in equity. Repurchased shares are classified as purchased own shares and included as a deduction from total equity. When purchased own shares are delivered, they are removed from the portfolio on a first-in, first-out (FIFO) basis. The difference between cost and market value is recognized in the share premium reserve.

Dividends

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

Share-based remuneration

The share option plan enables the Board of Management to acquire depositary receipts for shares in Ballast Nedam. The options become exercisable if the person to whom they have been awarded remains in the service of the company for an uninterrupted period of three years after the grant date and may then be exercised at any time in the following three years. The option rights lapse on termination of employment. The Supervisory Board is responsible for granting option rights, depending on quantitative and qualitative criteria. Each year, the Supervisory Board's remuneration committee decides on the grant of options on the date of publication of the results for the year, or on appointment of the individual concerned.

The fair value of the granted options is included in employee benefits with simultaneous recognition of a corresponding amount added to equity (equity-settled). The fair value is measured on the grant date and expensed over the vesting period. The remaining part of the measured value of options is written down as and when they are replaced or are settled before they vest. The fair value of the options is measured using an option valuation model taking account of the conditions under which the options are granted.

Current and non-current liabilities

Long-term loans

On initial recognition, long-term loans are measured at fair value less attributable transaction costs. Interest-bearing loans are subsequently carried at amortized cost, with any difference between the cost and the amount repayable recognized in the statement of income over the term of the loans on the basis of the effective interest method.

Pensions

The pension scheme established by Ballast Nedam for office staff qualifies as a defined contribution plan, and is administered by Stichting Pensioenfonds Ballast Nedam. Under this defined contribution plan, the obligations in respect of the defined contributions are recognized as an expense in the statement of income when they fall due. Ballast Nedam's building site workers are covered by the compulsory industry-wide pension scheme for the building industry (bpfBOUW). Under IAS 19 this pension scheme is accounted for as a defined contribution scheme.

Long-term employee benefits

Ballast Nedam's net obligation in respect of long-term employee benefits (long-service bonuses, long-term illness), with the exception of pension plans, is the sum of the future benefits that employees have earned in exchange for their services during the period under review and in preceding periods. The liability is discounted to present value, taking account of actuarial assumptions.

Provisions

A provision is recognized in the statement of financial position if Ballast Nedam has a legal or constructive obligation as a result of an event in the past and it is probable that an outflow of resources embodying economic benefits will be required in order to settle that obligation.

If the effect thereof is material, the provisions are determined by calculating the present value of the estimated future cash flows using a pre-tax discount rate reflecting both the current market estimates of the time value of money and, where necessary, the specific risks inherent in the obligation.

Trade and other payables

On initial recognition, trade payables and other payable items are measured at fair value. After initial recognition, trade payables and other payable items are carried at amortized cost.

Revenue

Construction contract revenue

The contractual income and expenses in relation to work in progress are recognized in the statement of income in proportion to the percentage of completion of the project. The percentage of completion is determined on the basis of production measurements.

Expected losses on contracts are recognized immediately in the statement of income. No income is recognized if there are significant uncertainties concerning the collection of the amounts due and the related costs.

Sale of goods

Income from the sale of goods is recognized in the statement of income as and when the significant risks and rewards of ownership have been transferred to the buyer. In the case of residential building projects in which the client has no option to specify structural elements in the design, and where there is continuous transfer of the significant risks and ownership, revenues and income are recognized on a pro rata basis as construction progresses. No income is recognized if there are significant uncertainties concerning the collection of the amounts due, the related costs or any returns of goods, and also if there is any question of continuing management involvement in the goods.

Services

Income from services rendered is recognized in the statement of income in proportion to the percentage of completion of the transaction on the reporting date.

The percentage of completion is determined on the basis of assessments of the work performed. No income is recognized if there are significant uncertainties concerning the collection of the amounts due or the related costs, and also if there is any question of continuing management involvement in the services.

PPP projects

During the construction phase of the asset, PPP projects are recognized as projects for third parties. The related financial asset is recognized based on invoiced instalments. The contractual income and expenses are recognized in the statement of income in proportion to progress on the project. The percentage of completion is determined on the basis of production measurements.

The interest income of the financial asset is recognized as financial income in the statement of income.

During the operating phase, the income from PPP projects comprises the fair value of the delivery of contractually agreed services and the interest income related to the investment in the project. Income is recognized at the time of delivery of the services to which it relates.

Government subsidies

Government subsidies are recognized once it is reasonably certain that they will be received and the conditions for award of the subsidy have been met. Subsidies awarded to compensate costs are recognized in the statement of income in the same period as the costs incurred. Subsidies that contribute to the development or purchase of assets are deducted from the price of the assets concerned.

Expenses

Costs are allocated to the period to which they relate.

Lease instalments on operating leases

Lease instalments on operating leases are recognized in the statement of income on a straight-line basis over the period of the lease.

Lease instalments on financial leases

The minimum lease instalments are recognized partly as financing costs and partly as repayment of the outstanding liability. The financing costs are allocated to each period of the total lease period in such a way as to result in a constant periodic rate of interest over the remaining balance of the liability.

Net finance expense

The net financing expense comprises the interest income and expense on borrowings calculated using the effective interest method. The interest component of the financial lease instalments is recognized in the statement of income using the effective interest method.

Gains and losses on exchange and on derivative financial instruments other than interest rate swaps are recognized in the statement of income in earnings before interest and taxes. Gains or losses on interest rate swaps are recognized as finance income or expenses.

Income tax expense

Tax is calculated on the result from ordinary operations, allowing for tax-exempt items and based on the applicable tax rates. Tax is recognized in the statement of income except in relation to items recognized directly in the consolidated statement of comprehensive income.

Deferred tax is recognized using the statement of financial position method for temporary differences between the reported carrying amounts and tax bases of assets and liabilities, and for future carry-forward losses, and is

accounted for on the basis of the applicable tax rates for the periods when the temporary differences are expected to be reversed.

Deferred tax assets are recognized at nominal value of the portion that will probably be realized. No deferred tax is recognized for the following temporary differences:

the initial recognition of goodwill, and differences in relation to subsidiaries and associates that will not be settled in the near future and to the extent that Ballast Nedam has control of the settlement.

Statement of cash flows

Cash flows from operating activities are presented on the basis of the indirect method.

Cash flows in foreign currencies are converted at the exchange rate on the date of the cash flow or at the average rate. Non-cash items, such as foreign currency translation differences, changes in fair value, equity-settled share-based payments and so forth, are eliminated from this statement.

Dividends paid to ordinary shareholders are included in the cash flows from financing activities. Interest paid is included in the cash flows from operating activities. Overdrafts repayable on demand are included in the balance of cash and overdrafts with banks in preparing the consolidated statement of cash flows.

Segment information

An operating segment is a component of Ballast Nedam that engages in business activities that may contribute substantially to revenues and expenses, including those related to transactions with other components of the Group.

The Board of Management regularly uses information on individual segments in order to make decisions about resources to be allocated and to assess performance. Additional financial information is provided for each segment. The decisions about resources to be allocated and the assessment of performance are based on earnings before interest and taxes and capital employed. The amounts for transactions between segments are determined on an arm's length basis. The results, assets and liabilities of a segment comprise items that can be attributed to the segment either directly or on a reasonable basis. Among the items that are not included are finance income and expense, and income tax assets and liabilities.

Additional financial information is provided for each geographic segment. In presenting information on a geographic basis, income is based on the geographic location of the customers. The criterion for assets is their geographic location.

New standards and interpretations not yet applied

In 2015 the impact of new and amended IFRS standards and interpretations were minimal. These relate to:

- IFRIC 21 *Levies*, effective 17 June 2014
- Annual Improvements to IFRSs - 2011-2013 Cycle (Issued December 2013), effective 1 January 2014

Standards and interpretations issued but not yet effective up to now are listed below.

- IFRS 9 *Financial Instruments* effective 1 January 2018 (not yet endorsed by EU).
- Amendments to IFRS 10, IFRS 12 and IAS 28 – Investment Entities: Applying the Consolidation Exception, effective 1 January 2016
- Amendments to IFRS 11 *Joint Arrangements* – Accounting for Acquisitions of Interests in Joint Operations, effective 1 January 2016
- IFRS 15 *Revenue from Contracts with Customers*, including amendments to IFRS 15: Effective date of IFRS 15, effective 1 January 2018 (not yet endorsed by EU).
- IFRS 16 *Leases*, effective 1 January 2019 (not yet endorsed by EU).
- Amendments to IAS 1 *Presentation of Financial Statements* – Disclosure Initiative, effective 1 January 2016
- Amendments to IAS 7 *Statement of Cash Flows* – Disclosure Initiative, effective 1 January 2017 (not yet endorsed by EU).
- Amendments to IAS 12 *Income Taxes* – Recognition of Deferred Tax Assets for Unrealised Losses, effective 1 January 2017 (not yet endorsed by EU).
- Amendments to IAS 16 *Property, Plant and Equipment* and IAS 38 *Intangible Assets* – Clarification of Acceptable Methods of Depreciation and Amortisation, effective 1 January 2016

- Amendments to IAS 16 *Property, Plant and Equipment* and IAS 41 *Agriculture – Bearer Plants*, effective 1 January 2016
- Amendments to IAS 19 *Employee Benefits – Defined Benefit Plans: Employee Contributions*, effective 1 February 2015
- Amendments to IAS 27 *Separate Financial Statements – Equity Method in Separate Financial Statements*, effective 1 January 2016
- Annual Improvements to IFRSs - 2010-2012 Cycle (Issued December 2013), effective 1 February 2015
- Annual Improvements to IFRSs - 2012-2014 Cycle (Issued September 2014), effective 1 January 2016

Only the standards and interpretations that could have a material impact for Ballast Nedam are described in more detail below. Ballast Nedam intends to adopt these standards and interpretations when they become effective.

IFRS 9 Financial Instruments

The final version of IFRS 9 Financial Instruments replaces IAS 39 Financial Instruments: Recognition and Measurement and all previous versions of IFRS 9. IFRS 9 brings together all three aspects of the accounting for financial instruments project: classification and measurement, impairment and hedge accounting. IFRS 9 is effective for financial years beginning on or after 1 January 2018, with early application permitted. Except for hedge accounting, retrospective application is required but providing comparative information is not compulsory. For hedge accounting, the requirements are generally applied prospectively, with some limited exceptions.

[Ballast Nedam plans to adopt the new standard on the required effective date. During 2016, Ballast Nedam shall perform a high-level impact assessment of all three aspects of IFRS 9. This preliminary assessment will be based on currently available information and may be subject to changes arising from further detailed analyses or additional reasonable and supportable information being made available to Ballast Nedam in the future. Overall, Ballast Nedam expects no significant impact on its balance sheet and equity except for the effect of applying the impairment requirements of IFRS 9.

(a) Classification and measurement

Ballast Nedam does not expect a significant impact on its balance sheet or equity on applying the classification and measurement requirements of IFRS 9. It expects to continue measuring at fair value all financial assets currently held at fair value. Quoted equity shares currently held as available-for-sale with gains and losses recorded in other comprehensive income will be measured at fair value through profit or loss instead, which will increase volatility in recorded profit or loss. The available-for-sale reserve currently in accumulated other comprehensive income will be reclassified to opening retained earnings. Debt securities are expected to be measured at fair value through other comprehensive income under IFRS 9 as Ballast Nedam expects not only to hold the assets to collect contractual cash flows but also to sell a significant amount on a relatively frequent basis. The equity shares in non-listed companies are intended to be held for the foreseeable future. Ballast Nedam expects to apply the option to present fair value changes in other comprehensive income, and, therefore, believes the application of IFRS 9 would not have a significant impact. If Ballast Nedam were not to apply that option, the shares would be held at fair value through profit or loss, which would increase the volatility of recorded profit or loss.

Loans as well as trade receivables are held to collect contractual cash flows and are expected to give rise to cash flows representing solely payments of principal and interest. Thus, Ballast Nedam expects that these will continue to be measured at amortised cost under IFRS 9. However, Ballast Nedam will analyse the contractual cash flow characteristics of those instruments in more detail before concluding whether all those instruments meet the criteria for amortised cost measurement under IFRS 9.

(b) Impairment

IFRS 9 requires Ballast Nedam to record expected credit losses on all of its debt securities, loans and trade receivables, either on a 12-month or lifetime basis. Ballast Nedam expects to apply the simplified approach and record lifetime expected losses on all trade receivables. Ballast Nedam expects a significant impact on its equity due to the unsecured nature of its loans and receivables, but it will need to perform a more detailed analysis which considers all reasonable and supportable information, including forward-looking elements to determine the extent of the impact.

(c) Hedge accounting

Ballast Nedam believes that all existing hedge relationships that are currently designated in effective hedging relationships will still qualify for hedge accounting under IFRS 9. As IFRS 9 does not change the general principles of how an entity accounts for effective hedges, Ballast Nedam does not expect a significant impact as a result of applying IFRS 9. Ballast Nedam will assess possible changes related to the accounting for the time value of options, forward points or the currency basis spread in more detail in the future.]

Amendments to IFRS 11 Joint Arrangements – Accounting for Acquisitions of Interests in Joint Operations

The amendments will be applied prospectively and require that a joint operator accounting for the acquisition of an interest in a joint operation, in which the activity of the joint operation constitutes a business must apply the relevant IFRS 3 Business Combinations principles for business combinations accounting. The amendments also clarify that a previously held interest in a joint operation is not remeasured on the acquisition of an additional interest in the same joint operation while joint control is retained. In addition, a scope exclusion has been added to IFRS 11 to specify that the amendments do not apply when the parties sharing joint control, including the reporting entity, are under common control of the same ultimate controlling party. The amendments apply to both the acquisition of the initial interest in a joint operation and the acquisition of any additional interests in the same joint operation. The amendments become effective for financial years beginning on or after 1 January 2016.

IFRS 15 Revenue from Contracts with Customers.

IFRS 15 establishes a five-step model to account for revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The new revenue standard will supersede all current revenue recognition requirements under IFRS. Either a full retrospective application or a modified retrospective application is required for financial years beginning on or after 1 January 2018. Early adoption is permitted.

Ballast Nedam plans to adopt the new standard on the required effective date using the full retrospective method. During 2016, Ballast Nedam will perform a preliminary assessment of IFRS 15, which is subject to changes arising from a more detailed ongoing analysis. Ballast Nedam is in the business of providing equipment and services. The equipment and services are sold both on its own in separate identified contracts with customers and together as a bundled package of goods and/or services.

(a) Sale of goods

Contracts with customers in which equipment sale is the only performance obligation are not expected to have any impact on Ballast Nedam. Ballast Nedam expects the revenue recognition to occur at a point in time when control of the asset is transferred to the customer, generally on delivery of the goods.

In applying IFRS 15, Ballast Nedam considered the following:

(i) Variable consideration

Some contracts with customers provide a right of return, trade discounts or volume rebates. Currently, Ballast Nedam recognises revenue from the sale of goods measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and volume rebates. If revenue cannot be reliably measured, Ballast Nedam defers revenue recognition until the uncertainty is resolved. Such provisions give rise to variable consideration under IFRS 15, and will be required to be estimated at contract inception.

IFRS 15 requires the estimated variable consideration to be constrained to prevent over-recognition of revenue. Ballast Nedam continues to assess individual contracts to determine the estimated variable consideration and related constraint. Ballast Nedam expects that application of the constraint may result in more revenue being deferred than is under current IFRS.

(ii) Warranty options

Ballast Nedam provides warranties for general repairs and does not provide extended warranties or maintenance services in its contracts with customers. As such, Ballast Nedam determines that such warranties are assurance-type warranties which will continue to be accounted for under IAS 37 Provisions, Contingent Liabilities and Contingent Assets consistent with its current practice.

(b) Rendering of services

Ballast Nedam provides services within the Infrastructure and Building and Development segment. These services will be sold either on their own in contracts with the customers while others may be bundled together with the sale of equipment to a customer. Ballast Nedam has preliminarily assessed that the services are satisfied over time given that the customer simultaneously receives and consumes the benefits provided by Ballast Nedam. For the possible effects of contracts with a variable consideration reference is made to item (i) above. Consequently, Ballast Nedam does not expect any significant impact to arise from these service contracts.

IFRS 16 Leases

IFRS 16 requires lessees to account for all leases under a single on-balance sheet model (subject to certain exemptions) in a similar way to finance leases under IAS 17 with recognition exemptions for leases of 'low-value' assets and short-term leases. Lessees recognise a liability to pay rentals with a corresponding asset, and recognise interest expense and depreciation separately. Reassessment of certain key considerations (e.g., lease term, variable rents based on an index or rate, discount rate) by the lessee is required upon certain events. Lessor accounting is substantially the same as today's lessor accounting, using IAS 17's dual classification approach. IFRS 16 also requires lessees and lessors to make more extensive disclosures than under IAS 17.

The lease expense recognition pattern for lessees might be accelerated as compared to today. Key balance sheet metrics such as leverage and finance ratios, debt covenants and statement of income metrics, such as earnings

before interest, taxes, depreciation and amortisation (EBITDA), might be impacted. Also, the statement of cash flows for lessees might be affected as payments for the principal portion of the lease liability will be presented within financing activities. Ballast Nedam is currently assessing the impact of IFRS 16. The new standard is effective for financial years beginning on or after 1 January 2019, with certain transition reliefs permitted. Early application is permitted, but not before an entity applies IFRS 15 'Revenue from Contract with Customers'. Entities that are lessees are allowed to choose either a full retrospective or a modified retrospective transition approach.

Amendments to IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets – Clarification of Acceptable Methods of Depreciation and Amortisation

The amendments are applied prospectively and clarify the principle in IAS 16 and IAS 38 that revenue reflects a pattern of economic benefits that are generated from operating a business (of which the asset is part) rather than the economic benefits that are consumed through use of the asset. As a result, a revenue-based methods cannot be used to depreciate property, plant and equipment and may only be used in very limited circumstances to amortise intangible assets. The amendments will have no impact on Ballast Nedam's financial position and performance. The amendments become effective for financial years beginning on or after 1 January 2016. Early adoption is permitted.

Amendments to IAS 27 Separate Financial Statements – Equity Method in Separate Financial Statements

The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. Entities already applying IFRS and electing to change to the equity method in its separate financial statements will have to apply that change retrospectively. [These amendments will not have any impact on Ballast Nedam's consolidated financial statements.] The amendments become effective for financial years beginning on or after 1 January 2016. Early adoption is permitted.

7.6 Segmentation

Operating segments 2015

x € 1 million	Infrastructure	Building & Development	Specialized Companies	Supplies	Subtotal operating segments	Reconciliation (1)	Total
Revenue	232	554	135	82	1 003	(153)	850
Other operating income	12	2	3	-	17	-	17
Total operating expenses	(244)	(581)	(127)	(80)	(1 032)	128	(904)
Share in profits of associates	-	-	-	0	-	-	0
Earnings before interest, taxes, depreciation and amortization (EBITDA)	(0)	(25)	11	2	(12)	(25)	(37)
Impairment	(0)	0	(0)	(1)	(1)	-	(1)
Depreciation	0	(1)	(4)	(3)	(8)	(2)	(10)
Earnings before interest, taxes and amortization (EBITA)	(0)	(26)	7	(2)	(21)	(27)	(48)
Amortization	-	-	-	(1)	(1)	(1)	(2)
Earnings before interest and taxes (EBIT)	(0)	(26)	7	(3)	(22)	(28)	(50)
Loan waived by banks							16
Earnings before interest and taxes (EBIT) after loan waived by banks							(34)
Net finance income and expense							(8)
Share in profits of associates							1
Income tax expense							(0)
Profit (loss) for the period							(41)
Margin	0,0%	(4,7%)	5,2%	(3,7%)			(5,9%)
Order book	328	457	46	40	871	(258)	613
Capital employed (2)	(45)	31	15	52	53	(83)	(30)
Assets (3)	99	255	58	88	500	54	554
Investments in property, plant and equipment	0	0	3	2	5	-	5
Associates	-	1	-	7	8	-	8
Liabilities (4)	103	230	31	23	387	146	533
Impairment of intangible assets and property, plant and equipment							
impairment	-	(0)	-	(1)	(1)	-	(1)
reversal of impairments	-	-	-	-	-	-	-
Average number of employees							
temporary employment	24	51	12	13	100	12	112
permanent employment	499	861	378	359	2 097	169	2 266
Total employees	523	912	390	372	2 197	181	2 378

(1) The reconciliation column relates to holding entities and intersegment eliminations.

(2) Capital employed is non-current assets plus current assets minus current liabilities, excluding net cash.

(3) Assets are defined to encompass non-current and current assets.

(4) Liabilities are defined to encompass non-current and current liabilities.

Operating profit or loss by segment

Infrastructure segment:

Infrastructure recorded a break even result including losses on the N31 Road Project (€13.8 million), reorganisation costs of €2 million and other losses on regional projects. The remaining Offshore operations made a positive contribution to the result. The result also includes a book profit of approximately €12 million on the sale of the 30% share of the A15 Maasvlakte-Vaanplein project in 2015. The revenue decreased with 49% in 2015, mainly due to the sale of the A15 Maasvlakte-Vaanplein and Avenue 2 project and a decrease in activities.

Building & Development segment:

Building & Development incurred an operating loss of €26 million due to losses on the P12 Zaanstad project (€9.2 million) and the hospital on Curacao (€13.7 million). This includes impairments of the land bank of €7 million. The result was also affected by a book profit of €2 million as a result of the sale of the shares of P12 BV and Benelux Secondary PPP. The revenue of Building & Development decreased by 10% to €554 million as a result of lower sales in the Northern region. Building & Development's assets decreased by €77 million to €255 million. This is largely due to the sale in the PPP Project P12 BV (75% share). The land positions decreased by €8 million to €122 million, consisting sales of €3 million, investments of €3 million and a write-down of €7 million.

Specialized Companies segment:

Specialized Companies achieved a positive result of €7 million. The result is positively affected by the earn out revenue of €3.2 million received in 2015 related to the sale of Ballast Phoenix Ltd in 2014. Total assets decreased by €46 million to €69 million as a result of the lower investments. The revenue decreased by €56 million to €135 million due to less activities in 2015 and completion of large projects.

Supplies segment:

The revenue of Supplies decreased by €69 million to €82 million caused by lower capacity of the concrete factories and raw materials. The result is affected by an impairment of €1 million on the Grosskunkel assets. The assets of Supplies declined by €47 million to €88 million due to improvement of the working capital.

Holding and elimination:

This segment comprises the non-recharged overhead costs of the holding company. In addition, the result in 2015 was negatively impacted by restructuring costs of €12 million, reorganisation costs of €1 million and a provision from €4.8 million for the maintenance of the A15 Maasvlakte-Vaanplein project. Furthermore the result is positively impacted by a €16 million write off from the subordinated loan. From the finance expenses of €8 million is approximately €6 million attributable to the Other Activities segment.

Operating segments in 2014

x € 1 million	Infrastructure	Building & Development	Specialized Companies	Supplies	Subtotal operating segments	Reconciliation (1)	Total
Revenue	458	611	190	151	1 410	(244)	1 166
Other operating income	53	3	-	20	76	-	76
Total operating expenses	(570)	(619)	(179)	(143)	(1 511)	227	(1 284)
Share in profits of associates	-	-	-	-	-	-	0
Earnings before interest, taxes, depreciation and amortization (EBITDA)	(59)	(5)	11	28	(25)	(17)	(42)
Impairment	-	-	(1)	(5)	(6)	(1)	(7)
Depreciation	-	(2)	(5)	(5)	(12)	(3)	(15)
Earnings before interest, taxes and amortization (EBITA)	(59)	(7)	5	18	(43)	(21)	(64)
Amortization	-	-	-	(1)	(1)	-	(1)
Earnings before interest and taxes (EBIT)	(59)	(7)	5	17	(44)	(21)	(65)
Net finance income and expense							(7)
Share in profits of associates							3
Income tax expense							(34)
Profit (loss) for the period							(103)
Margin	(12,9%)	(1,2%)	2,6%	11,3%			(5,6%)
Order book	559	625	49	61	1 294	(268)	1 026
Capital employed (2)	(227)	81	10	81	(55)	11	(44)
Assets (3)	116	332	69	135	652	2	654
Investments in property, plant and equipment	1	47	3	6	57	-	57
Associates	-	2	-	0	2	-	2
Liabilities (4)	244	292	42	32	610	53	663
Impairment of intangible assets and property, plant and equipment							
impairment	-	0	(1)	(5)	(6)	(1)	(7)
reversal of impairments	-	0	-	0	-	-	-
Average number of employees							
temporary employment	35	46	20	11	112	18	130
permanent employment	520	981	523	512	2 536	194	2 730
Total employees	555	1 027	543	523	2 648	212	2 860

- (1) The reconciliation column relates to holding entities and intersegment eliminations.
- (2) Capital employed is non-current assets plus current assets minus current liabilities, excluding net cash.
- (3) Assets are defined to encompass non-current and current assets.
- (4) Liabilities are defined to encompass non-current and current liabilities.

Infrastructure segment

Infrastructure recorded a negative result of €59 million due to losses on the A15 Maasvlakte-Vaanplein project (€79.1 million), Avenue 2 (€26.1 million) and other losses on regional projects. The Offshore operations made a positive contribution to the result. The loss also includes a book profit of approximately €53 million on the sale of the offshore activities.

Building & Development segment:

Building & Development incurred an operating loss of €7 million. This includes impairments of the land bank of €4 million and restructuring costs of €5 million. The result was also affected by a book profit of €3 million as a result of the sale of CNG net B.V. and LNG net 24 B.V. The revenue of Building & Development rose by 16% to €611 million as a result of higher sales in the Northern region. Building & Development's assets increased by €57 million to €332 million. This is largely due to an increase in the PPP receivables. The land positions decreased by €12 million to €130 million, consisting of sales of €8 million and a write-down of €4 million.

Specialized Companies segment:

Specialized Companies achieved a positive result of €5 million. The improvement results from the reorganizations implemented in 2013, which lets to lower operating costs in 2014. Total assets decreased by €46 million to €69 million as a result of the lower investments

Supplies segment:

The revenue of Supplies decreased by €30 million to €151 million. The sale of a 30% interest in the subsidiary Bontrup Beheer B.V. and the 92.5% subsidiary Ballast Phoenix Ltd., supported the result with a book profit of approximately €20 million. The result is also affected by an impairment of €3.8 million on the Grosskunkel concession. The assets of Supplies therefore declined by €43 million to €135 million.

Holding and elimination:

This segment comprises the non-recharged overhead costs of the holding company. In addition, the result in 2014 was negatively impacted by restructuring costs of €17 million and an impairment of €31.7 million of deferred tax assets. The finance expense of €7 million is mainly in the Other Activities segment.

Operating segments (continued)

Geographical segments

x € 1 million	Revenue		Assets		Other fair value investments	
	2015	2014	2015	2014	2015	2014
The Netherlands	770	949	84	89	0	(1)
Other Europe	34	187	6	5	0	1
Africa	1	3	-	0	-	-
Asia	1	0	-	-	-	-
South America	42	21	0	0	-	-
Other	2	6	0	0	-	-
Total	850	1 166	90	94	0	0

91% of the revenue (2014: 81%) was generated in the Netherlands. The assets reported under the geographic segments comprise the non-current assets, excluding financial instruments and deferred tax assets.

7.7 Disposals

1. Disposals

On March 27, 2015 Ballast Nedam sold its 20 percent stake in the Benelux Secondary PPP Fund I for an amount of approximately €4.5 million to DG Infra Yield. DG Infra Yield already held the remaining 80% stake in the joint venture.

On April 1, 2015, Ballast Nedam sold 75% of its share in the special purpose company (SPC) of the PPP project Penitentiary Zaanstad to a subsidiary of HICL Infrastructure Company Limited (HICL) for an amount of €11.5 million. This amount includes the equity investment and acquisition of its obligation to deposit a shareholder loan after completion of the Penitentiary. Ballast Nedam retains a 25% stake and will remain responsible for the daily project management of the SPC.

On November 30, 2015 the agreement was signed for the sale of all shares in Feniks Recycling Maatschappij B.V. to the management of the company. After the management buyout Feniks continues as an independent company, led by Jos van Beurden.

Feniks Recycling designs, builds, operates and manages reprocessing plants for bottom ash from the incineration of waste of incinerators and brings these residual materials on the market for use in civil engineering projects.

Apart from the above disposals, there are a couple of smaller divestments in 2015 such as the sale of shares of SPC Management Services B.V., Biomethaan B.V., Real Estate Energy Operating Company B.V., Fuut B.V. and a 10% share in Concrete Valley.

Compressed overview divestments

x € 1 million

Financial assets	(51)
Intangible assets	-
Deferred tax asset	1
Property, plant and equipment	3
Inventories	(0)
Receivables	2
Trade payables	(1)
Deferred tax liabilities	-
Derivatives	-
Provisions	(2)
Loans	52
Net assets and liabilities	4

x € 1 million

Considerations received in cash	9
Disposed cash and cash equivalents	(3)
Net cash - inflow	6

7.8 Notes to the consolidated statement of financial position

2. Intangible assets

x € 1 million	Goodwill	Concessions	Other	Total
Cost				
31 December 2013	13	26	7	46
Investments	-	1	1	2
Acquisitions	-	-	-	-
Change in contract	-	-	-	-
Disposals	(1)	(0)	-	(1)
Sale of subsidiary	-	1	-	1
Assets held for sale	-	(0)	-	(0)
31 December 2014	12	28	8	48
Investments	-	1	0	1
Acquisitions	-	-	-	-
Change in contract	(2)	-	1	(1)
Disposals	0	-	-	0
Sale of subsidiary	-	-	-	-
Assets held for sale	-	-	-	-
31 December 2015	10	29	9	48
Amortization and accumulated impairment				
31 December 2013	7	13	5	25
Acquisitions	-	-	-	-
Change in contract	-	-	-	-
Amortization	-	1	-	1
Impairment	1	4	1	6
Disposals	-	(0)	-	(0)
Sale of subsidiary	-	-	-	-
Assets held for sale	-	-	-	-
31 December 2014	8	18	6	32
Acquisitions	-	-	-	-
Change in contract	-	-	-	-
Amortization	-	1	1	2
Impairment	-	-	0	0
Disposals	-	-	-	-
Sale of subsidiary	-	-	-	-
Assets held for sale	-	-	-	-
31 December 2015	8	19	7	34
Carrying amount				
31 December 2014	4	10	2	16
31 December 2015	2	10	2	14

Goodwill

An impairment test is performed annually, or earlier if there are indications of impairment. Future cash flow projections are discounted using a pre-tax discount rate of 7.1%. The business plan was followed for the projections for 2016 – 2018. Cash flows beyond five years are extrapolated using a growth rate of 1.5%. With regard to the goodwill impairment tests, a 1% increase in the pre-tax discount rate or a 1% decrease in the growth rate would not lead to an impairment.

Due to a change in contract and the sale of a 10 percent share in Concrete Valley in 2015 the consolidation method changed to the equity method, so the goodwill is included in the value of the associates.

Goodwill

x € 1 million	31 December 2015	31 December 2014
Bontrup Beheer B.V.	-	-
Verkaik B.V.	2	2
Bouw Noord B.V.	-	-
Concrete Valley B.V.	-	2
Other	-	-
Total	2	4

Concessions

Ballast Nedam holds concessions for high-grade primary raw materials in Belgium, Germany and the Netherlands. Amortization is proportionate to extraction. The remaining weighted average amortization period for concessions at the year-end was 13 years (2014: 14 years). Ballast Nedam incurred no significant exploration costs in 2015 for raw materials and minerals with unproven technical or commercial extraction potential.

Procurement obligations

As at the end of the reporting period, Ballast Nedam had no material outstanding purchase commitments relating to intangible assets.

Research & development expenses

In 2015 expenses of €5 million were recognized in the statement of income for product development and other innovations (2014: €6 million). No material development expenses were capitalized.

3. Property, plant and equipment

x € 1 million	Land and buildings	Plant and equipment	Other operating assets	Total
Cost				
31 December 2013	80	214	25	319
Investments	1	9	2	12
Acquisitions	-	-	-	-
Disposals	(0)	(21)	1	(20)
Sale of subsidiary	(9)	(45)	(6)	(60)
Foreign currency translation differences	0	1	-	1
Assets held for sale	-	(1)	-	(1)
31 December 2014	72	157	22	251
Investments	1	3	1	5
Acquisitions	0	0	(0)	-
Disposals	(2)	(4)	(2)	(8)
Sale of subsidiary	-	(7)	-	(7)
Foreign currency translation differences	-	0	-	-
Assets held for sale	(2)	(3)	-	(5)
31 December 2015	69	146	21	236
Depreciation and accumulated impairment				
31 December 2013	33	136	20	189
Impairment	-	1	-	1
Change in contract	-	-	-	-
Depreciation	2	11	2	15
Disposals	0	(5)	(2)	(7)
Sale of subsidiary	(4)	(21)	-	(25)
Foreign currency translation differences	0	0	(0)	-
Assets held for sale	-	-	-	-
31 December 2014	31	122	20	173
Impairment	-	1	-	1
Change in contract	1	-	-	1
Depreciation	3	6	1	10
Disposals	(0)	(4)	(1)	(5)
Sale of subsidiary	-	(4)	-	(4)
Foreign currency translation differences	-	0	-	-
Assets held for sale	(1)	(2)	-	(3)
31 December 2015	34	119	20	173
Carrying amount				
31 December 2014	41	35	2	78
31 December 2015	35	27	1	63

The investments in land and buildings and in equipment and inventories in both 2015 and 2014 were mainly within the Supplies segment. The additions in other operating assets in both 2015 and 2014 were mainly in ICT hardware. In 2015 the 'sale of subsidiaries' item related to the sale of Feniks Recycling Maatschappij B.V. In 2015 an impairment was made on the assets of the plan Grosskunkel of €1 million due to lower growth expectations.

Security

Property, plant and equipment with a carrying amount of €35 million (2014: €37 million) have been provided as mortgage collateral.

Due to a change in contract and the sale of a 10 percent share in Concrete Valley in 2015 the consolidation method changed. In 2014 Ballast Nedam as joint operator recognised its share in the assets, liabilities, revenues and costs in relation to its interest in Concrete Valley. In 2015 the equity method was used.

Financial lease

Ballast Nedam leases various items of property, plant and equipment through financial lease contracts. Ballast Nedam has the option to buy the assets at the end of several of the lease contracts. The leased assets serve as security for the lease obligations. At the end of the reporting period, the carrying amount of leased assets was €1 million (2014: €2 million).

4. Financial assets

x € 1 million		31 December 2015	31 December 2014
PPP receivables	4.1	0	0
Other fair value investments	4.2	1	2
Other receivables	4.3	4	3
Total		5	5

4.1 PPP-receivables

x € 1 million		2015	2014
1 January		0	7
Recognized receivables		0	43
Sales of subsidiaries		-	-
Capitalized interest		-	-
Assets held for sale		(0)	(50)
31 December		0	0

Receivables in respect of Public-Private Partnership (PPP) agreements relate to concession fees from public authorities receivable in connection with the building and operation of the projects. In 2015 75% of the share in the PPP Zaanstad detention has been sold (2014: classified as asset held for sale). No new PPP projects have been started up in 2015.

The interest income on the PPP receivables and the interest expenses on the PPP loans are recognized as interest income and expenses in the statement of income. The current portion of the PPP receivables is included in receivables. The PPP receivables have been pledged as security for the associated loans.

4.2 Other investments

x € 1 million	Proportion owned	Land	31 December 2015	31 December 2014
Name				
CV GEM Vleuterweide	13,4%	The Netherlands	1	2
Other			(0)	0
Fair value			1	2

The fair value of the interest in the CV GEM Vleuterweide has been measured on the basis of the present value of the expected cash flows.

4.3 Other receivables

Other receivables include receivables from third parties falling due more than one year after the end of the reporting period. At year-end 2015 these amounted to €4 million (2014: €3 million), from which €3.4 million is related to a loan on PI2 Zaanstad.

5 Investments in associates and joint ventures

Associates are those entities in which Ballast Nedam exercises significant influence on the financial and operating policy, but over which it does not have control.

Joint ventures are collaboration agreements in which Ballast Nedam works with other parties and has joint control and a right to the net assets of the joint venture.

The parties concerned have contractually agreed that control will be shared and that decisions on relevant activities require the unanimous consent of the parties which have joint control of the joint venture.

The relevant financial details of the principal associates are shown in the summary below. The total value of these associates on the reporting date was €13 million (2014: €9 million).

In general, the payment of dividend and/or depositing of temporary liquidity surpluses from joint ventures and associates depends on the authorizations of other shareholders.

x € 1 million	Type	Location	31 December 2015			2 015		Results	Share of Ballast Nedam in %	Share of Ballast Nedam in € mln
			Assets	Liabilities	Equity	Revenues				
Name										
KAS A9	AS	Amsterdam	178	178	-	132	1	25%	0	
P2 B.V.	AS	Zaanstad	152	150	2	1	2	25%	0	
Waldw ei.com B.V.	AS	Garjip	25	20	5	-	0	33%	2	
Traffic Service Nederland B.V.	AS	Oss	14	8	6	33	3	25%	2	
Nederlandse Frees Maatschappij B.V.*	AS	Mjdrecht	16	9	7	26	2	17%	1	
Asfalt Productie Rotterdam B.V.	AS	Rotterdam	12	6	6	20	2	25%	2	
Ursem Modulaire Bouw systemen B.V.	JV	Wognum	4	3	1	4	(1)	41%	0	
P2 DBMO B.V.*	JV	Nieuw egein	18	18	0	86	(9)	65%	0	
Expl. Maatschappij Komfort B.V.	JV	Nieuw egein	5	6	(1)	16	(1)	50%	(1)	
Expl. Maatschappij DC16 B.V.	JV	Utrecht	1	2	(1)	3	0	50%	(0)	
Expl. maatschappij A15 B.V.	JV	Nieuw egein	2	2	0	-	-	33%	0	
Wind Invest	JV	Nieuw egein	3	2	1	0	1	50%	1	
Asfalt Productie Amsterdam B.V.	AS	Amsterdam	7	2	5	17	3	25%	1	
Concrete Valley Group B.V.	JV	Bergen op Zoom	9	2	7	8	0	40%	3	
Concrete Valley Property B.V.	JV	Bergen op Zoom	3	0	3	3	0	50%	1	
Grantiet import	AS	Amsterdam	34	25	9	49	1	9%	1	
Cobeton B.V.	AS	Utrecht	0	0	0	0	0	25%	0	
Other	AS	Various								
Total			483	433	50	398	4		13	

* The degree of significant influence is determined through participation in the management of the respective associates. The extent of control relationships determines the working method for the joint ventures.

x € 1 million	Type	Location	31 December 2014			2 014		Results	Share of Ballast Nedam in %	Share of Ballast Nedam in € mln
			Assets	Liabilities	Equity	Revenues				
Name										
Benelux Secondary PPP Fund I B.V.	AS	Nieuw egein	28	28	-	-	-	20%	-	
Waldw ei.com B.V.	AS	Garjip	27	22	5	-	2	33%	2	
Traffic Service Nederland B.V.	AS	Oss	15	9	6	32	2	25%	2	
Nederlandse Frees Maatschappij B.V.*	AS	Mjdrecht	17	10	7	29	2	17%	1	
Asfalt Productie Rotterdam B.V.	AS	Rotterdam	13	7	6	27	1	25%	2	
Ursem Modulaire Bouw systemen B.V.	JV	Wognum	3	1	2	8	-	41%	1	
P2 DBMO B.V.*	JV	Nieuw egein	15	15	-	46	-	65%	-	
Expl. Maatschappij Komfort B.V.	JV	Nieuw egein	8	8	-	15	-	50%	-	
Expl. Maatschappij DC16 B.V.	JV	Utrecht	1	3	(2)	2	-	50%	(1)	
Expl. maatschappij A15 B.V.	JV	Nieuw egein	2	2	-	-	-	33%	-	
Windinvest	JV	Nieuw egein	3	2	1	-	1	50%	1	
Asfalt Productie Amsterdam B.V.	AS	Amsterdam	8	4	4	17	2	25%	1	
Cobeton B.V.	AS	Utrecht	1	-	1	2	2	25%	0	
Other	AS	Various								
Total			141	111	30	178	12		9	

6. Deferred tax

Deferred tax assets arise from the valuation of carry-forward tax losses, from temporary differences between the carrying values and tax base of assets and liabilities, and from deferred taxation of the revaluation of derivatives to fair value.

6.1 Deferred tax asset

x € 1 million	2015	2014
1 January	-	32
Movement through comprehensive income	-	-
Derecognition of carry-forward losses	-	(13)
Use of temporary differences	-	(18)
Loss measurement	-	-
Under/(over) provided in earlier years	-	-
Movement through income statement	-	-
Assets held for sale	-	(1)
31 December	-	-

The Dutch tax group has approximately €251 million of carry-forward losses (2014: approximately €261 million) in the Netherlands, which have not been recognized. These tax losses can be carried forward for a limited number of years. The remaining carry-forward period is between one and nine years (2014: two and nine years). The carry-forward losses of the Dutch fiscal unity relate for €4 million to the year 2006, for €45.5 million to the year 2012, for €47.3 million to the year 2013, for €129.2 million to 2014 and for €25 million to the year 2015. Like 2014 no deferred tax asset is recognized for the Dutch tax losses. At this moment there is no 'convincing evidence' (IAS 12) of sufficient future taxable profits against which the unused tax losses can be utilized.

Besides carry-forward losses, Ballast Nedam's Dutch tax group has unrecognized pre-incorporation profit of foreign permanent establishments which are eligible for set-off to prevent double taxation.

At the end of the reporting period Ballast Nedam had approximately €105 million of foreign pre-incorporation profit which in principle are eligible for unlimited set-off. In 2015 Ballast Nedam received a tax assessment from the Dutch tax authorities that confirmed pre-incorporation profit at €70 million for the periods up to and including 2010.

Ballast Nedam also has carry-forward losses abroad that are unrecognized because settlement of losses is considered improbable in the countries concerned.

The deferred tax asset in respect of fair value changes of derivatives where the hedge relationship was effective was less than €1 million (2014: less than €1 million).

Ballast Nedam intends to liquidate several more foreign companies in the next few years. The size of the possible liquidation losses cannot yet be reliably estimated.

6.2 Deferred tax liabilities

x € 1 million	2015	2014
Intangible assets	-	-
Property, plant and equipment	-	-
Liabilities held for sale	-	-
1 January	1	(0)
Movement through comprehensive income	(1)	1
Movement through income statement	(0)	(0)
31 December	0	1

Deferred tax liabilities arises from temporary differences between the accounting carrying amounts and tax base of assets and liabilities. These temporary differences were attributable to the items shown in the above table.

6.3 Current liabilities, income tax payable

The income tax payable consists of income tax due outside the tax group, and amounted to €1 million (2014: €0 million).

7. Inventories

x € 1 million	31 December 2015	31 December 2014
Land positions	122	130
Unsold stock under construction	2	4
Unsold stock delivered	6	7
Residential building projects	0	0
Finished product	5	8
Raw material & semi-finished goods	0	(1)
Total	135	148

The accumulated impairment for land positions amounted to €51 million (2014: €44 million). The current period impairment due to a number of land positions to lower net realizable value amounted to €7 million (2014: €4 million). Land positions were sold for a net amount of €3 million, in 2015 also €3 million was invested in land position due to outstanding obligations. Land positions are acquired and held for future development purposes, and are recognized at the lower of historical cost and net realizable value. The net realizable value is the higher of the current market value and the present value of the estimated future cash flows. The future cash flows are estimated using scenario and sensitivity analysis. The present value estimates are based on a discount rate of 9%. The €122 million carrying value of the land positions includes €44 million of pledged positions for the FGH loan of €27 million at the end of 2015 (see also note 12).

Prepayments on inventories

Prepayments on inventories amounted to €6 million (2014: €2 million) and were related to housebuilding projects in which the value of the work performed was lower than the amount of the instalments invoiced.

8. Work in progress

x € 1 million	31 December 2015	31 December 2014
Work in progress under current assets	59	52
Work in progress under current liabilities	(88)	(88)
Total	(29)	(36)
Project costs including recognized results	681	1 595
Instalments	(710)	(1 631)
Total	(29)	(36)
Instalments received	631	1 524
Outstanding instalments	79	107
Retained from instalments	0	0
Total	710	1 631

The valuation of work in progress is assessed periodically for each project by the project manager and the management. This assessment is made on the basis of records in project files, cost monitoring, including estimates of financial settlements of projects such as contract variations and claims. Substantial fluctuations may arise in 'work in progress' in the course of the year in view of its project-related nature.

Work in progress under current assets consists of all construction contracts on behalf of third parties where the expenses incurred plus the deferred profit, minus the recognized losses, exceed the instalments invoiced. This asset increased by €7 million relative to 2014.

Work in progress under current liabilities consists of all construction contracts on behalf of third parties where the expenses incurred plus the deferred profit, minus the recognized losses, are less than the instalments invoiced. This liability increased by nil million euros relative to 2014. The total work in progress thus increased by €7 million. The work in progress item predominantly has a term of less than 12 months.

9. Receivables

x € 1 million	31 December 2015	31 December 2014
Instalments	79	107
Trade receivables	86	62
Prepaid expenses	3	2
Receivables held for sale	-	-
Total	168	171

As at 31 December 2015, instalments included zero (2014: zero) retentions related to work in progress. Retentions are stated at the present value.

Aging analysis of instalment and trade receivables

x € 1 million	31 December 2015	31 December 2014
0 - 30 days	126	106
31 - 60 days	18	24
61 - 90 days	10	11
91 - 365 days	13	19
Older than 1 year	6	18
	173	178
Provision for doubtful receivables	(5)	(7)
Total	168	171

Ballast Nedam uses prepayments, guarantees and collateral on projects under construction in order to limit the credit risk on the above categories of instalments and trade receivables. The average collection period is 45 days (2014: 45 days). The total of outstanding instalments after the due date of the invoice amounts to approximately €31 million.

The provision for bad debtors amounted to €5 million (2014: €7 million) and €5 million is attributable to the category older than 1 year. The movements in the provision were as follows.

Movement of provision for doubtful receivables

x € 1 million	31 December 2015	31 December 2014
1 January	7	7
Addition	4	3
Reversals	(5)	(2)
Utilization	(1)	(1)
31 December	5	7

At the end of the reporting period, as in the previous year, there was no seizure on receivables.

10. Net cash

x € 1 million	31 December 2015	31 December 2014
Cash and cash equivalents	69	70
Escrow account	25	53
Bank overdrafts	(2)	(3)
Total	92	120
Fully consolidated	68	87
Share in joint operations	24	33
Total	92	120

The net cash consists of the balance of cash and bank loans that cannot be offset against one another, but which are treated together for cash management purposes. In 2015 the Escrow account is classified as a financial asset because this is not free available according to the agreement with the bank consortium (€25 million). The escrow account is a blocked cash account securing the guarantee facility of the bank consortium, that after the refinancing agreement of mid 2015, matures at 31 March 2017. Ballast Nedam has no committed credit facilities at the end of the year (2014: €17 million).

11. Other liabilities

x € 1 million	31 December 2015	31 December 2014
VAT, payroll tax and social security contributions	16	17
Pension premiums	0	(0)
Charges relating to work in progress	82	93
Other	78	85
Total	176	195

The other items amounting to €78 million (2014: €85 million) included liabilities for unused vacation days and holiday allowance (€12 million) (2014: €14 million), accruals, amounts owed to joint venture partners and various other liabilities that cannot be allocated to the other liability categories.

12. Loans

x € 1 million	2015	2014
1 January	87	108
Loans drawn	45	48
Waived by banks	(16)	-
Repayments	(7)	(14)
Sales of subsidiaries	-	(6)
Liabilities held for sale	(1)	(49)
31 December	108	87
Non-current	33	56
Current	75	31
31 December	108	87
Recourse loans	104	82
Non-recourse loans	4	5
31 December	108	87
Non-current		
Business loans	29	49
Land bank financing	3	4
PPP loan	-	0
Finance leases	-	2
Other loans	1	1
31 December	33	56
Current		
Business loans	45	0
Land bank financing	29	30
PPP loan	-	-
Finance leases	1	0
Other loans	-	1
31 December	75	31

12.1 Loans per bank

x € 1 million	Currency	Maturity date	Interest	Facility	31 December 2015	31 December 2014
Rabobank	EUR	2016	5,40%	45	45	49
FGH Bank	EUR	2016	Euribor 3-month + margin	27	27	29
Bank consortium (ING, Rabo, RBS)	EUR	2017	8,00%	28	28	-
NIBC Bank	EUR	2016	Euribor 3-month + margin	6	1	3
Other	EUR			8	7	6
Total				114	108	87

Rabobank

The €45 million loan matures on 31 December 2016. The loan has a fixed interest rate of 5.4%. As security for the loan, mortgages were taken out on a number of registered properties in use by Ballast Nedam. The book value of the pledged registered properties amounts to €35 million.

FGH Bank

Ballast Nedam has financing facilities of €36 million with FGH Bank for a number of land positions, which have been placed in a separate company. The relevant land positions are pledged as security for the loan. The interest rate is three-month euribor plus a margin of 200 basis points. The loan will be repaid in full or in part on the sale of the land positions. At year-end 2015, €27 million of this facility was being utilized. The loan matures at 31 December 2016. The book value of the pledged land positions amounts to €50 million.

Bank consortium

A Bank consortium consisting of ING Bank, Rabobank and the Royal Bank of Scotland have given a subordinated loan of €43 million. The interest rate is 8% and the maturity date of this loan is 31 March 2017. This loan is fully subordinated to all creditors, except for intergroup creditors. In certain scenarios Ballast Nedam requires prepayments (e.g. in case of certain disposals). In 2015 the bank consortium waived an amount of €16 million, which is presented in a separate line item of the consolidated statement of income. Therefore the outstanding loan is at the end of 2015: €28 million (including pik interest, which means that a part of the interest is added to the loan and not paid in cash).

NIBC Bank

IJsselord beheer B.V., in which Ballast Nedam has a 50% interest, has an overdraft facility of €14 million for the IJsselord 2 project in Arnhem. The loan was extended in 2013 and now expires on 31 December 2016. The interest rate is three-month euribor plus a margin of 325 basis points. At year-end 2015, €1 million of this facility was being utilized. Ballast Nedam N.V. does not guarantee this loan.

12.2 PPP loans per project

The loans represent Ballast Nedam's proportional share of finance for the 'Design, Build, Finance, Maintain, Operate' contracts of the PPP projects. The shares of the companies that are responsible for these projects, and all other receivables and assets of these companies, have been pledged as collateral. At the year-end 2015 Ballast Nedam has no outstanding loans on the PPP Projects.

Ballast Nedam is involved in the following PPP projects.

- 1) Waldwei. This project provides availability of the N31 motorway in the Netherlands, which opened in 2008. The remaining term of the concession is 7 years. Ballast Nedam has a 33% share.
- 2) Zaanstad detention centre. This project consists of the building, maintenance and operation of a detention centre for the Ministry of Security and Justice. The term is 28 years. Ballast Nedam has a 25% share.
- 3) IXAS A9 Gaasperdammerweg. This project includes the design, construction, financing, maintenance and operation of the existing and new infrastructure of the A9 between Diemen and Holendrecht. Ballast Nedam has a 25% share and will remain involved in the maintenance and operations for a further 20 years after the completion of the infrastructure.

Capital contributions

At year-end 2015 the accumulated capital contributions amounted to nil (2014: €3 million). At the end of the reporting period, Ballast Nedam had unconditional capital contribution commitments of €15 million (2014: €21

million) in the IXAS A9 Gaasperdammerweg PPP project (25%) and the A15 Maasvlakte-Vaanplein project (4.8%).

12.3 Finance leases

x € 1 million	2015	2014
Less than 1 year	0	0
1 - 5 years	1	2
More than 5 years	-	0
Future lease instalments	1	2
Future finance expense	-	-
Less than 1 year	0	0
1 - 5 years	1	2
More than 5 years	-	0
Present value of finance leases	1	2

The finance expense attributable to financial leases was, as in the previous year, less than €1 million in 2015. The financial leases involve no constraints on financing or dividend policy.

13. Other long-term employee benefits

x € 1 million	Long-term illness	Long-service bonuss	Other remuneration	Total employee benefits	
				2015	2014
1 January	1	3	-	4	5
Addition	-	1	-	1	0
Interest accrual	-	-	-	-	0
Utilization	(0)	(0)	-	-	(1)
31 December 2015	1	4	-	5	4
of w hich recognized under current liabilities				-	-
				5	4

Long-term illness and long-service bonuses

The discount rate of the provision for long-term illness and long-service bonuses was 1.5% (2014: 1.5%).

Other employee benefits

Other employee benefits concern pension contributions payable to various pension funds. Most pension liabilities have been placed with Stichting Pensioenfonds Ballast Nedam. As of 1 January 2016, Ballast Nedam has transferred its basic pension scheme to a third party, the Pension Fund Foundation for the Construction Industry. Existing rights and supplementary pension schemes will remain with the Ballast Nedam Pension Fund Foundation for a maximum of 3 years. Apart from a small number of very limited defined benefit schemes, Ballast Nedam does not have such schemes currently. Ballast Nedam has a number of defined contribution pension schemes with fixed premiums, under which employees' rights are based on the number of years service and salary level. The obligations under these pension schemes are systematically covered by means of payments into funds or to insurance companies. Under IAS 19 these are recognized as defined contribution schemes. Ballast Nedam is obliged to pay the prescribed contribution for these schemes. Ballast Nedam cannot be compelled to make up any deficits other than through future premium adjustments and cannot claim any surpluses in the pension funds. The coverage ratio of the industry pension scheme for the building industry (bpfBouw) that is accounted for as a defined contribution pension scheme was estimated as 109.1% at the end of 2015.

14. Provisions

<i>x € 1 million</i>	Reorganization	Guarantees	Other	Total
31 December 2013	17	5	10	32
Addition	10	4	2	16
Unwinding of discount	-	-	-	-
Reversals	(1)	(2)	(1)	(4)
Utilization	(13)	(3)	(7)	(23)
31 December 2014	13	4	4	21
Addition	3	2	0	5
Unwinding of discount	-	-	-	-
Reversals	(1)	(0)	(0)	(1)
Utilization	(8)	(2)	(2)	(12)
31 December 2015	7	4	2	13
Current (< 1 year)				
31 December 2014	10	4	3	17
31 December 2015	6	3	1	10

The €3 million addition to the reorganization provision relates to the ongoing reorganization at the Infra Division and Ballast Nedam Holding. In the next three years the provision will generate a cash outflow of €7 million, most of which will occur in 2016. A large part of the amounts released from the reorganization provision comprised payments for severance arrangements and the settlement of a rental guarantee (2014: €13 million).

The provision for guarantees relates to work which has been delivered. Of the addition to the provision, €2 million (2014: €4 million) was included in the statement of income. Guarantee provisions no longer required amounting nil (2014: €2 million) were released to income and €2 million (2014: €3 million) in guarantee liabilities was released for the settlement of guarantee claims.

The remaining provisions related to other claims against Ballast Nedam. The release of nil (2014: €1 million) relates to several provisions no longer needed for potential claims. The utilization of €2 million (2014: €7 million) partly related to the settlement of claims.

The finance expenses related to unwinding of discount on long-term provisions are shown in the statement of income. Provisions are stated with compound interest only if a reasonable estimate can be made of the release date of the funds. The interest rate used is 3% (2014: 3%). In 2015 the unwinding of discount amounted to less than €1 million (2014: idem).

15. Shareholders' equity

The authorized capital consists of 800,000,000 ordinary shares and amounts to €8 million. The issued share capital consists of 220,299,776 ordinary shares each of a par value of 0.01.

In December 2015 a €20 million rights issue and a €27.6 million private placement took place to strengthen the financial position of Ballast Nedam. This involved the issue of 67.672.500 new depositary receipts for ordinary shares with a par value of 0.01 at an issue price of 0.2955 per new depositary receipt for the rights issue and the issue of 132.959.776 new depositary receipts for ordinary shares with a par value of 0.01 at an issue price of 0.2076 per new depositary receipt for the private placement. This led to an increase of €47.6 million in the share premium reserve. The net proceeds of this rights issue amounted to €47.6 million.

At the shareholders' meeting of May 2015 it was decided to amend the articles of association, with the authorized share capital being changed from €45 million to €8 million divided into 800 million shares each of a par value of 0.01.

The total number of repurchased depositary receipts for ordinary shares at year-end 2015 was 332,500 (2014: 332,500) and is stated at acquisition price. None of the company's own shares or depositary receipts were repurchased in 2015 (2014: zero) and none were sold (2014: idem). Ballast Nedam's policy is to avoid potential dilution through option rights granted by repurchasing a proportional number of its own shares.

Share capital	31 December 2015	31 December 2014
Shares in issue at 1 January	19,335,000	9,667,500
Issued shares	200,632,276	9,667,500
Net change in repurchased shares		-
Shares in issue at 31 December	219,967,276	19,335,000

Translation differences arise on the conversion of the investments in foreign activities, including semi-permanent financing, and on the differences between results translated at the average exchange rate during the year and the exchange rate prevailing at the end of the reporting period.

The statutory reserves of the associate relate to profits and/or reserves of the associates and joint ventures which are subject to legal restrictions on distribution or restrictions imposed by the articles of association.

The hedging reserve comprises the cumulative net movement in the fair value of derivative financial instruments, for which the hedged transaction has yet to take place.

No dividend was paid in 2015. The Board of Management, with the approval of the Supervisory Board, proposes to refrain from distributing a dividend (2014: zero).

Share-based transactions, the option scheme, relates to the addition to the other reserves because of the employee benefits recognized in respect of options granted. In 2015, the movement in shareholders' equity amounted to €0.2 million negative (2014: €1.4 million).

16. Assets and liabilities held for sale

Ballast Nedam measures assets held for sale at the lower of carrying amount and fair value less costs to sell. On 31 December 2015, Ballast Nedam identified its 50% interest in Recycling Overslag Schiedam (ROS) B.V. and its 50% interest in the Asfalt Centrale Rivierenland (ACR) V.O.F. as a group which is available for immediate sale and which fits in with the strategy to strengthen the asset position of Ballast Nedam.

The aforementioned companies are part of the Supplies segment. The impact on the consolidated statement of financial position of Ballast Nedam is shown in the table below. It is expected that this sale will take place in the course of 2016. In 2014 a 20% interest in Benelux Secondary PPP Fund 1, a 75% interest in the PI2 B.V. and Vastgoed Energie Exploitatiemaatschappij B.V. were identified as assets held for sale. In 2015 this led to the sale of the 20% interest in Benelux Secondary PPP Fund 1 and 75% interest in the PI2 B.V. and Vastgoed Energie Exploitatiemaatschappij B.V.

Compressed overview assets held for sale

x € 1 million	31 December 2015	31 December 2014
Intangible assets	-	-
Property, plant and equipment	2	1
Receivables	1	-
Financial assets	-	50
Deferred tax assets	-	1
	3	52
Current liabilities	(2)	-
Non-current liabilities	-	(51)
	(2)	(51)

7.9 Notes to the statement of income

17. Total revenue

x € 1 million	2015	2014
Sale of goods	159	191
Services	66	85
Construction contract revenue	625	890
Other	0	0
Total	850	1 166

18.1 Other operating income

The other operating income amounted to €17 million in 2015. This relates to a book profit on the sale of the A15 Maasvlakte-Vaanplein project (€12.4 million), a book profit on divestments (€2 million) and an earn out amounting to €3.2 million of Ballast Phoenix Ltd.

18.2 Costs of raw materials and subcontractors

The costs of raw materials and subcontractors comprise an expense of €7 million (2014: €4 million) due to the impairment of a number of land and building rights. These costs also include project losses on the hospital in Curacao (€13.7 million), the N31 Road Project (€13.8 million), PI2 Zaanstad (€7.2 million) and other infrastructure and construction project losses.

18.3 Employee benefits

x € 1 million	2015	2014
Wages and salaries	146	180
Social security costs	25	28
Pension charges	17	20
Total	188	228
Pension charges, defined contribution plan	17	20
Pension charges	17	20

The total number of employees is 2,378 (2014: 2,860) of which 22 (2014: 24) are employed abroad.

19. Finance income and expense

x € 1 million	31 December 2015	31 December 2014
Interest on bank deposits	0	-
Interest on hedging instruments	-	-
Capitalized interest on PPP receivables	-	-
Capitalized interest on other assets	-	-
Finance income	0	-
Unw ind of discount on provisions	(0)	(0)
Interest charge on hedging instruments	-	-
Interest expenses	(8)	(7)
Finance expense	(8)	(7)

20. Income tax expense

The tax charge in 2015 due relates to entities outside the fiscal unity of Ballast Nedam and are below €0.5 million.

Reconciliation with the effective tax rate

x € 1 million	2015		2014	
Profit before income tax		(41)		(69)
Nominal taxes (25%)	25,0%	10	25,0%	17
Losses current year not recognized	(22,%)	(9)	(57,4%)	(40)
Effect of tax rates of foreign jurisdictions	0,0%	-	(2,9%)	(2)
Tax-exempt results	0,0%	-	6,0%	6
Impairment of previously recognized carry-forward losses	0,0%	-	(19,2%)	(14)
Non-deductible expenses	(1,5%)	(1)	(1,5%)	(1)
Effective tax expense	1,5%	0	(50,0%)	(34)

Income tax due recognized in income statement

x € 1 million	2015		2014	
<i>Current income tax</i>		-		-
Tax outside the fiscal unity		-		(2)
		-		(2)
<i>Deferred taxation</i>		-		-
Tax-deductible losses		-		-
Derecognition of carry-forward losses		-		(13)
Recognized temporary differences		-		(18)
Under/(over) provided in earlier years		-		-
Movement in provision for deferred taxation		-		(1)
Total income tax expense		-		(34)

Deferred taxes recognized directly in comprehensive income

x € 1 million	2015		2014	
Derivatives in net changes in hedging reserve		-		-
Total		-		-

The utilization of carry-forward losses was realized outside Ballast Nedam's Dutch tax group.

Financial risk management

General

Ballast Nedam identifies various categories of financial risk factors with respect to currency, credit and liquidity. The risks concerned are not uncommon in the industry. Ballast Nedam also makes use of financial instruments, including derivatives, in its normal business operations. These are financial instruments entered into in order to hedge future transactions and cash flows and are recognized in the statement of financial position. Ballast Nedam does not trade these financial derivatives.

Ballast Nedam determines the fair value of derivatives on the basis of listed market prices when these are available. If they are unavailable, the fair value is determined by discounting the difference between the current market price of the hedged variable and the contracted price at a risk-free interest rate.

Treasury is a central responsibility at Ballast Nedam, and is organized as such. The treasury policy is aimed at creating and maintaining the best possible financial conditions for Ballast Nedam's operating activities, to which end the operating companies' bank accounts are held in a bank in two cash pools. Surplus cash is transferred to the money market on a daily basis, by contracting call funds and short-term deposits.

Financial risk factors

Market risks

Exchange risk

Ballast Nedam is exposed to foreign currency translation risk on revenue, project operating costs, loans and investments in associates, held in currencies other than Ballast Nedam's functional currency. Most transactions of this kind are in USD. Forward exchange contracts with first-class banks may be contracted to hedge the transaction risk on cash flows generated by ordinary business activities. At year-end 2015, Ballast Nedam had no outstanding forward exchange contracts recognized at fair value in the statement of financial position.

Ballast Nedam is exposed to the following foreign currency translation risks in nominal amounts:

Foreign currency translation risk

	31 December 2015		31 December 2014	
	USD	GBP	USD	GBP
x 1 million				
Receivables	2	-	9	-
Loans	-	-	-	-
Bank overdrafts	-	-	-	-
Trade payables	-	-	(6)	-
Other liabilities	-	-	(0)	-
Foreign currency translation risk on balance sheet items	2	-	3	-
Expected sales	10	-	13	-
Expected purchases	-	-	1	-
Future foreign currency translation risks	10	-	14	-
Hedging on foreign exchange contracts	-	-	-	-
Net foreign currency translation risk	12	-	17	-

EUR / foreign currency	2015		2014	
	Average exchange rate	Exchange rate on 31/12	Average exchange rate	Exchange rate on 31/12
Exchange rates				
USD	1,110	1,090	1,330	1,215
GBP	0,726	0,734	0,806	0,780

A 10% increase in the exchange rate of the euros against USD and GBP would affect the shareholders' equity and income statement as follows, assuming that all other variables, including interest rates, remain unchanged.

Sensitivity to foreign currency risk

x € 1 million	Equity	Profit for the period
31 December 2014		
USD	(1)	-
GBP	-	-
31 December 2015		
USD	(1)	-
GBP	(0)	-

Interest risk

The aim of Ballast Nedam's interest policy is to limit the impact of interest rate changes on the company's profit. To this end Ballast Nedam hedges the exposure to interest risk on financing the long-term PPP loans with interest rate swaps. Cash flow hedge accounting is applied to the derivative financial instruments where the hedge relationship is effective. Furthermore, some of the loans have a fixed interest rate.

The interest risk is limited to potential movements in the market value of the loans taken up and issued, and of positive cash balances. The positive cash positions fluctuate throughout the year, but no impact of these fluctuations is included in the statement of income from the sensitivity analysis. Loans are maintained until the maturity date. Since cash flow hedge accounting is used, the change in the values of the interest rate swaps for the effective portion of the hedging transaction up to the time of settlement is recognized in comprehensive income.

Interest-bearing financial instruments

The interest risk profile of the company's interest-bearing financial instruments as at the end of the reporting period was as follows:

Interest-bearing financial instruments

x € 1 million	31 December 2015	31 December 2014
PPP receivables	-	0
Loans Rabobank	(45)	(49)
Other loans	(28)	(2)
Fixed interest	(73)	(51)
Cash and cash equivalents	69	70
Escrow account	25	53
Bank overdrafts	(2)	(3)
Loans	(36)	(36)
Variable interest	56	84
Effect of changes in variable interest on the income statement:		
interest rate rise of 100 basis points	1	1
interest rate fall of 100 basis points	(1)	(1)

The interest risk on the variable interest rate PPP project loans is hedged by means of interest rate swaps. Interest rate swaps expire in accordance with the due date of the hedged loans concerned. The swap interest rate for a subsidiary is 5.08%. A rise or fall of 50 basis points in the derivative future variable interest rate would lead to a positive or negative adjustment of the fair value of the interest rate swaps of less than €1 million. Since cash flow hedge accounting is used, the change in the values of the interest rate swaps for the effective portion of the hedging transaction is recognized in comprehensive income.

Credit risk

Ballast Nedam actively pursues a policy designed to minimize credit risks. Credit risks consist of the risk that counterparties will not be able to meet contractual obligations relating to a financial instrument. Creditworthiness assessments are performed for all other clients requiring credit. Ballast Nedam uses prepayments, guarantees and collateral on projects under construction in order to limit the credit risk on instalments and trade receivables. At year-end 2015, there was no concentration of credit risks among debtors for substantial amounts.

Credit risk

x € 1 million	31 December 2015	31 December 2014
PPP receivables	0	0
Other fair value investments	1	2
Other receivables	4	3
Receivables	168	171
Cash and cash equivalents	69	70
Escrow account	25	53
Total	267	299

Liquidity risk

The liquidity risk is the risk that Ballast Nedam will be unable to meet its financial obligations by the due dates. Ballast Nedam controls the liquidity risk through timely periodic cash flow forecasting followed by adequate corrective measures and monitoring. The statement for <1 year and 1-5 years includes the repayments of the Rabobank mortgage loan of €45 million (December 2016), the FGH bank loan of €27 million (December 2016) and the subordinated loan of €28 million (March 2017).

Liquidity risk liabilities

x € 1 million	Carrying amount	Contractual cash flows			
		< 1 year	1 - 5 years	> 5 years	
Loans	87	(94)	(35)	(56)	(3)
Bank overdrafts	3	(4)	-	(4)	(0)
Trade payables	191	(191)	(191)		
Work in progress under current liabilities	88	(88)	(88)		
Prepayments on inventories	2	(2)	(2)		
Other liabilities	195	(195)	(195)		
Derivatives	(0)	0	-	-	-
Liquidity risk liabilities at 31 December 2014	566	(574)	(511)	(60)	(3)

x € 1 million	Carrying amount	Contractual cash flows			
		< 1 year	1 - 5 years	> 5 years	
Loans	108	(112)	(76)	(31)	(5)
Bank overdrafts	2	(3)	(0)	(1)	(2)
Trade payables	132	(132)	(132)		
Work in progress under current liabilities	88	(88)	(88)		
Prepayments on inventories	6	(6)	(6)		
Other liabilities	176	(176)	(176)		
Derivatives	-	-	-	-	-
Liquidity risk liabilities at 31 December 2015	512	(517)	(478)	(32)	(7)

The contractual cash flows that will occur within one year amount to €76 million, including among others an amount of €27 million of the FGH loan and €45 million of the Rabobank loan which are both due in full on 31 December 2016. The other €4 million represents various loans which will be repaid within one year. Of the remaining liabilities €370 million is due within approximately three months (2014: €476 million).

Financing risk

Ballast Nedam's policy is aimed at maximizing the value of the business. This is achieved primarily by selecting and implementing promising projects. Ballast Nedam has set itself an objective with regard to the composition of the asset structure and within five years is aiming for a solvency of 15% (current solvency is 3.8%). At the end of 2015 Ballast Nedam has financial covenants in loan conditions for which Ballast Nedam received a holiday for the last quarter in 2015 and the whole year 2016.

No changes were made to Ballast Nedam's capital management policy in the past year. The company and its subsidiaries are not subject to external capital requirements. Ballast Nedam monitors its financing structure among others by means of the solvency ratio. Details of the current financing risks can be found in the continuity section on pages 71 - 73 in the notes concerning the significant accounting policies.

Fair value estimates

As at 31 December 2015, Ballast Nedam had a number of derivatives recognized at fair value. The carrying amount of cash, receivables, current loans and other current liabilities approximates the fair value, due to the short term of these instruments.

The fair value of long-term loans with variable interest approaches the amortized cost. The fair value of the Rabobank loan is higher than the carrying amount since the interest rate for loans of this kind was lower at the end of the reporting period.

Fair value

x € 1 million	31 December 2015		31 December 2014	
	Carrying amount	Fair value	Carrying amount	Fair value
Loans	108	108	87	87
Bank overdrafts	2	2	3	3
Trade payables	132	132	191	191
Work in progress under current liabilities	88	88	88	88
Prepayments on inventories	6	6	2	2
Other liabilities	176	176	195	195
	512	512	566	566

The above values are based on level 2 of the valuation methods described in the following section. The loans with fixed interest rates and the PPP receivables are discounted at the relevant interest rate curve as at 31 December 2015 plus the relevant risk margin.

Valuation methods

The valuation method of the financial instruments, including derivatives, are categorized in three levels. Level 1 refers to (unadjusted) market prices in active markets for identical assets or liabilities. Level 2 involves assets measured on the basis of prices or price derivatives that do not meet the definition for Level 1. The assets under Level 3 are measured on the basis of cash flow models.

There were no transfers from Level 1 to Level 2 or 3, or vice versa, in 2015 (2014: idem). Changes in the value of other fair value investments are recognized in the statement of income.

Commitments

Guarantees

x € 1 million	31 December 2015	31 December 2014
Guarantees	195	277
Total	195	277

Letters of intent and guarantees issued on Ballast Nedam's behalf by financial institutions in connection with the execution of projects and for prepayments received are included in 'Guarantees'.

In 2015 €195 million of guarantees were outstanding (2014: €277 million) of which €79 million relate to joint ventures (2014: €62 million).

Lease and rental commitments

x € 1 million	31 December 2015			31 December 2014		
	< 1 year	1 - 5 years	> 5 years	< 1 year	1 - 5 years	> 5 years
Lease commitments						
Other operating assets	5	7	0	5	9	0
Rental commitments						
Offices	4	11	6	5	12	8
Purchase commitments						
Land purchases	39	13	5	10	22	7
Other	1	2	1	-	-	-
Capital contributions						
PPPs	2	13	-	-	21	-
Total	51	46	12	20	64	15

Ballast Nedam has contingent liabilities concerning the acquisition of land and subsequent payments on land positions amounting to €125 million (2014: €144 million). It is not yet certain that Ballast Nedam will make the acquisition or subsequent payments. The land purchase includes an obligation to Strukton of €35.2 million according to the deal with Strukton for selling shares in Avenue2 in 2015.

Operating lease costs in 2015 amounted to €9 million (2014: €11 million).

Liabilities

Subsidiaries hold joint and several liability for projects executed by partnership firms. Some subsidiaries are joint and severally liable for liabilities to a number of banks. On the basis of credit and guarantee facilities, there is an obligation to refrain from issuing any collateral. Subsidiaries forming part of the Ballast Nedam tax group for Dutch corporation and value added tax purposes hold joint and several liability for this.

Related party transactions

The parties related to Ballast Nedam are Renaissance Construction, the company's management (Board of Management and Supervisory Board), its subsidiaries, associates, joint ventures, Stichting Pensioenfonds Ballast Nedam and the directors and senior officials of these entities.

The main task of Stichting Pensioenfonds Ballast Nedam is to implement the pension scheme for the employees of Ballast Nedam. Stichting Pensioenfonds Ballast Nedam uses the services of employees of Ballast Nedam companies. The actual expenses are recharged. Ballast Nedam buys and sells goods and services from and to various related parties in which Ballast Nedam holds an interest of 50% or less, or with natural or legal persons holding at least 10% of the Ballast Nedam shares.

Interests in joint operations

In joint operations, mainly comprising construction or development consortia, Ballast Nedam assumes its share of the assets, liabilities, revenues and costs. Ballast Nedam has recognized the following interests in joint operations in the consolidated statement of financial position.

x € 1 million	31 December 2015	31 December 2014
Non-current assets	6	12
Current assets	63	92
Non-current liabilities	(6)	(5)
Current liabilities	(62)	(145)
Net assets and liabilities	1	(46)

The revenue and the cost of sales relating to the share in joint operations amounted to approximately 24% (2014: 25%) of total revenue and cost of sales. The total liabilities to third parties of companies for which Ballast Nedam holds joint and several liability, such as partnerships, excluding bank guarantees issued by those companies, amounted to €259 million at the end of 2015 (2014: €607 million), of which the €68 million portion of Ballast Nedam (2014: €150 million) is included in the consolidated statement of financial position. The entities below were included in the consolidation of the statement of financial position and statement of income of Ballast Nedam in 2015. Entities with a participation rate of 100% are subsidiaries. The other entities relate to joint operations. Only the principal entities are included for practical reasons. A full list of the subsidiaries included in the consolidation has been filed at the commercial register, at the offices of the Chamber of Commerce in Utrecht. Details of the material joint ventures and associated interests in which Ballast Nedam has participating interests can be found in note 5.

In general, the payment of dividend and/or depositing of temporary liquidity surpluses from joint ventures and associates depends on the authorizations of other shareholders.

The main subsidiaries and joint operations are determined on the basis of their revenue contribution, risk profile, strategic importance and contribution to results.

Overview of principal subsidiaries and joint operations

Name	Location	Share in 2015	Share in 2014
Ballast Nedam Infra B.V.	Nieuwegein	100%	100%
Ballast Nedam International Projects B.V.	Nieuwegein	100%	100%
Ballast Nedam International Product Management B.V.	Leerdam	100%	100%
Ballast Nedam Specialistisch Grondverzet B.V.	Soest	100%	100%
Ballast Nedam Specialiteiten B.V.	Leerdam	100%	100%
Ballast Nedam Grondstoffen B.V.	Nieuwegein	100%	100%
Ballast Van Oord Grondstoffen V.O.F.	Nieuwegein	50%	50%
Bouwcombinatie Pro N329 V.O.F.	Nieuwegein	50%	50%
Combinatie Versterken Bruggen V.O.F.	Capelle a/d IJssel	50%	50%
A-Lanes A15 Mobility V.o.f	Rotterdam	10,0%	33,3%
A-Lanes Civil V.O.F.	Nieuwegein	10,0%	33,3%
A-Lanes Roads V.O.F.	Nieuwegein	10,0%	33,3%
Ballast Nedam Engineering B.V.	Nieuwegein	100%	100%
Haitsma Beton B.V.	Kootstertille	100%	100%
Rademakers Gieterij B.V.	Klazienaveen	100%	100%
Recycling Maatschappij "Feniks" B.V.	Amsterdam	100%	100%
TBS Soest B.V.	Soest	100%	100%
Ballast Nedam Bouw & Ontwikkeling Holding B.V.	Nieuwegein	100%	100%
Ballast Nedam Ontwikkelingsmaatschappij B.V.	Nieuwegein	100%	100%
Ballast Nedam Meuterweide B.V.	Nieuwegein	100%	100%
Gebiedsontwikkeling Oud Beijerland Oost C.V.	Nieuwegein	49%	49%
Gebiedsontwikkeling Oud Beijerland Zuid C.V.	Nieuwegein	49%	49%
Ballast Nedam Langedijk B.V.	Nieuwegein	100%	100%
V.O.F. de Groene Loper	Nieuwegein	100%	50%
Ballast Nedam Sigma B.V.	Nieuwegein	100%	100%
V.O.F. De Leidse Schans	Capelle a/d IJssel	50%	50%
Ballast Nedam Bouw & Ontwikkeling B.V.	Nieuwegein	100%	100%
Bouwcombinatie IJsseloord 2 V.O.F.	Arnhem	50%	50%
Bouwcombinatie voor de nieuwbouw Erasmus MC V.O.F.	Nieuwegein	50%	50%
Groote Dok Oost V.O.F.	Capelle a/d IJssel	50%	50%
OVT-Breda V.O.F.	Eindhoven	50%	50%
Bouwcombinatie OVTerminal Arnhem V.O.F.	Nieuwegein	50%	50%
Bouwcombinatie Archimedes Bouw V.O.F.	Nieuwegein	50%	50%
Heddes Bouw & Ontwikkeling B.V.	Hoorn	100%	100%
Laudy Bouw & Ontwikkeling B.V.	Sittard	100%	100%
Ballast Nedam Beheer B.V.	Nieuwegein	100%	100%
Ballast Nedam Concessies B.V.	Nieuwegein	100%	100%

Board of Management and Supervisory Board

x € 1 thousand	2015					Total	2014					Total
	Gross salary	Severance compensation	Bonus	Pension charges & social security costs	Reimbursement		Gross salary	Severance compensation	Bonus	Pension charges & social security costs	Reimbursement	
Board of Management												
E. van der Noordaa	592			32	5	629	268				3	331
P.van Zwieten 1)	423	517		38	4	982	364	30		83	4	481
T.A.C.M. Bruijninx 2)		64				64	496	689		110	3	1 298
C. Düzyol 3)												
	1 015	581		70	9	1 675	1 128	719		253	10	2 110
Supervisory Board												
L.W.A.M. van Doorne	43				2	45	41				2	43
C.M. Insinger	35				2	37	35				2	37
J. Bout 4)	27				2	29	32				2	34
J.S.T. Tiemstra 5)	31				2	33	4					4
I. Ilıcak Kayaalp 6)												
H. Avni Akvardar 7)												
E. Bakı 8)												
A.N.A.M. Smits 9)							33				2	35
	136				8	144	145				8	153
Total	1 151	581		70	17	1 819	1 273	719		253	18	2 263

1) Until 31 December 2015

2) Until 31 December 2014. Amount concerns severance compensation; reservation in 2014 was not sufficient.

3) As of 20 November 2015

4) Until 20 November 2015

5) Until 20 November 2015

6) As of 20 November 2015

7) As of 20 November 2015

8) As of 20 November 2015

9) Until 14 November 2014

The bonuses of the directors relate to the years in which the expense was recognized. Members of the Board of Management are entitled to the use of a company car. The remuneration of the members of the Supervisory Board is in proportion to their term of office in the Supervisory Board. No loans were granted to members of the Board of Management or the Supervisory Board. In 2015 Mr P. van Zwieten received a contractual severance payment compensation of €0.5 million. Furthermore Mr T.A.C.M. Bruijninx received a remaining contractual severance payment compensation which relates to previous year.

Disposatory receipts for shares and granted options

	Depository receipts for shares		Options granted in year	
	2015	2014	2015	2014
E.van der Noordaa	-	-	-	-
P.van Zwieten	-	5 282	-	-
Aantal	-	5 282	-	-

Costs of option scheme

x € 1 thousand	2015	2014
T.A.C.M. Bruijninx		(1 471)
P. van Zwieten	(166)	59
Total	(166)	(1 412)

Events after the reporting date

On 6 January 2016 Ballast Nedam sold 50% of its interest in Recycling Overslag Schiedam (ROS) B.V. to V&V Investments B.V. in Rotterdam.

On 29 January 2016 the delisting process for Ballast Nedam started which eventually resulted in a delisting on 26 February 2016. This implies that Ballast Nedam no longer has listed shares on the Amsterdam Exchange.

7.10 Company statement of financial position (before appropriation of result)

x € 1 million	Note	31 December 2015	31 December 2014
Financial assets			
Subsidiaries	21	276	289
Long term receivables from Subsidiaries	21	-	-
Deferred tax assets	22	-	-
Escrow account		25	
		301	289
Current assets			
Receivables		1	1
Receivables from subsidiaries		10	34
Cash and cash equivalents		0	1
		11	36
Current liabilities			
Trade payables		(4)	(4)
Other liabilities		(19)	(11)
Debts to subsidiaries		(239)	(296)
		(262)	(311)
Current assets minus current liabilities		(251)	(275)
		50	14
Non-current liabilities			
Provisions	23	1	3
Loans		28	
		29	3
Shareholders' equity			
Share capital	24	2	79
Share premium		185	60
Repurchased own shares		(5)	(5)
Currency translation reserve		0	0
Legal reserve associates		22	33
Hedging reserve		(2)	(5)
Other reserves		(140)	(48)
Surplus (loss) for the year		(41)	(103)
Shareholders' equity		21	11
		50	14

Note: See notes to the company financial statements on pages 116 - 121.

7.11 Company statement of income

x € 1 million	2015	2014
Result of subsidiaries after tax	(16)	(29)
Other results after tax	(25)	(74)
Result for the period	(41)	(103)

The result from subsidiaries after taxation represents Ballast Nedam's share of the profit after taxation of its subsidiaries.

7.12 Notes to the company statements of financial position and income

Significant accounting policies

The company financial statements of Ballast Nedam N.V. have been prepared in accordance with Part 9, Book 2 of the Dutch Civil Code. In accordance with sub 8 of article 362, Book 2 of the Dutch Civil Code, the company's financial statements are prepared based on the accounting principles of recognition, measurement and determination of profit, as applied in the consolidated financial statements. These principles also include the classification and presentation of financial instruments, being equity instruments or financial liabilities. In case no other policies are mentioned, refer to the accounting policies as described in the accounting policies as set out on pages 75 - 85 in the consolidated financial statements of this Annual Report. For an appropriate interpretation, the company financial statements of Ballast Nedam N.V. should be read in conjunction with the consolidated financial statements.

Investments in subsidiaries are measured at net asset value. The net asset value is calculated using the accounting policies, as described in note 5 to the consolidated financial statements. The net asset value of subsidiaries comprises the cost, excluding goodwill, of Ballast Nedam's share in the net assets of the subsidiary, plus Ballast Nedam's share in income or losses since acquisition, less dividends received.

If Ballast Nedam's share in the losses exceeds the value of the interest in an associate, the carrying amount of the investment is written down to nil in Ballast Nedam N.V.'s statement of financial position and only the portion of any further losses for which Ballast Nedam N.V. has a legal or constructive obligation will be recognized.

21. Subsidiaries

x € 1 million	Interests in subsidiaries	Long-term receivables from subsidiaries	Total
31 December 2013	320	-	320
Profit for the period	(29)	-	(29)
Investments	-	-	-
Disposals	-	-	-
Acquisition of non-controlling interest	-	-	-
Conversion of capital	-	-	-
Repayment	-	-	-
Dividend received	-	-	-
Net changes in hedging reserve	(2)	-	(2)
Foreign currency translation differences	-	-	-
31 December 2014	289	-	289
Profit for the period	(16)	-	(16)
Investments	(0)	-	(0)
Disposals	(0)	-	(0)
Acquisition of non-controlling interest	-	-	-
Conversion of capital	-	-	-
Repayment	-	-	-
Dividend received	(0)	-	(0)
Net changes in hedging reserve	3	-	3
Foreign currency translation differences	0	-	0
31 December 2015	276	-	276
Reclassification of negative shareholders' equity	-	-	-
Subsidiaries	-	-	-
Total	276	-	276
Carrying amount as at 31 December 2014	289	-	289
Carrying amount as at 31 December 2015	276	-	276

The interests in subsidiaries are direct interests, of which the main ones are shown in the organization chart.

A list of interests as referred to in Section 379 of Book 2 of the Netherlands Civil Code has been filed at the Commercial Register in Utrecht. The Annual Report has a list of the significant group companies and interests.

22. Deferred tax asset

x € 1 million	2015	2014
1 January	-	32
Movement through equity	-	-
Movement through income statement	-	(32)
31 December	-	-

The Dutch tax group has approximately €251 million of carry-forward losses (2014: approximately €261 million) in the Netherlands, none of which have been recognized. These tax losses have limited carry forward in the Netherlands. The remaining carry-forward period is between one and nine years (2014: two and nine years). The utilization of carry-forward losses depends on future taxable profits.

23. Provisions

x € 1 million	Reorganization	Other	Total
31 December 2013	1	7	8
Addition	-	1	1
Interest accrual	-	-	-
Reversals	-	-	-
Utilization	(1)	(5)	(6)
31 December 2014	0	3	3
Addition	1	-	1
Interest accrual	-	-	-
Reversals	-	-	-
Utilization	(1)	(2)	(3)
31 December 2015	0	1	1
Current (< 1 year)			
31 December 2014	-	-	-
31 December 2015	-	-	-

24. Shareholders' equity

x € 1 million	Issued share capital	Share premium	Repurchased own shares	Currency translation reserve	Reserves of associates	Hedging reserve	Other reserves	Profit for the period	Equity attributable to owners of the company	Non-controlling interest	Total equity
31 December 2013	60	52	(5)	-	36	(3)	(9)	(41)	90	-	90
Profit (loss) for the period								(103)	(103)		(103)
Foreign currency translation differences				0					-		-
Effective portion of changes in fair value of hedging instruments						(4)			(4)		(4)
Effective portion of changes in fair value of hedging instruments, associates							2		2		2
Net change in fair value of hedging instruments, transferred to income statement						-			-		-
Net change in fair value of hedging instruments, associates, transferred to income statement						-			-		-
Comprehensive income				0		(2)		(103)	(105)	-	(105)
Dividend paid							(0)		-		-
Option scheme							(1)		(1)		(1)
Repurchased own shares			(0)						-		-
Appropriation of 2013 result							(41)	41	-		-
Other					(3)		3		-		-
Rights issue	9	18							27		27
Change in nominal value	(49)	49									
31 December 2014	20	119	(5)	0	33	(5)	(48)	(103)	11	-	11
Profit (loss) for the period								(41)	(41)		(41)
Foreign currency translation differences				(0)					-		-
Effective portion of changes in fair value of hedging instruments						(2)			(2)		(2)
Effective portion of changes in fair value of hedging instruments, associates							5		5		5
Net change in fair value of hedging instruments, transferred to income statement						-			-		-
Net change in fair value of hedging instruments, associates, transferred to income statement						-			-		-
Comprehensive income				(0)		3		(41)	(38)	-	(38)
Dividend paid									-		-
Option scheme							0		0		-
Repurchased own shares			0						-		-
Appropriation of 2014 result							(103)	103	-		-
Other					(11)		11		-		-
Rights issue	0	48							48		48
Change in nominal value	(18)	18									-
31 December 2015	2	185	(5)	0	22	(2)	(140)	(41)	21	-	21

The authorized capital consists of 800,000,000 ordinary shares and amounts to €8 million. The issued share capital consists of 220,299,776 ordinary shares each of a par value of 0.01.

In December 2015 a €20 million rights issue and a €27.6 million private placement took place to strengthen the financial position of Ballast Nedam. This involved the issue of 67.672.500 new depositary receipts for ordinary shares with a par value of 0.01 at an issue price of 0.2955 per new depositary receipt for the rights issue and the issue of 132.959.776 new depositary receipts for ordinary shares with a par value of 0.01 at an issue price of 0.2076 per new depositary receipt for the private placement. This led to an increase of €47.6 million in the share premium reserve. The net proceeds of this rights issue amounted to €47.6 million.

At the shareholders' meeting of May 2015 it was decided to amend the articles of association, with the authorized share capital being changed from €45 million to €8 million divided into 800 million shares each of a par value of 0.01.

The total number of repurchased depositary receipts for ordinary shares at year-end 2015 was 332,500 (2014: 332,500) and is stated at acquisition price. None of the company's own shares or depositary receipts were repurchased in 2015 (2014: zero) and none were sold (2014: idem).

Translation differences arise on the conversion of the investments in foreign activities, including semi-permanent financing, and on the differences between results translated at the average exchange rate during the year and the exchange rate prevailing at the end of the reporting period.

The statutory reserves of the associate relate to profits and/or reserves of the associates and joint ventures which are subject to legal restrictions on distribution or restrictions imposed by the articles of association.

The hedging reserve comprises the cumulative net movement in the fair value of derivative financial instruments, for which the hedged transaction has yet to take place.

No dividend was paid in 2015. The Board of Management, with the approval of the Supervisory Board, proposes to refrain from distributing a dividend (2014: zero).

Share-based transactions, the option scheme, relates to the addition to the other reserves because of the employee benefits recognized in respect of options granted. In 2015, the movement in shareholders' equity amounted to €0.2 million negative (2014: €1.4 million).

Off-balance-sheet commitments

Guarantees

x € 1 million	31 December 2015	31 December 2014
Guarantees	195	277
Total	195	277

Letters of intent and guarantees issued on Ballast Nedam's behalf by financial institutions in connection with the execution of projects and for prepayments received are included in 'Guarantees'.

In 2015 €195 million of guarantees were outstanding (2014: €277 million), of which €79 million relate to joint ventures (2014: €62 million).

Rental commitments

x € 1 million	31 December 2015			31 December 2014		
	< 1 year	1 - 5 years	> 5 years	< 1 year	1 - 5 years	> 5 years
Lease commitments						
Other operating assets	0	0	-	1	1	-
Rental commitments						
Offices	4	11	6	2	8	8
Total	4	11	6	3	9	8

Liabilities

Ballast Nedam N.V. has filed a declaration of joint and several liability as referred to in Section 403, paragraph 1(f), of Book 2 of the Netherlands Civil Code with the office of the Commercial Register of the Chamber of Commerce in favour of Ballast Nedam ICT B.V. and Ballast Nedam Beheer B.V. Ballast Nedam N.V. is thereby liable for the obligations of Ballast Nedam ICT B.V. and Ballast Nedam Beheer B.V. to a maximum of €13 million.

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

Ballast Nedam N.V. has issued guarantees for a number of subsidiaries' contracts, totalling approximately €1.9 billion (2014: approximately €3 billion). This often involves the entire contract sum for long-term projects.

Together with the subsidiaries which form the tax group, Ballast Nedam N.V. bears joint and several liability for corporation tax and value added tax liabilities in the Netherlands.

Audit fee

The following fees of Ernst & Young Accountants LLP were charged to the company, its subsidiaries and other companies in the consolidation, as set down in Section 382a of Book 2 of the Netherlands Civil Code (in 2014 this was Ernst & Young Accountants LLP).

Auditors remuneration

Payments external accountant

x € 1 million	2015	2014
Audit of annual report	2	2
Other audit assignments	0	0
Other non-audit assignments	0	0
Total	2	2

Employees

At year-end 2015, Ballast Nedam N.V. had 183 employees (2014: 193) employees.

Managing directors and Supervisory board members

For notes on the remuneration of Supervisory directors and members of the Board of Management, see the section on transactions with related parties in the notes to the consolidated financial statements.

Events after the reporting date

On 6 January 2016 Ballast Nedam sold 50% of its interest in Recycling Overslag Schiedam (ROS) B.V. to V&V Investments B.V. in Rotterdam.

On 29 January 2016 the delisting process for Ballast Nedam started which eventually resulted in a delisting on 26 February 2016. This implies that Ballast Nedam no longer hold its shares on the Amsterdam Exchange.

Signature

The supervisory directors have signed the financial statements in fulfilment of their legal obligation pursuant to Section 101, paragraph 2, of Book 2 of the Netherlands Civil Code and the managing directors have signed the financial statements in fulfilment of their legal obligation pursuant to Section 101, paragraph 2, of Book 2 of the Netherlands Civil Code and Section 5:25c, paragraph 2c, of the Financial Supervision Act.

Nieuwegein, 24 March 2016

Board of Management,
E. van der Noordaa
C. Düzyol*

Supervisory Board,
I. Ilicak Kayaalp*
L.W.A.M van Doorne
C. Insinger
H. Avni Akvardar*
E. Baki*

* Appointed on 20 November 2015

8 Other information

8.1 Independent auditor's report

To: the shareholders and supervisory board of Ballast Nedam N.V.

Report on the financial statements

We have audited the accompanying financial statements 2015 of Ballast Nedam NV, Nieuwegein, which comprise the consolidated and company statement of financial position as at December 31 2015, the consolidated and company statements of comprehensive income, changes in equity and cash flows for the year then ended and notes, comprising a summary of the significant accounting policies and other explanatory information.

Management's responsibility

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Dutch Civil Code, and for the preparation of the management board report in accordance with Part 9 of Book 2 of the Dutch Civil Code . Furthermore management is responsible for such internal control as it determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion with respect to the financial statements

In our opinion, the financial statements give a true and fair view of the financial position of Ballast Nedam NV as at December 31, 2015 and of its result and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Dutch Civil Code.

Emphasis of uncertainty with respect to the going concern assumption

We draw attention to the paragraph 'Continuity and liquidity of the business' that is included in the notes to the consolidated financial statements, which describes the developments, assumptions and uncertainties relating to the continuity and liquidity of the business. These conditions, along with other matters as set forth in that paragraph, indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern.

Our opinion is not qualified in respect of this matter.

Report on other legal and regulatory requirements

Pursuant to the legal requirement under Section 2:393 sub 5 at e and f of the Dutch Civil Code, we have no deficiencies to report as a result of our examination whether the management board report, to the extent we can assess, has been prepared in accordance with Part 9 of Book 2 of this Code, and whether the information as required under Section 2:392 sub 1 at b-h has been annexed. Further we report that the management board report, to the extent we can assess, is consistent with the financial statements as required by Section 2:391 sub 4 of the Dutch Civil Code.

Utrecht, March 24, 2016

Ernst & Young Accountants LLP

Signed by W.H. Kerst

8.2 Profit appropriation and dividend policy

Sections concerning profit appropriation

Clause 23 of the Ballast Nedam Articles of association governs profit appropriation. The text of this clause is 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. Distribution of profits will be done after the adoption of the Annual Accounts of which appears that it is allowed.
3. From the profits made evidenced by the adopted Annual Accounts, a part to be determined by the Board of Management, subject to approval of the Supervisory Board, will be reserved. The part of the profit remaining after application of the previous sentence shall be at the free disposal of the General Meeting.
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 that the provisions laid down in paragraph 1 of this article have been satisfied, evidenced by an interim capital statement as referred to in article 2:105 paragraph 4 Dutch 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 for the benefit of the Company.

Dividend policy

The basic principle of Ballast Nedam's dividend policy is that 50% of the net profit is distributed as dividend, provided that the leverage ratio is less than 2, in accordance with the agreements with the banks.

8.3 Board members of the Ballast Nedam Administration Office

P.C. van der Linden (Chairman)

Mr Van der Linden was born in 1953. He served as chief executive officer (CEO) of the listed company Batenburg Techniek N.V. until April 2014. He has been chairman for the Employers in the branche pension fund Metaal and Techniek. He also held a number of supervisory directorships. Mr Van der Linden is now a supervisory director at the HW Wonen housing association and chairman of the Supervisory Board of Stichting Pensioenfonds voor Personeelsdiensten (StiPP).

Mr Van der Linden was appointed as a member and chairman of the board on 25 April 2014. His current term of office ends on 25 April 2018*.

W.F.C. Baars

Mr Baars was born in 1948. He has held various management positions at ABN AMRO Bank, most recently as Director-General. His subsequent posts included chairmanship of NIVE and of the Supervisory Board of Van der Hoop Bankiers.

During the reporting year Mr Baars was an independent consultant, a member of the Financial Service Providers Disputes Committee, a member of the Supervisory Board of Golf Team Holland and a board member of Stichting Waarborgfonds HBO.

Mr Baars was first appointed to the Board of the Administration Office on 1 June 2009. His position was vacant as of 19 May 2015 until his appointed on 25 February 2016. His current term of office ends on 29 June 2019*.

L.H. Keijts

Mr Keijts was born in 1952. He began his career as a public participation officer with the Provincial Council for Spatial Planning in Zuid-Holland. Since 1981 he has held various positions at the Ministry of Transport, Public Works and Water Management. Between 1996 and 1999 he was Deputy Director-General for Spatial Planning at the Ministry of Housing, Spatial Planning and the Environment. He then moved to the same position at the Ministry of Transport, Public Works and Water Management, later being appointed Director-General for Water in 2001.

From 2003 to 1 January 2010 he was Director-General for Public Works and Water Management at the Ministry of Transport, Public Works and Water Management. Mr Keijts has been Chairman of the Board of Management of the Portaal housing association since 1 January 2010.

Mr Keijts was first appointed to the Board of the Administration Office on 8 April 2010. He was reappointed on 25 April 2014 and his current term of office expires on 25 April 2018*.

* At least until the first General Meeting of Certificate Holders which will be held after four years have lapsed since his latest appointment.

8.4 Report of the Ballast Nedam Administration Office

This report complies with the provisions of Section 15 of the Terms of Administration of the Ballast Nedam Administration Office (*Stichting Administratiekantoor van Aandelen Ballast Nedam*, referred to as 'the Administration Office') and best practice provisions IV.2.6 and IV.2.7 of the Dutch Corporate Governance Code.

In 2015, the Administration Office arranged for the performance of the customary administrative activities regarding the registered shares in the capital of Ballast Nedam N.V. as referred to below.

SGG Netherlands N.V. (P.O. Box 11063, 1001 GB Amsterdam), as the trust office of the Administration Office, performs the work associated with the administration of the shares. The Administration Office itself is located at the address of Ballast Nedam N.V..

The total costs of the activities of the Administration Office in 2015 were 67.535 euros, including the fees paid to the members of the Board of the Administration Office. Pursuant to Section 9.1 of the Terms of Administration of the Administration Office, these costs were borne by Ballast Nedam N.V..

8.4.1 Number of depositary receipts for shares

The nominal value of registered shares held in administration at 31 December 2015 was 2,202,461 euros. In respect of these shares, 220,246,111 bearer depositary receipts have been issued with the same nominal value. At year-end 2015, depositary receipts had been issued for 99.98% of the capital in issue of Ballast Nedam N.V..

The number of registered shares in the capital of Ballast Nedam N.V. in the custody of the Administration Office increased as a result of the rights issue and private placement in 2015 to 220,246,111.

8.4.2 Board

In accordance with Section 4 of the articles of association of the Administration Office, the Board of the Administration Office consists of three independent members, and in 2015 the members of the Board of the Administration Office were:

- P.C. van der Linden (Chairman)
- W.F.C. Baars (vacancy between 19 May 2015 and 25 February 2016)
- L.H. Keijts

Mr. W.F.C. Baars was not an officially appointed board member between 19 May 2015 and 25 February 2016. All his actions however were endorsed with the adoption of a board resolution on 25 February 2016.

The main and secondary positions held by the members of the Board of the Administration Office are stated in Section 8.3 *Board members of the Ballast Nedam Administration Office* on page 125. In 2015 fees for members of the Board amounted to 7,500 euros per year and the fee for the chairman of the Board was 9,000 euros per year, excluding the annual indexation in accordance with the collective labour agreement for the building industry.

8.4.3 Board meetings

The Board engaged in consultations with the Board of Management of Ballast Nedam N.V., in which it received information on the company's performance. There were four meetings of the Board of the

Administration Office in 2015, two of which were attended by the Board of Management at the invitation of the Board of the Administration Office. Furthermore, a meeting of holders of depositary receipts for shares was held prior to the Annual General Meeting of Shareholders of Ballast Nedam N.V., and prior to the Extraordinary General Meeting of Shareholders.

The first meeting of the Board of the Administration Office was held on 26 March 2015 and was attended by the two members of the Board of Management of Ballast Nedam N.V.. At this meeting the Board of the Administration Office discussed the general performance of Ballast Nedam N.V., the termination of the administration and the dissolution of the Administration Office. The Board of the Administration Office adopted the balance sheet and statement of income of the Administration Office for the 2014 financial year and approved the report of the Administration Office for 2014.

Prior to the Annual General Meeting, the board of the Administration Office met in preparation for the meeting of holders of depositary receipts for Shares and the Annual General Meeting of Shareholders.

8.4.4 Meeting of Holders of Depositary Receipts of the Administration Office held on 29 June 2015

The following items were on the agenda of the meeting of holders of depositary receipts:

- Termination of the administration, dissolution of the Administration Office
- Commentary by the board on the annual report for 2014;
- Statement on the proposed voting behaviour of the Board of the Administration Office at the Annual General Meeting of Shareholders of Ballast Nedam N.V.;

The Board of the Administration Office reported on the proposed termination of the administration, which decision would be made public in the Annual General Meeting of Shareholders and which had been announced in the Extraordinary General Meeting of Shareholders of 14 November 2014. The Board further discussed and explained its proposed voting behaviour at the Annual General Meeting of Shareholders of Ballast Nedam N.V..

8.4.5 Participation of the Board in the General Meeting of Shareholders

The Board of the Administration Office took part in discussions on the matters raised at the General Meeting of Shareholders held on 29 June 2015. The Board asked questions and voted on the agenda items and, in accordance with the objects set out in the articles of association of the Administration Office, based its voting behaviour primarily on the interests of holders of depositary receipts for shares. In exercising its voting right it took account of the interests of Ballast Nedam N.V. and the business associated with the company. After careful consideration, the Board of the Administration Office resolved to support all the proposals made at the General Meeting of Shareholders.

Almost 100% of the persons entitled to vote in respect of the share capital were present or legally represented at this meeting. The Board of the Administration Office represented 15,134,779 depositary receipts for shares at the General Meeting of Shareholders held on 29 June 2015. That amounts to 78,28 percent of the voting share capital.

8.4.6 Meeting of Holders of Depositary Receipts of the Administration Office held on 30 October 2015

The following items were on the agenda of the meeting of holders of depositary receipts:

- Statement on the proposed voting behaviour of the Board of the Administration Office at the Extraordinary General Meeting of Shareholders of Ballast Nedam N.V.;

The Board of the Administration Office extensively discussed the upcoming rights issue and private placement of shares by Renaissance Infrastructure with the holders of depository receipts, acknowledging their concern and anger over the fact that the offer by Renaissance was reduced shortly before the rights issue would take place.

The Board of the Administration Office further discussed and explained its proposed voting behaviour at the Extraordinary General Meeting Shareholders of Ballast Nedam N.V., by stating it would vote in favour of all proposals at the meeting, thus enabling the company to preserve its continuity.

8.4.7 Participation of the Board in the Extraordinary General Meeting of Shareholders of 30 October 2015

At this Extraordinary General Meeting of Shareholders held on 30 October 2015 almost 100% of the persons entitled to vote in respect of the share capital were present or legally represented. The Board of the Administration Office represented 13,440,266 depository receipts for, which amounts to 69,51 percent of the voting share capital.

At this Extraordinary General Meeting of Shareholders the Board of the Administration Office asked questions and voted among others on the proposed amendment to the articles of association, the proposed appointment of Mr Cenk Düzyol as member of the Board of Management, the proposed conditional appointment of Mrs Ipek Ilicak Kayaalp, Mr Emre Baki and Mr Hüseyin Avni Akvardar as supervisory directors and the conditional granting of discharge to Mr Tiemstra and Mr Bout.

The Board of the Administration Office voted on the agenda items and, in accordance with the objects set out in its articles of association, based its voting behaviour primarily on the interests of holders of depository receipts for shares. In exercising its voting right it took account of the interests of Ballast Nedam N.V. and the business associated with the company. After careful consideration, the Board of the Administration Office resolved to support all the proposals made at this Extraordinary General Meeting of Shareholders. A vote of thanks was given to Mr Van Zwieten.

Nieuwegein, March 2016

The Board
P.C. van der Linden
W.F.C. Baars
L.H. Keijts

8.5 About this report: reporting principles applied

We report on financial and operational matters with reference to the business plan, of which the CSR matters form an integral part. We observe a phasing with thirteen periods for the current year. The reports are:

- a daily liquidity report;
- a periodic financial report;
- an extensive quarterly report.

The Board of Management discusses the course of events quarterly with the divisional directors, with reference to the financial and operational reports, which always describe the risk profile. The divisional managements conduct similar discussions with the management teams of the business units.

We increasingly record sustainability information using an integrated information system comparable to Ballast Nedam's financial reporting systems. The quantitative data for energy and CO₂, waste and materials and safety are currently integrated into the financial reporting system

Boundary, scope and structure of the report

This report contains qualitative and quantitative data relating to the 2014 calendar year. 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.

In preparing the report, we take into account all activities Ballast Nedam performs worldwide, including foreign business units. The joint business activities are consolidated in accordance with IFRS 11, with a distinction being drawn between joint ventures and joint operations.

The following particular features apply to the chapter on corporate social responsibility. For the environment theme, we limit our reporting to Dutch operations. The details concerning Personnel & Organization (P&O) relate to employees who are employed at Ballast Nedam. The determination of the safety ratios also includes the hired employees. When we report on the number of 'considerate builders' projects and waste management plans, a project/plant always counts as one (i.e. including joint business activities) if it is active at the year-end. Social return projects are included if manpower has been deployed in 2014 on a social return basis.

Reporting principles and verification

Ballast Nedam applies the reporting system for integrated sustainability reporting and focuses particularly on the requirements that are relevant to our activities. It was therefore decided to dispense with certification. The CO₂ footprint has been verified by the external auditor EY; the assurance report is presented in Section 8.6 on page 130. On page 34 you can see the objectives of our CSR policy.

Dutch Corporate Governance Code

Ballast Nedam endorses the principles of the Dutch Corporate Governance Code (*'the Code'*) and, with a few exceptions, applies the best practice provisions of the Code. The reporting on this can be found in Section 6.1.1. *Dutch Corporate Governance Code* on page 45. A detailed statement of compliance with the Code can be found at www.ballast-nedam.nl.

IFRS: International Financial Reporting Standards

The Ballast Nedam consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards, which have been compulsory for all publicly listed companies in the European Union since 1 January 2005.

8.6 Independent assurance report

Assurance report of the independent auditor with respect to the Carbon Footprint 2015

To: the shareholders and supervisory board of Ballast Nedam N.V.

We have performed assurance procedures on the Carbon Footprint 2015 from the Scope 1 and 2 emissions of the Dutch activities of Ballast Nedam N.V., Nieuwegein, for the period January 1 up to and including December 31, 2015 (hereinafter: Carbon Footprint). This Carbon Footprint is reported in Section 5.3 'Energy and CO₂' in the Annual Report 2015 of Ballast Nedam N.V.

The Carbon Footprint contains an amount of emissions from Scope 1 and 2 of 33 kilo tons CO₂-equivalents for the year 2015.

Limitations in our scope

Carbon Footprint quantification is inherently subject to uncertainty due to the use of variables such as emissions factors that are used in mathematical models to calculate CO₂ emissions, and the inability of those models to precisely characterize under all circumstances the relationships between various inputs and the resultant emissions because of incomplete scientific knowledge on this topic.

No assurance engagement was performed on the information of the Carbon Footprint for 2008-2013 that is presented in the Annual Report. We therefore do not provide assurance on the corresponding Carbon Footprint information for 2008-2013.

Criteria

Ballast Nedam N.V. has defined criteria to determine its Carbon Footprint. These criteria are described in subsection 'CO₂ footprint measurement system' of Section 5.3 in the Annual Report 2015. The criteria have been developed in accordance with the GreenhouseGas Protocol – Revised edition and 'Handbook CO₂ performance ladder version 3.0' of Stichting Klimaatvriendelijk Aanbesteden en Ondernemen. We deem these reporting criteria suitable for our assurance engagement.

Management's responsibility

The management of Ballast Nedam N.V. is responsible for the preparation of the Carbon Footprint in accordance with the criteria developed by the entity, as disclosed in subsection 'CO₂ footprint measurement system' of Section 5.3 of the Annual Report 2015.

This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation of the Carbon Footprint in accordance with the criteria that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express a conclusion with a limited level of assurance on the CO₂ emissions from Scope 1 and 2 based on the procedures performed and the evidence obtained. We conducted our limited assurance engagement in accordance with Dutch law, including the Dutch Auditing Standard 3410 'Assurance engagements on emission reports'. This requires that we comply with ethical requirements, including requirements relating to our independence, and that we plan and perform this engagement to obtain limited assurance about whether the CO₂ emissions from Scope 1 and Scope 2 as presented in the Carbon Footprint are free from material misstatement.

The procedures performed in obtaining limited assurance are aimed on the plausibility of information which does not require exhaustive gathering of evidence as in engagements focused on reasonable assurance. The performed procedures consisted primarily of making inquiries of management and others within the entity, as appropriate, applying analytical procedures and evaluating the evidence

obtained. Consequently an engagement aimed at limited assurance provides less assurance than an engagement aimed at reasonable assurance.

Procedures performed

Our main procedures included the following:

- Evaluating whether the reporting criteria developed by the entity are suitable for the preparation of the Carbon Footprint and have been consistently applied;
- Evaluating the reasonableness of the (accounting) estimates made by management;
- Obtaining an understanding of the control environment and information systems relevant to emissions quantification and reporting, including the design of particular control activities such as consolidating data at corporate level;
- Evaluating the plausibility of the CO₂ emission data, mainly by:
 - performing analytical reviews of the data and trend explanations;
 - reconciliation of the data with underlying data systems and where relevant on a test basis with internal and external documentation that are the basis for the (calculation of the) CO₂ emission data.
- Site visits to review the data collection methods, source data and relevant assumptions applicable to the sites by interviewing relevant staff responsible for providing the data to be reported in the Carbon Footprint;
- Evaluating the overall presentation of the Carbon Footprint.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our conclusion.

Conclusion

Based on our procedures performed, and with due consideration of the limitations described in the paragraph 'Limitations in our scope', nothing has come to our attention that causes us to conclude that the Carbon Footprint 2015 is not prepared, in all material respects, in accordance with the criteria developed by Ballast Nedam N.V. as disclosed in subsection 'CO₂ footprint measurement system' in Section 5.3 of the Annual Report 2015.

Utrecht, March 24, 2016

Ernst & Young Accountants LLP

Signed by H. Hollander

8.7 Management as at March 2016

Ballast Nedam

- Board of Management
Company Secretary

Personnel & Organization.
Finance
ICT
Legal
Insurance
Compliance
- E. van der Noordaa, C. Düzyol
O.P. Padberg

R.M.A. van Dinther
L. Verweij (a.i)
R.J. Kathmann
O.P. Padberg
A.C.M. van Haastrecht
Y. Hopman

Ballast Nedam infrastructure

- Ballast Nedam Infra Speciale Projecten (NL)
 - Ballast Nedam Infra Speciale Projecten (International)

 - Ballast Nedam Beton & Waterbouw
 - Ballast Nedam Industriebouw
 - Ballast Nedam Wegenbouw
 - Ballast Nedam Engineering
- J. Niks
D.W.P. van Ommen

S.R. Lefevre
J. Niks

T.E. Hienekamp
R.M. Franken
H.J.P. Bocxe
W.M. 't Hart

Ballast Nedam Building & Development

- Ballast Nedam Bouw & Ontwikkeling Speciale Projecten
 - Ballast Nedam Concessies & Ontwikkeling
 - Ballast Nedam Bouw & Ontwikkeling North / West
 - Ballast Nedam Bouw & Ontwikkeling South
- E. de Kuiper

A.M. de Backker
M. Klinkhamer en J.F.M.A. Corten
N.P.A. Doodeman
O.J.M. Senden

Ballast Nedam Specialized Companies & Supplies

- Ballast Nedam Funderingstechnieken
 - Gebr. van Leeuwen
 - Ballast Nedam Specialistisch Grondverzet
 - Ballast Nedam Milieutechniek
 - Dibec
 - Ballast Nedam Infra Specialiteiten
 - Ballast Nedam Materieel
 - Ballast Nedam Grondstoffen
 - Ballast Nedam Participatie
 - Haitsma Beton
 - Hoco Beton
 - TBS Soest
 - Rademakers Gieterij
 - iQwoning®
- E. van der Noordaa
L.B. van Rietschoten

W.E.R. Huntjens
W.E.R. Huntjens
W.E.R. Huntjens
W.E.R. Huntjens
P.G.M. Ballast
H. Veerman
J. Hoffmann
W.J.M. Duijnstee
P.S. van der Bijl
W.H. Comello
P. van den Bosch
J.K. Verhoeve
J.K. Verhoeve
J.L.S.M. Pijnenburg

8.8 Organization structure as at March 2016

The list below shows the important group companies and associates. A list of associates as referred to in Sections 379 and 414 of Book 2 of the Netherlands Civil Code has been filed at the office of the Commercial Register in Utrecht.

Ballast Nedam N.V.

Ballast Nedam Infra Corporate B.V.

Infrastructure

Ballast Nedam Infra B.V., Special Projects

Ballast Nedam International Projects B.V.

- Ballast Nedam Infra Suriname B.V.
- Ballast Nedam Africa B.V.
- Ballast Nedam Ghana B.V.
- Ballast Nedam Curaçao B.V.
- Ballast Nedam Emirates B.V.
- Ballast Nedam Oman B.V.

Ballast Nedam Infra Noord West B.V.

Ballast Nedam Infra Noord Oost B.V.

Ballast Nedam Infra Midden Zuid B.V.

Ballast Nedam Infra Zuid West B.V.

Ballast Nedam Infra Zuid Oost B.V.

Ballast Nedam Parking B.V.

- ModuPark V.O.F. (66.66%)

Ballast Nedam Infra Business Development B.V.

- Bouwcombinatie Pro N329 v.o.f. (50%)
- Combinatie Versterken Bruggen V.O.F. (50%)
- A-Lanes A15 Mobility v.o.f. (10%)
- A-Lanes Civil v.o.f. (10%)
- A-Lanes Roads V.O.F. (10%)
- Avenue2 Infra v.o.f. (50%)

Ballast Nedam Equipment Services B.V.

Ballast Nedam Engineering B.V.

Ballast Nedam Asphalt B.V.

Ballast Van Oord Grondstoffen v.o.f. (50%)

- V.o.f. Zandexploitatie Echten (27,5%)

Concrete Valley Group B.V. (40%)

- microbeton B.V.
- Waco B.V.
- MBX B.V.

Avenue2 v.o.f. (25%)

Ballast Nedam N.V.

Ballast Nedam Specialismen & Toelevering Corporate B.V.

Specialized Companies & Supplies

Ballast Nedam Environmental Engineering N.V.

Ballast Nedam Funderingstechnieken B.V.

Ballast Nedam Infra Specialiteiten B.V.

Ballast Nedam International Product Management B.V.

Ballast Nedam Materieel B.V.

Ballast Nedam Milieutechniek B.V.

Ballast Nedam Specialistisch Grondverzet B.V.

Dibec B.V.

Gebr. Van Leeuwen Harmelen B.V.

Ballast Nedam Grondstoffen B.V.

- Zand- en Grindhandel Verkaik V.O.F.
- N.V. Immobiliën en Grindexploitatie maatschappij Bichterweerd (Belgium)
- Großkünkel Rurkies GmbH (Germany)

Ballast Nedam Participatie B.V.

Asfaltcentrales

Graniet Import Benelux B.V. (8,75%)

Nederlandse Frees Maatschappij B.V. (16,07%)

Traffic Service Nederland B.V. (25%)

Haitsma Beton B.V.

Rademakers Gieterij B.V.

- TBS Soest B.V.

Ballast Nedam N.V.

Ballast Nedam Bouw & Ontwikkeling Corporate B.V.

Building & Development

Ballast Nedam Ontwikkelingsmaatschappij B.V.

- Ballast Nedam Vleuterweide B.V.
- Gebiedsontwikkeling Oud Beijerland Oost C.V. (49%)
- Gebiedsontwikkeling Oud Beijerland Zuid C.V. (49%)
- Coberco Kwartier Beheer B.V. (50%)
- Ballast Nedam Langedijk B.V.
- De Groene Loper v.o.f.
- Ballast Nedam Sigma B.V.
- V.O.F. De Leidse Schans (50%)

Ballast Nedam Gebiedsontwikkeling B.V.

Ballast Nedam Bouw & Ontwikkeling B.V.

- Bouwcombinatie IJsseloord 2 V.O.F. (50%)
- Bouwcombinatie voor de nieuwbouw Erasmus MC v.o.f. (50%)
- Groote Dok Oost V.O.F.. (50%)
- OVT Breda VOF (50%)
- Bouwcombinatie OV Terminal Arnhem V.O.F. (50%)
- Pi2 DBMO B.V. (65%)
- Bouwcombinatie Archimedes v.o.f. (50%)

Heddes Bouw & Ontwikkeling B.V.

Hollestelle Vastgoed Ontwikkeling B.V.

LAUDY Bouw & Ontwikkeling B.V.

Zomers Bouwbedrijf B.V.

Hoco Beton B.V.

IQ Woning B.V.

Ursem Modulaire Bouwsystemen B.V. (41%)

Ballast Nedam Beheer B.V.

Ballast Nedam Concessies B.V.

- Wind24 B.V.
- Wind Invest (50%)

Public Private Partnership (PPP)

Wâldwei.com B.V. (33.33%)

A-lanes A-15 Holding B.V. (24%)

Pi2 B.V.

IXAS Zuid-Oost B.V. (25%)

Others

Ballast Nedam ICT B.V.

Definitions

Assets

The term assets is used in the financial statements to encompass non-current and current assets.

DBFMO: Design-Build-Finance-Maintain-Operate

A contract form in which a market party or a consortium of market parties takes responsibility not only for financing, designing and constructing a building, but also for maintaining the building and supplying all or some of the technical services for a given period (e.g. 25 or 30 years).

EBITDA

Earnings before Interest, Taxation, Depreciation and Amortization.

EBITA

Earnings before Interest, Taxation and Amortization.

EBIT

Earnings before Interest and Taxation.

Financial assets

PPP receivables plus other investments and other receivables (long term).

GRI: Global Reporting Initiative

International guidelines for organizations on how to report on sustainability.

IFRS: International Financial Reporting Standards

With effect from 1 January 2005 all publicly listed companies in the European Union are required to prepare consolidated financial statements in accordance with these new standards.

Cost of sales

The costs of raw materials and subcontractors plus personnel expenses and other operating expenses.

Net financing position

Net cash less the current portion of long-term loans, and the long-term loans.

Net cash

Cash and cash equivalents plus deposits less bank overdrafts and money market loans.

PPP receivables

Receivables pursuant to Public Private Partnerships (PPPs).

Liabilities

The term liabilities is used in the financial statements to encompass non-current and current liabilities.

Capital employed

Non-current assets plus current assets minus current liabilities excluding net cash.

This annual report is published in the English language and can be read and downloaded on our website www.ballast-nedam.com.
Further information on this annual report can be obtained from the Communications department of Ballast Nedam.

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