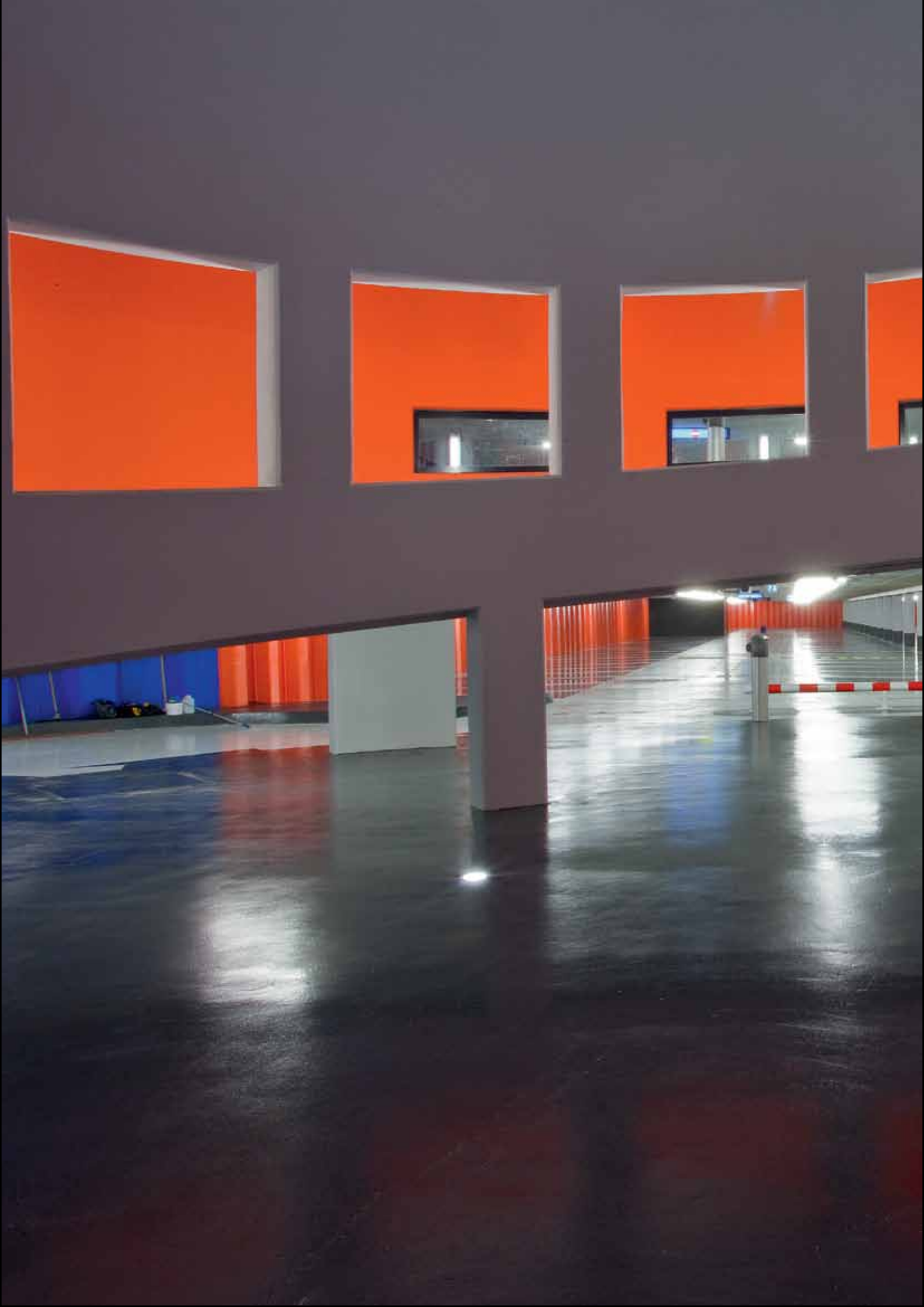




Annual report
2010





Koepoort parking, Delft

Financial calendar 2011

21 April	Registration date for General Meeting of Shareholders
29 April	Quarterly report
19 May	General Meeting of Shareholders
23 May	Ex-dividend listing
25 May	Record date for dividend entitlement (after close of trading)
31 May	Dividend available for payment
15 July	Publication of interim financial reports for 2011
28 October	Quarterly report

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.

Cover: Liquid bulk terminal, Amsterdam

Contents

Foreword

- Ten-year summary
- The share and dividend proposal

About Ballast Nedam

- Profile
- Mission
- Products and services
- Market conditions
- Strategy and policy
- Objectives
- Group structure

Risk management and risk profile

- Risk management and organization
- Types of risk
- Risk profile
- SWOT analysis

Stakeholder analysis

Operations in 2010

- Profit
- Organization
- Innovation management
- Reducing failure costs
- Chain responsibility
- Employees and employment
- Health
- Safety
- Training and development
- Integrity
- Community relations management
- Social responsibility
- Energy and CO₂ emission policy
- Air quality
- Waste and recycling
- Financial results
- Prospects for 2011

Corporate governance

- Management and control structure
- Report of the Supervisory Board
- Membership of the Supervisory Board
- Remuneration report
- Membership of the Board of Management

p. 5

- p. 6
- p. 8

p. 10

- p. 10
- p. 10
- p. 10
- p. 10
- p. 10
- p. 11
- p. 13
- p. 14

p. 16

- p. 16
- p. 18
- p. 20
- p. 22

p. 24

p. 29

- p. 30
- p. 33
- p. 34
- p. 35
- p. 35
- p. 37
- p. 38
- p. 40
- p. 41
- p. 42
- p. 43
- p. 43
- p. 45
- p. 47
- p. 48
- p. 51
- p. 55

p. 57

- p. 58
- p. 64
- p. 67
- p. 68
- p. 74

Financial Statements 2010

- Consolidated statement of financial position p. 78
- Consolidated income statement p. 79
- Consolidated statement of changes in equity p. 80
- Consolidated statement of cash flows p. 81
- Notes to the consolidated financial statements p. 82
- Operating segments p. 92
- Notes to the consolidated statement of financial position p. 95
- Notes to the consolidated income statement p. 109
- Company statement of financial position p. 123
- Company income statement p. 123
- Notes to the company financial statements p. 124

Other information

- Independent auditor's report p. 132
- Definitions p. 134
- Profit sharing and dividend policy p. 134
- Board members of the Ballast Nedam Administration Office p. 135
- Report of the Ballast Nedam Administration Office p. 136
- Reporting principles p. 138
- GRI indicator list p. 140
- Management 10 March 2011 p. 144
- Organization chart 10 March 2011 p. 146
- Credits p. 148
- Contact p. 148

p. 77

- p. 78
- p. 79
- p. 80
- p. 81
- p. 82
- p. 92
- p. 95

p. 131

- p. 132
- p. 134
- p. 134
- p. 135
- p. 136
- p. 138
- p. 140
- p. 144
- p. 146
- p. 148
- p. 148



*Ministries of Justice and the Interior and
Kingdom Relations, The Hague*

Foreword

The strategy of focusing on the growing integrated projects market bore fruit in 2010. We consolidated our position on this market by winning the largest contract ever given by the Directorate-General for Public Works and Water Management: the PPP project for the section of the A15 highway from Maasvlakte to Vaanplein. This is an achievement to be proud of. It is only our concerted utilization of know-how and capacity from all parts of the company that enables us to acquire contracts of this kind.

At the start of 2011 we brought the organization structure into line with our strategy. We have departed from the old structure of the two divisions. The operations are now managed more directly out of six clusters, which are formed around products and processes.

There was more good news in 2010 besides the successes on the market for integrated projects. We were successful in design & construct contracts, and projects in the niche segments of offshore wind turbines, industrial construction, hospitals and natural gas filling stations.

However, there is no getting away from the prolonged market difficulties in the construction world. And 2010 was a troublesome year. The market volume declined by 10 per cent, which made competition even fiercer as the pressure on the margins rose. There were constant challenges to our creativity. In that sense, Ballast Nedam performed well, achieving a stable revenue and a higher operating profit than in 2009. This accomplishment is a credit to our employees, who, with their inventiveness and entrepreneurship, helped us perform better than we thought possible in our profit forecast of March 2010. Also on behalf of Romeo Malizia, I would like to thank all our employees for their effort in 2010.

In the sustainability field, sound progress was made in 2010. We met the target for a 10 per cent CO₂ reduction relative to 2008. We won projects on the strength of our distinctive sustainability profile, including the reconstruction of a 6-kilometre section of the N329 as the Road of the Future. Furthermore, both the Infrastructure and Building and Development divisions achieved level 5 on ProRail's CO₂ performance ladder. The entire company is now certified,

which makes us a member of a select group.

Mindful of sustainability, we invest continuously in the future, as illustrated by the new iQwoning® plant for the industrial fabrication of homes. We also invest in a new installation for recovering secondary raw materials from waste incinerator ash. Both investments have a powerful impact on CO₂ emission reduction.

Our position on the alternative fuels market is growing steadily. We have now built 38 public natural gas filling stations, and the network is rapidly approaching national

coverage. Natural gas is a transition fuel to green gas. We and a waste processing company will commence green gas production later this year. It will then be possible to use the same pumps for this virtually CO₂-neutral fuel.

We will continue to need stamina and endurance in 2011. The volume in the infrastructure market in the coming year will decline slightly, and there will be no improvement in volume in either

the residential or nonresidential construction sectors. Competition and the attendant price pressure will remain substantial. The broad spread of our activities gives us a relatively good starting position in the poor construction market. We have operations in both construction and infrastructure, in the fields of mobility, housing, work, leisure and energy; from development, implementation and management to recycling, and from raw material extraction, prefabrication and specialized companies to construction. This diversity is underpinned by a sound order portfolio with long-term projects, fine performance on the growing integrated projects market, and a solid financial position. Together we will take up the challenge again in 2011 with every confidence in the future.



Theo Bruijninx
CEO

Ten-year summary

x € 1 million

2010 2009 2008 2007 2006

Revenue and profit

Revenue	1 359	1 384	1 426	1 270	1 310
the Netherlands	1 275	1 272	1 348	1 157	1 206
international	84	112	78	113	104

Order book	1 841	1 818	1 667	1 438	1 093
------------	-------	-------	-------	-------	-------

Earnings before interest, taxes, depreciation and amortization (EBITDA)	45	42	67	63	63
---	----	----	----	----	----

Impairment	(1)	-	-	-	-
------------	------	---	---	---	---

Depreciation	(25)	(23)	(24)	(20)	(19)
--------------	-------	-------	-------	-------	-------

Earnings before interest, taxes and amortization (EBITA)	19	19	43	43	44
--	----	----	----	----	----

Amortization	(1)	(2)	(1)	(1)	(2)
--------------	------	------	------	------	------

Earnings before interest and taxes (EBIT)	18	17	42	42	42
---	----	----	----	----	----

Profit before income tax	11	8	31	38	38
--------------------------	----	---	----	----	----

Profit for the period before amortization	8	8	25	28	46
---	---	---	----	----	----

Profit for the period	7	6	24	27	44
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Investments

Investments	104	102	64	37	67
-------------	-----	-----	----	----	----

Disposals	12	6	22	7	12
-----------	----	---	----	---	----

Net investments	92	96	42	30	55
-----------------	----	----	----	----	----

Balance sheet data

Non-current assets	420	352	274	242	253
--------------------	-----	-----	-----	-----	-----

Current assets	664	682	730	656	541
----------------	-----	-----	-----	-----	-----

Assets	1 084	1 034	1 004	898	794
--------	-------	-------	-------	-----	-----

Current liabilities	(598)	(644)	(660)	(590)	(555)
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Capital structure

Capital employed	425	279	252	256	177
------------------	-----	-----	-----	-----	-----

Shareholders' equity	161	162	168	172	158
----------------------	-----	-----	-----	-----	-----

Interest-bearing non-current liabilities	285	197	126	97	36
--	-----	-----	-----	----	----

Net cash	61	111	92	52	62
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Net financing position	(231)	(92)	(41)	(63)	23
------------------------	--------	-------	-------	-------	----

Ratios

Earnings before interest and taxes / revenue	1%	1%	3%	3%	3%
--	----	----	----	----	----

Profit for the period / revenue	1%	-	2%	2%	3%
---------------------------------	----	---	----	----	----

Profit for the period / average shareholders' equity	4%	4%	14%	16%	31%
--	----	----	-----	-----	-----

Shareholders' equity / assets	15%	16%	17%	19%	20%
-------------------------------	-----	-----	-----	-----	-----

Average number of employees	3 841	3 947	3 941	3 838	3 701
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Shares

Number of ordinary shares (x 1 000)	10 000	10 000	10 000	10 000	10 000
-------------------------------------	--------	--------	--------	--------	--------

Number of ordinary shares issued (x 1 000)	9 700	9 702	9 870	9 900	9 924
--	-------	-------	-------	-------	-------

Market capitalization at year-end	140	147	137	280	328
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Dividend paid	3	12	14	13	10
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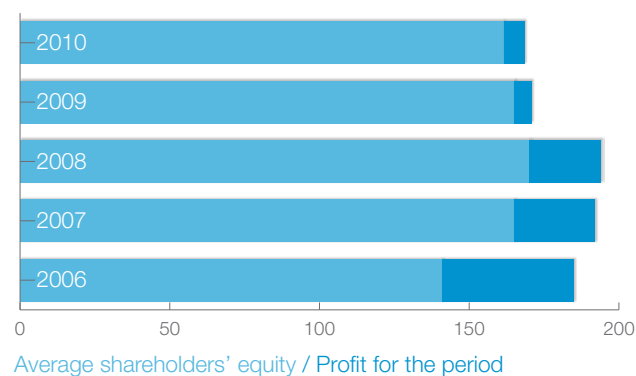
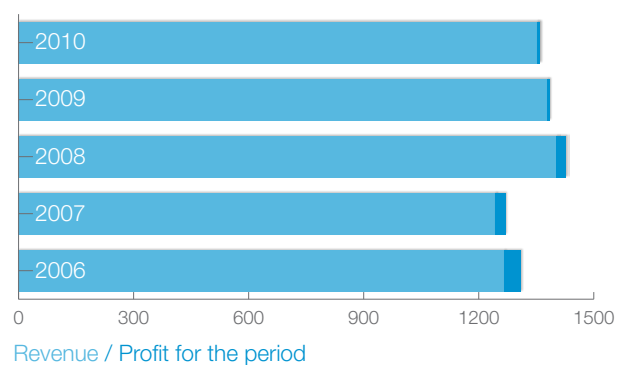
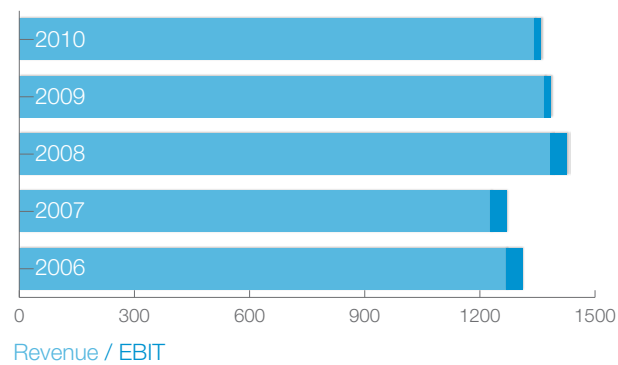
Per average share in issue of € 6 nominal value

Shareholders' equity	16.58	16.62	17.05	17.31	15.98
----------------------	-------	-------	-------	-------	-------

Dividend paid	0.31	1.24	1.38	1.34	1.02
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Profit for the period	0.73	0.62	2.46	2.75	4.44
-----------------------	------	------	------	------	------

	NL GAAP				
2005	2004	2004	2003	2002	2001
1 206	1 164	1 164	1 619	2 307	2 326
1 105	1 042	1 042	1 132	1 242	1 267
101	122	122	487	1 065	1 059
1 064	971	971	1 046	1 833	2 489
58	63	45	33	(70)	23
-	(8)	(7)	(6)		
(18)	(19)	(17)	(23)	(46)	(44)
40	36	21	4	(116)	(21)
(2)	(1)	(2)	(4)	(6)	(2)
38	35	19	-	(122)	(23)
28	24	15	(6)	(135)	(32)
22	14	10	50	(137)	(48)
20	13	8	46	(143)	(50)
32	20	17	19	67	345
67	20	20	26	218	226
(35)	-	(3)	(7)	(151)	119
211	268	179	213	224	427
636	556	352	342	402	542
847	824	531	555	626	969
(644)	(586)	(327)	(362)	(484)	(589)
74	78	(11)	(2)	(16)	205
124	101	109	102	56	215
54	99	39	27	39	93
129	160	160	136	116	110
68	56	116	104	72	12
3%	3%	2%	-	-5%	-1%
2%	1%	1%	3%	-6%	-2%
18%	14%	8%	58%	-106%	-20%
15%	12%	20%	18%	9%	22%
3 721	4 022	4 022	4 957	6 549	7 264
10 000	10 000	10 000	10 000	10 000	10 000
9 847	9 861	9 861	9 879	9 886	9 898
327	123	123	47	48	158
-	-	-	-	11	11
12.54	10.26	11.02	10.33	5.62	21.71
-	-	-	-	1.14	1.15
2.05	1.36	0.80	4.67	(14.46)	(5.06)



The share and dividend proposal

This section provides details of Ballast Nedam's share and how the share price has moved in the reporting year. We briefly set out how these data relate to the revenue volume and the development in dividend distributions to the shareholders.

Shares and stock exchange listing

On 31 December 2010 Ballast Nedam had 9 700 000 in issue out of the 10 million issued shares. On this date we had 300 000 repurchased own shares and depositary receipts for shares, which is slightly more than the 298 082 in 2009. We repurchased 1 918 of our own shares and depositary receipts for shares in the course of 2010. The 300 000 repurchased shares and depositary receipts for shares are needed to cover the liabilities arising from the current management option scheme.

The Ballast Nedam Administration Office issues depositary receipts for shares and administers the underlying shares. The depositary receipts are fully exchangeable. At year-end 2010, depositary receipts had been granted for 99.45 per cent of the capital in issue. Ballast Nedam depositary receipts for shares are listed on NYSE 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 2010 on NYSE Euronext was 14.40 euros. The closing price on 31 December 2009 was 15.20 euros. The highest closing price of 15.25 euros was reached on 22 January 2010. The lowest closing price of 10.20 euros was quoted on 19 August 2010. The Ballast Nedam share price rose 5.3 per cent in 2010, while the AMS Small Cap Index (AScX) rose by 11 per cent.

Trading volume

The liquidity of Ballast Nedam shares declined in 2010. An average of 8 697 shares were traded per trading day in 2010, which is less than in 2009, when the average was 11 820.

Dividend distribution

The underlying principle of our dividend policy is that 50 per cent of the profit for the period is placed at the disposal of shareholders for distribution as dividend. The Board of Management, with the approval of the Supervisory Board, proposes to distribute a cash dividend for 2010 of 0.36 euros per ordinary share in issue. In 2010 Ballast Nedam paid a dividend of 0.31 euros for 2009. In 2009 a dividend of 1.24 euros was paid for 2008.

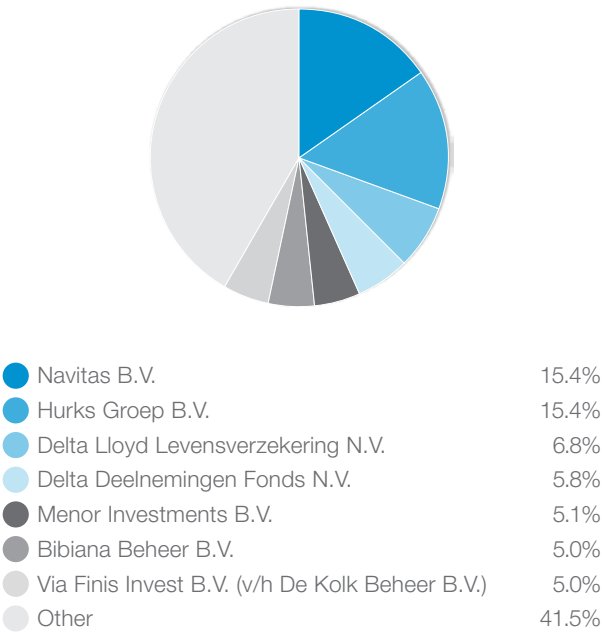
Other information per average share in issue of 6 euros nominal value is as follows:

		2010	2009	2008	2007	2006
Shareholders' equity	€	16.58	16.62	17.05	17.31	15.98
Dividend paid	€	0.31	1.24	1.38	1.34	1.02
Profit for the period	€	0.73	0.62	2.46	2.75	4.44



Shareholders with an interest of 5 per cent or more

As at 9 March 2011 the following organizations had reported to the Authority for the Financial Markets (AFM) that they held shares or depositary receipts for shares in Ballast Nedam representing an interest of 5 per cent or more, pursuant to Section 5.3 of the Financial Supervision Act.



General Meeting of Shareholders

The Annual General Meeting of Shareholders of Ballast Nedam will be held on 19 May 2011 at the Artis Conference Centre, Plantage Middenlaan 41a-43, Amsterdam. The meeting will commence at 1.30 pm. Prior to the meeting, the Ballast Nedam Administration Office will convene a meeting at noon 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.

Building Brains

Ballast Nedam participated in the Building Brains programme, which was part of the Ministry of Economic Affairs knowledge worker scheme. This programme ran for one-and-a-half years, and 180 employees from 28 organizations in the building chain worked on the government objective of halving total energy consumption in 2030 relative to 1990 levels. Eight Ballast Nedam employees helped create 17 building blocks for an energy-neutral built environment. The Building Brains foundation is producing plans for marketing these building blocks together with the participating organizations.

About Ballast Nedam

We give an outline of our company in this section, in terms of what we do (our profile), why we do it (our mission), the products and services we provide, the market environment we operate in, our strategy and policy, and how our company fits together (our group structure).

Profile

Ballast Nedam occupies a leading position in the construction and infrastructure sectors. Our company operates mainly in the Netherlands on integrated projects for companies, public authorities and housing consumers, in the fields of mobility, housing, work, leisure and energy. Ballast Nedam has international operations in various areas of expertise.

Ballast Nedam has construction and infrastructure operations on multiple levels, from the highest to the most detailed. We provide:

- project, process and contract management in the development, construction and management phases;
- specialized know-how and semi-finished and finished products.

Ballast Nedam is listed on NYSE Euronext in Amsterdam. The share is included in the Amsterdam Small Cap Index.

Mission

Ballast Nedam offers its customers sustainable total solutions in the built environment. Ballast Nedam aims to improve the quality of the living environment, which we achieve through commitment, quality, reliability, flexibility and expertise. We are fully aware of the key role of our employees, who we provide with a challenging, inspiring and safe working environment. Our activities and approach are oriented to maintaining the continuity of our business and optimizing shareholder value.

We observe seven core values in achieving these ambitions: safety, sustainability, professionalism, teamwork, transparency, integrity and respect. Our Code of Conduct, which is posted on www.ballast-nedam.com, gives details of how these core values are reflected in our everyday practice.

Products and services

Ballast Nedam's range of products is broad: we develop, implement, manage, finance and operate the built environment. The most important areas on which we focus are:

- housing (housing concepts and sustainable homes);
- work (offices, schools and hospitals);
- leisure (stadiums, shops, leisure centres, recreation areas and nature conservation);
- mobility (parking, quays and jetties, public transport, roads, viaducts and tunnels);
- water management (river widening, pumping plants and water purification plants);
- sustainable energy (geothermal, natural gas/biogas, wind and solar);
- industrial construction (power stations, industrial sites and transformer stations);
- spatial development and redevelopment (nature conservation, area development).

Market conditions

Public authorities, companies and households are being forced to adjust to the economic situation. Debts must be reduced, labour productivity and competitive strength are under pressure, the population is ageing, and we need agreements on combating climate change.

Despite all these issues, there is still demand for facilities for sustainable energy, mobility, housing, work and leisure. The economic situation is severely testing the construction industry. Clients are more frequently demanding sustainable total solutions, while it is becoming increasingly important to identify new forms of financing.

The substantial demand for sustainability is undiminished. The main issue, besides awareness in the business process, is to reduce energy consumption in the built environment. More attention is also being given to the reuse of property and infrastructure, function change and the transformation of run-down areas. These trends for seeking new solutions in existing situations coincide with resistance to creating new expansion areas.

Imminent recovery of the construction market

According to the Economic Institute for the Construction Industry (EIB), market volumes have fallen by some 15 per cent in the past two years. The market has contracted most in housing, followed by nonresidential construction. The decline has been caused by consumer and business restraint, the banks' more stringent financing criteria and overcapacity in the office market. The civil engineering market has remained reasonably stable across the board, although the reason for growth in the supply of major infrastructure projects is national government incentive schemes.

The EIB is joined by the ING Bank and The Netherlands Association of Property Developers and Investors (NEPROM) in forecasting a recovery in the construction market in 2011 or 2012. Our view is somewhat more cautious. However, the level of the past years will not be achieved in the next few years. The maintenance and redevelopment market will become more important. In the short term the government is supporting this trend by temporarily lowering VAT. For the longer term we assume that some of the decline in investment in new construction will be compensated by a rise in demand for the maintenance and improvement of the quality and sustainability of existing buildings.

Contract formation is a specialization in its own right

The investment budget will also remain low for the next few years. As a consequence the government is putting more and larger contracts onto the market as Design-Build-Finance-Maintain-Operate (DBFMO) constructions. This procurement form transfers all construction phases and sometimes also financing to a private party. Opportunities are also arising with local authorities for smaller DBFMO contracts. However, smaller contracts require a solution to be found for the attendant high transaction costs for each financing arrangement.

Professional clients are setting increasingly high demands on their contractors, and need assurance that their selected contractor is really able to deliver the requested performance. They seek to concentrate on their own activities and primary processes, and therefore need a single point of contact that has all the know-how needed. It is becoming more common for procurement procedures to examine variables such as accessibility, sustainability, communication and

community relations management. This broad approach is referred to as selecting the economically most favourable bid. Unfortunately, price is still the most important criterion in assessing bids.

Capitalizing on success and managing on demand

For players on the construction market like us, it can no longer be taken for granted that we can acquire positions by buying up land. We are obliged to generate construction volume and add value through other business models. These models have to start from the knowledge and experience we have brought to bear until now, and the return we have achieved with them. In this way success in the recent past enhances the probability of success in the future.

The housing market is now demand driven. This is a permanent change, which means that customer demand is paramount and housing providers are obliged to adopt a more consumer-oriented approach.

The national government and the market parties have committed (in the Lente-akkoord) to energy efficiency measures in new building. This move is challenging the housing market to make homes sustainable within customers' tight financial constraints.

Strategy and policy

Ballast Nedam's strategy focuses on integrated projects. In other words, we intend to start contributing in the



preliminary project stages and to continue our involvement for a longer period. We are accordingly concentrating in the development, construction and management phases – the horizontal value chain – on customer needs and activities. As a consequence our products and services are becoming ever more specific, with a growing number of product-market combinations in the horizontal value chain, such as those concerned with parking and the care sector.

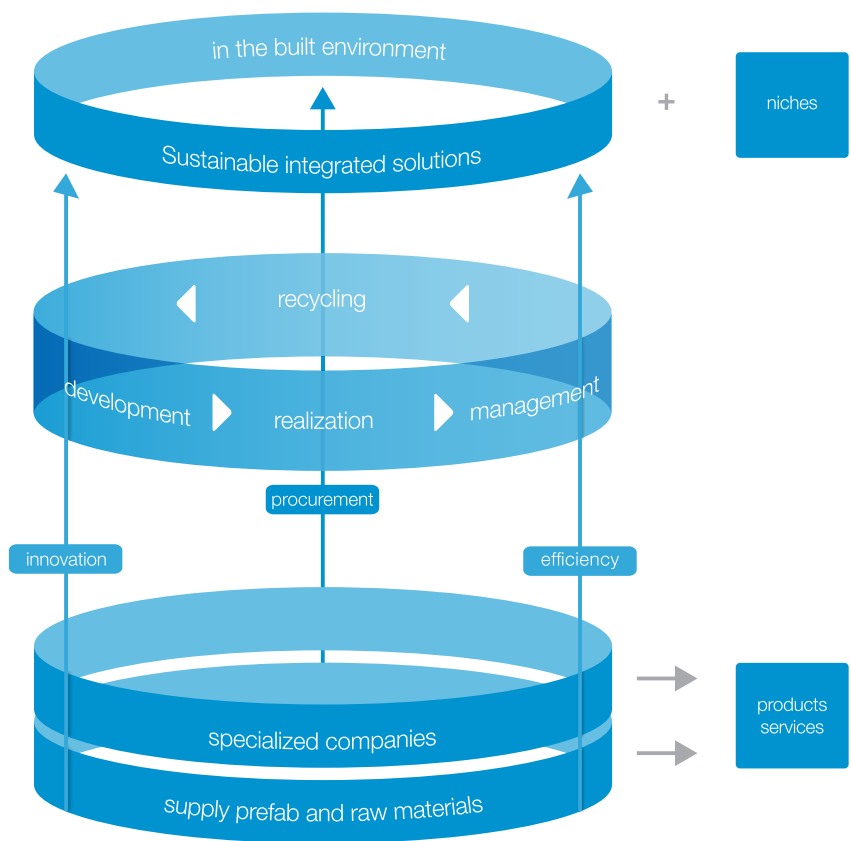
Horizontal and vertical value chains are mutually reinforcing

We are able to provide sustainable total solutions in the horizontal value chain because of the support from

Ballast Nedam's specialized and supply companies – the vertical value chain. These two kinds of company serve as procurement specialists for the entire organization, and distinguish themselves through high quality, innovation and cost leadership. The product range of these specialized companies is constantly being expanded, and their position enhanced. We are always on the lookout, on behalf of the raw material companies, for opportunities to expand the concessions that exist.

Enhancing the value of the business

Ballast Nedam enhances the value of the business by improving the structural margin, which we are achieving



through the following four strategic actions.

1. We are changing the activity mix, by expanding our development and maintenance and operation management activities relative to construction.
2. We are shifting our focus to market niches such as industrial construction, high-rise building, hospitals, international projects and offshore wind farm construction, with possible deployment of the heavy lift vessel Svanen.
3. We are strengthening and continuing to expand the specialized and supply companies in the vertical value chain.
4. We are improving the operating performance of the companies by reducing failure costs and intensifying internal teamwork.

Sustainable total solutions and added value

The activities we choose to include in our portfolio depend on various decision criteria. We always consider whether with an activity we are able to provide sustainable total solutions in the built environment, as that is indeed our focus. We seek to add value to these total solutions in both the horizontal and vertical chains. It goes without saying that we also uphold our distinctive profile in each activity through innovation and efficiency benefits, sustainability, the need for investment, the risk profile, and timing. Another self-evidently important criterion is the potential return of the activities. Our investment priorities are the expansion and broadening of our specialized companies and the supply companies.

Objectives 2011

A summary is given below of our objectives for 2011. We then recall our objectives for 2010 and present the progress we achieved on them.

Ballast Nedam intends in 2011 to operate as a single company. The strategy objectives for 2011 are as follows.

1. To acquire a greater proportion of projects through planning, devising alternative designs, using the design & construct and the engineer & build approaches, and engaging in public-private partnerships.
2. To expand management of maintenance and operation of property, infrastructure and energy projects.
3. To strengthen the vertical value chain:
 - broadening and extending the specialized companies' range of products;

- replacing and expanding concessions for raw material extraction;
- focusing on innovation, leading to at least two innovative initiatives.

4. To implement the cluster structure and the associated concentration of the support services.
5. To improve the operational performance of the regional and prefabricated concrete companies through closer cooperation and direct operational management.
6. To approach or exceed the measurable and ambitious sustainability objectives, which are presented on pp. 34 through 48 of this Annual Report.
7. To achieve an operating profit of between 15 million and 20 million euros.

Objectives 2010

1. To adapt to the poor market conditions and forecasts by lowering costs, providing more industrially fabricated homes, increasing the land bank turnaround rate, scaling down projects, and producing more for the lower price segment. An objective for 2010 was also to exercise restraint in investing in land positions.

These objectives were largely achieved. Merging regional companies in the two divisions has saved costs.

The construction of the iQwoning® factory in Weert for the industrial fabrication of homes started in 2010. It proved difficult in the current market to increase the land bank turnaround rate, but very little was invested in the land bank. The carrying amount of the land bank increased by approximately 3 million euros.

2. To acquire a greater proportion of projects through planning, devising alternative designs, using the design & construct and the engineer & build approaches, and engaging in public-private partnerships (PPPs). The specific related objectives were:
 - to be in the final three for participation in PPP projects for at least 3 of the 4 selections;
 - when Ballast Nedam is among the top three bidders, to have at least one of the three qualifying procedures lead to preferred bidder status.In 2010 we also set out to intensify our efforts in area development.

Winning the largest contract ever awarded by the Directorate-General for Public Works and Water Management means that this objective has been achieved. This is a PPP project for widening the A15 highway between Maasvlakte and Vaanplein and the construction of a new Botlek bridge. The A-Lanes A15 consortium is responsible for the design, construction, financing and maintenance of the project, which has a value of approximately 1.5 billion euros. Ballast Nedam's stake in this consortium is 24 per cent, and the company is responsible for one third of the design, construction and the 20-year management and maintenance period.

Beach Resort Nieuwvliet-Bad is an area development financed with private money with 200 homes and a multifunctional main building with all facilities. The first 100 homes recently went on sale.

3. To expand management of maintenance and operation of property, infrastructure and energy projects.

The scale of management grew steadily, because of the start of the operational phase of the two ongoing PPP projects, the acquisition of new contracts for managing the maintenance of existing offshore wind farms, and the growing number of CNG and LPG filling stations under management.

4. To strengthen the synergy between the two divisions and the parties in the vertical value chain.

The interaction on projects between the two divisions and with our specialized and supply companies intensified further in 2010. Specific examples are provided by the many internal companies involved in constructing the Magnum multifuel power station in Eemshaven and in the A2 tunnel project in Maastricht.

5. To strengthen the vertical value chain by:
 - broadening and extending the specialized companies' range of products;
 - acquiring concessions for raw material extraction to replace and expand capacity;
 - focusing on innovation, leading to at least two innovative initiatives.

The vertical chain was also strengthened further in 2010, with new products and services. We mention two examples below. The specialized company Feniks has now started the construction of a new installation in the UK for recovering secondary raw materials from waste incinerator ash. Feniks now

has seven installations in the UK and three in the Netherlands. Also in 2011, the first green gas, the almost CO₂-neutral natural gas replacement for automotive use, will be produced by refining biogas. This will be in partnership with a waste processing company that produces biogas by fermenting kitchen and garden waste. Good progress was made in 2010 on the permit procedure for the redevelopment and gravel extraction in the Lus van Linne.

A list of innovations is given in the innovation section on page 34.

6. To improve the operational performance of the regional companies. Objective: all regional companies will achieve operating profits in 2010.

The profit of all regional companies taken together has increased, but we are less than satisfied with the performance of a few regional companies. They will be further improved through cooperation within the clusters and more direct operational management from the clusters.

7. We have set measurable and ambitious objectives for nine areas of sustainability, which we intend to achieve or exceed.

We report on these objectives under Operation on pp. 34 through 48

8. To achieve an operating profit of between 10 million and 15 million euros.

Ballast Nedam achieved a higher operating profit of 18 million euros in the reporting year, under difficult market conditions.

Group structure

Within our company with its integrated operations, we are capitalizing on the strength of mutually reinforcing specializations. We therefore operate out of six clusters, in which we focus sharply on products and the associated processes, with pooled support services. In this way we are consolidating our position on the growth market of integrated contracts, since that is our strategy.

Managing out of clusters

As of early 2011 Ballast Nedam has operated out of six clusters, which were formed around products and processes. The six cluster directors together with the Board of Management constitute the Ballast Nedam Concern Council.

Starting with the 2011 interim financial reports, reporting will be based on four segments. Two clusters will be consolidated in each of the two segments Building & Development and Infrastructure. The two clusters Ballast Nedam Specialismen (Specialized Companies) and Ballast Nedam Toelevering (Supplies) will report separately.

With this step towards managing out of clusters, Ballast Nedam has departed from the divisional structure of Building & Development and Infrastructure that existed until the end of 2010. The allocation of duties to members of the Board of Management will be modified accordingly, with the proposed reappointment of one of the members as Chief Operating Officer and the proposed appointment of a Chief Financial Officer.

The six clusters and their focus

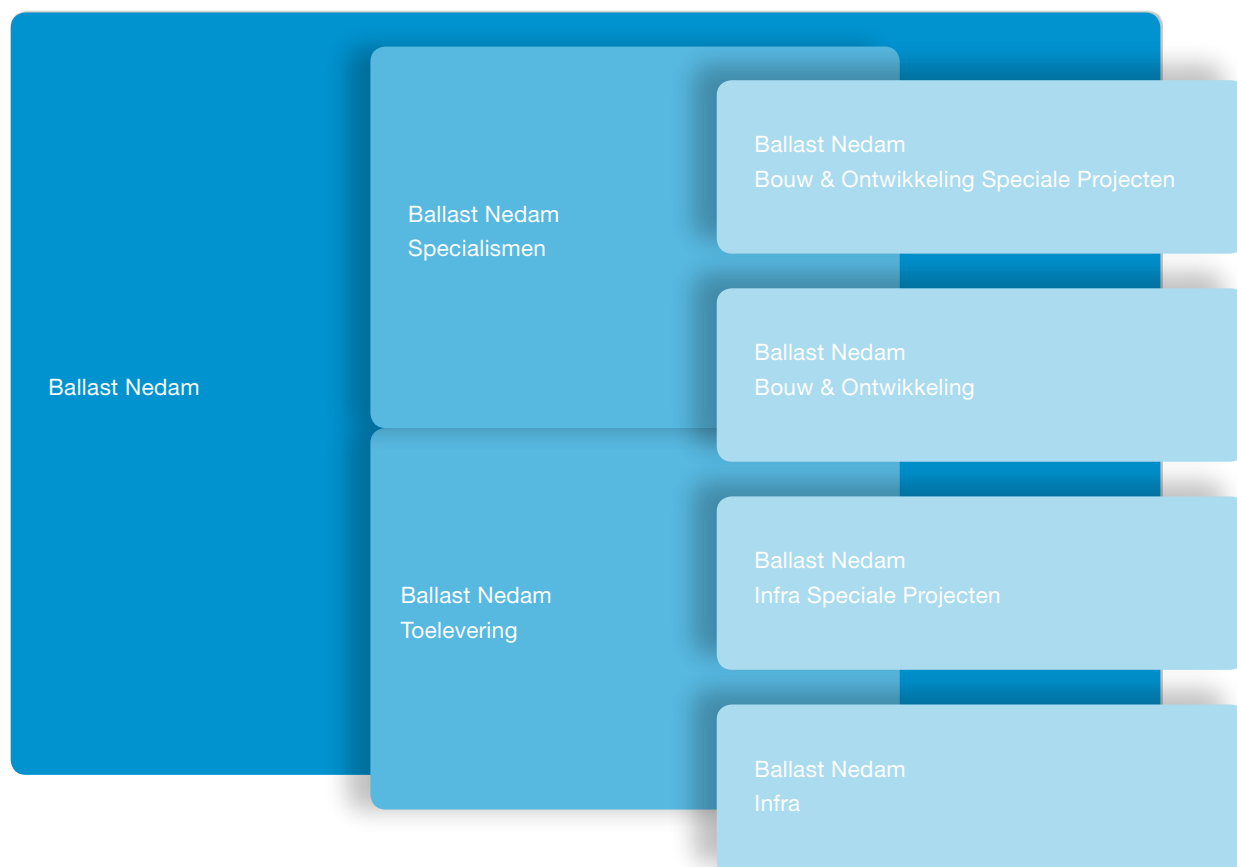
Ballast Nedam operations will be managed out of the following six clusters:

- Ballast Nedam Bouw & Ontwikkeling Speciale Projecten
Focus: implementing relatively large and complex construction projects, or projects with an unusual risk profile.
- Ballast Nedam Bouw & Ontwikkeling
Focus: developing, implementing and managing real

estate projects in the Netherlands.

- Ballast Nedam Infra Speciale Projecten
Focus: implementing relatively large infrastructure projects in the Netherlands, all Ballast Nedam's international projects, and the offshore wind turbine projects.
- Ballast Nedam Infra
Focus: developing, constructing and managing infrastructure projects in the Netherlands.
- Ballast Nedam Specialismen
Focus: providing products and services for specific projects, which include engineering, construction pits, environmental technology and asphalt.
- Ballast Nedam Toelevering
Focus: delivering raw materials and prefabricated concrete and other products that are manufactured in an industrial process.

A central back office was created in 2010 for all development projects, and a single plant management unit was set up for the entire group. The concentration of support services will be continued in 2011.



Risk management and risk profile

The Ballast Nedam Board of Management is responsible for risk monitoring and control within the group. Ballast Nedam uses various risk control systems and instruments. Alongside the management of significant risks, these systems are also designed to help achieve operational and financial objectives.

Effective risk management means identifying risks in good time, and that we control any risks that may have a long-term effect on our activities. The most important risk management principles are as follows.

- Ballast Nedam accepts only responsible business risks: the probability of the risks materializing and the possible consequences must not imperil business continuity. Ballast Nedam is prudent in accepting risks.
- The cluster management teams and other managers identify, analyse and manage the risks on company level, with the objective of keeping the risks manageable.
- Ballast Nedam complies with all relevant laws and regulations and internal codes of conduct.
- Ballast Nedam deems the management of risks to be a core competency, which is enshrined in our governance structure. The limitation of risks is embodied in the central Administrative Organization and Internal Control procedures and elsewhere.

This chapter addresses the subjects of risk management and organization, the types of risk, and a sensitivity analysis of the significant risks.

Risk management and organization

In 2010 the Ballast Nedam organization consisted of two divisions and numerous operating companies. We departed from this organization structure at the start of 2011, and we now operate out of six clusters, which were formed around products and processes. Each cluster comprises one or more operating companies. To avoid companies taking on unwanted risks, prior approval of a cluster management team is required for contracts above a certain limit. Prior Board of Management approval is required for all projects regarded as high risk. This rule applies to international

contracts, investments in land positions, and in property, plant and equipment, disposals, non-current liabilities, acquisitions, projects with an elevated risk profile and projects with a production value of more than 25 million euros.

Clear authorities and allocation of duties

We manage risks in the development of projects that are for our own account by setting financial limits. Managers at unit level have clear terms of reference that determine their authorities. Central management assesses the risks periodically. Each year, managers at unit level produce an internal management statement to account for the policy pursued.

Range of instruments and agreements

Within Ballast Nedam we manage risks with a variety of instruments: we ensure the quality of management, we comply with the corporate governance policy, we observe the Code of Conduct, the reporting principles and accounting policies, and we operate a management information system. Ballast Nedam also has a handbook for financial reporting and financial procedures, which we update on a continuous basis in response to changing regulations and knowledge. Another important control measure is risk management by means of insurance. Insurance policies are taken out centrally in the organization. The department concerned ensures that insurable risks and our liability are satisfactorily covered.

Improved central review systems

In 2010 we redrafted the guidelines for our Administrative Organization and Internal Control. A central review is performed of the correct application of the guidelines. Automated data audits were introduced in Ballast Nedam in 2010. We also introduced central cash management. Furthermore the Infrastructure division made design checks by Ballast Nedam Engineering compulsory for major Design & Construct project bids, in addition to the usual contract reviews. Ballast Nedam started an intensive compliance campaign in 2010. In 2011 the subject of integrity will be further integrated into all internal training. In 2011 the shared services for development will be merged further, including financial review procedures. Invoice handling will also be merged. The rollout of the single financial system will continue in 2011.

Feniks Recycling, a Ballast Nedam company, recovers various metals from slag left behind in the incineration of household waste, and supplies them to steelmakers. This concept avoids 40 million kilos of CO₂ emission in mining and refining operations.

The support services of the two former divisions and the holding company will also be merged.

Internal risk control

We intend to control financial and operational risks, and the risk of noncompliance with relevant legislation and regulations. The measures we take to this end include risk analyses in combination with systematic reporting, and responsible financing methods. We report on financial and operational matters with reference to a business plan. 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 periodically with the cluster management teams, with reference to the financial and operational reports, which always give the risk profile. The cluster management teams conduct a similar dialogue with the management of the operating companies.

Supervisory Board and Audit Committee alert to risks

Ballast Nedam's risk profile and the internal risk management and control systems are on the agenda of all meetings with the Supervisory Board and Audit Committee. The

achievement of the corporate objectives in the light of acceptable risks is a factor in determining the remuneration of members of the Board of Management. There are three Audit Committee meetings a year attended by the CEO, the Ballast Nedam financial director and the external auditors. The meetings are to discuss the financial course of events and the findings of the company's internal audits and risk management. The activities are covered in the Report of the Supervisory Board (see page 64).

Statement of the Board of Management

The 2010 Financial Statements, which are presented after page 77 below, give a true and fair view of the assets, liabilities, financial position and profit of Ballast Nedam and the undertakings included in the consolidation taken as a whole. The Annual Report gives a fair review of the development and performance of the business during the financial year and the position at the end of the reporting period of Ballast Nedam and the undertakings included in the consolidation taken as a whole.

Ballast Nedam's risk management and control systems are regularly analysed and evaluated. The internal control framework is clearly reflected in the operating companies' and divisions' style of business planning and reporting. The risk profile and the internal risk management and control systems are on the agenda of every meeting with the Supervisory Board. There are no signs that the existing



systems were not properly designed. It goes without saying that we are aware that the internal risk management and monitoring systems are no guarantee that we will always achieve our objectives. Likewise, we cannot prevent with these systems all material errors, loss, fraud and infringements of legislation and regulations.

No transactions took place in 2010 that involved any material conflict of interest on the part of managing directors, and there were likewise no transactions that involved any material conflict of interest between the company and natural persons or legal entities holding more than 10 per cent of the shares. Corporate Governance Code best practice provisions II.3.2, II.3.3 and II.3.4. have been complied with.

Other than improvements to risk management and control systems, there were no essential changes to the operation of these systems in 2010.

Types of risk

Ballast Nedam is exposed to risks of various kinds, including strategic risks, market risks, financial and operational risks, liquidity and treasury risks, social risks, and ICT risks. This section gives details of these types of risk and how Ballast Nedam sets out to control them.

Strategic risks: integrated projects and spreading risks

Our business strategy is supported by two important pillars. The first is our wish to strengthen the front and back ends of the horizontal chain by playing an earlier part in projects, and remaining involved for longer. The second has to do with strengthening the supply companies in the vertical chain through continuously enhancing the product range and the specialized companies. To this end, we perform active portfolio management.

The market for infrastructure will remain reasonably stable for the next few years and, also because we operate in niche segments, our risk profile is relatively favourable. However, the market for construction and property development is much more sensitive to the economic cycle. Although our business strategy sets out to reduce sensitivity to cyclical trends, the current severe recession in construction and property will have

repercussions for some years to come. Part of our strategy is to invest in activities with long-term, predictable cash flows, including management and maintenance and PPPs, besides which we also spread strategic risks by delivering activities that perform differently in various stages of the economic cycle.

Market risk: developing more under our own control

Ballast Nedam operates primarily in the Dutch market. The business results are substantially determined by the economic situation and by government expenditure. Some 70 to 80 per cent of our revenue is from public and semipublic clients, which in times of recession should be favourable for continuity and payment security. However, the government has announced a more austere budgetary policy, the consequences of which we too are feeling. Our clusters that operate in the infrastructure sector are exposed in the current market conditions to risks of overcapacity, in particular with respect to the general procurement projects and the standard prefabricated concrete products.

The revenue of the Building and Development clusters depends substantially on consumers' confidence in the future. However, this confidence depends in turn on factors such as the availability of finance, continued employment, the interest rate, the tax deductibility of mortgage interest, and the economic climate. Consumer confidence would appear to have been at a low point for some considerable time, with no clear signs of recovery. Residential construction normally represents about 25 per cent of annual revenue.

We intend in the future to be able to increase our share of own development, and we have accordingly acquired strategic land positions for a total of 160 million euros in recent years. We value these land positions at historical cost, so that we have imputed almost no interest. We perform an annual impairment test on each separate land position to determine whether the value has reduced exceptionally. We limit the impairment risk in this way. We start construction on projects under our own control only once we can be sure that at least 60 per cent of the homes or 100 per cent of the commercial property is sold or leased. These land positions are a good basis from which to benefit from an economic recovery.

Identifying and controlling financial and operating risks

The highest-risk elements of the primary process are the design, preliminary estimates, the tendering process, purchasing and project planning, and particularly the transitions between these phases. A second opinion may therefore be required on key sections, in particular for large and complex projects. Where operating risks are not economically sound insurable, we include them in the budget as a risk premium. Any risk that materializes, despite the controls, will often have a considerable impact on a project's margin.

Technical risks are often involved in the execution phase. Ballast Nedam concentrates on continuous process improvement, quality assurance and systematic analysis of failure costs. We take out normal insurance to cover risks during the design phase and construction. Building Information Models are another tool for rapidly identifying and controlling process risks. Where possible we avoid credit risk in the course of projects by arranging for contractual payment instalments in line with progress.

Liquidity and treasury risks: cash flow management and responsible borrowing

Ballast Nedam's legal structure currently comprises the Infrastructure and Building and Development divisions, which both have their own financing facilities. No undertakings of liability have been filed for these subholdings. It is normal in construction companies for current liabilities to exceed current assets, because companies receive prepayments on projects. The business as a whole runs a liquidity risk if it receives less in prepayments because of taking fewer projects into construction. Ballast Nedam controls this risk by performing periodic cash flow forecasts. We moreover have sufficient overdraft facilities. Managing the group's funds, the treasury function, is a joint responsibility, and is therefore organized centrally.

Ballast Nedam carries out projects outside the euro zone on a limited scale. In Canada, Ballast Nedam is developing and operating the Kicking Horse Mountain Resort. In view of the long-term nature of financing this Canadian activity, the foreign currency translation risk involved is not hedged.

Interest risk is determined by the combination of long-term loans and the positive cash position. The main long-term

loans have been contracted at fixed interest rates for lengthy periods. The interest risk, other than for the financing of a number of PPP contracts, is not hedged. For an explanation and sensitivity analysis of the financial risks, see page 112.

Social risks: competent employees are the most important success factor

Employees are an important component of a company's value. Our ability to attract and keep good employees largely determines Ballast Nedam's success. Working conditions in the construction industry are heavy, and the sector is confronted with relatively high absence through illness rates. There is additional information on this subject in the section on health (see page 38). A relatively large proportion of Ballast Nedam employees have flexible working arrangements, mainly through subcontractors. The operational margin is therefore less sensitive to a decline in revenue. Any strikes, work interruptions and integrity issues can lead to a substantial loss of revenue.

ICT risks: standard where possible; specific where necessary

All business units use ICT infrastructure and ICT information systems intensively. We continuously improve and upgrade these systems in various processes, enabling us to manage the associated change processes effectively with relatively little risk.

The ICT infrastructure is based on a wide range of services, modern communication technology and advanced virtualization techniques for data storage and processing. We are able in this way continuously to achieve and safeguard the required capacity, availability and sustainability.

We make an appropriate information system available for each business process, without losing sight of the overall picture in the company. Where possible we select proven technology and standardization across the business units in order to prevent disruption, unless a business process demands a unique solution that will give us a distinct advantage.

Ballast Nedam has drawn up an internal ICT code of conduct, known as the Code for Information Security. This code is the cornerstone of our ICT security policy.

Risk of climate change

Ballast Nedam is aware that climate change may put a strain on the internal organization and diminish our market opportunities in the long term. Some examples of climate management measures we are taking are given in the section on Energy and CO₂ reduction (see page 45).

Risks in connection with tax and legal matters

In Saudi Arabia, proceedings are ongoing in which the tax authorities are disputing the status of a tax-exempt contract dating back to 1999. Ballast Nedam repudiates the tax demand, and sees no need to make any provision. The tax demand involved relates to a Ballast Nedam International subsidiary for which Ballast Nedam is not liable.

In Canada, the tax authorities have re-opened a tax return by a Ballast Nedam subsidiary, dating back to 1996. Ballast Nedam wholly repudiates the resulting tax demand and sees no need to make any additional provision. The tax demand involved relates to a subsidiary of Ballast Nedam Asset Management for which Ballast Nedam has not issued any guarantees.

The UK Office of Fair Trading fined Ballast Nedam approximately 9 million euros for infringements of UK competition rules by Ballast Plc in January and February 2001. We have since lodged an appeal against this penalty. It is uncertain whether payment of the fine can be enforced in the Netherlands.

In 2007, Ballast Nedam brought civil proceedings against a former director. In 2009 an interlocutory award of approximately 20 million euros was given in favour of Ballast Nedam for a portion of the claims. The parties have lodged an appeal against the interlocutory ruling.

Ballast Nedam started an internal investigation at the request of the Tax and Customs Administration at the beginning of 2011 for information about the accounts of a foreign entity from 1998 through 2001. This foreign entity closed in 2001. Ballast Nedam has submitted the records obtained in this investigation for further investigation by the Public Prosecution Service, with which the company has cooperated in full.

Risk profile

This section presents a sensitivity analysis of the financing risk, reputation risk, sector risk, operating risk and housing market risk.

Financing risk under control

Agreements were reached with Rabobank and FGH Bank in March 2010 about the most important loans due to mature in 2012. The loans have been extended by two and three years, respectively. We have limited the financing risk by avoiding covenants for these loans.

Furthermore, Ballast Nedam has uncommitted bank guarantee facilities and cash facilities with Dutch banks for the financing of projects. The risk of the banks cancelling these facilities is limited because Ballast Nedam already has guarantees from these banks in place.

The financing risk on Public-Private Partnership (PPP) projects has increased. Compared with the period before the credit crisis, banks now require a larger guarantee on new PPP projects, which is increasing the pressure on the company's lines of guarantee.

Reputation risk: consideration for the community around us and our own conduct

Ballast Nedam enjoys a solid and favourable reputation, which is a valuable asset for the group. Major loss of reputation may arise from any infringements of the Code of Conduct, which encompasses the competition rules. We also view any alleged human rights violations, child labour, corruption and environmental threats on the part of our suppliers or subcontractors as risks for our own reputation. The consequences of any infringement are hard to quantify, but Ballast Nedam is aware that they may threaten the company's viability. We have accordingly introduced a socially responsible purchasing policy and we observe our internal Code of Conduct, and we demand the same of our suppliers and subcontractors. There is additional information about this subject in the sections on Chain responsibility (see page 35) and Integrity (see page 42).

Sector risk: construction and infrastructure industry sensitive to cyclical trends

Project development and the construction and infrastructure sector are generally late cyclical relative to general economic trends and cyclical fluctuations. The average construction volume varies in the Netherlands, expanding by 5 to 10 per cent in good years, but stagnating, or contracting by 5 to 10 per cent, in bad years. The trend in prices is usually even more volatile and depends strongly on supply and demand, on both the purchasing and sales sides of the business. The operating profit margins are relatively low. We are aiming in due course for a margin of between 3 and 5 per cent. However, we will be able to achieve this level only in the medium term.

Operating risk: larger, but manageable because of the broad spread of orders

The greatest operational risks in the primary process are in the design, preliminary estimates, the tendering process, purchasing and project planning, and in particular the transitions between these phases. These risks have increased because we have more orders in portfolio. On the other hand our order book is spread over more than 200 projects, none of which contributes more than 6 per cent to annual revenue.

The potentially substantial risks in the preliminary stages hamper a quantitative sensitivity analysis. If major setbacks were to occur on multiple projects simultaneously, the current operating profit could fall sharply, also in view of the relatively low profit margins. We consider this scenario to be unlikely, because we spread the order book well, and pursue a specific policy to control these operating risks.

Housing market risk

The sales of the homes developed by Ballast Nedam remained under heavy pressure in 2010 because of the recession and the associated decline in consumer confidence. We have therefore taken various additional measures, including:

- lowering costs;
- downscaling projects;
- working more intensively with housing associations;
- the industrial fabrication of homes;
- developing less expensive homes.

Although the recession will have repercussions for some considerable time, long-term housing market prospects are good. For this reason, together with the underlying high quality of our land bank and our associated valuation method, we consider the risk of material impairment on the land positions to be limited.

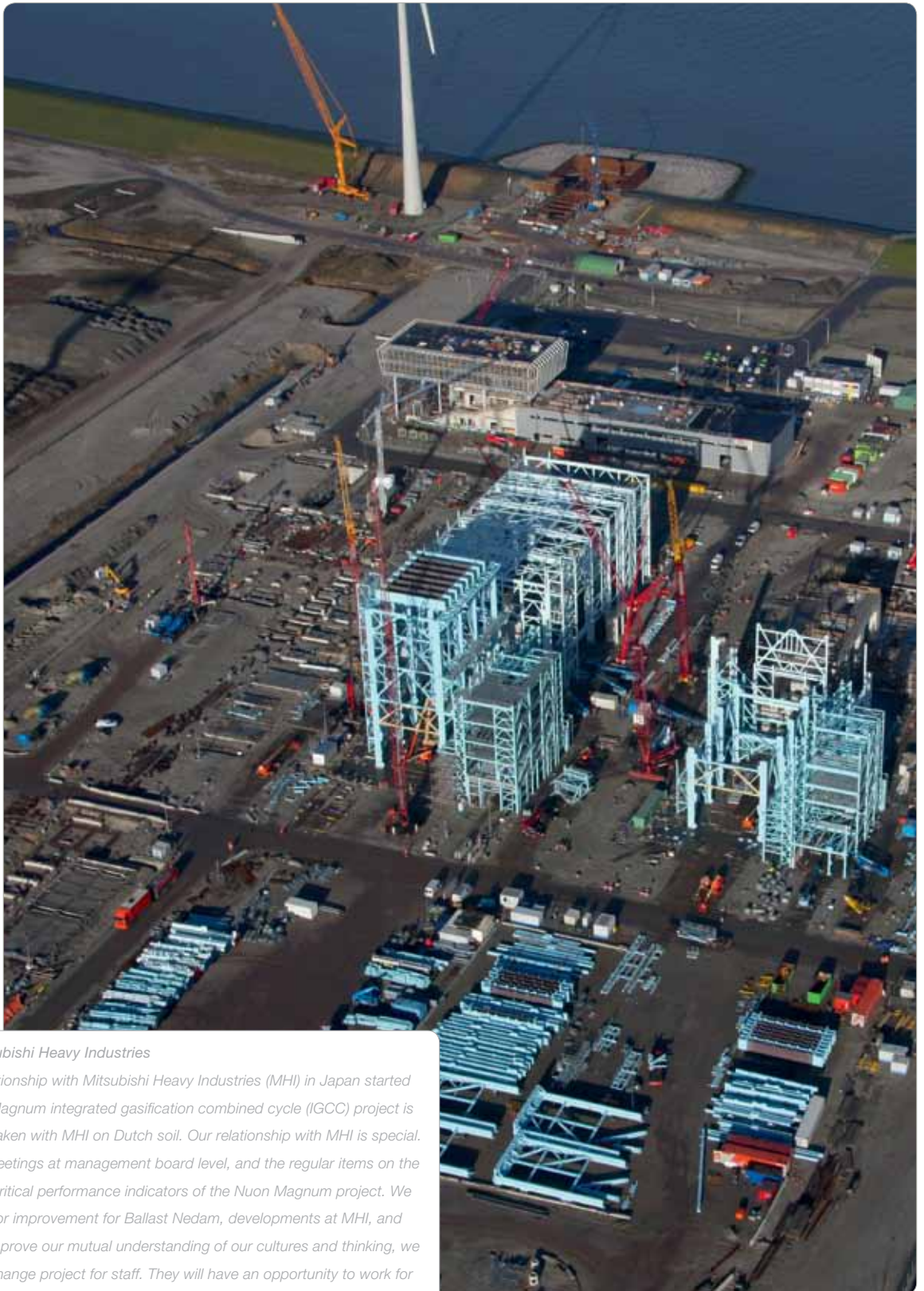


Head office PGGM, Zeist

SWOT analysis

The SWOT analysis given below covers the most important strengths, weaknesses, opportunities and threats identified in the sections 'About Ballast Nedam' and 'Risk management and risk profile'.

Strengths <ul style="list-style-type: none">– A broad spread of activities with a focus on the Netherlands.– A strategically well distributed land bank with substantial development potential.– A strong image and a solid financial position.– Good portfolio of companies in the vertical value chain, distinguishing themselves through high quality, innovation and cost leadership.	Opportunities <ul style="list-style-type: none">– A growing public-private partnership market in the Netherlands.– A structural shortage of new build homes.– Market niches such as offshore wind farms, natural gas filling stations, hospitals and industrial construction.– An increasing share of project development and management of maintenance and operation.– Chain partnership initiatives, with the objective of developing sustainable innovations.
Weaknesses <ul style="list-style-type: none">– Modest group size relative to public-private partnership projects and large infrastructure projects.– Insufficient utilization of the synergy between the various activities.– Relative overdependence on the Dutch market.– A relatively long land bank turnaround time.	Threats <ul style="list-style-type: none">– Slow recovery of the property market.– Increased risk of suppliers' and customers' insolvency.– An imminent shortage of qualified employees due to population ageing.– High bid costs.



Exchange with Mitsubishi Heavy Industries

Ballast Nedam's relationship with Mitsubishi Heavy Industries (MHI) in Japan started in 1985. The Nuon Magnum integrated gasification combined cycle (IGCC) project is the first to be undertaken with MHI on Dutch soil. Our relationship with MHI is special. We have quarterly meetings at management board level, and the regular items on the agenda include the critical performance indicators of the Nuon Magnum project. We also discuss points for improvement for Ballast Nedam, developments at MHI, and future projects. To improve our mutual understanding of our cultures and thinking, we have initiated an exchange project for staff. They will have an opportunity to work for two years in a different culture. In July 2010 one of our engineers departed for Kobe for two years. Since September 2010 Ballast Nedam has a Japanese colleague. All being well, she will start on an operating offshore wind project in April 2011.

Stakeholder analysis

In the world of construction, Ballast Nedam is among the leaders in introducing sustainable methods into the building process and the resultant built solutions. This does not happen automatically, because building is a complex process that involves countless parties. It is therefore equally important to have an understanding of the various interests and needs of our stakeholders: our employees, shareholders, suppliers and subcontractors, the people who live near our projects, public authorities, knowledge and educational institutions, and social organizations.

Our main focus in 2010 was on setting up and embedding the operational processes with which we will achieve our sustainable objectives. In 2011 we will embark on dialogue with all our stakeholders. The following sections have additional information about each stakeholder, and the relevant subjects to be raised.

Clients: investing in substantial and sustainable relations

In the construction industry the client-contractor relationship is generally still tense. However, Ballast Nedam sees a need for sustainable relations with our clients, with a view to matching our services to the pattern of expectations of the market. The company therefore encourages an open attitude towards customers across the board. The Ballast Nedam Code of Conduct dictates the approach. There is constant interaction between information from employees, project evaluations, customer satisfaction surveys and future policy. We also hold information sessions about specific market sectors, such as a round-table meeting with hospital managers, and sessions for the offshore wind sector. We also exhibit at relevant property and infrastructure fairs. In this way we stay in touch with what the market demands of us: integrated operation in the total cycle of projects, sustainable performance and a transparent style of working.

Opportunities for an annual progress check are provided by the Building Business Reputation Monitor and the Cobouw/TNS NIPO survey of favourite clients and contractors in the construction industry. These reveal, for instance, that clients are appreciative of Ballast Nedam's expertise and innovation, but that they view us less favourably when it comes to taking risks and expressive communication. Ballast Nedam is viewed as a pleasant organization to work with.

Shareholders: intensive contact through multiple channels

As a publicly listed company, Ballast Nedam attaches great importance to maintaining good relations with all its shareholders. Investors' interest is expressed in the many bilateral meetings, tours, road shows, attendance at seminars and presentations given by the Board of Management and the investor relations officer. The annual shareholders' day involved a visit to the Komfort PPP project in Utrecht. Ballast Nedam is able to build up a picture of investors' needs and ideas through this regular and direct contact. The objective is to deliver sound and timely information about company developments that are relevant for investment decisions about Ballast Nedam. To this end we provide our shareholders with information about our financial performance, our strategic choices and objectives, and social aspects.

Ballast Nedam provides news systematically, and releases it simultaneously to all stakeholders. We also inform interested parties about our policy through press releases, on our website, in press conferences and at the Annual General Meeting of Shareholders. We seek dialogue and are open to questions from interested parties. For instance, in the reporting year we explained clearly the influence of public-private partnership (PPP) contracts on financial reporting, the risk the company is exposed to on unsold homes, and the financing capacity available to the company. The Board of Management maintains contact with shareholders also outside the Annual General Meeting of Shareholders. The Board of Management visits the larger shareholders individually in order to provide background information and to discuss the company's strategy. Visits were again paid to numerous investors in 2010. Furthermore, road shows were held in the Netherlands, the United Kingdom and several other European countries. We give presentations to groups of interested private investors in the Netherlands. The dates, venues, arranging banks and presentations from the road shows are posted on www.ballast-nedam.com.

Suppliers and subcontractors: discussing effective chain cooperation

Our suppliers' performance determines what we are able to offer our customers. Ballast Nedam therefore attaches importance to its suppliers guaranteeing the quality of services rendered or products delivered, and that they perform their work in accordance with the same principles that Ballast Nedam itself observes, such as always taking local residents and other stakeholders into consideration.

In 2009 Ballast Nedam surveyed its suppliers to ascertain the views of their relationship with Ballast Nedam. Based on the findings we have had discussions in 2010 with several framework contract partners about how we might improve our partnership, such as by efficiency improvements in the ordering and delivery processes, and simplification of administrative processes. In this connection we also discussed the importance of chain cooperation with our most important suppliers. The youth organizations of four other construction companies were also involved in this discussion. We intend to intensify this dialogue in 2011 with a limited number of A-list suppliers who have a substantial impact on our projects.

People who live near our projects: creating understanding in open dialogue

Construction projects have a great impact on the world around them, including on road users, flora and fauna and, of course, local residents. Ballast Nedam always arranges open dialogue with local residents, with the objective of creating favourable perceptions of the construction process, and limiting any nuisance. The project leader or site manager of smaller projects handles communication of this kind. For larger projects, we appoint a dedicated community relations manager, who provides everyone affected by a project with relevant information.

Ballast Nedam always listens attentively to local residents, and holds information evenings to explain to them what will be happening on the construction site in the coming period. Local residents then have an opportunity to ask questions, and the builder can take any additional specific measures to reduce nuisance further. We also involve school students, such as by giving guided tours of the construction site. When the project is complete, we always give local residents some token of our gratitude for their understanding and patience.

Ballast Nedam construction projects are approved by the Bewuste Bouwers (Aware Builders) foundation. The approval process assesses the measures taken for the public, employees and the environment.

Public authorities: partners that facilitate and guide

Public authorities largely determine with their regulations and prioritization where and when infrastructure and property are created. This means that municipalities, provincial governments and the national government have a powerful influence on how the various Ballast Nedam companies operate. Our organization has opted for constructive dialogue with the government through industry associations such as the Dutch Construction and Infrastructure Federation (Bouwend Nederland) and The Netherlands Association of Property Developers and Investors (NEPROM). Ballast Nedam also participates in various platforms where the public and private sectors come together, such as the KEI expert centre for urban regeneration, NederLandBovenWater, the Deltametropool association, and the XSAAL and Bloemblad covenants. We exchange ideas and know-how with the government about a graduated concession project approach. Arriving step-by step at a clear project definition through early involvement enables us to achieve a better price-quality ratio. Within Europe we are engaged in dialogue through the EC Liaison Office.

Ballast Nedam is also contributing to regulations through its intensive input to transition from Dutch building standards (TGB standards) to Eurocodes, the new system of European standards. For instance, we represent the Netherlands in the Eurocode EC 4 meetings for steel-concrete constructions.

The dialogue with municipalities is mainly concerned with how to keep the quality and quantity of the housing stock up to scratch. We are talking with the national government about issues such as the urban regeneration districts, just as the housing corporations are surrendering much of their power. The question of how to permanently facilitate the housing needs of first-time house buyers in view of the drastic decline in this group's borrowing capacity, is high on the agenda.

The national government is increasingly adopting the Design-Build-Finance-Maintain-Operate (DBFMO) approach. This form of procurement gives control to a private market party or a consortium of market parties not only for the construction



ENCORD

Since November 2010 Ballast Nedam has supplied a Vice President of ENCORD (European Network of Construction Companies in Research and Development). Our Director of Innovation holds this position and has special responsibility for northwest Europe and ICT in the construction industry.

phases, but also the financing. This has been seen to work well in major infrastructure and building-related contracts. The challenge is to extend this approach to municipal level, in order to guarantee the quality of the built environment in the long term. If this approach works through into all administrative layers, Ballast Nedam envisages that DBFMO will also allow area-specific and public housing challenges to be dealt with successfully. The reorganizations of the ministries that are concerned with our industry are improving administrative consistency, as a result of which we will be able to execute projects more rapidly and more satisfactorily.

Employees: shaping employee participation, and satisfaction surveys

Ballast Nedam attaches great importance to dialogue with the various employee participation bodies such as the Central Works Council (COR), the two group works councils in the divisions, the works councils, and employee representation bodies. Members of the employee representation bodies are elected by Ballast Nedam employees from among themselves.

The Central Works Council had nine meetings in 2010 to discuss routine matters, five of which with the Chairman of the Board of Management. A member of the Supervisory Board also attended one of these meetings. The subjects discussed were strategy, synergy, employment, annual and interim financial reports, and special projects and tenders. The Central Works Council had talks in 2010 with the director about the revised lease scheme that the director proposed to introduce with a view to having as many of our vehicles as possible fuelled by natural gas. The Central Works Council provided the director with a positive opinion in 2010 about early refinancing of the current loan. In 2010 the Central Works Council also had contact on various occasions with the trade unions, including about the new social package that came into force on 1 October 2010.

Ballast Nedam conducted an employee satisfaction survey in the Building and Development division in 2010 to monitor how our employees perceive their work situation, and what improvements they would like to see. The survey revealed how Ballast Nedam employees view issues such as leadership, safety, teamwork, communication and employment conditions. We had previously conducted employee satisfaction surveys in the holding company and the Infrastructure division in 2009. A future employee satisfaction survey will cover the entire organization.

Knowledge and educational institutions: sharing knowledge and moving forward together

Ballast Nedam maintains intensive links with knowledge institutes, research and professional universities, and other educational establishments. We naturally maintain contact with TNO Building and Construction Research, the three universities of technology and the universities of applied sciences in the Netherlands. Many of the students undertaking a final thesis project or work placement with us are from these institutes. However, we consciously maintain intensive links also with research and professional universities that operate outside the industry. Ballast Nedam is a founding partner with the Erasmus University in Rotterdam of the Partnership Resource Centre, which focuses on sustainable development.

We also participate with European and international universities and research institutions in European partnerships such as:

- ENCORD (European Network of Construction Companies for Research and Development);
- ECTP (European Construction Technology Platform);
- ECCREDI (European Council for Construction Research, Development and Innovation);
- 5D initiative.

Ballast Nedam has representatives on the boards of all four Betonvereniging study associations, and contributed with eight employees and a board member to the one-and-a-half year Building Brains programme. Ballast Nedam employees are involved in national advisory bodies such as the ICT Innovation Platform ICT in de Bouw and the Building Information Council (BIR).

Ballast Nedam employees provide various forms of teaching in national educational institutions. They give guest lectures at research universities and universities of applied sciences, and Ballast Nedam supplies lecturers for programmes and modules at various training institutes, such as BOB.

Social organizations: joining forces to make our environment more sustainable

Contacts with social or non-governmental organizations are not yet fully harmonized within Ballast Nedam. Our main contact with NGOs is on project level, because they are among the stakeholders of integrated solutions.

RTCC

As an RTCC participant we also attended the Conference of the Parties on Climate Change (COP 16) in Cancun Mexico in December 2010. At this global climate summit Ballast Nedam was able to establish new contacts with organizations that work globally on protecting our climate.



We also participate in various organizations and platforms that are thinking about sustainability and making the built environment more sustainable. On a national level we are a member of organizations such as the Dutch Green Building Council (DGBC). Ballast Nedam Sustainability Services also maintains intensive contact with the Urgenda foundation, which describes itself as an action organization for making the Netherlands more sustainable faster. Urgenda gives us an opportunity to be part of a sustainability movement from which we can bring down barriers and set up iconic projects.

On an international level we participate in Responding to Climate Change (RTCC). This accredited organization officially oversees achievement of the UN climate targets, and provides a global platform for combating the consequences of climate change. Ballast Nedam also supplies a board member of the European Wind Energy Association (EWEA).



Ballast Nedam Innovation Day

The 2010 Ballast Nedam Innovation Day was held on 11 November in the historic Van Nelle Ontwerpfabriek in Rotterdam, where Ballast Nedam's innovative side was presented to around 550 Ballast Nedam employees. The theme was Sustainable Innovation, and the subthemes were sustainable renovation, sustainable chain cooperation, sustainable energy and sustainable business.

TV talkshow host Matthijs van Nieuwkerk and CEO Theo Bruijninx put on a show that shed much light on the urgency of sustainable innovation. The Ballast Nedam Innovation Award was also presented at the Innovation Day: the popular choice award went to the iQwoning® and the jury prize to the biomethaannemer. Attendees had an opportunity to inspect the latest innovations on the innovation precinct.

Ballast Nedam will be holding another Innovation Day in 2011, but then with an external orientation. The objective is to create a joint innovation agenda together with our stakeholders.



Operations in 2010



*Nuon Magnum multifuel power station,
Eemshaven*

This chapter discusses how Ballast Nedam performed its primary operations in 2010, and how it achieved its social objectives in the process. We favour a pragmatic approach and do all we can to operate as an aware and proactive company. By working to achieve a balance between social aspects, environmental considerations and economic aspects we are making our – preferably measurable – contribution to a livable and sustainable society. We carefully consider the world around us while guaranteeing the continuity of our business. Specifically, we focused in 2010 on the themes of energy and CO₂ reduction, integrity, safety, entrepreneurship & innovation, and chain cooperation. This chapter presents our progress.

Profit

We report in the table below on the course of events in 2010 with reference to four types of client and joint venture partners: public, semipublic, private and consumer. You can see how the market is developing in relation to these four types. We then outline our position in the four resultant types of relationship. The market developments and our position jointly give a qualitative picture of the market in which Ballast Nedam operates. After the table we present facts and quantities, summarizing the achievements and giving examples.

	Public	Semipublic	Private	Consumer
Market developments	<p>The government gave incentives to the construction market at the height of the economic crisis with measures such as the Emergency Act, reducing VAT on maintenance and bringing forward capital expenditure. In conjunction with the announced cutbacks, the government is now scaling down its involvement, which will have an immediate impact. The national government is attempting through DBFMO projects to put the accent more on lifecycle costs and integrated contracting practices.</p>	<p>Organizations such as hospitals, school boards and housing associations operate in a dynamic environment, with declining government influence and a rising public demand for forceful management. The development of new property and the management of existing property have a strategic position in these organizations' operations. These organizations usually insource the knowledge and experience they need for development and management. They often have a strong desire to transfer all the associated risk to parties that have the appropriate expertise.</p>	<p>The consequences of the economic crisis are very conspicuous in private companies. Property developers are finding it hard to sell homes, lease offices, or arrange necessary project financing. Owner-occupiers are reluctant to invest in their existing or new property. However, there is increasing public and political pressure to achieve new accommodation plans as far as possible by reusing or redeveloping the existing stock of business accommodation and office buildings. The energy industry is having fewer crisis-related problems. The demand for sustainable and other energy is large, so that energy companies are continuing to invest in new projects.</p>	<p>The Economic Institute for the Construction Industry (EIB) has found that residential building was the sector hardest hit in 2010. Consumers are exercising considerable restraint when buying a new home, because of uncertainties about the economic recovery and continuation of the tax deductibility of mortgage interest. The homes they leave behind are also more difficult to sell. This implies that they think very carefully before deciding on a newly built home, and that these buyers are aware of their special position in this demand-driven market. The reduced VAT rate for home renovation is encouraging consumers to make alterations to their existing property rather than opting for a new house.</p>

Ballast Nedam's position

	Public	Semipublic	Private	Consumer
	<p>The government is the most important client for Ballast Nedam. The projects of both the Infrastructure division and the major building projects are being executed on behalf of the national or provincial governments or municipalities. As a major building company, Ballast Nedam attaches considerable importance to sustainability, corporate social responsibility and integrity, which are aspects that our public clients hold in high esteem. Furthermore, Ballast Nedam has emerged from a far-reaching process of bringing the organization more into line with the increasing demand for integrated project forms.</p>	<p>Ballast Nedam's profile is compatible with the needs of semipublic organizations. We are a potential partner for the long term because we combine disciplines such as development, construction and management. The focus is on innovative forms of partnership, which make the best use of the benefits of chain integration and tap into the strengths of the client and contractor in effectively controlling risks. This means that we arrive at a custom solution through open dialogue for each project.</p>	<p>This is an important target group for the Ballast Nedam regional companies. Property developers that do not have a construction company of their own can trust our many years of residential construction expertise implicitly. Owners and occupiers of commercial buildings benefit from Ballast Nedam's business model, in which land positions with buildings ready for occupation can be delivered in a single contract. Integrating the vertical value chain enables us to make unique propositions.</p>	<p>Developing and building new homes for individual buyers is a Ballast Nedam core business. In view of market developments the company reappraised its land positions in 2010 and restructured the development activities. Our focus is now on constructing small-scale projects, where we are even better able to translate the wishes of individual consumers into residential solutions. New initiatives are oriented to inner city restructuring and area developments.</p>
Results	<p>In 2010 Ballast Nedam earned 30 per cent of its revenue from public sector contracts. For the Infrastructure division this is a 34 per cent decline relative to 2009, as a consequence of the completion of the A12 widening project. The Building and Development division earned 26 per cent of its revenue from public sector contracts. This is a conspicuous rise on 2009, as a consequence of major projects, such as the Ministry of Justice and Ministry of the Interior building in The Hague, and the Komfort PPP project in Utrecht.</p>	<p>In 2010 Ballast Nedam earned 16 per cent of its revenue from semipublic parties. The figure for the Infrastructure division is 5 per cent, which is almost the same as in 2009. The Building and Development division earned 27 per cent of its revenue from contracts for semipublic parties. This is slightly less than in 2009, because of the completion of several hospital projects.</p>	<p>In 2010 Ballast Nedam earned 48 per cent of its revenue from the private sector. The figure for the Infrastructure division is 58 per cent, which is up sharply on 2009, because of additional work on the Magnum power station in Eemshaven. The Building and Development division earned 37 per cent of its revenue from private sector contracts. This percentage is the same as in 2009.</p>	<p>In 2010 Ballast Nedam earned 6 per cent of its revenue from consumers. The figure for the Infrastructure division is 3 per cent, which is almost the same as in 2009. The Building and Development division earned 10 per cent of its revenue from consumers. This is down on 2009, because fewer homes were sold.</p>

Examples

Public	Semipublic	Private	Consumer
In 2010 parts of two DBFMO projects were completed. In addition the largest DBFMO project in the infrastructure market was awarded to a consortium that includes Ballast Nedam: widening the A15 in Rotterdam.	A start was made in 2010 on renovating 1900 Com-wonen housing association homes based on chain integration. Ballast Nedam was also awarded the new construction contract for the Meander Medical Centre. A start was also made on building the 12 Ruiterschool in Houten.	In 2010 Ballast Nedam was instrumental in the construction of offshore wind farms, such as the English Sheringham Shoal, with contributions from the heavy lift vessel Svanen. We also contributed substantially to the Nuon Magnum power station construction in Eemshaven.	The internally developed residential building projects declined. Ballast Nedam is involved in specific locations, such as the Kloosterkwartier in Sittard and on specific housing products, such as in Leidsche Rijn.

Residential

Residential construction numbers

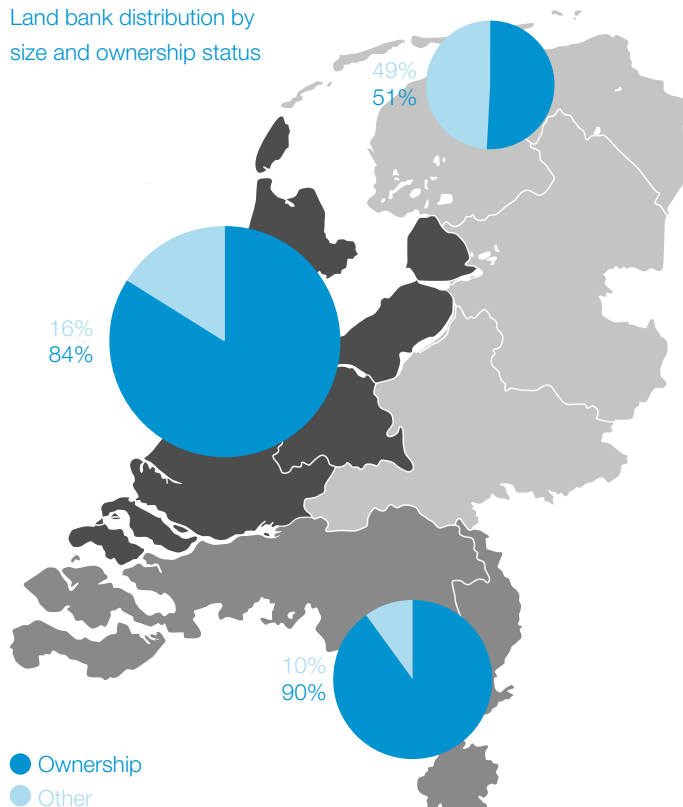


The residential building activities declined in 2010. Property development marked time, with a start on only 28 homes from internal property development in the past year. The corresponding figure in 2009 was still 177 homes. The total number of homes under construction declined from 2 079 at year-end 2009 to 669 at year-end 2010.

The total risk of unsold stock went down in 2010 by 8 million euros to 42 million euros. The total investment in unsold property projects for own risk, both delivered and under construction, increased by 9 million euros. However,

the remaining obligation to complete unsold property under construction fell even more sharply from 20 million euros at year-end 2009 to 3 million euros. The number of unsold homes went down from 184 at year-end 2009 to 124. However, the constituent number of completed homes increased by 61 to 102, spread over 11 projects. Of this, approximately 35 per cent of the sales risk is shared in some way with other parties. The completed unsold stock consisted moreover of 1 609 m² of leased and 1 000 m² of unleased commercial space.

Land bank distribution by size and ownership status



The estimated development potential of the land bank in the Netherlands went down from 15 600 homes to 14 900. The carrying amount of the land bank rose by 3 million euros to 160 million euros because of a number of relatively small acquisitions, and payments on existing investment obligations. The net impairment of land positions was 4 million euros. Outstanding unconditional purchase obligations for land at year-end increased by 6 million euros to 30 million euros, of which 6 million euros will fall in 2011.

Ballast Nedam foresees a rise in the structural housing market shortage, in both quantity and quality. Residential construction therefore does have promise in the long term. Recovery will take more time in the office market, given the national vacancy levels of 7 million m².

Organization

Ballast Nedam is bringing its organization more into line with the strategy of consolidating its position on the growing integrated contracts market. We attach great value to chain cooperation, and we have made strides in this direction in 2010.

- Ballast Nedam IPM set up the Traffic Engineering department, which is now being expanded, and will make us less dependent on third parties for traffic engineering.
- The plant management departments Bouwmaterieel and Infra Materieel have been merged into a single unit, Ballast Nedam Materieel.
- The business units that are engaged on development have had a single central back office since 2010. Furthermore, property development has been placed under the regional companies, thereby better harmonizing project development and construction activities.
- The number of regions in both the Building and Development and Infrastructure divisions was reduced by one to achieve a scale increase and improve service to customers.
- The risk-bearing participation in heat/cold storage (Climate Green), similar to CNG Net (natural gas/green gas distribution network), was placed at an earlier stage under the operations of Ballast Nedam Concessies.



Van Beuningenplein, Amsterdam

Innovation management

Innovation is a crucial factor in Ballast Nedam's ability to continue providing sustainable total solutions in the built environment. Through innovation we can renew ourselves, explore new avenues together, and take the lead in our industry and for our customers. We are convinced that innovation leads to sustainability and vice versa. Ballast Nedam therefore sets great store by setting itself apart from others through innovation and by strengthening its position on the growing integrated projects market.

At the corporate level a Director of Innovation facilitates the innovation management process. Important related duties are clearly displaying Ballast Nedam's innovative nature, enhancing innovative strength, and maintaining relations with national and international organizations, such as ENCORD.

In 2010 a theme site was launched on the Ballast Nedam

intranet, and an application made for supporting the idea management process. The innovations themselves materialize in the business units and on projects. The Ballast Nedam Innovation Day in late 2010 demonstrated Ballast Nedam's highly innovative nature, with forty entries for the Innovation Award, and a professionally designed innovation precinct where the organization gave internal presentations.

Innovation does not revolve solely around new high-tech products, but also involves new ways of working together, smart combinations of existing means of production, new contract forms, and creating opportunities in new markets. Some good examples are Ballast Nedam's successful position on the PPP market and the steps Ballast Nedam is taking on the sustainable energy market, such as in the fields of wind energy and natural gas and biogas.

Innovation is also about redesigning processes. An example is our organization's successful approach to Building

Reviewing plans

Reviewing all plans enables us to control risks and reduce costs. At the time of pricing and in each phase of the design process all documents are reviewed on constructional, structural, building physics and building services aspects, as well as compliance with regulations. The reviews are performed by internal and external advisers from outside the project organization. We review specification documents that we receive in the same way, which sheds light for Ballast Nedam on the project risks. We communicate to the client any shortcomings that are revealed, which also fulfils the obligation to warn, which construction companies have. The costs of planning reviews are often a small fraction of the risks they help manage.

Information Models. There has also been much attention to process innovations on the ground in the past year: the Lean Construction Management programme has delivered its first benefits. These process innovations are producing immediate savings. Innovation therefore also makes money.

Objective 2010: implement at least three sustainable innovations.

We have amply achieved this objective, as the examples above show.

Objective 2011: implement at least three sustainable innovations.

Ballast Nedam will continue in 2011 to be actively engaged in the sustainable innovation of products, materials, processes, markets and systems, and with social and organizational changes that enable or promote these innovations.

Reducing failure costs

Minimizing failure costs is important for maximizing value. We can improve the margins in the building process by reducing failure costs. For the total chain this could mean limiting the all-in cost of construction of the built environment. Ballast Nedam has been working for some considerable time in its large and complex projects with specific management systems that are oriented to risk management and thorough project planning. These investments pay for themselves in the course of a project, because processes proceed more smoothly, drawings are clearly detailed, and responsibilities are assigned unambiguously. The current market conditions demand the trimming of all unnecessary costs from internal processes. Only then can we continue to perform well in building. Ballast Nedam will accordingly continue to apply these management techniques on major projects in 2011.

Examples can be found throughout Ballast Nedam. For instance, we make agreements with the consultancies within Ballast Nedam for the efficient assessment of design documents in the regional planning reviews. We solicit any external expertise that may be needed from within the local network. Another example is that we employ risk management specialists more broadly in and on behalf of the entire organization. Keeping the entire project team involved

in the risk analyses – completing a checklist that becomes progressively more specific in successive design phases for each project component – ensures cross-fertilization of ideas throughout the company.

All these management techniques put Ballast Nedam in an even stronger position to manage risks and limit failure costs on traditional contracts and the growing number of integrated contracts. Specifically this means close cooperation in all pricing operations between the regional offices and the major project organizations in both divisions.

Chain responsibility

Our contracts are usually implemented in the form of a project, and we are therefore frequently engaged in a search to identify the ‘appropriate chain of suppliers’. This is a familiar situation in our industry. Awareness is growing within Ballast Nedam of the many benefits of repeatedly doing business with a small number of suppliers. The benefits exceed any price advantage that might be obtained by constantly switching suppliers.

Our Management Product Group has set out to identify companies that are able to offer Ballast Nedam structural added value on projects. This was also the subject of the Ballast Nedam purchasing day in November 2010. The conclusions reached on this day will be worked out in detail in projects in 2011. Several product group managers to be appointed in 2011 will define the right purchasing strategy for Ballast Nedam for various product groups to be determined.

Socially responsible procurement

Our purchasing policy is oriented to an attractive price-quality ratio and to social aspects, such as workplace safety, ethics, sustainability and opposing child labour. Ballast Nedam therefore prefers to do business with suppliers that share responsibility for the chain, which they demonstrate through their actions. In due course Ballast aims only to purchase from these suppliers. We accordingly set up a socially responsible procurement programme in 2010, which we will be rolling out in the organization in 2011. In 2010 contracts with suppliers for large purchases stipulated disclosure of their CO₂ footprint. In 2011 we will be extending



tok!

Innovation starts with good ideas, which is why we started our online idea and discussion platform at the end of 2010, with the name of tok!. All Ballast Nedam employees are invited to air their ideas and issues there in the form of blogs and wiki, and other social media techniques. Promising ideas are investigated further.

Within two months 45 ideas and 20 issues had been submitted, and 139 team members had posted 270 responses. The first ideas varied from process innovations related to New Working and the use of social media in selling homes, to proposals for product innovations. Some subjects are topical in more than one business unit, so that they have an opportunity to join forces. tok! has also proved itself as a sales tool: people from a variety of business units were approached through tok! for their views on an energy philosophy for Schiphol Airport Amsterdam. And this was a success: Ballast Nedam won the contract.

this approach by also asking these suppliers about their corporate social responsibility actions.

Green electricity and sustainable wood

Our socially responsible procurement strategy focuses on clean energy, reducing waste streams and reusing raw materials. We explain the latter two subjects in the section on waste and recycling. Regarding energy consumption, the entire organization has identified opportunities for reduction, and we now consume green electricity only. Outside this framework, Ballast Nedam has signed the FSC covenant: we use FSC wood in all our work, and this also has consequences for our suppliers.

Objective 2010: define sustainability criteria for two product groups.

Sustainability criteria have been established for energy and wood.

Objective 2011: define sustainability criteria for two product groups.

The product groups for 2011 have yet to be defined.



Building Information Models (BIM)

BIM is an intelligent model that helps in the exchange of information between parties and between different phases of a project. All input data are adjusted automatically to changes as they occur. Data such as plans,

required quantities and costs are linked to the 3D drawing, thus capturing the entire chain in a single information carrier. BIM is compatible with our policy of providing sustainable total solutions, in that BIM enables us to capture and integrate products, and make the output visible for customers and clients, and anyone else involved. By using BIM we are also able to bring down failure costs.

BIM has increased in importance in Ballast Nedam in recent years:

- ever more projects are applying BIM aspects;
- ever more business units are developing BIM, or are planning to do so;
- the number of modellers is growing, and BIM is becoming firmly embedded in Ballast Nedam policy.

Preparations were made in 2010 for the Ballast Nedam BIM Service Centre, which was set up in early 2011. The primary function of this centre is to develop BIM knowledge and technology and implement them uniformly throughout Ballast Nedam.



Jan Jaap works in a management position with Ballast Nedam during four days a week; Tuesdays he spends with his family.

Employees and employment

Ballast Nedam is keen to foster long term employee commitment to the company. For us, lifelong employment means a productive life, preservation of mobility, and the achievement of personal growth and the development of talents with pleasure and commitment.

In 2010 almost 50 per cent of our employees had worked for Ballast Nedam for ten years or more. Characteristic qualities of the relationship between Ballast Nedam and its employees are demonstrating initiative and entrepreneurship, finding each other's limits, and then stretching them. We give our employees many opportunities and facilities, but what makes the long-term relationship really successful is teamwork. We are alert to the needs of the different generations who work for us, so that we forge a bond with our employees of all ages. Age-aware personnel policy, flexible terms

and conditions of employment and working arrangements improve and strengthen the relationship.

Identifying the best place for employees in every situation

We cater for employees' potential at every point in their careers. In our view, this the best way to continue to motivate employees and maintain their commitment. Promotion and reward are based not on the job, but on qualities. Sometimes it may be better to move a step back, or gain experience elsewhere internally. Another option could be internal promotion. If an employee is incapacitated for work, we contribute ideas about reintegration. Outsourcing to another company in the same industry is also possible in the right situation. In these ways, we aim to optimize the working situation of our employees to suit the specific circumstances.

Our workforce

In 2010 Ballast Nedam had 3 869 employees (3 763 FTEs) of which 374 part time and 63 FTEs abroad. 11 per cent of employees are female. We do not discriminate between men and women in basic salaries. 95 per cent of our employees are covered by a collective agreement (CAO). The remaining 5 per cent of employees have jobs that are not covered by the collective agreements that Ballast Nedam subscribes to, but fall under the Industrial Insurance Board for the Banking and Insurance Industry, Wholesale Trade and Professions (BV25).

Chain integration demands flexible and enterprising employees

Ballast Nedam is actively changing the culture in relation to our stakeholders. We intend to extend chain integration and increase the proportion of work within integrated projects. This demands a different attitude internally and externally, and different competencies. We are taking action to make these changes: we are adapting our in-company training, we are actively participating in the Bouwreflectie programme, we are developing the Ondernemend in de Bouw (Enterprising Building) course, we are a Bewuste Bouwers (Aware Builders) member, and we take an active stance towards various social return on investment programmes and corporate community investment.

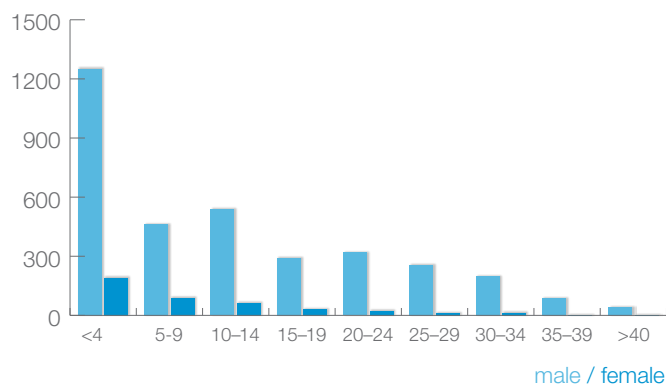
Sometimes it is necessary to cut back, precisely to safeguard the continuity of employment in the future. If there is no other choice, redundancy is the last resort. In 2010 Ballast Nedam agreed a new social package with the trade unions, with the aim of alleviating the unfavourable consequences of losing a job.

Health

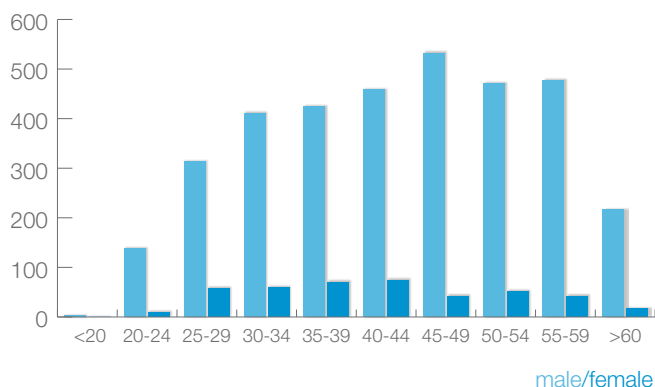
Ballast Nedam responds rapidly and effectively if an employee becomes incapacitated for work, or is involved in an accident, but also takes steps to prevent repetition. Prevention demands appropriate policy, such as promoting a healthy lifestyle for employees. We have embarked on a number of initiatives to this end:

- workwear packages tailored to individual employees;
- regular medical examinations for all employees;
- a tax-efficient scheme for gym membership;

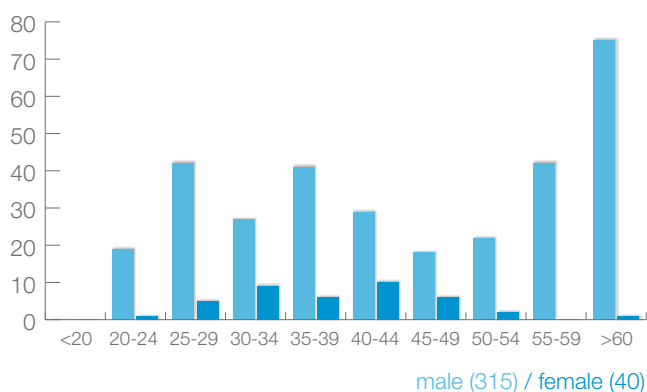
Years of service



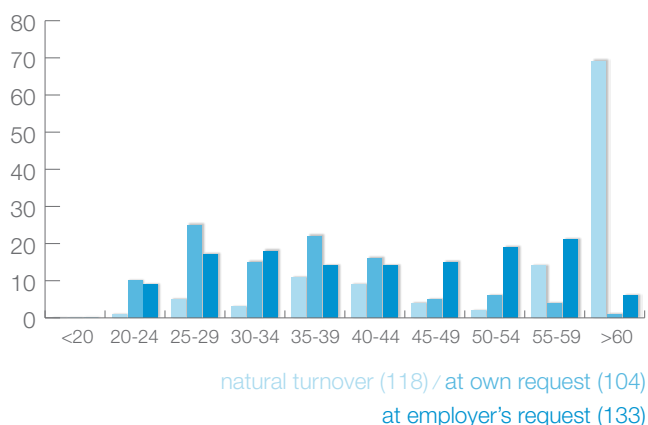
Age profile current



Age profile turnover



Age profile turnover



- coaching for a healthy lifestyle and healthy nutrition following the regular medical examination (i.e. the VIP vitality scheme);
- workplace safety awareness training.

These efforts are important, for both Ballast Nedam and our employees. The healthier our employees, the lower the absence through illness rate and the more pleasure our employees will have in their work.

Regular health checks

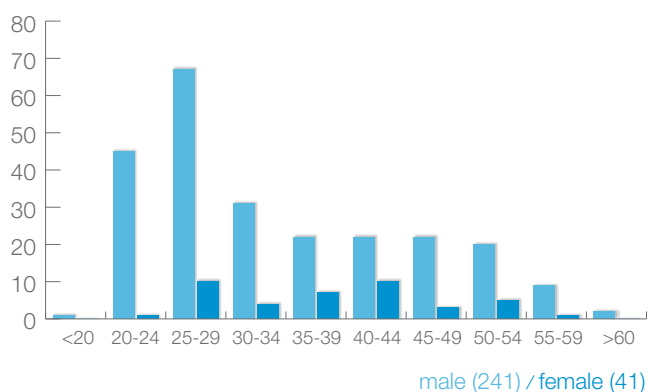
Employees who are covered by the collective agreement for the building industry are entitled to a periodic occupational health examination (PAGO), which is given once every four years for employees below the age of 40, and once every two years thereafter. The frequency is higher in some Ballast Nedam business units. The examinations are run by and financed through the Arbouw foundation and performed by the appropriate health and safety service.

As part of the Preventive Age-Aware Personnel Policy (PLP), Ballast Nedam started giving employees a more comprehensive examination some years ago. The examination includes a maximum condition test and – if needed – coaching.

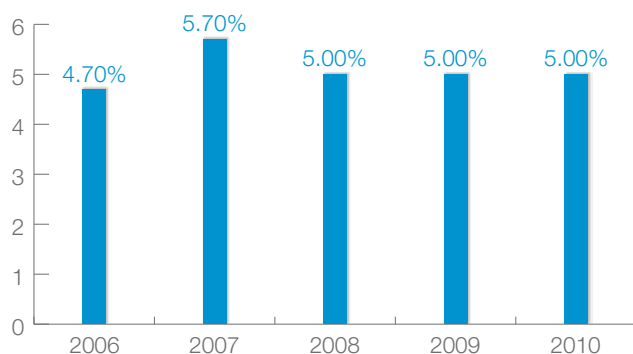
The VIP vitality scheme

Ballast Nedam and the VU University Amsterdam started the VIP vitality scheme in 2009. This project will run to the end of 2011. It is not just about assessing employees' state of health and fitness, but more importantly also about coaching employees whose lifestyle or nutrition has room for improvement. The project focuses on all direct employees, including construction site workers and production personnel.

Age profile intake



Sick leave



Objective 2010: reduce the absence through illness rate to less than 5 per cent.

The absence through illness rate in 2010 was 5 per cent, the same as in the previous two years.

Objective 2011: reduce the absence through illness rate to less than 4.8 per cent.

As explained in the section above, we are seeking to reduce absence through illness further through a variety of programmes.

Safety

Safety is one of Ballast Nedam's core values. Our employees and everyone else involved in our operations must be able at all times to work in safety and good health.

Workplace safety starts with safety awareness and safe conduct by all employees at all levels of our organization: from management to site worker. Statistics surveys have shown that 80 per cent of accidents are caused by wilfully or inadvertently dangerous behaviour of people. All employees on our projects, whether our own people or externals, must have an individual Safety Checklist (VCA) certificate.

Safety risks higher with foreign-language employees

The process of internationalization in the construction industry is confronting Ballast Nedam with new safety-related challenges. International clients often set demanding requirements on construction site safety regimes. Furthermore, the number of foreign-language-speaking employees on the construction sites, especially from other EU countries, is increasing. Different patterns of expectation and miscommunication because of the language barrier may then be detrimental to safety performance.

There are no exact figures for the number of foreign speakers in the workforce, and neither do we keep records. It is estimated that the proportion is between 5 and 10 per cent of employees on construction sites. In 2010 there were 15 lost-time injuries involving foreign-language-speaking employees, which is approximately 13 per cent of all lost-time injuries. The above estimates and statistics would suggest that an employee with a different mother tongue is 1.5 to 2 times as likely to incur a lost-time injury.

Improving safety through better and multilanguage information

Ballast Nedam's actions to improve safety performance focus on raising safety awareness among the people who work on our projects. In 2010 we gave specific attention to providing better information to employees on the projects and giving project management appropriate tools. For instance, we provide a variety of information, such as construction site rules and last-minute risk analyses in multiple languages on our new safety theme site. We also introduced the Projectbox, which is a simple introductory tool for projects in

five different languages. The main objective is for employees to act in such a way that hazardous situations do not occur, or are corrected before things can go wrong.

Measuring and comparing safety performance

Ballast Nedam uses the injury frequency (IF) of the 'Safety Health and Environment Checklist for Contractors' (VCA) system to measure safety performance. The IF represents the incidence of lost-time injuries per million worked hours for our own and external employees. This statistic enables us to compare the performance of the various business units and the sector

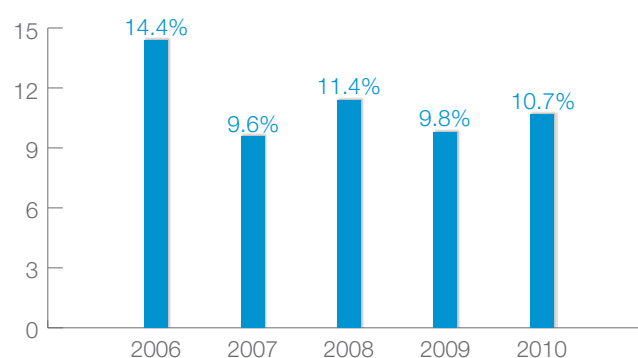
Objective 2010: fewer than 9.0 fatal and lost-time injuries involving Ballast Nedam employees per million hours worked.

Ballast Nedam's Injury Frequency (IF) for 2010 was 10.7 (in 2009: 9.8). The main cause of this deterioration is the larger number of accidents at a number of regional companies in the Building and Development division, in particular in the fourth quarter of 2010. It is possible that the limited daylight and bad weather in the winter made matters worse. We have actually observed a slowly falling rate in the production companies and some specialized companies, where the accident frequency has always tended to be higher.

Objective 2011: fewer than 9.0 fatal and lost-time injuries involving Ballast Nedam employees per million hours worked.

The objective for Ballast Nedam's IF in 2011 is the same as in 2010 at 9.0. This is an ambitious, but, we think, feasible objective. Our most important targets are to boost safety awareness and make employees alert. This course of action must lead in the next few years to permanently improved results.

Injury frequency (IF)



Training and development

Our training strategy has the aim of supporting and encouraging employees, so that they can make the most effective contribution to integrated projects. To this end we are working on training and development based on the following specific themes:

- forward and backward integration
- (Dare2Share, Chain Management and Lean);
- ethics and integrity (code of conduct);
- sustainability;
- vitality;
- safety.

Our training programme focuses on these themes and supports the underlying culture. Employees are prompted to think about their role in this strategy and their contribution to it.

Well-trained employees are an asset to the company

Ballast Nedam believes in well-trained employees, who are competent at their job. Ballast Nedam's strength derives largely from the entrepreneurship, creativity, know-how, skills and experience of individual employees. We are therefore happy to invest in their development, among other things by offering them a broad training package. The training plans are made based on performance reviews, individual requests, or at the initiative of the various business units.

Two examples from the range of courses

The Individualized Situational Leadership course is for managers, and teaches them various ways to motivate their employees and keep them motivated throughout their Ballast Nedam career.

The Enterprising Building course is for trainees and potentials with several years' work experience, and is about the changes occurring in the construction industry. Entrepreneurship and creativity are crucial skills that are expected of employees in this development. This course makes a clear appeal to these skills and encourages their development.

Board of Management plays an active part

The Board of Management plays an active part in employee training. For instance, the Board has quarterly discussions

about the planned training efforts, and how to implement them. Ballast Nedam employees also act as lecturers on several of the educational programmes we provide.

Objective 2010: conduct at least a two-yearly performance review with all employees covered by a collective agreement, and at least an annual performance review with all employees with managerial, technical and administrative duties (UTA).

Performance reviews have been held with 50 per cent of all employees with managerial, technical and administrative duties (UTA) and employees covered by a collective agreement. This falls short of the target. The substantial number of secondments and changes have had a negative impact. However, the figure includes those on long-term absence through illness, employees who retired in the past year and employees with less than 1 year of service, even though they do not qualify for a performance review.

Objective 2011: conduct at least a two-yearly performance review with all employees covered by a collective agreement, and at least an annual performance review with all employees with managerial, technical and administrative duties (UTA).

We will initiate a push-pull strategy in 2011, to encourage both employees and managers to approach each other for a performance review.

Objective 2010: have 10 per cent of all employees attend an internal training course at least once a year.

Of all employees 12 per cent attended an in-company training course. This number includes training courses about safety and the environment.

Objective 2011: have 10 per cent of all employees attend an internal training course at least once a year.



Korte Akkeren, Gouda

Integrity

Integrity was one of our priorities in 2010. The reason we pay so much attention to integrity is that we think it is vital to our company's continued existence. This sense of urgency has possibly intensified because of the integrity issues that emerged in the construction industry again in 2010.

In 2010 Ballast Nedam initiated an intensive compliance campaign. For instance, an anonymous hotline was introduced on 1 January 2010 for reporting infringements of the Code of Conduct, and on 15 March 2010 Ballast Nedam revised its Code of Conduct. The Code of Conduct sets down the ethics and values that apply in Ballast Nedam. The ethics involved have to do with integrity, sustainability, internal teamwork, safety, respect and professionalism. When the revised Code of Conduct was introduced, all employees signed it as a commitment to compliance.

To coincide with the introduction of the revised Code of Conduct, a new employee website was launched, with complete information about the Code. In the fourth quarter of 2010 all office staff were obliged to attend an e-learning module about the Code of Conduct. This module challenged employees to think about integrity dilemmas, such as those concerned with corruption, conflicts of interest and competition rules, which they might encounter in their work, and how they should respond to them.

Objective 2010: Zero infringements of the Code of Conduct.

Twelve reports of infringements of the Code of Conduct were received in 2010. The reports were concerned with subjects such as infringements of internal authority rules, conflicts of interest, threats, and an offer to award a contract in return for payment to an employee of the client. Three reports were judged unfounded after investigation. It was impossible to

prove another two of the reports after investigation, but measures were taken nonetheless in order to remove any doubt and prevent repetition. Appropriate measures were taken in response to the other reports, including direct termination of employment for conflicts of interest, and rejecting the offer to award a contract in return for payment.

Objective 2011: Zero infringements of the Code of Conduct.

For 2011 and subsequent years Ballast Nedam will uphold its target of zero infringements of the Code of Conduct. In order to meet this target, the subject of integrity will be further integrated into all internal educational programmes in 2011, and specific training courses for both managers and construction site workers will focus on the issue.

Community relations management

Rightly or wrongly, the image of the construction industry leaves much to be desired. Our work inevitably causes nuisance, which will tend to annoy local residents, road users and others. Nuisance cannot be eliminated, but expectations about nuisance can be managed. If they are not, complaints will increase; sometimes our employees are even confronted with aggression and violence, such as obscene gestures, objects thrown at employees, and occasionally physical violence.

Community relations management to inform the outside world about our work

Our clients and ourselves are fully aware that community relations management is essential in starting and completing projects successfully. Community relations management involves us assessing and managing expectations and communicating clearly with all parties around the projects we execute. Our organization is acquiring additional responsibilities through new contract forms and changing roles: we are increasingly being assessed on our community relations management in the plans we produce in the bid phase.

We apply community relations management together with clients and licensing authorities. It is also becoming more common for us to take the initiative to involve the outside

world actively and to provide information about how to limit nuisance and improve safety. For instance, we helped draft the Flora and Fauna code of conduct of the Dutch Construction and Infrastructure Federation (Bouwend Nederland) and The Netherlands Association of Property Developers and Investors (NEPROM), and we intend to implement this code of conduct in our organization in 2011. We are currently also the most active builder in the Bewuste Bouwers quality mark programme. Qualifying for this quality mark involves demonstrating concern for the public, employees and the environment, how as a builder you approach safety in the surrounding area, and how you communicate with local residents.

Objective 2010: earn the Bewuste Bouwers quality mark for at least 15 projects.

Ballast Nedam has been awarded 21 quality marks, out of the national total of 32 quality marks.

Objective 2011: earn the Bewuste Bouwers quality mark for at least 25 projects.

Social responsibility

Social responsibility is second nature and a serious issue for Ballast Nedam. We depend on the community as a source of competent and well-trained people, and as customers for our products and services. Furthermore, our involvement contributes to the quality of the areas around where we work. One form our social responsibility takes is investment in educational programmes. We also encourage ambition and create interesting jobs. Our active social responsibility policy is directly related to Ballast Nedam's strategy and our core activities.

Encouraging education and employment

One aim of the strategy is to encourage education and employment in the community around our projects. The covenants we enter into with local government have agreements with educational institutions, temporary employment agencies and job centres, and welfare organizations. For people at the lower end of the labour market in particular, Ballast Nedam finds 'social return on investment' to be an important instrument, because of its focus on practical training and preservation of craftsmanship.

Renovation/alterations to De Schelp Hospice

Our independent subsidiary FW Onrust of Zaandam has made alterations to a characteristic Zaandam building for the De Schelp Hospice. De Schelp is an 'almost-home' hospice in Krommenie, where guests receive domestic care in their final phase of life. The incredibly brief preparation time notwithstanding, FW Onrust, together with clients and suppliers, made the alterations at cost, making maximum use of the generosity of sponsors and donations. René Vonk, Director of FW Onrust explains 'We have created something of lasting value for the community, added to the relationship with our client, and given our employees a deep sense of pride in the job done. It goes without saying that the satisfaction is not just with the physical product, but also the initiative and the privilege of taking part. In 2011 we will also be working on Het Veerhuis Hospice in Amsterdam.'



Developing competencies in voluntary work

Another aim is to encourage our employees to be aware and respond with commitment to the needs and requirements of our stakeholders, by sharing their knowledge and skill in voluntary work. In this way our employees develop their competencies further and learn to devise innovative and sustainable solutions through focusing on the demand from society. This also helps us to develop as an organization, while our stakeholders benefit from effective solutions: all round, it is therefore a win-win situation.

Development aid in Ghana

Ballast Nedam has been contributing for some years to various activities in Ghana. Because of our actual presence in the country, we are able to ensure that money and goods arrive at the right place. The objective is for the people and organizations we support to become self-reliant, and in due course to need no more help. Two examples.

1. We have been involved since 2000 with the HIPS school in Weija. A hostel for teachers was built last year, making the extremely remote school a more attractive place to work in.
2. The Countryside orphanage in Bawjiase is now self-sufficient since we paid for the chickens and pigs and stocked the fish ponds. A classroom complex was built for the orphans in 2010. Higher education scholarships were also made available for 17 children.

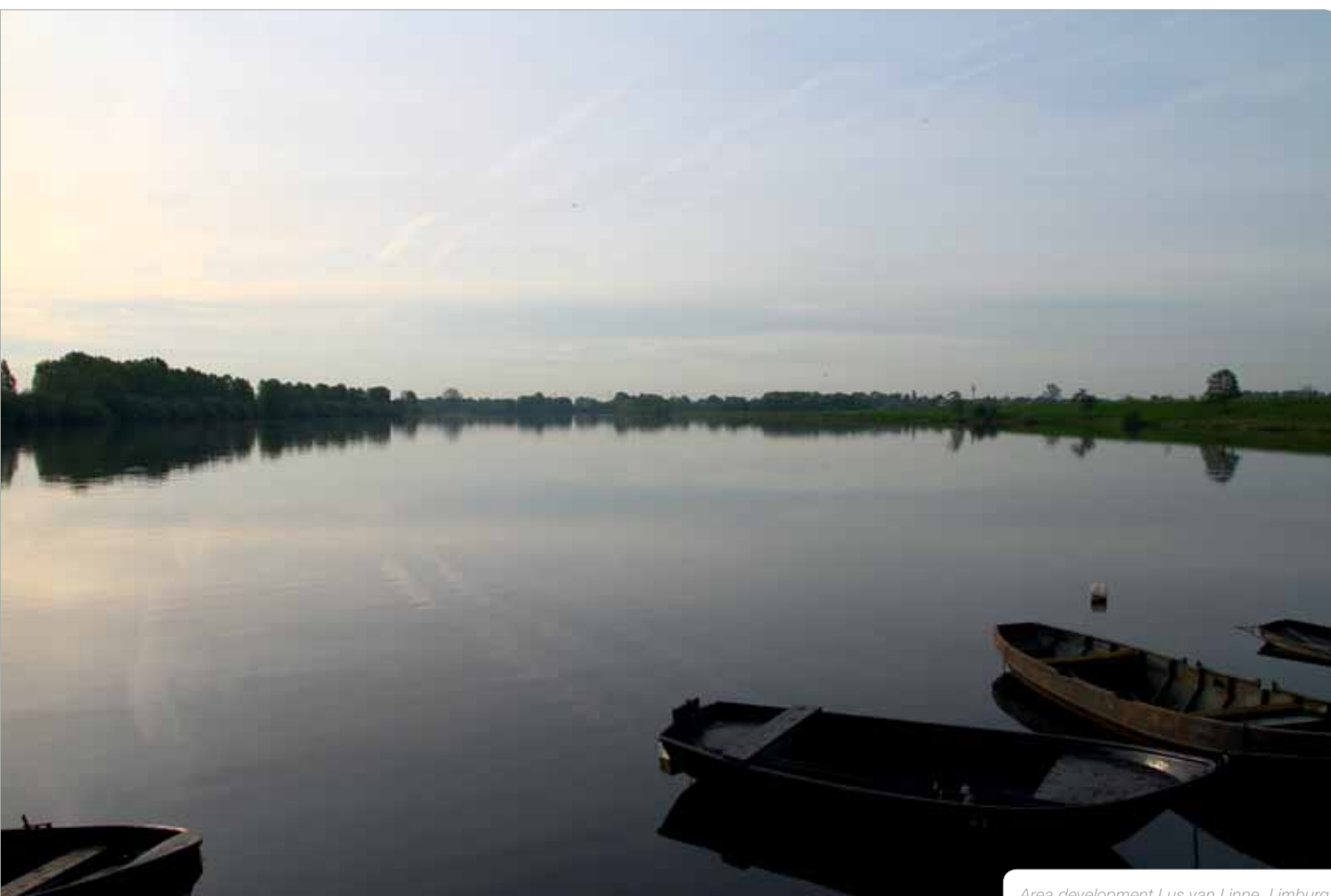


Support to the Netherlands Food Bank

Ballast Nedam Bouw Zuid and Bouwborg Zuid have donated know-how and skills to the Netherlands Food Bank. We are committed for several years to helping in constructional alterations to the Kanaaldijk building in Eindhoven. If there should be less building work than foreseen in a given year, we will convert our support into a financial contribution.

A complete toilet block has now been refurbished, the building has been rewired ready for the new cooling system, and the kitchen unit in the canteen is being tackled. Besides the Netherlands Food Bank being delighted with the result, it also boosts our employee satisfaction and commitment.

Mr Tankink, chairman of the Netherlands Food Bank in Eindhoven (left) and Roel Cornelisse, director of Ballast Nedam Bouw Zuid, seal their partnership



Area development Lus van Linne, Limburg

Energy and CO₂ emission policy

Ballast Nedam's energy policy is to minimize energy consumption and move to renewable energy. The policy has helped achieve a 10 per cent reduction in 2010 in revenue-related CO₂ emission relative to the reference year 2008. Ballast Nedam's CO₂ footprint reduced from 75.4 kilotons in 2009 to 69.6 kilotons in 2010.

Ballast Nedam Sustainability Services coordinates our activities in the fields of energy and CO₂ reduction. Ballast Nedam's sustainability steering group, which includes senior management representatives from various business units, rests on five pillars:

1. energy consumption and CO₂ emission;
2. air pollution;
3. waste;
4. raw material use;

5. noise.

The steering group has set up several working groups to investigate opportunities for reduction and draw up firm action plans. For instance, we are looking for environmentally friendly and energy-efficient solutions, not only for ourselves, but also for our partners and clients. We are actively involved in industry-wide initiatives for reducing energy consumption and CO₂ emission, one of which is the ProRail CO₂ performance ladder.

Level 5 of the CO₂ performance ladder

Ballast Nedam brought the Infrastructure and Building and Development divisions to level 5 on ProRail's CO₂ performance ladder in 2010. One of our actions that helped us reach the top level was to set up the National CO₂ database with the Dutch Construction and Infrastructure Federation (Bouwend Nederland), Strukton and Heijmans. This database presents

the CO₂ footprints of our leading suppliers. Four life cycle analyses were performed to reveal the CO₂ emissions that occur in the production of asphalt, slab floors, six types of home, and metals recycled from household waste. The CO₂ performance ladder will become a national instrument in 2011, and will be used in public authority sustainable procurement. We applaud this development.

Focus on saving energy on production sites

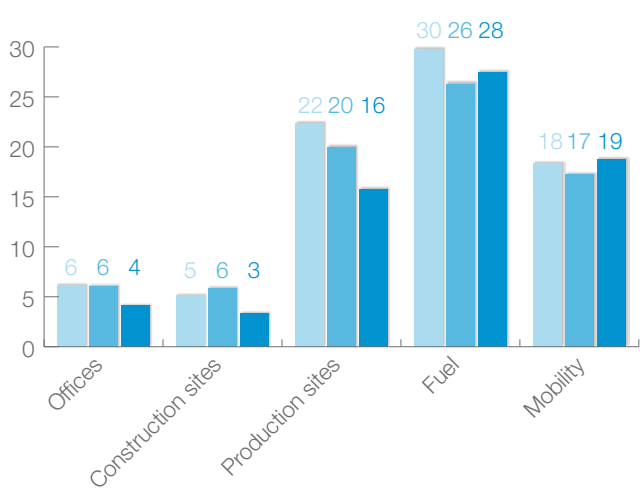
As the above diagram shows, the estimates of CO₂ emission per business unit include all relevant sources, including electricity, natural gas, diesel and the business use of vehicles. Ballast Nedam uses relatively small quantities of natural gas and electricity in offices and on construction sites. Conversely, we consume much energy on production sites and in the transport ('red diesel') of raw materials, mainly for infrastructure projects. To bring down this consumption we are focusing on reducing the number of transport movements, procuring less polluting machines, and using sustainable fuels. The CO₂ emission for our mobility is reasonably constant. With the transition that we have embarked on from CNG (natural gas) to green gas we hope in due course to reduce the CO₂ emission in the mobility category to zero.

Carbon Footprint Statement

For many of its activities, Ballast Nedam is integrated into a vertical chain of suppliers, or partner builders. This strategic model hampers comparison of our CO₂ emission with that of other construction companies, which may have no specialized suppliers of their own. Revenue level says nothing about how deeply a construction company is integrated in the chain. Another complication is that our production companies contribute much of the revenue of partner companies.

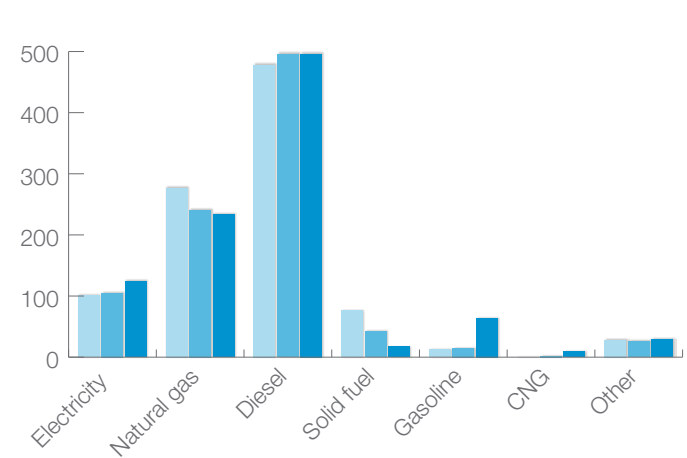
In 2010 we sold our share in an asphalt plant, and our iron foundry, Rademakers, has stepped up production relative to 2009. These operations have a great influence on our carbon footprint. However, comparability between 2010 and the base year 2008 is still guaranteed.

Ballast Nedam's CO₂ emission



	CO ₂ in kilotons	Revenue Netherlands	Reduction in per cent relative to base year 2008
2008	81.8	1 348	-
2009	75.4	1 272	-2%
2010	69.6	1 275	-10%

Ballast Nedam's fuel consumption in gigajoules, per type of fuel (2008 - 2010)



To clarify energy consumption, the quantities of the various types of fuel were converted into a single unit, the gigajoule (GJ) in the figure above.

Objective 2010: achieve a 10 per cent revenue-related CO₂ emission reduction in 2010 relative to reference year 2008

In 2010 the envisaged 10 per cent emission reduction relative to reference year 2008 materialized. The following factors contributed:

- we migrated to green electricity;
- we monitor energy consumption more accurately;
- we take advantage of quick wins;
- we are very energy conscious.

Objective 2010: produce CO₂ emission details of 50 per cent of the plant and leased fleet

In the past year we determined the energy consumption of each type of plant and vehicle, along with the associated CO₂ emission, per unit of time and per litre, respectively. We therefore achieved this objective.

Objective 2010: achieve certificate level 4 or better on the ProRail CO₂ performance ladder for the Infrastructure division

In 2010 Ballast Nedam brought the entire group to level 5. This is the highest level, and therefore the objective has been comfortably achieved.

Objective 2011: achieve a 12 per cent revenue-related CO₂ emission reduction in 2011 relative to reference year 2008

For 2020 Ballast Nedam has set a 30 per cent reduction target relative to the reference year 2008. The process of energy and CO₂ management will be within the scope of the umbrella standard ISO 14001, with which Ballast Nedam complies in 2011. (The current debate and confusion surrounding conversion factors for green electricity may lead Ballast Nedam to change this objective as soon as it becomes clear which conversion standard will be used nationally.)

Objective 2011: measure and analyse CO₂ emission on at least three construction sites

Measuring and analysing the plant on several construction sites will help show us where we can reduce more CO₂.

Objective 2011: stay on the highest level of the CO₂ performance ladder

In 2011 we will continue to implement initiatives and perform lifecycle analyses, in order to help reduce energy consumption and CO₂ emission, also across the industry.

Air quality

Ballast Nedam attaches importance to improving air quality. This quality is mainly determined by the concentrations of airborne particulate matter and nitrogen oxides. Particulate matter is particularly detrimental to public health. In 2005 the Netherlands Environmental Assessment Agency estimated that there were between 2 300 and 2 500 premature deaths in the Netherlands caused by acute exposure to particulate matter. If we include the long term effects of this exposure, the number of deaths is estimated to be between 12 000 and 24 000 per year.

The construction industry too is suffering from the deterioration in air quality. The more stringent rules for air quality that the government is applying are forcing construction projects to be postponed or cancelled. Environmental zones also have to be created in urban centres, where only clean vehicles are allowed.

Investment in CNG and research into LNG

Ballast Nedam makes risk-bearing investments in the operation of public and nonpublic fuel supply infrastructure. We encourage our customers to run vehicles on Compressed Natural Gas (CNG) and we are converting our own motor fleet to this alternative fuel. CNG reduces particulate matter and nitrogen oxide emission almost to zero, and therefore contributes directly to better air quality. Through CNG Net, a full Ballast Nedam subsidiary, CNG is delivered to individual consumers and businesses such as taxi and courier firms. We also deliver CNG and biomethane to bus companies through nonpublic filling stations. We now operate 38 public and 3 nonpublic filling stations. Seven public stations were constructed in 2010. Fifteen new filling stations are planned for 2011.

Besides investing in CNG, we are also researching the use of Liquefied Natural Gas (LNG) and hydrogen as vehicle

fuels. We are currently working on a design for an LNG filling system. In 2011 we plan to build and open the first two LNG filling stations.

Lease car policy: CNG, unless ...

Any new lease cars for our employees are subject to the policy 'CNG, unless...'. We first ascertain whether a car suitable for the envisaged use is available in a CNG-fuelled version. If not, under exceptional circumstances, a clean car that qualifies for favourable tax treatment may be allowed instead. Besides cars that run on CNG direct from the manufacturer, a CNG system can be fitted later to some models, without affecting the guarantee. This means that CNG-fuelled cars in every class are now available for our employees.

This policy led in 2010 to Ballast Nedam acquiring 43 new CNG-fuelled commercial vehicles (73 per cent) and 106 new cars (39 per cent). Now 189 Ballast Nedam lease cars and commercial vehicles run on CNG, which is 10.5 per cent of the motor fleet. For 2011 Ballast Nedam aims to increase the number of CNG-fuelled lease cars and commercial vehicles to 450. Then more than half the new lease cars and commercial vehicles will be running on CNG.

Objective 2010: 20 per cent of new lease cars fuelled by CNG

Ballast Nedam acquired 106 new CNG-fuelled lease cars (39 per cent) in 2010 .

Objective 2010: 25 per cent of new commercial vehicles fuelled by CNG

Ballast Nedam acquired 43 new CNG-fuelled commercial vehicles (73 per cent) in 2010.

Objective 2011: 50 per cent of new lease cars and commercial vehicles fuelled by CNG

In 2011 we will continue to promote CNG as a fuel for lease cars and commercial vehicles alike.

Waste and recycling

Ballast Nedam estimates the waste streams to be expected on major construction projects. We produce the estimates together with our waste processing companies. We segregate the waste in order to spare the environment and control waste processing costs.

The raw materials we 'extract' by processing waste are introduced into new production chains, which reduces the need for heavy mining and logging.

We also segregate site refuse (household), paper and board and household chemical waste. Needless to say, hazardous waste is removed and processed in compliance with all applicable regulations.

Understanding waste streams leads to better waste management

Ballast Nedam attaches importance to an active approach to waste and recycling. We are aware that future-proof and prefabricated building methods and the use of sustainable wood and smarter logistics do more than generate added value for our clients, but also address the balance between people, the planet and the community.

We are in a constant learning process in this field. Gaining an understanding of raw material and energy streams in the construction process exposes shortcomings in production processes. The information revealed provides input for further waste reduction efforts together with suppliers. We started a project in 2010 to explore the relationship between the waste streams from the construction sites and those at Ballast Nedam's suppliers. The purpose is to form a broad view, across different product groups, of where the waste is and how it is dealt with. Based on the output we intend in 2011 to zoom in on waste management for one specific product group. Firm proposals may then emerge for further waste handling improvements.

Quantities of waste and methods of processing, according to waste type (report for 2010)

Type of waste	Tons	Processing in %	Treatment	Result
Building and demolition waste	6 013	80	Recycling	-
Building and demolition waste	1 503	20	Incineration	Energy recovery
Hardcore	3 013	100	Conversion to product	Crushed demolition waste
A grade wood	903	100	Conversion to product	Wood chips
B grade wood	636	100	Conversion to product	Wood chips
C grade wood	14	100	Incineration	Energy recovery
Kitchen and garden waste	196	100	Composting	Compost and green energy
Paper/board	16	100	Recycling	-
Industrial waste	531	62	Incineration	Energy recovery
Industrial waste	326	38	Conversion to product	ICOPOWER pellets
Mixed synthetic material	12	100	Recycling	-
Soil	26	100	Cleaning and reuse	-
Sheet glass	23	100	Recycling	-
Other	68	100	Miscellaneous	-
Total 2010	13 280			
Total 2009	16 849			

Waste quantity down in 2010

Ninety-five per cent of the waste streams around construction sites are removed by a regular partner. The figures in the above table are based on data provided by this partner. The quantity of waste has declined substantially, from 16 849 tons in 2009 to 13 280 tons in the reporting year. However, since there was less construction activity in the past year, the figures may present an overly optimistic picture.

Otherwise, the proportion of unsorted building and demolition waste has fallen appreciably from 70 per cent to 57 per cent, of which 80 per cent is recycled.

In 2011 we will be exploring whether for a number of product groups we can reduce waste further, or process it more effectively. We will achieve this aim by moving the waste processing method used in each case up to the next level: from incineration to reuse, from reuse to minimization, and finally to prevention. Ballast Nedam is also developing smarter methods, such as biogas production, for dealing with raw materials and waste in the long term.



Protection of species, habitats, biodiversity and nature conservation areas

Our building projects must not cause a net loss of ecological, forest and landscape interests. In our planning we are therefore very alert to the risk of harm to forest and ecology, which we always try to prevent. Where this is impossible, we take compensating measures to create habitats for protected flora and fauna elsewhere.

Some examples from our integrated project to move the A2 in Maastricht underground:

- we are preserving a badgers' sett near the site;*
- we have hung up new bat roosts in flats due for demolition;*
- we have created approximately 2 hectares of new habitat for - the great crested newt, which is protected;*
- various foraging paths for badgers have been strengthened and improved.*
- After the extraction of gravel from the Lus van Linne we created a nature conservation area nearby.*

Financial results

Revenue

x € 1 million	2010	2009	2008	2007	2006
Infrastructure	710	707	708	675	676
Building and Development	670	705	735	601	622
	1380	1412	1443	1276	1298
Other/elimination	(21)	(28)	(17)	(6)	12
Total	1359	1384	1426	1270	1310

Revenue in 2010 amounted to 1 359 million euros. Compared with the 1 384 million euro revenue in 2009, this is barely a 2% decline. The revenue of the Infrastructure division remained about the same at 710 million euros. Underneath the revenue of major projects rose, mainly in industrial construction. The revenue of the raw materials companies rose contrary to the market. The revenue of the prefabricated concrete companies went down.

The revenue of the Building and Development division went down slightly to 670 million euros. This was less than the 10 per cent fall for the entire construction market, in particular because of the high production achieved on major multiyear projects, such as the Komfort consortium PPP construction project in Utrecht and the Ministry of Justice and Ministry of the Interior building in The Hague. The revenue of the property development and regional construction companies declined.

EBIT

x € 1 million	2010	2009	2008	2007	2006
Infrastructure	22	20	20	18	16
Building and Development	4	4	29	33	36
	26	24	49	51	52
Other	(8)	(7)	(7)	(9)	(10)
Total	18	17	42	42	42

The operating profit rose from 17 million euros in 2009 to 18 million euros in 2010.

The Infrastructure division improved its operating profit by 10 per cent to 22 million euros. The improved operating profit was upheld by the major projects, such as in industrial construction, offshore wind farms and international projects.

The Building and Development division succeeded in maintaining its operating profit at 4 million euros. This is better than the approximately break-even forecast given in

March 2010. Together the profit of major projects increased sharply and the profit of the prefabricated concrete companies decreased.

The Other result was 1 million euros lower than in 2009, because of an increase in the provisions for old competition-related penalties and claims, which were largely compensated by revenues from the out-of-court settlement of old claims. The holding company costs were almost unchanged.

Margin

	2010	2009	2008	2007	2006
Infrastructure	3.1%	2.8%	2.8%	2.7%	2.4%
Building and Development	0.6%	0.5%	3.9%	5.5%	5.8%
	1.9%	1.7%	3.4%	4.0%	4.0%
Other	-	-	-	-	-
Total	1.4%	1.2%	2.9%	3.3%	3.2%

The overall margin rose to 1.4 per cent on a fractionally lower revenue. Because of the unfavourable conditions on the property market, this margin was well below the long-term target of 3 to 5 per cent. The margin of the Infrastructure

division rose from 2.8 per cent to 3.1 per cent on an approximately equal revenue. The margin of the Building and Development division increased slightly on a 5 per cent lower revenue.

Profit for the period

x € 1 million	2010	2009	2008	2007	2006
EBIT	18	17	42	42	42
Net finance income and expense	(7)	(9)	(11)	(4)	(4)
Profit before income tax	11	8	31	38	38
Income tax expense	(4)	(2)	(7)	(11)	6
	7	6	24	27	44

The profit for the period increased by 1 million euros to 7 million euros.

Profit before income tax increased with 3 million euros to 11 million euros. Finance income and expense declined because of an increase in capitalized interest income on PPP receivables. The interest payable on loans rose by 1 million

euros to 11 million euros.

The tax burden increased to 38 per cent because it was not possible to settle all profits outside the fiscal unity. The deferred tax asset increased by 1 million euros to 38 million euros. The portion concerned with carry-forward losses was unchanged at 33 million euros.

Order book

x € 1 million	2010	2009	2008	2007	2006
Infrastructure	1138	888	705	541	572
Building and Development	746	977	1005	916	525
	1884	1865	1710	1457	1097
Other	(43)	(47)	(43)	(19)	(4)
Total	1841	1818	1667	1438	1093

The order book grew in the fourth quarter by 235 million euros to 1 841 million euros. The order book was accordingly somewhat better filled than at year-end 2009. The quality,

composition and size of the total order book continue to put us in a relatively favourable starting position in a poor market.

Equity

Shareholders' equity fell by 1 million euros to 161 million euros. This decline comprised the profit for the period of 7 million euros less the dividend distribution of 3 million euros, the acquisition of a non-controlling interest for 3 million euros and other negative changes of 2 million euros.

Total assets increased by 50 million euros to 1 084 million euros because of the ongoing implementation of PPP projects. The increase in assets and the fractional decline in shareholders' equity caused the capital ratio to decrease from 16 per cent at year-end 2009 to 15 per cent. Capital employed increased by 146 million euros to 425 million euros. Non-current assets increased by 68 million euros, in particular because of the PPP projects, and current assets minus current liabilities rose by 28 million euros because of the increase in inventories and the decline in prepayments. However, average capital employed was higher during the year. A possible sale of some of the operational PPP projects will cause a decrease in capital employed.

The choice of proportionate consolidation for joint ventures, such as the PPP projects, which is currently allowed under IFRS, has a major impact on the consolidated statement of financial position. This impact is conspicuous when comparing the statement of financial position with one in accordance with the other option allowed under IFRS, in which joint ventures are accounted for as an equity interest (i.e. the equity method). It is expected that only the equity method will be allowed within a few years, and the proportionate consolidation option will no longer be available. Application of the equity method for 2010 results in a decrease in assets of 261 million euros to 823 million euros, a decrease in capital employed of 180 million euros to 245 million euros, an increase in shareholders' equity of 2 million euros to 163 million euros and an improvement in net financing position by as much as 175 million euros to 56 million euros. The capital ratio would then amount to 20 per cent as opposed to 15 per cent.



Together for Nieuwegein

Ballast Nedam is one of the partners in the Samen voor Nieuwegein (Together for Nieuwegein) association. The 'Together for' concept – which is supported by the Orange Fund and the Rabobank Foundation – creates a network that links companies and social organizations. They exchange services and resources with a view to strengthening the local community. On 18 November 2010 Ballast Nedam hosted the first Beursvloer, an event that helps convert supply and demand into social transactions. And the event was a success: the first Beursvloer yielded 120 matches with a total value of over 110 000 euros.

Cash flow

x € 1 million	2010	2009	2008	2007	2006
Operating	(39)	61	66	(26)	17
Investing	(92)	(97)	(42)	(29)	(54)
Financing	82	56	15	47	(30)
Effect of foreign currency translation differences on cash held	(1)	(1)	1	(2)	-
Total	(50)	19	40	(10)	(67)

The cash flow for 2010 was 50 million euros negative, compared with 19 euros million positive in 2009.

The operating cash flow was 39 million euros negative compared with a positive operating cash flow of 61 million euros for 2009. Substantial prepayments that were received on major projects in 2009 were largely utilized in 2010 in implementing these projects. The cash flow from work in progress consequently changed from 72 million euros positive for 2009 to 59 million euros negative.

The cash flow from investing activities improved by 5 million euros to 92 million euros negative, largely comprising 104 million euros of investments, 2 million euros of dividend

received and 12 million euros of disposals. Investments included 32 million euros of property, plant and equipment, 2 million euros of intangible assets and 70 million euros of financial assets. The financial assets were concerned with the PPP receivables. The net investments in property, plant and equipment of 24 million euros were lower than depreciation by 1 million euros.

The positive cash flow from financing activities of 82 million euros consisted of 88 million euros net drawing of long-term loans, a 3 million euro dividend payout for 2009 and 3 million euros for the acquisition of a non-controlling interest.

Net financing position

x € 1 million	2010	2009	2008	2007	2006
Net cash	61	111	92	52	62
Current portion of long-term loans	(7)	(6)	(7)	(18)	(3)
Long-term loans	(285)	(197)	(126)	(97)	(36)
Total	(231)	(92)	(41)	(63)	23

The net financing position decreased by 139 million euros to 231 million euros. The long-term loans increased by 88 million euros to 285 million euros, attributable specifically to the net 73 million euros increase in PPP loans and two new project loans together amounting to 14 million euros. Net cash decreased by 50 million euros from 61 million euros because of the strong decline in prepayments received on major projects in 2009 of 38 million euros to 90 million euros. The financing requirement was higher in the course of the year than at year-end.

There will be no need to refinance the long-term loans in the years ahead. The general loan of 50 million euros matures on 1 April 2014 and has a fixed interest rate of 5.4 per cent. Mortgages were taken out on a number of properties in use by Ballast Nedam as security for the loan. The other large loan of 34 million euros is for mainly financing several land positions in a separate company. This loan matures in October 2015 and the interest rate is Euribor plus a margin. The land positions concerned were mortgaged as security for the loan. There are no financial covenants in the conditions of either loan.

Prospects for 2011

We do not expect the market to recover before the end of 2011. Competition and the associated price pressure will remain substantial.

The volume in the infrastructure market will decrease slightly. However, the supply of major projects will remain stable because of the additional central government expenditure. Contracts from local authorities will decline. We are optimistic about the markets for offshore wind turbine projects and for alternative fuels.

Although the economy is picking up in some sectors, there will be no improvement yet in volumes of both the residential and nonresidential sectors, because of further restrictions in financing and the late cyclical nature of the construction industry.

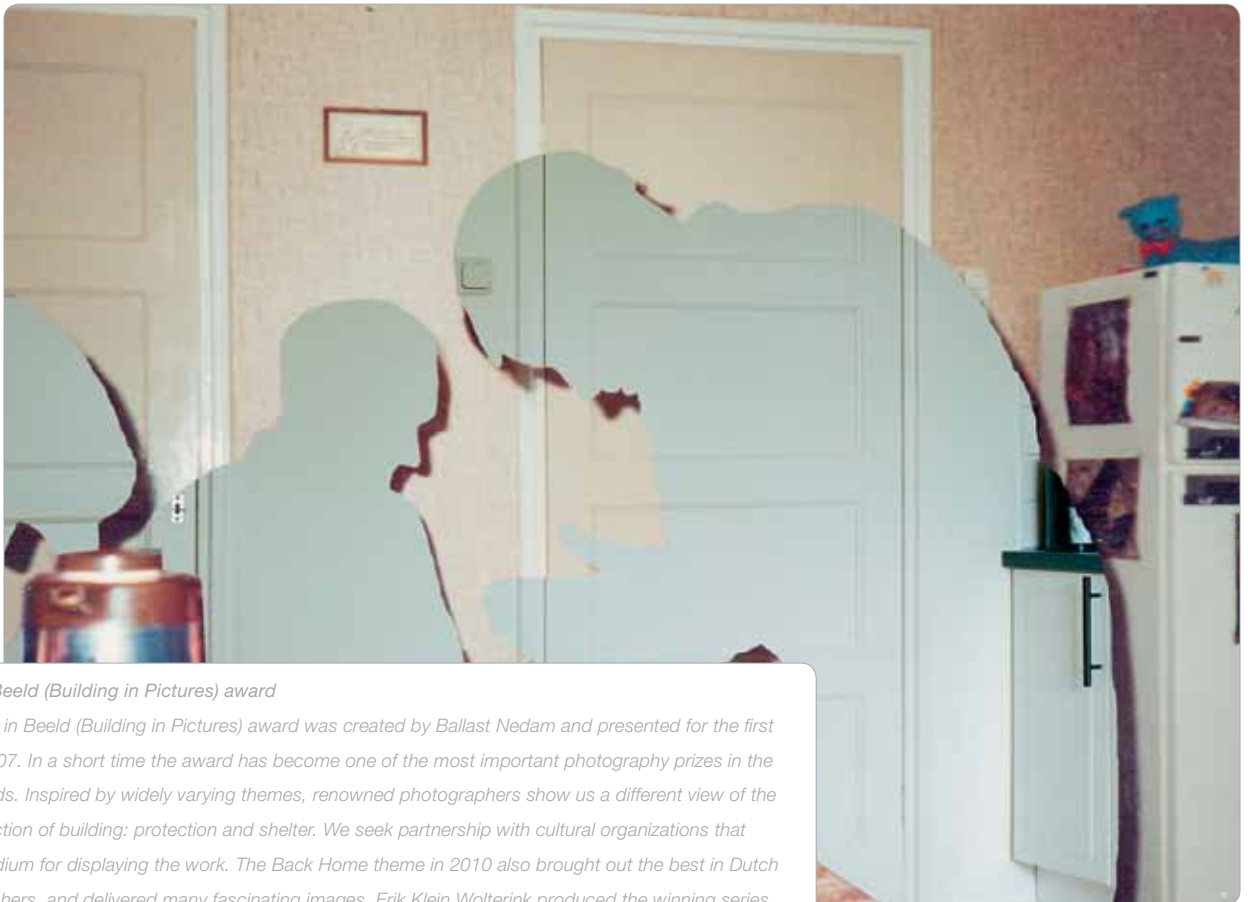
The Board of Management expects approximately the same operating profit for 2011 of between 15 million and 20 million euros, on a lower revenue. The operating profit for 2010 was 18 million euros. The production volume on the major Building and Development division projects will return to a more usual level compared with the extremely high production in 2010.

Nieuwegein, 10 March 2011

Board of Management

T.A.C.M. Bruijnckx

R. Malizia



Bouw in Beeld (Building in Pictures) award

The Bouw in Beeld (Building in Pictures) award was created by Ballast Nedam and presented for the first time in 2007. In a short time the award has become one of the most important photography prizes in the Netherlands. Inspired by widely varying themes, renowned photographers show us a different view of the social function of building: protection and shelter. We seek partnership with cultural organizations that offer a podium for displaying the work. The Back Home theme in 2010 also brought out the best in Dutch photographers, and delivered many fascinating images. Erik Klein Wolterink produced the winning series 'Back home', for which he literally went back to the house he grew up in. The international jury found that he had captured the essence of the theme with his striking pictures.





Corporate governance

*Ministries of Justice and the Interior and
Kingdom Relations, The Hague*

At Ballast Nedam we are constantly alert to the question of whether our business processes, rules and policy are fully supported by our stakeholders, and are the best way of achieving our business objectives. The Supervisory Board and Board of Management of Ballast Nedam attach considerable importance to good corporate governance.

This chapter starts with a summary of how the company is managed, after which the Supervisory Board reports on the supervision of the company, and finally the Supervisory Board presents the remuneration report regarding Ballast Nedam's remuneration policy.

Management and control structure

A recent change is the departure at the start of 2011 from the divisional structure, which has been replaced by a structure of six clusters formed around products and processes. The allocation of duties within the Board of Management has been modified accordingly, with the proposed reappointment of R. Malizia as Chief Operating Officer and with the proposed appointment of P. van Zwieten as Chief Financial Officer. Mr T.A.C.M. Bruijninx is Chief Executive Officer of the Board of Management, and will relinquish his role as Chief Financial Officer. The six cluster directors together with the Board of Management constitute the Ballast Nedam Concern Council.

In 2011 the support services of the two former divisions – Building and Development and Infrastructure – and of the holding company will be merged into a single support service. Starting with the 2011 interim financial reports, Ballast Nedam will report based on four segments as opposed to the current two divisions. The segments are Building and Development, Infrastructure, Specialized Companies, and Supplies.

From division structure to clusters

The division structure has been replaced with a cluster structure, because:

- it enables us to provide customers with better solutions by structuring our company around products and processes and optimizing the support services;
- a COO is able to unite the clusters and merge support

services. Ballast Nedam needs to act more as a single company than as two divisions, with a view to integrated projects;

- the operating performance of the regional companies and the prefabricated concrete companies will be improved by closer cooperation within the clusters, and operational management out of these clusters;
- the quality of the support services will increase and the costs decrease through concentration;
- governance will be strengthened by the new allocation of duties within the Board of Management;
- transparency will increase through reporting four segments as opposed to two divisions.

Ballast Nedam operations will be managed out of the following six clusters:

- Ballast Nedam Bouw & Ontwikkeling Speciale Projecten
Focus: implementing relatively large and complex construction projects, or projects with an unusual risk profile.
- Ballast Nedam Bouw & Ontwikkeling
Focus: developing, implementing and managing real estate projects in the Netherlands.
- Ballast Nedam Infra Speciale Projecten
Focus: implementing relatively large infrastructure projects in the Netherlands, all Ballast Nedam's international projects, and the offshore wind turbine projects.
- Ballast Nedam Infra
Focus: developing, constructing and managing infrastructure projects in the Netherlands.
- Ballast Nedam Specialismen
Focus: providing products and services for specific projects, which include engineering, construction pits, environmental technology and asphalt.
- Ballast Nedam Toelevering
Focus: delivering raw materials and prefabricated concrete and other products that are manufactured in an industrial process.

Ballast Nedam has a decentralized organization. In 2010 the group consisted of two divisions, which consisted in turn of decentralized operating companies. The decentralized organization means that the entrepreneurial skills and attendant responsibilities lie as close to the market and the performance of projects as possible.

Expectation management for the A12

Road users are being inconvenienced by work on one of the busier highways in the Netherlands. Ballast Nedam displays smileys on signboards to indicate the remaining length of the roadworks. This tells road users exactly how many more kilometres of roadworks are still to come, and allows them to better anticipate the inconvenience. They then perceive the car journey as more pleasant, and their driving style becomes calmer and safer.

It is essential in this distributed management model to uphold socially responsible business practices, for the company to be soundly managed, and for management to supervise the business effectively. Ballast Nedam therefore works in accordance with a detailed corporate governance structure, the main points of which are presented in this chapter.

Dutch Corporate Governance Code

Ballast Nedam endorses the principles of the Dutch Corporate Governance Code and, with a few specific exceptions, applies the best practice provisions of the Code. In financial year 2010 Ballast Nedam applied as fully as possible the amendments to the best practice provisions proposed by the Corporate Governance Code Monitoring Committee (also known as the Frijns committee).

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 corporate governance policy are on the agenda of every General Meeting of Shareholders.

Ballast Nedam does not yet comply with the following five of the Code's significant best practice provisions.

1. We are not observing the maximum term of office of four years (best practice provision II.1.1) and the maximum severance pay equal to the fixed annual

salary (best practice provision II.2.8) in the case of Mr Bruijninx. Mr Bruijninx was appointed for an indeterminate period early in 2003, before the Code came into effect. The severance pay agreed with him was one-and-a-half times fixed annual salary, and Ballast Nedam respects these contract terms.

2. The Supervisory Board does not have the power as described in best practice provision II.2.10 to adjust components of remuneration for the already serving directors, and Ballast Nedam respects the pre-existing contract terms. We will incorporate the possibility to adjust variable components of remuneration in the employment contracts of new directors.
3. The Supervisory Board does not have the power in respect of the already serving directors to claw back components of remuneration awarded on the basis of incorrect financial or other information, as described in best practice provision II.2.11. and Ballast Nedam respects the pre-existing contract terms. We will incorporate the possibility to adjust variable components of remuneration in the employment contracts of new directors.
4. It is not yet possible for shareholders to follow analyst meetings, analyst presentations, presentations to institutional and other investors and press conferences simultaneously through webcasting, telephone, or by other means. Ballast Nedam is considering the possibility of providing facilities of this kind in the future.
5. Ballast Nedam has issued a statement about



financial reporting risks (best practice provision II.1.5) in accordance with the statutory regulation pursuant to the Transparency Directive, as stated in this Annual Report in the chapter on 'Risk management and risk profile' on page 16.).

Details of our compliance with the Code are available on www.ballast-nedam.com.

Corporate Governance Statement

Ballast Nedam N.V. has included in this Annual Report all statements and announcements as referred to in the Code, the Netherlands Civil Code and in 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 about the content of the Annual Report.

Legal structure

Ballast Nedam N.V. is a private limited liability company under Dutch law, subject in full to the statutory two-tier rules. The issued share capital consists of 10 million registered ordinary shares. Depositary receipts for Ballast Nedam shares are listed on NYSE Euronext Amsterdam. The Ballast Nedam Administration Office issues depositary receipts for shares and administers the underlying shares. As at 31 December 2010, the Administration Office had issued depositary receipts for 99.45 per cent of the capital in issue. Ballast Nedam has no antitrust constructions.

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 makes a proposal to amend the Articles of Association, which the Supervisory Board approves, the General Meeting of Shareholders will pass the resolution by an ordinary 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 per cent of the capital in issue.

Supervisory Board

The Supervisory Board supervises the Board of Management and the general performance 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. The Supervisory Board currently has three members. The Supervisory Board will propose the appointment of a new member at the General Meeting of Shareholders to be held in May 2011. All supervisory directors are independent within the meaning of the Code.

Nomination and appointment

Supervisory directors are appointed by the General Meeting of Shareholders, on the nomination of the Supervisory Board. The General Meeting of Shareholders may reject nominations by an ordinary majority of the votes cast, providing 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 specific people 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. The above principle is subject to there being no objection from the Supervisory Board to the effect that the Board considers:

- 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 vote of no confidence in the Supervisory Board by an ordinary majority of the votes cast, provided that at least one third of the capital in issue is represented at the meeting.

Remuneration Supervisory Board

The General Meeting of Shareholders fixes the remuneration of the supervisory directors. The current remuneration of the Supervisory Board was fixed at the Annual General

Meeting of Shareholders in 2005. The remuneration of the Audit Committee was fixed at the Annual General Meeting of Shareholders in 2008.

Duties and rules Supervisory Board

In view of its current size (there are three members), the Supervisory Board jointly performs the functions of a remuneration committee and selection and appointments committee. Within its field of responsibilities, the Audit Committee prepares Supervisory Board decision-making and advises the Supervisory Board. The responsibilities and working methods of the Audit Committee are laid down in Regulations that are posted on 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 are also posted on our website. Personal details of the Supervisory Board members are presented on page 67 of the Annual Report.

No conflict of interest

No transactions took place in 2010 involving a conflict of interest on the part of supervisory directors, managing directors or natural or legal persons holding at least 10 per cent of the Ballast Nedam shares, of material significance for the company or the person in question.

Board of Management

The Board of Management manages the company and is responsible for the company's objectives, strategy and policy and the consequent profits. The Board of Management currently consists of two members. The Supervisory Board proposes to appoint a third member.

The Supervisory Board appoints, suspends and dismisses members of the Board of Management. The Supervisory Board notifies the General Meeting of Shareholders of a proposed appointment. The Supervisory Board will dismiss a member of the Board of Management only after hearing the views of the General Meeting of Shareholders on the proposed dismissal.

Remuneration Board of Management

The Supervisory Board fixes 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 fixed at the Annual General Meeting of Shareholders in 2005.

Authorisation for issue of shares and preferential rights

At the Annual General Meeting of Shareholders in 2010, the Board of Management was authorized until 7 November 2011, subject to the approval of the Supervisory Board, to:

- buy back shares, or depositary receipts for shares in the company, to a maximum of 10 per cent of the capital in issue;
- issue shares and/or grant rights to acquire shares, to a maximum of 10 per cent of the capital in issue, plus an additional 10 per cent of the capital in issue if the issue coincides with an acquisition or merger, provided that an Extraordinary General Meeting of Shareholders is convened within two months of an issue of more than 10 per cent of the issued capital, at which the issue is explained and justified, unless a General Meeting of Shareholders is already scheduled within three months;
- restrict or exclude preferential rights to shares to be issued.

Regulations Board of Management

The Board of Management Regulations contain additional 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 are posted on www.ballast-nedam.com. Personal details of the Board of Management members are presented on page 74 of this Annual Report.

Management of the clusters and subsidiaries

The Board of Management supervises the cluster management teams, who in turn supervise the management of the subsidiaries. The management of the clusters and of each subsidiary 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 cluster level for

projects with a certain value and a certain risk profile. Approval from the cluster management team is required for all projects, including the major projects for which approval is also required from the Board of Management. There is additional information about this subject in the section headed 'Risk management and risk profile' on page 16).

Annual General Meeting of Shareholders

The Annual General Meeting of Shareholders shall be convened within six months of 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 per cent of the capital in issue may also convene a meeting of shareholders.

Agenda of the Annual General Meeting of Shareholders

The following items at least will be on the agenda of the Annual General Meeting of Shareholders:

- discussion of the Annual Report;
- adoption of the Financial Statements;
- motion to discharge the Board of Management and the Supervisory Board from liability for their management and supervision, respectively;
- appointment of the external auditors;
- appropriation of profit.

Shareholders and/or holders of depositary receipts for shares who solely or jointly represent at least 1 per cent of the capital in issue are entitled to propose agenda items. The company will accept requests of this kind unless there are compelling reasons not to do so. Requests must be submitted at least sixty days prior to the date of the meeting.

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 notice convening the meeting. In convening a meeting of shareholders, the Board of Management makes use of 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 shall be carried by an ordinary 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 shall be posted on the company's website www.ballast-nedam.com within fifteen days of the meeting. The draft Minutes shall be posted on Ballast Nedam's website within three months of a General Meeting of Shareholders. 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.

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 Administration Office consists of three independent members, and appoints the members. The Meeting of Holders of Depositary Receipts may recommend persons for appointment to this board.

A Meeting of Holders of Depositary Receipts is convened each year. At this meeting, the Board of the Administration Office issues a statement on 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 solely as a means of preventing a minority of shareholders from controlling the decision-making process in a General Meeting of Shareholders.

Page 136 of this Annual Report presents the report of the Board of Ballast Nedam Administration Office (Stichting Administratiekantoor van aandelen Ballast Nedam) explaining their activities in 2010. The composition of the Board is also given.

Auditors

The external auditors are responsible for auditing the Financial Statements, and are appointed by the General Meeting of Shareholders. The Annual General Meeting of Shareholders in 2010 resolved to engage KPMG Accountants N.V. to audit the financial statements for 2010. The external auditors attend the Annual General Meeting of Shareholders in order 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 Supervisory Board at which the annual and interim financial reports 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.



Floriade Bridge

Ballast Nedam is seeking out best-value suppliers, and is using performance-based methods. The suppliers selected in this way manage the risks that reside within their professional field, and in so doing minimize these risks for Ballast Nedam and its customers. These suppliers stand out from their competitors through their forward-looking approach.

Selecting suppliers in this way prevents unnecessary communication and wasted work and costs, while facilitating decisions during the implementation process. In the Floriade Bridge project in Venlo we are using this method to select a supplier. Prior to the award we will discuss all the problems with the supplier and devise possible solutions for them.

Report of the Supervisory Board

The Supervisory Board notes that Ballast Nedam achieved an operating profit for 2010 that was better than expected, amounting to 18 million euros. The Infrastructure and Building and Development divisions both somewhat exceeded the forecast issued by Ballast Nedam in March 2010 in the presentation of the annual figures.

In October 2010 Ms M.H. Schultz van Haegen-Maas Geesteranus stood down as a member of the Supervisory Board because of her appointment as Minister of Infrastructure and the Environment. The Supervisory Board expresses its appreciation and gratitude for Ms Schultz van Haegen's dedication and valuable contribution as a member of the Supervisory Board.

In 2010 Mr R.L.M. Jacobs decided for personal reasons to stand down as a member of the Ballast Nedam Board of Management. He played an important part in professionalizing and positioning the Building and Development division. The Supervisory Board accepts and fully understands the reasons for the choice Mr Jacobs has made.

Same strategy; new organization structure

In response to current market developments and the departure of Mr Jacobs, the Supervisory Board and the Board of Management have reexamined Ballast Nedam's strategy. We concluded in favour of continuing with the strategy, which is set out on page 11 of this Annual Report.

We then assessed whether the current organization structure was appropriate for the strategy and the market developments. The Supervisory Board and the Board of Management jointly concluded that the organization should be restructured as follows:

- the Board of Management will comprise a Chief Executive Officer (CEO), a Chief Operating Officer (COO) and a Chief Financial Officer (CFO);
- the two divisions that report to the Board of Management will become six clusters. At the General Meeting of Shareholders the Supervisory Board will nominate Mr P. van Zwieten as a member of the Board of Management and will move for Mr R. Malizia to be reappointed to the Board of Management.

If having notified the General Meeting of Shareholders the Supervisory Board proceeds respectively to reappoint and appoint Messrs Malizia and Van Zwieten, the Board of Management will consist of three members, and Mr Bruijninx (CEO) will relinquish his duties as CFO.

Looking back on 2010, the Supervisory Board would like to express its appreciation for the Board of Management's skilful and effective leadership of the company under turbulent market conditions.

Dividend

The underlying principle of Ballast Nedam's dividend policy is that 50 per cent of the profit for the period is placed at the disposal of shareholders for distribution as dividend. The Supervisory Board approved the Board of Management's proposal to appropriate 3.5 million euros of the profit for the period of 7 million euros to the other reserves. The remainder of the profit for the period is at the disposal of the shareholders. We propose a cash dividend for 2010 of 0.36 euros per share in issue (2009: 0.31 euros). The basic earnings per ordinary share in issue were 0.73 euros.

Meetings of the Supervisory Board

The Supervisory Board met on seven occasions in 2010 in the presence of the Board of Management. All of the supervisory directors attended six of these meetings, and one member of the Supervisory Board was absent in person from one meeting, but was in telephone contact. At each meeting, also with reference to the regular reports, the Supervisory Board discussed financial developments, the operational performance of the divisions and market trends. Ballast Nedam's strategy was discussed in an extraordinary meeting. At the December meeting, the Supervisory Board deliberated on the organization structure and the group's operating and financial objectives and the associated risks. The Supervisory Board also discussed the business plan for the coming years at the December meeting.

Separate memorandums from the Board of Management were also discussed in the meetings, as well as Board of Management decisions requiring approval of the Supervisory Board.

The dividend proposal for 2009 was also handled, and the Annual Meeting of Shareholders prepared and evaluated. ICT developments within Ballast Nedam were also discussed with the Board of Management.

The annual and interim financial reports were discussed at the March and July meetings. The external auditors attended the discussions of these agenda items and presented their findings on the financial results. The Board of Management regularly explained the group's risk profile. The Supervisory Board also discussed with the Board of Management the most important risks for the company, internal risk management and control systems, and how the risks can be further limited and controlled. The Supervisory Board further discussed with the Board of Management how to limit risks and failure costs in the operational process. The external auditors attended these discussions at our request.

In addition to the structural consultation between the Supervisory Board and the Board of Management described above, the chairmen of the two Boards were also in frequent contact to discuss the course of business and matters arising.

The Supervisory Board also met in the absence of the Board of Management to discuss the Board of Management's performance both collectively and of the individual members. The remuneration of Board of Management members was also raised. The Supervisory Board also carried out a performance self-assessment involving intense scrutiny of both the Supervisory Board and the individual members. We also discussed the profile and membership of the Supervisory Board, with lengthy consideration to identify a suitable candidate to fill the vacancy in the Supervisory Board.

Ballast Nedam has a tradition of consultation with employee representatives. One of the supervisory directors attended a meeting of the Central Works Council.

No transactions took place in 2010 that involved any material conflict of interest on the part of supervisory directors. Corporate Governance Code best practice provisions III.6.1, III.6.2 and III.6.3. are complied with.

Report of the Audit Committee

The Audit Committee consists of the supervisory directors R.M.M. Boelen (Chairman) and J.C. Huis in 't Veld. The

committee met on four occasions in 2010 in the presence of the chairman of the Board of Management and the Financial Director of the holding company. The external auditor also attended the meetings.

The Audit Committee discussed the following subjects and others in its meetings: the interim financial reports and annual figures, the annual report, reports of the external auditors, International Financial Reporting Standards (IFRS) and compliance-related developments, the risk profile and the company's tax position. In addition the Audit Committee specifically addressed the general financial strategy and financial procedures, the internal risk management and monitoring systems, and the risk management on projects. The Audit Committee also evaluated the need for an internal auditor, and subsequently advised the Board of Management against appointing an internal auditor.

In the fourth meeting the Audit Committee spoke separately with the external auditors and the Financial Director. The committee also carried out a performance self-assessment through intense internal scrutiny of the Audit Committee's performance.

Other committees

In 2010 the Supervisory Board jointly performed the roles of an audit committee, remuneration committee and selection and appointments committee, and discussed the items that are customarily raised in these kinds of committees.

Independence and diversity of expertise

The Supervisory Board complies with the independence criterion laid down in the Dutch Corporate Governance Code. The Supervisory Board aims for a composition with members from diverse backgrounds and areas of expertise. Among the relevant areas of knowledge are human resource management, the construction industry, public administration, financial expertise and legal affairs. The Supervisory Board is seeking to achieve this aim through filling the current vacancy.

Financial statements and ratification

The Supervisory Board hereby submits the Annual Report for the financial year 2010, which includes 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 were audited by KPMG Accountants N.V., Amstelveen. The independent auditor's report is given on page 132. The Supervisory Board recommends that you adopt the financial statements and requests you to ratify the actions of the members of the Board of Management and the Supervisory Board in respect of their management and supervision, respectively, in 2010.

Thanks to all employees

The dedication, skill and knowledge of all Ballast Nedam employees have contributed greatly to the company's results in 2010. The Supervisory Board is extremely grateful to them.

Nieuwegein, 10 March 2011

Supervisory Board

A.N.A.M. Smits

J.C. Huis in 't Veld

R.M.M. Boelen



The Supervisory Board proposes to nominate J. Bout – a former Board Chairman of Royal Haskoning – as a new member of the Supervisory Board at the General Meeting of Shareholders in May 2011.

Membership of the Supervisory Board

A.N.A.M. Smits *(Chairman)*

Mr Smits was born in 1943 and is a Dutch national. He has been a member of the Boards of Management of Macintosh N.V. and Wilma Internationaal N.V.. Mr Smits is a member of the supervisory boards of a variety of companies. He is currently a member of the Supervisory Boards of Vebego Holding B.V., Maas International B.V., De Raekt B.V., Vercoat Invest B.V. and Hollandia Holding B.V. and is Chairman of the Supervisory Boards of CZ-Groep and Faber-Halbertsma Groep. Mr Smits was appointed to the Supervisory Board of Ballast Nedam in 2004. His current term of office ends at the end of the first Annual General Meeting of Shareholders after 7 May 2012.



J.C. Huis in 't Veld *(Vice Chairman)*

Mr Huis in 't Veld was born in 1947 and he is a Dutch national. His former positions include Chairman of the Board of Management the Netherlands Organization for Applied Scientific Research (TNO) and of the DHV Groep engineering firm. He previously held positions in the Directorate-General for Public Works and Water Management. Mr Huis in 't Veld has various ancillary positions, including member of the Supervisory Board of E.ON Benelux Holding B.V., N.V. Westerschelde Tunnel and N.V. Science Port Holland (Chairman). He is a member of the Advisory Board of Allseas Group S.A. (Switzerland) and of the Advisory Council of the Knowledge for Climate Research Programme. He also advises the Minister of Infrastructure and the Environment and the City of Rotterdam on the theme 'Rotterdam and Port: Sustainably Accessible'. He is a member of the board of the STT Netherlands Study Centre for Technology Trends, and Chairman of the Board of the Bewuste Bouwers foundation. Mr Huis in 't Veld was appointed to the Supervisory Board of Ballast Nedam as of 1 November 2006. His current term of office ends at the end of the first Annual General Meeting of Shareholders after 1 November 2014.



R.M.M. Boelen

Mr Boelen was born in 1944 and he is a Dutch national. Until 1 September 2004 he was a senior partner at Deloitte Accountants. He is a member of the supervisory boards of the following non-listed companies: Koninklijke Asscher Diamant Mij B.V., Bavaria N.V. (Chairman) MG International B.V. (Chairman). He is also Treasurer of Mamas for Kids (formerly the Nelson Mandela Children's Fund in the Netherlands), member of the Disputes Committee of the Royal Netherlands Institute of Registeraccountants (NIVRA) and Secretary of the Peace Parks Foundation in the Netherlands. Mr Boelen was appointed to the Supervisory Board of Ballast Nedam in 2005. His current term of office ends at the end of the first Annual General Meeting of Shareholders after 1 July 2013.



Remuneration report

The Supervisory Board hereby presents the remuneration report, containing a summary account of Ballast Nedam's remuneration policy. Because of the Supervisory Board's limited size, we have elected collectively to perform the duties of the Remuneration Committee

Principles of the remuneration policy for Board of Management members

The remuneration of the members of the Board of Management is determined by the Supervisory Board within the parameters of the policy approved by the General Meeting of Shareholders in 2005. The full Supervisory Board discussed the remuneration of the individual members of the Board of Management in a single meeting in 2010. Scenario analyses were prepared and discussed in 2010 as set down in the Dutch Corporate Governance Code.

The remuneration policy for the Board of Management is aimed at motivating and retaining skilled board members who are capable of leading a major Dutch construction group with international operations. The remuneration level of board members of other listed Dutch construction companies serves as a reference for the remuneration of the company's Board of Management, taking into consideration the complexity, scale, risk profile and management model of the reference companies. Naturally, the specific responsibilities of the individual members of the Board of Management are also taken into account in determining their remuneration level.

The remuneration level of the members of the Board of Management is contractually agreed when they take up their positions. Subsequent increases are limited in principle to percentage adjustments in compliance with the regulations for employees who are covered by the collective labour agreement (CAO) for the building industry.

Variable remuneration in the short term: bonus payments

Under the current remuneration system, a bonus may be paid in addition to the fixed salary, up to a maximum of 1/3 of the fixed salary. Any bonus payment is made after the end of the financial year to which it relates. Two-thirds of the bonus is determined by reference to financial targets, the profit for the period and average capital employed, based on the business plan approved by the Supervisory Board. One third of the bonus is determined by reference to nonfinancial

criteria, as laid down and assessed by the Supervisory Board. These criteria relate to leadership attributes, quality of relationships with the various stakeholders of the company, and the quality of the management of specific important issues arising in a given year. The Supervisory Board assesses these nonfinancial criteria through personal observation, discussions with the Board of Management and discussions with third parties.

The Supervisory Board has discretionary powers to award different bonuses or not to award bonuses, independently of any financial or nonfinancial criteria. However, any bonus awarded is limited to a maximum of one third of the fixed annual salary.

For competitive reasons, the financial targets included in the business plan are not publicly disclosed in advance. At the General Meeting of Shareholders, the Supervisory Board reports as to the targets set for the prior financial year, the extent to which they were achieved, and the Board's views on the nonfinancial criteria.

Variable remuneration in the long term: options

Ballast Nedam operates a management option scheme that was approved at the Extraordinary General Meeting of Shareholders on 26 October 2006. The purposes of the scheme are to allow managing directors to be granted options as an instrument for long-term loyalty and to ensure that the interests of individual managing directors mirror those of the shareholders. Options are therefore granted on condition that the managing directors themselves buy and hold depositary receipts for shares equivalent to a minimum of 5 per cent of the options granted for three years after the date on which they are granted.

The Supervisory Board is authorized to grant options to members of the Board of Management. However, the Supervisory Board may also resolve not to grant options to members of the Board of Management. The Supervisory Board decides each year on the award of options with reference to the following criteria:

- the managing director in question has a proven high personal significance for the company;
- the Supervisory Board wishes to secure the loyalty of the managing director for the longer term, in the interests of the continuity of the business;

- the degree to which the managing director in question met the bonus performance criteria in the preceding financial year.

Under this scheme, the aggregate maximum option rights that the Supervisory Board may grant to the members each year is 2 per cent of the total number of shares in issue. The members may exercise these rights only after three years, for up to six years from the date on which they are granted. The exercise price is equal to the average closing price of depositary receipts for shares of Ballast Nedam N.V. on NYSE Euronext Amsterdam in the five trading days prior to the grant of the options, including the date on which they are granted. The exercise price and other conditions for the granted options remain unchanged throughout the term of the options.

The Supervisory Board grants options, if any, on the date on which Ballast Nedam publishes its annual figures.

Remuneration policy for 2011

The Supervisory Board takes the view that the current scale of, and criteria for, the remuneration package properly reflect the administrative and management priorities. The Board is in favour of a limited variable remuneration component linked to feasible targets, which set the required priorities. The option scheme commits the managing directors for the longer term. The Board proposes to continue the current remuneration policy in 2011, taking into consideration the output of the scenario analyses prepared by the Board with respect to the possible outcomes of variable remuneration.

The most important indicators of the financial targets derive from Ballast Nedam's strategy objectives (see page 13) and are reflected in the financial performance criteria (the profit for the period and average capital employed) of the variable remuneration in the short term. The other nonfinancial strategy objectives were included as a factor in determining the other part of the variable remuneration in the short term. There is also a connection through the management option scheme between the strategy objectives and variable remuneration in the long term, in that the achievement or otherwise of strategy objectives is a determinant of Ballast Nedam's share price.

Remuneration of Board of Management members

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

Fixed annual salary

The fixed annual salaries including holiday allowance of the members of the Board of Management were as follows:

	1 January 2011	1 January 2010
Mr T.A.C.M. Bruijninx	€485 000	€479 000
Mr R. Malizia	€356 000	€351 000
Mr R.L.M. Jacobs		€351 000

These amounts are the fixed periodic salaries as at 1 January 2011 multiplied by 13, plus holiday allowance. The increases to be applied in 2011 pursuant to the collective agreement were not included in the above. These annual salaries are based on 52 weeks.

Bonus

The Board of Management members met the financial criteria they were set, as was examined and confirmed by the external auditors. These financial criteria determine two-thirds of the bonus payments. As this Annual Report shows, the Board of Management also showed skilled management of important issues for the company, such as the organizational change and the changing market demand. In the opinion of the Supervisory Board, members of the Board of Management likewise realized the nonfinancial criteria, which determine one third of the bonus payments. The members of the Board of Management are consequently eligible for the maximum bonus. The bonus for Mr Bruijninx for 2010 was accordingly € 162 000 and for Mr Malizia € 119 000.

Options

In 2010, the following options were granted to Board of Management members for the 2009 financial year:

Mr T.A.C.M. Bruijninx	30 000 options
Mr R. Malizia	22 500 options
Mr R.L.M. Jacobs	22 500 options

The options expire in six years, from 12 March 2010, and can be exercised after three years from the date of grant,

at which time the vesting period of the options ends. The exercise price is 13.43 euros. The options have a potential value at the grant date, which can be realized only if:

- the conditions stated in the option regulations are met at the time of exercising;
- the market price at the time of exercising, which occurs in the period from three to six years after grant, is higher than the exercise price.

Otherwise, the options are forfeited at no value. During the period in which the options may be exercised, members of the Board of Management may acquire one depositary receipt for a Ballast Nedam share for every option they exercise against payment of the exercise price. During the period in which the options may be exercised, they may alternatively exercise the options by announcing that they wish to sell the depositary receipts for shares to which they are entitled. In that case Ballast Nedam will pay the director concerned an amount for each option equal to the opening market price on the following trading day less the exercise price and less the costs involved.

The Supervisory Board has confidence in the members of the Board of Management and is keen to retain them at Ballast Nedam for a longer period. Granting options also mirrors the interests of the shareholders to some extent in the personal interests of the managers, as Board of Management members must buy and retain shares in Ballast Nedam. Since not all bonus performance criteria were fulfilled, the Supervisory Board resolved to grant fewer options for financial year 2009 than for financial year 2008.

Having stood down from the Board of Management and because his employment contract has been terminated, all options granted to Mr R.L.M. Jacobs in the past lapse.

Pensions

Board of Management members take part in the Ballast Nedam pension fund on the same terms as other employees. Ballast Nedam bears a portion of the financing costs involved, and the members of the Board of Management each bear the remaining portion.

No agreements have been made with the members of the Board of Management regarding early retirement.

Other

Board of Management members receive a fixed allowance and use of a company car. In other respects, the members of the Board of Management are subject to terms that mirror the applicable collective labour agreement (CAO), including annual increments, and may avail themselves of the same schemes that apply to other employees, such as gym membership, contractual savings, and use of a mobile phone or PDA.

Contract term, notice period and severance pay

Mr Bruijninx was appointed to the Board of Management on 13 February 2003 under a permanent contract. Mr Malizia was appointed to the Board of Management for a four-year term on 13 August 2007. The notice period for Board of Management members is three months and for Ballast Nedam six months. Severance pay in the event of dismissal of Mr Bruijninx is one-and-a-half times the fixed annual salary, and of Mr Malizia is equal to the fixed annual salary.

Relationship between performance criteria and strategy objectives

Achievement of the financial performance criteria 'profit for the period' and 'average capital employed' is assessed largely with reference to the strategy objectives given on page 13 of this Annual Report. The objectives in 2010 included achieving an operating profit of between 10 and 15 million euros, increasing the land bank turnaround rate and exercising restraint in investments in land positions.

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

In the opinion of the Supervisory Board, the performance delivered by the Board of Management in 2010 is in line with the remuneration they receive. The Supervisory Board arrives at this opinion in view of the achievement of the financial and nonfinancial performance criteria and comparison of the remuneration level of board members with that of other listed Dutch construction groups, taking into consideration the complexity, size, risk profile and management model of the reference companies.

Considering that the remuneration structure includes a variable component alongside a fixed salary and that also in 2011 the established performance criteria have a direct

connection with the strategy objectives for 2011, the Supervisory Board expects the remuneration for the Board of Management in 2011 to be in line with the performance delivered by the members of the Board.

Termination of employment contract with Mr Jacobs

Mr R.L.M. Jacobs stood down on 21 August 2010 as a member of the Board of Management of Ballast Nedam for personal reasons. With observance of the notice period his employment contract terminated on 14 November 2010. Having cancelled his employment contract Mr Jacobs did not qualify for a severance payment.

Remuneration of Supervisory Board members

Supervisory Board members receive a fixed fee that is independent of company performance. The General Meeting of Shareholders fixed the remuneration of the Supervisory Board in 2005. As of 1 January 2011, the annual fees for supervisory directors were as follows:

Mr A.N.A.M. Smits	€45 000
Mr R.M.M. Boelen	€30 000

Mr J.C. Huis in 't Veld €30 000

Ms M.H. Schultz van Haegen stood down as a member of the Supervisory Board on 13 October 2010.

Supervisory directors also receive an allowance for expenses incurred.

An Audit Committee is formed from members of the Supervisory Board. The General Meeting of Shareholders fixed the remuneration of the Audit Committee in 2008. As of 1 January 2011, the annual fees for supervisory directors were as follows:

Mr J.C. Huis in 't Veld	€5 000
Mr R.M.M. Boelen	€5 000

Remuneration chart

	2010				2009			
	Gross salary	Bonus	Pensions & social security costs	Expense allowance	Gross salary	Bonus	Pensions & social security costs	Expense allowance
x € 1 thousand								
Board of Management								
T.A.C.M. Bruijninx	481	162	147	5	482		136	5
R. Malizia	353	119	93	5	354		100	5
R.L.M. Jacobs ¹⁾	319		93	3	354		108	5
	1 153	281	333	13	1 190		344	15
Supervisory Board								
A.N.A.M. Smits	45			2	45			2
R.M.M. Boelen	35			2	35			2
J.C. Huis in 't Veld	35			2	33			2
M.H. Schultz van Haegen ²⁾	23			2	15			1
H.C. Broeksma ³⁾					17			1
	138			8	145			8
	1 291	281	333	21	1 335		344	23

1) Until 21 August 2010 member of the Board of Management

2) Until 13 October 2010 member of the Supervisory Board

3) Until 1 July 2009 member of the Supervisory Board and member of the Audit Committee

Option scheme

Year granted	2010	2009	2008	2007
T.A.C.M. Bruijninx				
Total costs in the financial year in €	278 000	311 000	221 000	100 000
Number	30 000	40 000	40 000	40 000
Exercise price in €	13.43	11.60	25.11	35.85
Share price at grant date in €	14.10	13.00	24.40	36.10
Benefit obtained at grant date in €	-	-	-	-
Theoretical value at grant date in €	189 300	247 600	356 400	378 000
Status at 31/12/2010	vesting	vesting	vesting	vesting
End of vesting period	12/03/2013	13/03/2012	14/03/2011	16/03/2010
Expiry date	11/03/2016	12/03/2015	13/03/2014	15/03/2013
Expected value at end of vesting period in €	180 000	300 000	115 000	35 000
R.L.M. Jacobs				
Total costs in the financial year in € ¹⁾	(474 000)	233 000	166 000	36 000
Number	22 500	30 000	30 000	30 000
Exercise price in €	13.43	11.6	25.11	35.85
Share price at grant date in €	14.10	13.00	24.40	36.10
Benefit obtained at grant date in €	-	-	-	-
Theoretical value at grant date in €	141 975	185 700	267 300	283 500
Status at 31/12/2010	lapsed	lapsed	lapsed	lapsed
End of vesting period				
Expiry date				
Expected value at end of vesting period in €				
R. Malizia				
Total costs in the financial year in €	208 000	233 000	166 000	36 000
Number	22 500	30 000	30 000	30 000
Exercise price in €	13.43	11.6	25.11	35.85
Share price at grant date in €	14.10	13.00	24.40	36.10
Benefit obtained at grant date in €	-	-	-	-
Theoretical value at grant date in €	141 975	185 700	267 300	283 500
Status at 31/12/2010	vesting	vesting	vesting	vesting
End of vesting period	12/03/2013	13/03/2012	14/03/2011	16/03/2010
Expiry date	11/03/2016	12/03/2015	13/03/2014	15/03/2013
Expected value at end of vesting period in €	135 000	225 000	85 000	25 000

1) options of R.L.M. Jacobs have lapsed and the costs to date reversed

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.

Determining the costs of options in the company accounts

In the vesting period Ballast Nedam recognizes the theoretical value at the grant date as an expense in the income statement. 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 although the current share price is lower than the exercise price.



Cité, Rotterdam

Membership of the Board of Management

T.A.C.M. Bruijninx *(Chairman)*

Mr Theo Bruijninx was born in 1961 and is a Dutch national. He serves as Chief Executive Officer (CEO) and Chief Financial Officer (CFO). Following the departure of Mr Jacobs in August 2010 Mr Bruijninx temporarily assumed the role of divisional manager for Building and Development. He is also a member of the Supervisory Board of Hollandia Holding B.V. Mr Bruijninx has worked for Ballast Nedam since 1990, and has held financial positions at Ballast Nedam Engineering, the Holding Company, Ballast Nedam Projectontwikkeling and Ballast Nedam Woningbouw before returning to the Holding Company. Mr Bruijninx was appointed as a member of the Board of Management under a permanent contract on 13 February 2003. He was appointed Chairman of the Board of Management on 13 August 2007.

R. Malizia

Mr Romeo Malizia was born in 1957 and is a Dutch national. Mr Malizia has worked for Ballast Nedam since 1978 and now has primary responsibility for the Infrastructure division. In chronological order, he has served as Managing Director of Hollebeek & Vens, Ballast Nedam Grond en Wegen, Northwest Region, Ballast Nedam Grond en Wegen Projecten, Ballast Nedam Grond en Wegen, Ballast Nedam Infrastructure, and since 2004 he has been Managing Director of Ballast Nedam Infrastructure. Mr Malizia was appointed to the Board of Management for a four-year term on 13 August 2007. His current term of office ends on 13 August 2011.

P. van Zwieten

Mr P. (Peter) van Zwieten (49) is financial director of Ballast Nedam. At the General Meeting of Shareholders the Supervisory Board intends to nominate him as CFO.





Financial Statements 2010



*Svanen at Sheringham Shoal Offshore
Wind Park, United Kingdom*

Consolidated statement of financial position

x € 1 million

	Note	31 December 2010	31 December 2009
Non-current assets			
Intangible assets	1	29	28
Property, plant and equipment	2	184	184
Financial assets	3	167	103
Investment in associates	4	2	-
Deferred tax assets	5	38	37
		420	352
Current assets			
Inventories	6	252	230
Work in progress	7	101	105
Receivables	8	230	221
Cash and cash equivalents	9	81	126
		664	682
Current liabilities			
Bank overdrafts	9	(20)	(15)
Current portion of long-term loans	11	(7)	(6)
Prepayments on inventories	6	(1)	(12)
Work in progress	7	(128)	(191)
Trade payables		(217)	(237)
Income tax payable		(1)	(1)
Other liabilities	10	(178)	(151)
Current portion of provisions	13	(46)	(31)
		(598)	(644)
Current assets minus current liabilities		66	38
		486	390
Non-current liabilities			
Loans	11	285	197
Derivatives		18	14
Deferred tax liability	5	4	3
Employee benefits	12	5	4
Provisions	13	13	10
		325	228
Total shareholders' equity			
Equity attributable to owners of the company	14	161	162
Non-controlling interest	14	-	-
		161	162
		486	390

Note: See Notes to the consolidated financial statements on pp 95 - 122, which are an integral part of these financial statements.

Consolidated income statement

x € 1 million	Note	2010	2009
Revenue	16	1 359	1 384
Other operating income	17.1	6	
Costs of raw materials and subcontractors	17.2	(1 005)	(1 026)
Personnel expenses	17.3	(278)	(277)
Other operating expenses		(37)	(39)
		(1 320)	(1 342)
Share in profits of associates	4	-	-
Earnings before interest, taxes, depreciation and amortization (EBITDA)		45	42
Depreciation and amortization of property, plant and equipment and intangible assets	1, 2	(26)	(25)
Impairment of tangible and intangible assets	2	(1)	-
Earnings before interest and taxes (EBIT)		18	17
Finance income	18	10	5
Finance expense	18	(17)	(14)
Net finance income and expense		(7)	(9)
Profit before income tax		11	8
Income tax expense	19	(4)	(2)
Profit for the period		7	6
Attributable to:			
Owners of the company		7	6
Non-controlling interests			-
Profit for the period		7	6
Attributable to owners of the company:			
Basic earnings per share (€)	20	0.73	0.62
Diluted earnings per share (€)	20	0.73	0.62

Note: See Notes to the consolidated financial statements on pp 95 - 122, which are an integral part of these financial statements.

Consolidated statement of comprehensive income

x € 1 million	Note	2010	2009
Profit for the period		7	6
Foreign currency translation differences		1	1
Net change in hedging reserve		(3)	1
Other comprehensive income		(2)	2
Total comprehensive income for the period		5	8
Attributable to:			
Owners of the company		5	8
Non-controlling interests			-
Total comprehensive income for the period		5	8

The amounts recorded in the consolidated statement of comprehensive income are the movements after taxation.

Note: See Notes to the consolidated financial statements on pp 95 - 122, which are an integral part of these financial statements.

Consolidated statement of changes in equity

x € 1 million	Issued share capital	Share premium	Repurchased own shares	Currency translation reserves	Associates reserve	Hedging reserve	Other reserves	Profit	Equity attributable to the owners of the company	Non- controlling interests	Total shareholders' equity
31 December 2008	60	52	(2)	(3)	26	(11)	22	24	168		168
Profit for the period								6	6		6
Foreign currency translation differences				1					1		1
Effective portion of changes in fair value of hedging instruments						(1)			(1)		(1)
Net change in fair value of hedging instruments, transferred to profit and loss						2			2		2
Comprehensive income				1		1		6	8		8
Dividend paid							(12)		(12)		(12)
Option scheme							1		1		1
Repurchased own shares			(3)						(3)		(3)
Transactions with shareholders			(3)				(11)		(14)		(14)
Appropriation of 2008 profit							24	(24)			
Other					(9)		9			-	-
31 December 2009	60	52	(5)	(2)	17	(10)	44	6	162	-	162
Profit for the period								7	7		7
Foreign currency translation differences				1					1		1
Effective portion of changes in fair value of hedging instruments						(7)			(7)		(7)
Net change in fair value of hedging instruments, transferred to profit and loss						4			4		4
Comprehensive income				1		(3)		7	5		5
Dividend paid							(3)		(3)		(3)
Option scheme							-		-		-
Repurchased own shares			-						-		-
Transactions with shareholders			-				(3)		(3)		(3)
Appropriation of 2009 profit							6	(6)			
Other					24		(27)		(3)	-	(3)
31 December 2010	60	52	(5)	(1)	41	(13)	20	7	161		161

The amounts recorded in the consolidated statement of changes in equity are the movements after taxation.

Note: See Notes to the consolidated financial statements on pp 95 - 122, which are an integral part of these financial statements.

Consolidated statement of cash flows

x € 1 million		Note	2010	2009
Net cash - opening balance	9		111	92
Profit for the period			7	6
<i>Adjustments:</i>				
Depreciation	2		25	23
Amortization	1		1	2
Impairment	2		1	-
Finance expense	18		17	14
Finance income	18		(10)	(5)
Share-based payments			-	1
Income tax expense	19		4	2
Share in profits of associates	4		-	-
<i>Movements:</i>				
Movement in other receivables	3.3		(4)	1
Movement in work in progress	7		(59)	72
Movement in inventories	6		(33)	(48)
Movement in provisions and employee benefits	12, 13		19	(8)
Interest paid	18		(11)	(10)
Paid on hedging instruments	18		(5)	(3)
Interest received	18		-	-
Income taxes paid	19		(3)	(1)
Change in other current assets and current liabilities			12	15
Net cash from operating activities			(39)	61
Intangible assets				
Investments	1		(2)	(5)
Disposals	1		-	-
Property, plant and equipment				
Investments	2		(32)	(32)
Disposals	2		8	3
Financial fixed assets				
Investments	3.1		(70)	(65)
Disposals	3.1		4	3
Dividends received	3.2		2	-
Investments in associates	4		(2)	
Acquisitions of subsidiaries				(1)
Cash acquired in acquisitions				-
Net cash used in investing activities			(92)	(97)
Drawings of long-term loans	11		107	90
Repayment of long-term loans	11		(19)	(19)
Acquisition of non-controlling interest			(3)	
Dividend paid			(3)	(12)
Proceeds from repurchase of own shares			-	(3)
Net cash from financing activities			82	56
Effect of exchange rate fluctuations on cash held			(1)	(1)
Net cash - closing balance	9		61	111

Note: See Notes to the consolidated financial statements on pp 95 - 122, which are an integral part of these financial statements.

The net cash consists of the balance of cash and cash equivalents and bank overdrafts that cannot be offset against one another. Of the total net cash, € 47 million (2009: € 86 million) is at the free disposal of the company.

Notes to the consolidated financial statements

Significant accounting policies

Ballast Nedam N.V. is based in Nieuwegein in the Netherlands. The consolidated financial statements of Ballast Nedam N.V. for the 2010 financial year comprise Ballast Nedam N.V. (the head of the group) and its subsidiaries (jointly referred to as Ballast Nedam) and Ballast Nedam's interest in associates and entities over which there is joint control.

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

The Board of Management prepared the financial statements on 10 March 2011 and approved them for release. The General Meeting of Shareholders will be held on 19 May 2011.

Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (hereinafter: 'EU-IFRS') and also comply with Part 9 of Book 2 of the Netherlands Civil Code.

Accounting policies used in the consolidated financial statements

The consolidated financial statements are presented in millions of euros. Any items with a value less than € 0.5 million are shown as '-'. The financial statements have been prepared on the basis of historical cost, except for those items for which EU-IFRS prescribes a different method for valuation or determination of the result.

Non-current assets held for sale and disposal groups are valued at the lower of carrying amount and fair value less costs to sell.

When preparing the financial statements, management makes estimates and assumptions that affect the amounts and results presented in the financial statements. The actual results may differ from these estimates and assumptions. See also 'Accounting estimates and judgements' on page 121.

Management judgements regarding the application of EU-IFRS that have significant consequences for the financial statements, and estimates that involve an appreciable risk of material change in the following year, are disclosed in the notes.

The accounting policies set out below have been consistently applied for all entities and periods presented in these consolidated financial statements.

Changes in accounting policies

A number of new standards, changes to existing standards and interpretations that came into effect in 2010 have been applied for the first time in the consolidated financial statements. The most important of these for Ballast Nedam are as follows.

IFRS 3 Business Combinations

Effective 1 January 2010 Ballast Nedam has accounted for business combinations in accordance with IFRS 3 Business Combinations (2008). The amended accounting policy has been applied prospectively, and has had no effect on the earnings per share.

Business combinations are recognized using the acquisition method as at the date of acquisition, which is the date on which control is transferred to the Group. The Group is considered to have control over an entity if it has the power to determine its financial and operational policy and to obtain benefits from its operations. Any potential voting rights that are currently exercisable are considered when assessing whether the Group controls another entity.

If it is required to grant share-based payment awards (replacement awards) in exchange for awards granted to employees of the acquired entity (awards granted by the acquired entity), and these are concerned with pre-combination services, then all or a portion of the fair value of the replacement awards is included in the consideration to be transferred. The calculation of the amount is based on a fair-value comparison of the replacement awards with the awards granted by the acquired entity, and the ratio of the respective portions of the replacement awards that are concerned with pre-combination and post-combination services.

Acquisitions on or after 1 January 2010

For acquisitions on or after 1 January 2010 Ballast Nedam measures Goodwill as:

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

If the result of the above calculation is negative, the resulting gain is recognized as a bargain purchase in the income statement.

IAS 27 Accounting for the acquisition of non-controlling interests

From 1 January 2010 Ballast Nedam has accounted for the acquisition of non-controlling interests in accordance with IAS 27 Consolidated and Separate Financial Statements (2008). This revision has been applied prospectively, and has had no effect on the earnings per share.

In accordance with the new policy, acquisitions of non-controlling interests are accounted for as transactions with owners in their capacity as owners, and therefore no goodwill is recognized pursuant to transactions of this kind. The adjustments to non-controlling interests are based on a proportionate amount of the net assets of the subsidiary.

Goodwill was previously recognized on the acquisition of a non-controlling interest in a subsidiary, and represented the positive difference of the carrying amount of the interest and the net assets acquired at the date of the transaction.

IFRIC 15 Agreements for the Construction of Real Estate

IFRIC 15 provides guidance on the application of IAS 11 Construction contracts and IAS 18 Revenue. Each contract is assessed to determine whether it meets the definition of construction contracts on behalf of third parties, the rendering of services, or the sale of goods. Residential building projects often do not meet the definition of a construction contract in accordance with IFRIC 15 because of a lack of specific negotiation with the buyer about the design and the specifications of the major elements of the homes concerned. Ballast Nedam recognizes the revenue of residential building projects of this kind in accordance with IAS 18 criteria. Where there is continuous transfer of control and the significant risks and rewards of ownership of the work in progress (continuous transfer), revenue is accordingly recognized on a pro rata basis as construction or completion progresses. The implementation of this standard has had no material impact on Ballast Nedam's comparative figures or shareholders' equity.

Basis of consolidation, assets, liabilities and income statement

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 non-controlling 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

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

The consolidated financial statements include Ballast Nedam's share of the recognized income and expenses 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 N.V.'s statement of financial position and only the portion of any further losses for which Ballast Nedam has a legal or constructive obligation will be recognized.

Joint ventures

Interests in combinations in which Ballast Nedam has no controlling influence, but may exercise the same influence on policy as each of the other participants, including construction consortiums, are proportionately consolidated.

Consolidation occurs as of the date on which control is first exercised until the date on which control ceases.

Elimination of transactions for consolidation purposes

Transactions with subsidiaries, associates and entities over which joint control is exercised are in principle 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

Assets and liabilities of foreign activities denominated in functional currencies other than the euro are translated to the functional currency at the rates of exchange prevailing at the end of the reporting period, with income statement items being translated at the rates approximating the rate of exchange on the transaction date (average rate for the 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 at the end of the reporting period, 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 at the end of the reporting period. Transactions in foreign currencies are translated to the functional currency at the exchange rate applying on the transaction date. The resulting foreign currency translation differences are recognized as part of earnings before interest and taxes.

Intangible assets

Goodwill

Goodwill arises as a result of the acquisition of subsidiaries, associates and joint ventures. With regard to acquisitions, the amount of goodwill is equal to the difference between the cost of the acquisition and the net fair value of the identifiable assets, liabilities and contingent liabilities acquired. Business combinations are accounted for using the purchase method of accounting.

Goodwill is carried at cost less accumulated impairment. Goodwill is allocated to cash-generating units and is not amortized. Instead, an impairment test is performed annually, or earlier if there are signs of impairment. In the case of associates and joint ventures, the carrying amount of goodwill is included in the carrying amount of the investment in associates and joint ventures.

Negative goodwill arising on acquisition is recognized as income immediately.

Other intangible assets

Software is stated at cost less accumulated amortization and impairment. Concessions 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 estimated to have been extracted.

Where significant, the residual value, amortization methods and estimated useful lives are assessed annually.

The expected useful lives are as follows.

Concessions	5 - 30 years
Software	3 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 signs of impairment.

Property, plant and equipment

Owned assets

Items of 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 differing estimated useful lives, those elements are recognized as separate assets.

Where they can be estimated reliably, the costs of dismantling and disposing of assets and the cost of restoring sites where assets are located are recognized as a provision at net present value. The borrowing costs for qualifying assets, which necessarily take a substantial period of time to get ready 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.

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 property, plant and equipment in the carrying amount of the asset concerned when those costs are incurred. All other costs are recognized in the income statement as an expense 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 lives are as follows.

Buildings	10 - 30 years
Plant and equipment	5 - 20 years
Other	2 - 10 years

The residual value, depreciation methods and estimated useful lives are assessed annually.

Financial assets

PPP receivables

Receivables in respect of Public-Private Partnerships (PPPs) relate to concession fees from public bodies (public authorities) receivable in connection with PPP projects. PPP receivables are recognized as financial assets. In conformity with IAS 32 and 39, PPP receivables are initially recognized at fair value and are subsequently measured at amortized cost based on an effective interest rate. This method of recognizing PPP receivables is in conformity with the financial assets model of 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 statement of comprehensive income if the investment is classified as available for sale; if not, they are recognized in the income statement. Only in the exceptional case that the fair value cannot be reliably determined is valuation at cost minus impairment applied.

Assets held for sale

The carrying amounts of assets classified as held for sale (and all disposal groups) are updated immediately prior

to such classification in accordance with the applicable policies. On initial recognition as assets held for sale, assets and disposal groups are stated at the lower of the carrying amount and fair value less costs to sell. A discontinued operation is part of the Group's activities that represents a separate major line of business or geographical area of operations, or is a subsidiary acquired exclusively with a view to resale. Classification as a discontinued operation occurs on the earlier of disposal or when the operation meets the criteria for classification as an asset held for sale. A disposal group that ceases to be classified as such can also meet these criteria.

Derivative financial instruments

Ballast Nedam makes limited use of derivative financial instruments in order 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 holds no derivatives for trading purposes, nor does it issue derivatives of this kind. Derivatives not qualifying for hedge accounting are treated as trading instruments.

On initial recognition, derivative financial instruments are measured at fair value, and the attributable transaction costs are recognized in the income statement as soon as they occur. If no hedge accounting is applied, gains and losses on revaluation to fair value are recognized directly in the income statement. 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.

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 income statement. The movement in values for any ineffective portion of the hedging transaction is recognized in the income statement.

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.

Inventories

Landholdings acquired and held for future property development purposes are stated at the lower of cost and net selling price. 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 rewards of 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 carried at the lower of cost and net market 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 measured at the lower of cost and net realizable 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 profit estimate can be made for construction contracts on behalf of third parties, the contractual revenues and expenses are recognized in the income statement 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 income statement.

Preparatory expenses and design and construction costs on large projects (i.e. tendering costs) are capitalized as 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 income statement. Tendering costs expensed in the period to which they relate 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.

Cash and cash equivalents

Cash and cash equivalents consist of cash and bank balances and other demand deposits. Current account overdrafts repayable on demand and constituting an integral part of Ballast Nedam's funds management form part of cash and cash equivalents in the statement of cash flows.

Impairment

Except for inventories, work in progress and the deferred tax asset of Ballast Nedam, the carrying amount of assets is reviewed at the end of the reporting period in order 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 the end of each reporting period.

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 income statement.

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.

Dividend

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

Equity-settled share-based payment transactions

The share option scheme enables the Board of Management to acquire depositary receipts for shares in Ballast Nedom. 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 date of award, 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 will decide on the award 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 date of award and amortized over the vesting period of the rights. 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 awarded.

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 income statement over the term of the loans on the basis of the effective interest method.

Pensions

The pension scheme established by Ballast Nedom for office staff qualifies as a defined contribution plan, and is administered by Stichting Pensioenfonds Ballast Nedom. Under this defined contribution plan, the obligations in respect of the defined contributions are recognized as an expense in the income statement when they fall due.

Ballast Nedom's building site workers are covered by the compulsory industry-wide pension scheme for the building industry (bpfBOUW). Ballast Nedom does not have access to all the pension data on defined benefit pension plans administered by the industry pension fund, which means that Ballast Nedom is unable to calculate its share in the surplus or deficit of the pension plan for inclusion in the statement of financial position. Consequently, these pension plans are recognized as defined contribution plans. The obligations are limited to the payment of premiums.

Long-term employee benefits

Ballast Nedom'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 converted to present value, taking account of actuarial assumptions.

Provisions

A provision is recognized in the statement of financial position if Ballast Nedom 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 contracts on behalf of third parties

The contractual income and expenses in relation to work in progress are recognized in the income statement 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 income statement.

Sale of goods

Income from the sale of goods is recognized in the income statement as and when the significant risks and rewards of ownership have been transferred to the buyer. Revenue and profit are recognized on a pro rata basis as construction progresses for those 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 rewards of ownership.

Services rendered

Income from services rendered is recognized in the income statement in proportion to the percentage of completion of the transaction at the end of the reporting period. The percentage of completion is determined on the basis of assessments of the activities performed. No income is recognized if there are significant uncertainties concerning the collection of the amounts due or the related costs or any returns of goods, and also if there is any question of continuing management involvement in the goods.

PPP projects

During the construction phase of the asset, PPP projects are recognized as work in progress for third parties. The related financial asset is recognized based on invoiced instalments. The contractual income and expenses are recognized in the income statement 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

income statement. 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 when the services to which it relates are delivered.

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 income statement 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.

Costs

Costs are allocated to the period to which they relate.

Lease instalments on operating leases

Lease instalments on operating leases are recognized in the income statement 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 finance expense comprises the interest income and expenses on borrowings calculated using the effective interest method. The interest component of the financial lease instalments is recognized in the income statement using the effective interest method. Gains and losses on exchange and on derivative financial instruments other than interest rate swaps are recognized in the income statement in earnings before interest and taxes. Results on interest rate swaps are recognized as finance income or expense.

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 income statement except in relation to items recognized in the consolidated statement of comprehensive income.

Deferred tax is recognized using the balance sheet method on 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 amount 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.

Statement of cash flows

Cash flows from operating activities are presented using 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, acquisitions, financial lease obligations, 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. Current-account balances payable on demand forming part of Ballast Nedam's cash management operations are included in the balance of cash and overdrafts with banks in preparing the consolidated statement of cash flows.

Basic earnings per share

The basic earnings per share are calculated by dividing the profit for the period attributable to holders of shares by the average number of shares in issue in the period. The diluted earnings per share are calculated by dividing the profit by the average number of issued shares, including the number of shares that would have been issued if the outstanding share options had been exercised, if this would lead to dilution.

Operating segments

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 of individual divisions in order to make decisions about resources to be allocated and to assess performance. Additional financial information is provided for each division.

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 geographical segment. In presenting information on a geographical basis, income is based on the geographical location of the customers. The criterion for assets is their geographical location.

New standards and interpretations not yet applied

A number of new standards, changes to existing standards and interpretations had yet to come into effect 2010 and are therefore not applied in the consolidated financial statements. The most important of these for Ballast Nedam are as follows.

IFRS 9 Financial instruments (IAS 39 revised)

The amendments to IAS 39 are concerned mainly with penalty clauses in loan agreements and results on cash flow hedges. The results of derivative financial instruments must be recognized in the income statement in the same period that the results of the hedged position are recognized in the income statement. Application of this standard may also lead to changes in the classification and measurement of financial assets. The implementation of this standard is scheduled for 2013 and is expected to have no material impact on Ballast Nedam's comparative figures or shareholders' equity.

Exposure Draft 9, Joint Arrangements

IFRS now allows two methods of accounting for joint ventures in the financial statements. The method chosen in the financial statements is proportionate consolidation of the joint ventures. The other option is not to proportionately consolidate joint ventures, but to account for them as an interest in a share of the equity of the joint venture (i.e. the equity method).

Accounting for joint ventures is a dynamic area. It is expected that only the equity method will be allowed in a few years' time, whereby it will be impossible to proportionately consolidate some or all joint ventures (Exposure Draft 9, Joint Arrangements).

This change could have a major impact on the statement of financial position, the income statement, cash flow, order book and the operating segments. The statement of financial position that results if the joint ventures are not proportionately consolidated is presented below.

This treatment is in accordance with the current IFRS standard. The associated impact on the income statement mainly affects revenue and, to a limited extent, the profit for the period.

x € 1 million	Proportionately consolidated	Not proportionately consolidated	
	31 December 2010	31 December 2010	31 December 2009
Non-current assets			
Intangible assets	29	27	26
Property, plant and equipment	184	166	164
Financial assets	169	53	52
Deferred tax assets	38	33	33
	420	279	275
Current assets			
Inventories	252	261	188
Work in progress	101	99	100
Receivables	230	169	176
Cash and cash equivalents	81	60	91
	664	544	555
Current liabilities			
Bank overdrafts	(20)	(8)	-
Current portion of long-term loans	(7)	(1)	(5)
Prepayments on inventories	(1)	-	(9)
Work in progress	(128)	(55)	(105)
Trade payables	(217)	(160)	(199)
Income tax payable	(1)	-	-
Other liabilities	(178)	(255)	(199)
Provisions	(46)	(47)	(31)
	(598)	(526)	(548)
Current assets minus current liabilities	66	18	7
	486	297	282
Non-current liabilities			
Loans	285	107	95
Derivatives	18	-	-
Deferred tax liabilities	4	3	3
Employee benefits	5	5	5
Provisions	13	19	17
	325	134	120
Total equity			
Equity attributable to owners of the company	161	163	162
Non-controlling interest	161	163	162
	486	297	282
Solvability	15%	20%	20%

Operating segments 2010

x € 1 million	Infrastructure	Building & Development	Subtotal operating segments	Reconciliation	Total
Segment revenue	710	670	1 380	41	1 421
Intersegment revenue	(17)	(15)	(32)	(30)	(62)
Revenue	693	655	1 348	11	1 359
Other operating income	4	1	5	1	6
Total operating expenses	(657)	(648)	(1 305)	(15)	(1 320)
Share in profits of associates	-	-	-	-	-
Earnings before interest, taxes, depreciation and amortization (EBITDA)	40	8	48	(3)	45
Impairment	(1)	-	(1)	-	(1)
Depreciation	(16)	(4)	(20)	(5)	(25)
Earnings before interest, taxes and amortization (EBITA)	23	4	27	(8)	19
Amortization	(1)	-	(1)	-	(1)
Earnings before interest and taxes (EBIT)	22	4	26	(8)	18
Finance income and expense					(7)
Income tax expense			Segment revenue		(4)
Profit for the period					7
Margin	3.1%	0.6%	1.9%		1.4%
Order book	1 138	746	1 884	(43)	1 841
Capital employed	235	177	412	13	425
Assets	568	602	1 170	(86)	1 084
Investments in non-current assets	60	42	102	2	104
Associates	2	-	2	-	2
Liabilities	437	457	894	29	923
Impairment of property, plant and equipment and intangible assets					
Impairment	(1)	-	(1)	-	(1)
Reversal of impairments	-	-	-	-	-
Average number of employees					
Temporary employment	185	106	291	5	296
Permanent employment	1 990	1 454	3 444	101	3 545
Average number of employees	2 175	1 560	3 735	106	3 841

The reconciliation column relates to holding entities and intersegment eliminations.

The number of employees posted abroad was 63 (2009: 61).

Operating segments 2009

x € 1 million	Infrastructure	Building & Development	Subtotal operating segments	Reconciliation	Total
Segment revenue	707	705	1 412	26	1 438
Intersegment revenue	(27)	(15)	(42)	(12)	(54)
Revenue	680	690	1 370	14	1 384
Other operating income					
Total operating expenses	(642)	(683)	(1 325)	(17)	(1 342)
Share in profits of associates	-	-	-	-	-
Earnings before interest, taxes, depreciation and amortization (EBITDA)	38	7	45	(3)	42
Impairment	-	-	-	-	-
Depreciation	(16)	(3)	(19)	(4)	(23)
Earnings before interest, taxes and amortization (EBITA)	22	4	26	(7)	19
Amortization	(2)	-	(2)	-	(2)
Earnings before interest and taxes (EBIT)	20	4	24	(7)	17
Finance income and expense					(9)
Income tax expense					(2)
Profit for the period					6
Margin	2.8%	0.5%	1.7%		1.2%
Order book	888	977	1 865	(47)	1 818
Capital employed	171	80	251	28	279
Assets	485	617	1 102	(68)	1 034
Investments in non-current assets	58	42	100	2	102
Associates	-	-	-	-	-
Liabilities	368	477	845	27	872
Impairment of property, plant and equipment and intangible assets					
Impairment	-	-	-	-	-
Reversal of impairments	-	-	-	-	-
Average number of employees			-		
Temporary employment	185	163	348	5	353
Permanent employment	1 972	1 523	3 495	99	3 594
Average number of employees	2 157	1 686	3 843	104	3 947

The reconciliation column relates to holding entities and intersegment eliminations.

Operating segments (continued)

Revenue

x € 1 million	31 December 2010	31 December 2009
Operating segments	1 380	1 412
Other	41	26
Intersegment revenue	(62)	(54)
Total	1 359	1 384

EBIT

x € 1 million	31 December 2010	31 December 2009
Operating segments	26	24
Not allocated to segments	(8)	(7)
Subtotal	18	17
Intersegment results	-	-
Share in profits of associates	-	-
Total	18	17

Assets

x € 1 million	31 December 2010	31 December 2009
Operating segments	1 170	1 102
Not allocated to segments	226	222
Associates	-	-
Elimination and unallocated assets	(312)	(290)
Total	1 084	1 034

Liabilities

x € 1 million	31 December 2010	31 December 2009
Operating segments	894	845
Not allocated to segments	75	67
Elimination and unallocated liabilities	(46)	(40)
Total	923	872

The line 'Not allocated to segments' mainly comprises operating assets, expenses, tax and other receivables and liabilities of holding entities in particular.

Geographical segments

x € 1 million	Revenue		Assets		Other fair value investments	
	2010	2009	2010	2009	2010	2009
The Netherlands	1 275	1 272	187	186	6	8
Other Europe	44	36	15	16	-	-
Other	40	76	19	18	-	-
Total	1 359	1 384	211	220	6	8

94% of revenues (2009: 92%) were generated in the Netherlands. The assets reported under the geographical segments comprise the non-current assets, excluding financial instruments and deferred tax assets..

Notes to the consolidated statement of financial position

1 Intangible assets

x € 1 million	Goodwill	Concessions	Other	Total
Cost				
31 December 2008	14	21	2	37
Investments	-	4	1	5
Acquisitions	-	-	-	-
Disposals	-	-	-	-
31 December 2009	14	25	3	42
Investments	-	1	1	2
Acquisitions	-	-	-	-
Disposals	-	-	-	-
31 December 2010	14	26	4	44
Amortization and accumulated impairment				
31 December 2008	1	10	1	12
Amortization	-	1	1	2
Impairment	-	-	-	-
Disposals	-	-	-	-
31 December 2009	1	11	2	14
Amortization	-	1	-	1
Impairment	-	-	-	-
Disposals	-	-	-	-
31 December 2010	1	12	2	15
Carrying amount				
Infrastructure	8	14	1	23
Building and Development	5	-	-	5
31 December 2009	13	14	1	28
Infrastructure	9	14	2	25
Building and Development	4	-	-	4
31 December 2010	13	14	2	29

Goodwill

An impairment test is carried out at least once a year. The present value of estimated future cash flows is calculated using a pre-tax discount rate (9% -11%). The business plan is used as a basis for projections for the 2011–2013 period. The residual value is calculated for the perpetual cash flow

with an allowance for growth of between 0% and 2%. No materially impaired assets were identified in the impairment test. A 1% increase in the pre-tax discount rate would not lead to a material impairment.

x € 1 million	31 December 2010	31 December 2009
Bontrup Beheer BV	2	2
Verkaik BV	2	2
Spankern BV	3	3
Zomers bouwbedrijf BV	3	3
Gebr. Van Leeuwen BV	1	1
Other	2	2
Total	13	13

Concessions

Ballast Nedam owns concessions for high-grade primary raw materials in Belgium, Norway, Germany and the Netherlands. Amortization takes place in proportion to extraction. The remaining weighted average amortization period for concessions as at year-end was 45 years (2009: 46 years). Ballast Nedam incurred no significant raw material and minerals exploration costs in 2010 for raw materials with unproven technical or commercial extraction potential.

Purchase commitments

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

Development expenses

In 2010 expenses of € 16 million were recognized in the income statement for product development and other innovations (2009: € 10 million). No material development expenses were capitalized.

2 Property, plant and equipment

x € 1 million	Land and buildings	Equipment and fixtures and fittings	Other operating assets	Total
Cost				
31 December 2008	102	238	35	375
Investments	2	27	3	32
Acquisitions	-	-	-	-
Disposals	-	(5)	(2)	(7)
Foreign currency translation differences	2	-	1	3
31 December 2009	106	260	37	403
Investments	9	20	3	32
Acquisitions	-	-	-	-
Disposals	(5)	(10)	(1)	(16)
Foreign currency translation differences	3	-	-	3
31 December 2010	113	270	39	422
Depreciation and accumulated impairment				
31 December 2008	34	145	20	199
Depreciation	4	16	3	23
Disposals	-	(4)	(1)	(5)
Foreign currency translation differences	1	-	1	2
31 December 2009	39	157	23	219
Impairment	-	1	-	1
Depreciation	4	18	3	25
Disposals	(1)	(7)	-	(8)
Foreign currency translation differences	1	-	-	1
31 December 2010	43	169	26	238
Carrying amount				
Infrastructure	34	79	6	119
Building and Development	11	19	2	32
Other	22	5	6	33
31 December 2009	67	103	14	184
Infrastructure	36	77	5	118
Building and Development	14	19	2	35
Other	20	5	6	31
31 December 2010	70	101	13	184

The investments in land and buildings and in plant and equipment, in both 2010 and 2009, related mainly to investments by the Infrastructure division. The investments in other assets, in both 2010 and 2009, related primarily

to IT and communications equipment. In 2010, there were disposals within the Infrastructure and Other divisions (2009: no material disposals).

Purchase commitments

At the end of the reporting period, Ballast Nedam was committed to purchasing property, plant and equipment worth less than € 1 million (2009: less than € 1 million).

Security

Property, plant and equipment with a carrying amount of € 23 million have been provided as mortgage collateral.

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 leased assets were carried at € 11 million (2009: € 8 million).

3 Financial assets

x € 1 million	Note	31 December 2010	31 December 2009
PPP receivables	3.1	154	92
Other fair value investments	3.2	6	8
Other receivables	3.3	7	3
Total		167	103

3.1 PPP receivables

x € 1 million	2010	2009
1 January	94	27
Recognized receivables	70	65
Capitalized interest	10	5
Payments received	(4)	(3)
31 December	170	94
of which:		
Non-current	154	92
Current	16	2

The Public Private Partnership (PPP) receivables related to the concession fees receivable from public bodies (public authorities) in connection with the rights to sections of the Dutch N31 and A15 motorways, and the provision of accommodation by the DU02, DC16 and Komfort consortiums and others.

The interest income on the PPP receivables and the interest expenses on the PPP loans are recognized as interest income and expenses in the income statement.

The current portion of the PPP receivables is included in receivables. The PPP receivables have been pledged as security for the related loans from ING, Nederlandse Investeringsbank, Sumitomo Mitsui Banking Corporation, NIBC, Bank Nederlandse Gemeenten and others, which are included in non-current and current liabilities.

3.2 Other fair value investments

x € 1 million			31 December 2010	31 December 2009
Name	Proportion owned	Country		
CV GEM Vleuterweide	13.4%	The Netherlands	5	7
Other			1	1
Fair value			6	8

The fair value of the interest in the joint venture CV GEM Vleuterweide has been measured on the basis of the present value of the expected cash flows. In 2010 approximately € 2 million (2009: nil) dividend was received from CV GEM Vleuterweide.

3.3 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 2010 these amounted to € 7 million (2009: € 3 million).

4 Investment in associates

Ballast Nedam has various smaller investments in a number of associates. No detailed disclosures are made, owing to the limited size of the individual companies. At the end of the reporting period, Ballast Nedam had provided loans totalling less than € 1 million (2009: less than € 1 million) to several associates.

5 Deferred taxation

Deferred tax assets arise from the recognition of carry-forward tax losses and from deferred taxation of the revaluation of derivatives to fair value.

x € 1 million	2010	2009
Deferred tax asset		
1 January	37	37
Movement through income statement	-	-
Movement through comprehensive income	1	-
31 December	38	37

The utilization of carry-forward losses was nil in 2010 (2009: € 1 million). No additional carry-forward losses were recognized in 2010 (2009: € 1 million). Because of a lowering of the corporate income tax rate for future years from 25.5% to 25%, the deferred tax asset was revalued downward in 2010 by less than € 1 million (2009: nil).

The Dutch fiscal unity has approximately € 126 million (2009: approximately € 126 million) of recognized carry-forward losses in the Netherlands. There is a limitation on the utilization of these tax losses in the Netherlands.

The average remaining carry-forward period is less than 4 years (2009: less than 5 years). The utilization of carry-forward losses depends on future taxable profits and tax planning opportunities.

In 2010 the deferred tax asset on changes in fair value of derivatives increased by € 1 million (2009: less than € 1 million). The deferred taxation of the portion of fair value changes of derivatives where the hedge relationship was effective, was € 5 million (2009: € 4 million).

Ballast Nedam has recognized no deferred taxation for the outstanding tax-deductible losses in Canada, in view of the impracticability of reliably estimating the timing of settlement. Ballast Nedam intends to liquidate several more foreign companies in the next few years. The size of the possible liquidation losses cannot yet be estimated reliably.

Deferred tax liability arises from temporary differences between the accounting carrying amounts and tax base of assets and liabilities. These temporary differences were attributable to the following items.

x € 1 million	2010	2009
Deferred tax liability		
Intangible assets	3	3
Other differences	-	-
1 January	3	3
Movement through comprehensive income	-	-
Movement through income statement	1	-
31 December	4	3

Income tax payable

The income tax payable consists of income tax due outside the fiscal unity, of € 1 million in 2010 (2009: € 1 million).

6 Inventories

x € 1 million	31 December 2010	31 December 2009
Land positions	160	157
Projects under construction, unsold	12	20
Projects completed, unsold	41	10
Residential building projects	3	4
Finished product	16	16
Raw material & semi-finished goods	20	23
Total	252	230

The accumulated impairment losses for land positions amounted to € 10 million (2009: € 6 million). A number of the land positions were revalued in 2010. The adjustment of a number of land positions to historical cost amounted to € 3 million (2009: € 2 million).

The adjustment of a number of land positions to lower market value amounted to € 7 million (2009: nil). Delivered and unsold projects include € 14 million that is for the expense and risk of joint venture partners.

Prepayment on inventories

Prepayments on inventories of € 1 million (2009: € 12 million), related to housing projects on which the value

of the work performed is lower than the amount of the instalments invoiced.

7 Work in progress

x € 1 million	31 December 2010	31 December 2009
Work in progress under current assets	101	105
Work in progress under current liabilities	(128)	(191)
Total	(27)	(86)
Project costs including recognized results	1 320	1 357
Instalments	(1 347)	(1 443)
Total	(27)	(86)
Instalments received	1 235	1 327
Instalments outstanding	111	116
Retained from instalments	1	-
Total	1 347	1 443

8 Receivables

x € 1 million	31 December 2010	31 December 2009
Instalments	129	134
Trade receivables	77	84
PPP receivables	16	2
Prepaid expenses	8	1
Total	230	221

As at 31 December 2010, instalments included an amount of € 1 million (2009: less than € 1 million) by way of retentions related to construction contracts in progress. Retentions are recognized at present value. The PPP receivables represent the current portion of the Public Private Partnership (PPP)

receivables arising from concession fees receivable from public bodies (public authorities) in connection with PPP projects in the Netherlands.

Aging analysis of instalments and trade receivables

x € 1 million	31 December 2010	31 December 2009
0 - 30 days	146	145
31 - 60 days	32	36
61 - 90 days	11	14
91 - 365 days	13	19
older than 1 year	11	12
	213	226
Impairment on bad debtors	(7)	(8)
Total	206	218

Ballast Nedam employs 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 cumulative impairment on bad debtors amounted to € 7 million (2009: € 8 million) and have been deducted from trade receivables. The movements in the provision were as follows.

Impairment on bad debtors

x € 1 million	31 December 2010	31 December 2009
1 January	8	7
Additions	1	3
Reversals	-	-
Utilization	(2)	(2)
31 December	7	8

As at the end of the reporting period, there were no known pledges on receivables (2009: ditto).

9 Net cash

x € 1 million	31 December 2010	31 December 2009
Cash and cash equivalents	81	126
Bank overdrafts	(20)	(15)
Total	61	111
Unrestricted cash balances	47	86
Proportionately consolidated	14	25
Total	61	111

Ballast Nedam has contracted credit facilities with three banks for € 60 million. Ballast Nedam made use of these facilities in the course of the year under review. No amounts were drawn under these facilities at year-end (2009: ditto).

10 Other liabilities

x € 1 million	31 December 2010	31 December 2009
VAT, payroll tax and social security contributions	25	32
Pension contributions	1	1
Charges relating to work in progress	61	49
Other	91	69
Total	178	151

Other liabilities, in the amount of € 91 million (2009: € 69 million) included liabilities for vacation pay, untaken vacations, accruals, debts to joint venture partners and

various other liabilities that cannot be allocated to the other items.

11 Loans

x € 1 Loans	2010	2009
1 January	203	133
Loans drawn	107	90
Repayments	(19)	(19)
Movement in current portion	1	(1)
31 December	292	203
Non-current		
Non-current	285	197
Current	7	6
31 December	292	203
Non-current		
PPP loans	165	92
Land bank financing	33	33
Business loan	50	50
Finance leases	7	6
Other loans	30	16
31 December	285	197
Current		
PPP loans	4	1
Land bank financing	-	-
Business loan	-	-
Finance leases	2	1
Other loans	1	4
31 December	7	6

11.1 Loans per bank

x € 1 million	Maturity		Facility	31 December	31 December
	Currency	date		2010	2009
BC Transportation Financing Authority	CAD		3	3	3
CBT Golden Peaks Development Corp.	CAD	2017	3	3	4
NIBC / Bank Nederlandse Gemeenten (PPP)	EUR	2021	8	7	8
Bank Nederlandse Gemeenten (PPP)	EUR	2035	81	79	43
ING Bank (PPP)	EUR	2035	69	43	20
Sumitomo Mitsui Banking Corp (PPP)	EUR	2035	32	29	21
Nederlandse Investeringsbank (PPP)	EUR	2035	7	6	7
FGH Bank	EUR	2015	37	34	34
Rabobank	EUR	2014	50	50	50
ABN AMRO	EUR	2012	10	2	3
Other	EUR		46	36	10
Total			346	292	203

There are no financial covenants in the conditions of the above loans.

BC Transportation Financing Authority

This loan is for the construction and development of a main road to the Canadian ski resort, Kicking Horse Mountain Resort (KHMR). The loan is being repaid through the payment of royalties based on a percentage of revenue. The unpaid amount for any year (interest and/or principal) is added to the remaining principal. The balance of the loan can be repaid without penalty. KHMR is to continue paying the royalties until the residual debt has been repaid. The loan has a fixed interest rate of 6.825%.

CBT Golden Peaks Development Corporation

In 2010 the loan was extended and the conditions renegotiated. After repaying 20% of the outstanding sum, the new principal was set at CAD 4.5 million and the term of the loan extended by 7 years (to 31 March 2017). The loan can be repaid prematurely without incurring a penalty. The interest rate is unchanged at 8% per year. Certain project assets of the ski resort Kicking Horse Mountain Resort have been pledged as collateral.

PPP loans

The PPP loans comprise multiple tranches, where the maturity date of the tranche with the longest term is shown. Of the PPP loans € 5 million was drawn from other financiers. Derivatives held for hedging the cash flow risk on variable interest rate PPP loans were obtained from the same financial institutions as the underlying loans. The maximum margin on the PPP loans is less than 3%.

FGH Bank

Ballast Nedam has financing facilities of € 37 million with FGH Bank for a number of land positions, which have been placed in a separate company. The period to maturity of these facilities was extended by 3 years in 2010 to 2015. The land positions concerned were mortgaged as security for the loan. The interest rate is Euribor plus margin. The loan does not contain any financial covenants. The loan will be (partially) redeemed on the sale of the land positions. At year-end 2010, € 33 million of this facility had been drawn. FGH Bank also provided financing for various company buildings. At year-end 2010, approximately € 1 million of this amount was still outstanding (2009: € 1 million).

Rabobank

The € 50 million loan was extended in 2010 to 1 April 2014. The loan has a fixed interest rate of 5.4% (to year-end 2009: 4.63 %). As security for the loan, mortgages were taken out on a number of registered properties in use by Ballast Nedam with a carrying amount at the end of the reporting period of € 23 million.

ABN AMRO and other

Other loans mainly comprised some smaller loans to finance a landholding and a recycling installation.

11.2 PPP loans per project

x € 1 million	2010	2009
Non-current		
Waldwei	7	7
Kromhout Kazerne	87	46
IB Groep & Belastingdienst Groningen	35	14
DC16	30	25
A15	6	-
31 December	165	92
Current		
Waldwei	1	1
Kromhout Kazerne	2	-
DC16	1	-
31 December	4	1

The loans represent Ballast Nedam's proportional share of project 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.

11.3 Maturity period financial leases

x € 1 million	2010	2009
Less than 1 year	2	1
1 - 5 years	7	7
More than 5 years	-	-
Future lease instalments	9	8
Future finance expense	-	(1)
Less than 1 year	2	1
1 - 5 years	7	6
More than 5 years	-	-
Present value of financial leases	9	7

The finance expense attributable to financial leases was less than € 1 million in 2010 (2009: less than € 1 million).

The financial leases involve no constraints on financing or dividend policy.

12 Employee benefits

x € 1 million	Long-term illness	Long-service bonuses	Other benefits	Total employee benefits	
				2010	2009
1 January	1	4	-	5	5
Addition	-	-	-	-	1
Utilization	-	-	-	-	(1)
31 December	1	4	-	5	5
Of which recognized in current liabilities				-	(1)
				5	4

Long-term illness and long-service bonuses

The discount rate of the provision for long-term illness and long-service bonuses was 5% (2009: 5%).

Pensions

Pension premiums are paid to various pension funds. Most pension liabilities have been transferred to Stichting Pensioenfonds Ballast Nedam. Ballast Nedam now has only a very small number of defined benefit pension schemes. Some Ballast Nedam pension schemes have defined benefits under which employees' rights are based on the number of years of service and salary level. The obligations under these pension schemes are systematically covered

by means of payments into pension funds or to insurance companies. Ballast Nedam has insufficient information on these pension schemes to treat them as defined benefit schemes. These pension schemes have therefore been treated as defined contribution schemes. Ballast Nedam is obliged to pay the prescribed premium for these schemes. Ballast Nedam cannot be compelled to make up any deficits other than through future premium adjustments. Conversely, Ballast Nedam cannot claim any pension fund surpluses. The coverage factor of the industry-wide pension scheme for the building industry (bpfBouw) that is accounted for as a defined benefit pension scheme was estimated at the end of 2010 as 108.2%.

13 Provisions

x € 1 million	Reorganization	Guarantee liabilities	Other	Total	
31 December 2008	10	12	27	49	
Addition	2	6	1	9	
Unwind of discount	-	-	1	1	
Reversals	(6)	(2)	(1)	(9)	
Utilization	(1)	(3)	(5)	(9)	
31 December 2009	5	13	23	41	
Addition	2	8	23	33	
Unwind of discount	-	-	1	1	
Reversals	(1)	(2)	(1)	(4)	
Utilization	(3)	(5)	(4)	(12)	
31 December 2010	3	14	42	59	
Current (< 1 year)					
31 December 2009	3	7	21	31	
31 December 2010	3	7	36	46	

A large part of the utilization from the reorganization provision are payments for severance arrangements and the settlement of a rental guarantee. The additions comprised various small-scale reorganizations.

Guarantee liabilities relates to work which has been delivered. Of the addition to the provision, € 3 million (2009: € 2 million) was charged to income. The remaining € 5 million (2009: € 4 million) was charged to the project result. Provisions no longer needed, in the amount of € 2 million (2009: € 2 million), were released to income and € 5 million (2009: € 3 million) was utilized to settle warranty claims received.

Other provisions include € 19 million (2009: € 16 million) for the consequences of infringements of competition rules prior to the end of 2002.

This amount includes the alleged infringement by a former British subsidiary of UK competition rules. The remaining amounts of the provisions and additions relate to other claims against Ballast Nedam. The release of € 1 million (2009: less than € 1 million) related to several provisions no longer needed for potential claims. The release of € 4 million consisted of withdrawals for the settlement of claims.

The finance expense related to unwinding of discount on long-term provisions is shown in the income statement. Provisions are stated with compound interest only if a reasonable estimate can be made of the release date of the funds. The interest rate applied is 5% (2009: 6%). In 2010 the unwinding of discount amounted to € 1 million (2009: € 1 million).

14 Shareholders' equity

The authorized capital consists of 20 000 000 ordinary shares and amounts to € 120 million. The issued share capital consists of 10 000 000 ordinary shares with a nominal value of € 6.

The total number of repurchased shares at year-end 2010

was 300 000 (2009: 298 082) and is stated at acquisition price. 1 918 of the company's own shares were repurchased in 2010 (2009: 168 331) and no repurchased shares were sold (2009: none). Ballast Nedam's policy is to avoid potential dilution through option rights granted by buying back a proportional number of its own shares.

Share capital	2010	2009
Shares in issue at 1 January	9 701 918	9 870 249
Shares issued	-	-
Movement in repurchased shares	(1 918)	(168 331)
Shares in issue per 31 December	9 700 000	9 701 918

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 reserves of the associates relate to profits and/or reserves of the associates, joint ventures and construction consortiums subject to legal restrictions on distribution, or restrictions imposed by the Articles of Association. The movement is explained by an increase in the equity of proportionately consolidated joint ventures and construction

consortiums where distribution is restricted by influence of the partners.

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.

The dividend distributed for 2009 was charged to Other Reserves. The Board of Management, with the approval of the Supervisory Board, proposes to distribute a dividend of € 0.36 per ordinary share in issue (2009: € 0.31) up to a maximum of € 4 million (2009: € 3 million).

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. The movement in equity in 2010 was € 12 000 (2009: € 777 000).

The acquisition of a non-controlling interest for € 3 million is accounted for as a transaction between shareholders under Other in the consolidated statement of changes in equity.

15 PPPs

Net investment

x € 1 million	Total	Non-current	Current
2009			
Intangible assets (PPP concessions)			
PPP receivables	94	92	2
Non-recourse PPP loans	(93)	(92)	(1)
Subtotal	1	-	1
Balance of other assets and liabilities	(11)	(12)	1
Total 31 December 2009	(10)	(12)	2
2010			
Intangible assets (PPP concessions)			
PPP receivables	170	154	16
Non-recourse PPP loans	(169)	(165)	(4)
Subtotal	1	(11)	12
Balance of other assets and liabilities	(15)	(22)	7
Total 31 December 2010	(14)	(33)	19

The negative balance of other assets and liabilities consists largely of the negative fair value of the hedging instruments.

Ballast Nedam is involved in the following PPP projects:

Waldwei

This project provides availability of the N31 motorway in the Netherlands, which opened in 2008. The remaining term of the concession is 11 years. Ballast Nedam has a 33% interest.

Komfort: This concession provides accommodation for the Netherlands Ministry of Defence. This project was partly operational in 2010, and has a term of 25 years. Ballast Nedam has a 30% interest.

Duo2: This concession provides accommodation for the Netherlands Tax and Customs Administration and the IB Group. This project is scheduled to become operational in 2011, and has a term of 22 years. Ballast Nedam has a 30% interest.

DC16: This concession provides accommodation for the Netherlands Ministry of Justice. This project became operational in 2010, and has a term of 25 years. Ballast Nedam has a 50% interest.

A15: This concession provides availability of the A15 motorway between Maasvlakte and Vaanplein. This project is scheduled to become operational in 2015, and has a term of 20 years. Ballast Nedam has a 24% interest.

At the end of the term the concession rights to the aforementioned PPP projects will transfer to the client.

Capital contributions

The accumulated capital contributions at year-end 2010 were € 9 million (2009: € 1 million). At the end of the reporting period, Ballast Nedam had unconditional capital contribution commitments of € 18 million (2009: € 14 million) to PPPs.

Notes to the consolidated income statement

16 Revenue

x € 1 million	2010	2009
Sale of goods	245	258
Rendering of services	66	57
Construction contract revenue	1 047	1 069
Other	1	-
Total	1 359	1 384

17.1 Other operating income

Other operating income of € 6 million relates to insurance benefits for property, plant and equipment, results on the sale of property, plant and equipment and the settlement of insurance claims.

17.2 Costs of raw materials and subcontractors

The costs of raw materials and subcontractors included a gain of € 20 million for the adjustment to historical cost of several land positions and from the out-of-court settlement of claims, a charge of € 13 million from the downward adjustment of the market value of a number of land positions and the formation of a provision for claims against the former subsidiary Ballast Plc, which was liquidated in 2006.

17.3 Personnel expenses

x € 1 million	2010	2009
Wages and salaries	227	228
Social security costs	28	27
Pension charges	23	22
Total	278	277
Charges for defined contribution scheme	23	22
Pension charges	23	22

18 Finance income and expense

x € 1 million	2010	2009
Interest on bank deposits	-	-
Interest on hedging instruments	-	-
Capitalized interest on PPP receivables	10	5
Capitalized interest on other assets	-	-
Finance income	10	5
Unwind of discount on provisions	(1)	(1)
Interest charge on hedging instruments	(5)	(3)
Interest expenses	(11)	(10)
Finance expense	(17)	(14)

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.

19 Income tax expense

The income tax expense for the year amounts to € 4 million (2009: € 2 million), of which less than € 1 million (2009: € 1 million) related to the Dutch fiscal unity. The Dutch fiscal unity has approximately € 126 million (2009: approximately € 126 million) of carry-forward losses in the Netherlands.

None (2009: € 1 million) of the deferred tax asset was realized in 2010. No additional carry-forward losses were recognized in 2010 (2009: € 1 million). Losses incurred outside the fiscal unity amounting to € 6 million (2009: € 8 million) related mainly to foreign activities that have not been recognized.

x € 1 million	2010		2009	
Reconciliation of standard and effective tax rates				
Profit before income tax		11		8
Nominal taxes (25.5%)	25.5%	3	25.5%	2
Additional tax-deductible losses			(11.0%)	(1)
Deferred results not included in the fiscal unity	12.8%	1	25.6%	2
Effect of change in tax rate	4.1%	-		
Effect of tax rates of foreign jurisdictions	0.0%	-	(3.2%)	-
Tax-exempt results			(17.0%)	(1)
Under/(over) provided in earlier years			-	-
Non-deductible expenses	3.8%	-	3.7%	-
Effective liability	37.9%	4	23.6%	2

x € 1 million	2010		2009	
Reconciliation of standard and effective tax rates				
<i>Current taxation</i>				
Taxation outside the fiscal unity		3		2
Under/(over) provided in earlier years		-		-
		3		2
<i>Deferred taxation</i>				
Use of tax losses				1
Capitalized unused tax losses				(1)
Movement in provision for deferred taxation		1		-
		1		-
Effective liability		4		2

x € 1 million	2010	2009
Deferred taxes recognized directly in comprehensive income		
Derivates in Hedging reserve	1	-
Total	1	-

20 Earnings per share

	2010	2009
Issued shares at 1 January	10 000 000	10 000 000
Issued this year	-	-
Repurchased own shares	(300 000)	(298 082)
Shares in issue at 31 December	9 700 000	9 701 918
Maximum shares issued on options	-	-
Number of shares diluted	9 700 000	9 701 918
Average number of issued shares	9 700 959	9 786 084
Average number of issued shares (diluted)	9 700 959	9 786 084
Profit for the period	7	6
Basic earnings per share (€)	0.73	0.62
Diluted earnings per share (€)	0.73	0.62

Based on the average share price the option scheme did not lead to dilution of the earnings per share in 2010.

Financial risks and risk management

General

Ballast Nedam 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 hold these financial instruments for trading purposes.

Treasury is a centralized responsibility at Ballast Nedam, and is therefore organized as such. The treasury policy is aimed at creating and maintaining the best possible financial conditions for Ballast Nedam's operating activities.

Cash management

Ballast Nedam's cash management activities are organized centrally. To this end, the bank accounts of the associates are held at a limited number of banks, in cash pool arrangements. Surplus cash assets are transferred to the money market on a daily basis, by contracting call funds and short-term deposits.

Interest risk

Ballast Nedam's interest policy is aimed to limit the influence 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. 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.

Market risk

Market risk is the risk that fluctuations in market prices, such as exchange and interest rates, will affect Ballast Nedam's results. Ballast Nedam's management of these risks is described below.

Foreign currency translation 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 the group's functional currency. Most transactions of this kind are in USD and CAD. Forward exchange contracts with top class banks are contracted to hedge the transaction risk on cash flows generated by ordinary business activities. At year-end 2010, Ballast Nedam had no outstanding forward exchange contracts that have been recognized at fair value in the statement of financial position.

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 derivative and the contracted price at a risk-free interest rate.

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

x 1 million

	31 December 2010		31 December 2009	
	USD	CAD	USD	CAD
Receivables	2	2	8	1
Loans	-	(9)	-	(10)
Bank overdrafts	-	-	-	-
Trade payables	(1)	(1)	(1)	(1)
Other liabilities	-	(2)	-	(2)
Foreign currency translation risk on balance sheet items	1	(10)	7	(12)
Expected sales	24	10	-	13
Expected purchases	(20)	(12)	-	(16)
Future foreign currency translation risks	4	(2)	-	(3)
Hedging on foreign exchange contracts	-	-	-	-
Net foreign currency translation risk	5	(12)	7	(15)

	2010		2009	
	Average exchange rate	Exchange rate at 31/12	Average exchange rate	Exchange rate at 31/12
EUR / foreign currency				
Exchange rates				
USD	1.330	1.340	1.394	1.440
CAD	1.370	1.320	1.587	1.515

Sensitivity to foreign currency translation risk

A 10% increase in the exchange rate of the euro against the USD and CAD would have affected the shareholders' equity

and income statement as follows. It is assumed here that all other variables, including interest rates, remain unchanged.

x € 1 million	Shareholders' equity	Profit for the Period
31 December 2009		
USD	-	-
CAD	-	1
31 December 2010		
USD	-	-
CAD	(5)	1

Interest risk

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 fluctuated throughout the year, but the sensitivity analysis revealed no impact of these fluctuations on the results. Loans are maintained until the maturity date.

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

	31 December 2010	31 December 2009
PPP receivables	170	94
Rabobank loans	(50)	(50)
Other	(7)	(1)
Fixed interest	113	43
Cash and cash equivalents	81	126
Bank overdrafts	(20)	(15)
Loans	(235)	(152)
Variable interest	(174)	(41)
Effect of changes in variable interest on the income statement:		
interest rate rise of 100 basis points	(2)	-
interest rate fall of 100 basis points	2	-

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 rates range from 2.3% to 5.1%. 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, respectively, of approximately € 9 million. If hedge accounting is applied, the movement in 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 other parties will be unable to meet contractual obligations relating to a financial instrument. Creditworthiness assessments are performed for all other clients requiring credit. Ballast Nedam employs prepayments, guarantees and collateral on projects under construction in order to limit the credit risk on instalments and trade receivables. At year-end 2010, there was no concentration of credit risks of any substantial amount in trade receivables.

x € 1 million	31 December 2010	31 December 2009
PPP receivables	154	92
Other fair value investments	6	8
Other receivables	7	3
Receivables	230	221
Cash and cash equivalents	81	126
Total	478	450
Infrastructure	286	228
Building and Development	230	245
Other	(38)	(23)
Total	478	450

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 manages this risk by preparing regular cash flow

forecasts and using the credit facilities that the company has available.

x € 1 million	Carrying amount	Contractual cash flows	< 1 year	1- 5 years	> 5 year
Loans	203	(310)	(48)	(114)	(148)
Bank overdrafts	15	(17)	(8)	(6)	(3)
Trade payables	237	(237)	(237)		
Income tax payable	1	(1)	(1)		
Work in progress under current liabilities	191	(191)	(191)		
Prepayments on inventories	12	(12)	(12)		
Other liabilities	151	(151)	(151)		
Derivatives	14	(17)	(5)	(9)	(3)
Liquidity risk liabilities at 31 December 2009	824	(936)	(653)	(129)	(154)
x € 1 million	Carrying amount	Contractual cash flows	< 1 year	1- 5 years	> 5 year
Loans	292	(458)	(39)	(164)	(255)
Bank overdrafts	20	(23)	(1)	(19)	(3)
Trade payables	217	(217)	(217)		
Income tax payable	1	(1)	(1)		
Work in progress under current liabilities	128	(128)	(128)		
Prepayments on inventories	1	(1)	(1)		
Other liabilities	178	(178)	(178)		
Derivatives	18	(22)	(6)	(11)	(5)
Liquidity risk liabilities at 31 December 2010	855	(1 028)	(571)	(194)	(263)

Ballast Nedam holds derivatives in order to hedge exposure to cash flow risks. Derivatives held for hedging the cash flow risk on variable interest rate PPP loans were obtained from the same financial institutions as the underlying loans.

The table below shows the periods in which cash flows that are related to these derivatives are expected to occur.

x € 1 million	Carrying amount	Contractual cash flows	< 1 year	1 - 5 years	> 5 year
Forward exchange contracts					
Market risk instruments	2	2	-	-	2
Interest rate swaps	(16)	(19)	(5)	(9)	(5)
Cash flow hedges at 31 December 2009	(14)	(17)	(5)	(9)	(3)
x € 1 million	Carrying amount	Contractual cash flows	< 1 year	1 - 5 years	> 5 year
Forward exchange contracts					
Market risk instruments	2	3	-	-	3
Interest rate swaps	(20)	(25)	(6)	(11)	(8)
Cash flow hedges at 31 December 2010	(18)	(22)	(6)	(11)	(5)

For derivative financial instruments that qualify for hedge accounting, the movement in the fair value of € 3 million (2009: € 1 million negative) is recognized in shareholders' equity, taking account of deferred taxes of € 1 million (2009: less than € 1 million).

Fair value

As at 31 December 2010, Ballast Nedam had a number of derivatives that are measured at fair value. The carrying amount of cash, receivables, current loans and other current liabilities approximates the fair value in view of the short life of these instruments.

The fair value of non-current loans is equal to the amortized cost, as these loans carry variable-rate interest liabilities. Ballast Nedam's risk profile has not changed significantly.

Valuation methods

The table below shows the valuation methods used for financial instruments that are recognized at fair value. The levels are defined as follows. 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 shown under Level 3 are measured on the basis of cash flow models.

Valuation methods

x € 1 million	31 December 2010			31 December 2009		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Other investments			6			8
Derivatives		(18)			(14)	
Total		(18)	6		(14)	8

There were no transfers in 2010 from Level 1 to Level 2 or Level 3 or vice versa (2009: no transfer). Impairment of the other fair value investments is recognized in the income statement.

Capital management

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 not set

itself any targets for the composition of the capital structure. Ballast Nedam has no financial covenants in loan conditions. Ballast Nedam's policy is to avoid potential dilution through option rights granted by repurchasing a proportional number of its own shares. 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.

Off-balance sheet commitments

x € 1 million	31 December 2010	31 December 2009
Guarantees	258	275
Total	258	275

Declarations 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'.

x € 1 million	31 December 2010			31 December 2009		
	< 1 year	1 - 5 years	> 5 years	< 1 year	1 - 5 years	> 5 years
Lease obligations						
Other operating assets	12	29	-	13	25	1
Rental obligations						
Offices	11	42	4	8	30	9
Purchase commitments						
Land purchases	6	24	-	-	23	1
Other	-	-	-	1	3	-
Capital contribution obligations						
PPPs	5	13	-	11	3	-
Total	34	108	4	33	84	11

Ballast Nedam has provisional obligations relating to the acquisition of land and subsequent payments on land positions amounting to € 205 million (2009: € 216 million). It is not yet certain that Ballast Nedam will make these acquisitions. Ballast Nedam has provided security up to € 7 million for a loan drawn by a third party for a land

position. The security can expire upon Ballast Nedam effecting the acquisition of the land position.

Operating lease costs in 2010 amounted to € 18 million (2009: € 17 million).

Liabilities

Subsidiaries hold joint and several liability for projects executed by limited partnerships. Some subsidiaries are joint and severally liable for obligations to a number of banks.

On the basis of credit and guaranteed facilities, there is an obligation to refrain from issuing any collateral.

Subsidiaries are joint and severally liable in respect of the Ballast Nedam fiscal unities for Dutch corporate income tax and value added tax of which they are members.

Other

In Saudi Arabia, proceedings are ongoing in which the tax authorities are disputing the status of a tax-exempt contract dating back to 1999. Ballast Nedam utterly repudiates the tax demand and sees no need to make any additional provision. The tax demand concerned relates to a Ballast Nedam International subsidiary for which Ballast Nedam has not issued any guarantees.

In Canada, the tax authorities have reopened a tax return by a Ballast Nedam subsidiary, dating back to 1996. Ballast Nedam repudiates the resulting tax demand and sees no need to make a provision. The tax demand concerned relates to a subsidiary of Ballast Nedam Asset Management for which Ballast Nedam has not issued any guarantees.

Ballast Nedam started an internal investigation in response to a request from the tax authorities for information about the accounts of a foreign entity from 1998 to 2001. This foreign entity was closed in 2001. Ballast Nedam has submitted the records obtained in this investigation to the Public Prosecution Service. Ballast Nedam sees no need to form a provision.

Related party transactions

The parties related with Ballast Nedam are the company's key management (Board of Management and Supervisory Board), its subsidiaries, associates, joint ventures, the Stichting Pensioenfonds Ballast Nedam, and the directors and senior officials of these entities.

The main task of the Ballast Nedam Pension Fund is to implement the pension scheme for the Ballast Nedam employees. The Ballast Nedam Pension Fund uses the services of Ballast Nedam companies. The actual costs are charged on.

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. These transactions are conducted on commercial terms similar to those for transactions with third parties.

Interests in joint ventures

Joint ventures, consisting primarily of construction or development consortia, are consolidated on a proportional basis. For a list of the main joint ventures, we refer to the organization chart on pages 146 and 147. Ballast Nedam has recognized the following interests in joint ventures in the consolidated statement of financial position.

x € 1 million	31 December 2010	31 December 2009
Non-current assets	178	116
Current assets	105	181
Non-current liabilities	(200)	(129)
Current liabilities	(75)	(161)
Balance of assets and liabilities	8	7

The proportionately consolidated revenue and the cost of sales amounted to about 27% (2009: 18%) 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 limited partnerships, excluding bank guarantees issued by those companies, amounted to

€ 1 118 million at year-end 2010 (2009: € 788 million), of which Ballast Nedam's share of € 275 million (2009: € 290 million) is recognized in the consolidated statement of financial position. The financial statements consist largely of subsidiaries and joint ventures.

Board of management and supervisory board

x € 1 thousand	2010				2009			
	Gross salary	Bonus	Pensions & social security costs	Expense allowance	Gross salary	Bonus	Pensions & social security costs	Expense allowance
Board of Management								
T.A.C.M. Bruijninx	481	162	147	5	482		136	5
R. Malizia	353	119	93	5	354		100	5
R.L.M. Jacobs 1)	319		93	3	354		108	5
	1 153	281	333	13	1 190		344	15
Supervisory Board								
A.N.A.M. Smits	45			2	45			2
R.M.M. Boelen	35			2	35			2
J.C. Huis in 't Veld	35			2	33			2
M.H. Schultz van Haegen 2)	23			2	15			1
H.C. Broeksma 3)					17			1
	138			8	145			8
Total	1 291	281	333	21	1 335		344	23

1) Until 21 August 2010 member of the Board of Management

2) Until 13 October 2010 member of the Supervisory Board

3) Until 1 July 2009 member of the Supervisory Board and member of the Audit Committee

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 supervisory directors is proportionate to their term of office in the Supervisory Board. No loans were issued to managing directors or supervisory directors.

Option scheme

Year granted	2010	2009	2008	2007
Value in €	473 250	619 000	891 000	945 000
Number	75 000	100 000	100 000	100 000
Exercise price in €	13.43	11.60	25.11	35.85
Grant date	12/03/2010	13/03/2009	14/03/2008	16/03/2007
Share price at grant date in €	14.10	13.00	24.40	36.10
Exercise period from	12/03/2013	13/03/2012	14/03/2011	16/03/2010
Through	11/03/2016	12/03/2015	13/03/2014	15/03/2013
Volatility	4-jaars 37%	3-jaars 38%	2-jaars 30%	1-jaars 29%
Risk-free rate	4%	4%	4%	4%
Conditions	employed at the time of exercise	employed at the time of exercise	employed at the time of exercise	employed at the time of exercise
Minimum holding	5%	5%	5%	5%

The Supervisory Board awards options to members of the Board of Management in accordance with the option scheme that was approved at the Extraordinary General Meeting of Shareholders on 26 October 2006.

Options are therefore granted on condition that the managing directors themselves hold depositary receipts for shares.

Depositary receipts for shares and granted option rights

	Depositary receipts for shares		Options granted in year	
	31 December 2010	31 December 2009	2010	2009
T.A.C.M. Bruijninckx	12 000	12 000	30 000	40 000
R. Malizia	11 602	5 802	22 500	30 000
R.L.M. Jacobs		4 500	22 500	30 000
Number	23 602	22 302	75 000	100 000

Costs of option scheme

The following costs are recognized in the income statement and recorded in equity in connection with options granted up to the end of 2010.

x € 1 thousand	2010	2009
T.A.C.M. Bruijninckx	278	311
R. Malizia	208	233
R.L.M. Jacobs 1)	(474)	233
Total	12	777

1) options of R.L.M. Jacobs have lapsed and the costs to date reversed.

During the vesting period the fair value of the options granted is included in employee benefits with simultaneous recognition of a corresponding amount in equity. Premature departure of one or more Board of Management members was not taken into account in advance.

As call options for Ballast Nedam shares are not traded on the stock exchange, the fair value was determined with the aid of an option valuation model.

Accounting estimates and judgements

In preparing the financial statements, the management of Ballast Nedam has made estimates and judgements that affect the amounts recognized for assets, liabilities, revenue, costs and the related notes on conditional and off-balance sheet commitments. Estimates and judgements are evaluated on a regular basis.

Project results

The valuation of work in progress is based on forecasts of the final project results. The ultimate outcome may differ from these forecasts.

Goodwill

The recoverable amount is measured using future cash flow forecasts. The budgets of the cash generating units are used to estimate future cash flows for the next 3 years. The assumptions of these budgets are partly based on historical profits and external information sources. Cash flows after 3 years are extrapolated with expected growth rates.

Recognition of deferred income tax assets

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 at the end of the reporting period as to whether unused tax losses and deferred tax assets due to temporary differences may be recognized. Ballast Nedam recognizes the portion of deferred tax assets that will probably be realized. If the actual anticipated taxable profits differ from the estimates, and depending on the tax strategies that Ballast Nedam may implement taxable losses that have been recognized may not be realized, thus affecting the financial position and results of Ballast Nedam.

Provisions

Provisions relating to legal or constructive obligations are based on estimates and judgements as to whether the criteria for treatment as a provision have been met, including an estimate of the size of the obligation. Legal or constructive obligations are disclosed if it is likely that an obligation will arise and its size can be reasonably estimated. Provisions for warranties are recognized for the expected expenses necessary to resolve complaints. In the case of the provision made for restructuring in respect of the liquidation of Ballast Plc, the estimate is based on the anticipated cost of settling potential claims under guarantees issued. 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.

Events subsequent to balance date

Ballast Nedam reached agreement on 2 March 2011 to acquire part of the operations of the construction company Heddes. This acquisition is of 16 projects with a volume of approximately € 100 million, the KleinBouw operation and the head office in Hoorn.

Subsequent to the restructuring that was effected at the beginning of 2011, reporting will be in accordance with four segments instead of two divisions starting with the interim financial report 2011. The segments are Building and Development, Infrastructure, Specialized Companies, and Supplies.

Consolidated capital employed, assets and liabilities, financing position

x € 1 million	31 December 2010	31 December 2009
Non-current assets	420	352
Current assets minus current liabilities	66	38
Less: Cash and cash equivalents	(81)	(126)
Plus: Bank overdrafts	20	15
Capital employed	425	279
Non-current assets	420	352
Current assets	664	682
Assets	1 084	1 034
Current liabilities	598	644
Non-current liabilities	325	228
Liabilities	923	872
Net cash	61	111
Current portion of Non-current loans	(7)	(6)
Repayment of Non-current loans	(285)	(197)
Net financing position	(231)	(92)

Company statement of financial position (before appropriation of profit)

x € 1 million	Note	31 December 2010	31 December 2009
Financial assets			
Subsidiaries	21	287	272
Long-term receivables from subsidiaries		38	34
Deferred tax asset	22	32	32
		357	338
Current assets			
Receivables		-	1
Receivables from subsidiaries		21	30
Cash and cash equivalents		1	1
		22	32
Current liabilities			
Trade payables		(1)	(1)
Other liabilities		(10)	(23)
Debts to subsidiaries		(181)	(166)
		(192)	(190)
Current assets minus current liabilities		(170)	(158)
		187	180
Non-current liabilities			
Provisions	23	26	18
		26	18
Shareholders' equity	24		
Issued share capital		60	60
Share premium		52	52
Repurchased own shares		(5)	(5)
Currency translation reserve		(1)	(2)
Associates reserve		41	17
Hedging reserve		(13)	(10)
Other reserves		20	44
Profit for the year		7	6
Equity attributable to the owners of the company		161	162
		187	180

Note: See Notes to the company financial statements on pp 124 - 128, which are a integral part of these financial statements.

Company income statement

x € 1 million	2010	2009
Profit of subsidiaries after taxation	19	10
Other results after taxation	(12)	(4)
Profit for the period	7	6

The profit from subsidiaries after taxation represents Ballast Nedam's share of the profit after taxation of its subsidiaries.

Notes to the company financial statements

Significant accounting policies

The company financial statements of Ballast Nedam N.V. form part of the 2010 consolidated financial statements of Ballast Nedam N.V. and have been prepared in accordance with the option provided in Book 2, Section 362(8) of the Netherlands Civil Code. The same accounting policies were used in preparing these company financial statements as were used for the consolidated financial statements. The valuation of assets and liabilities, the translation of foreign currencies and the determination of the profit for the period

are in accordance with the accounting policies as set out on pages 82 to 91 of the consolidated financial statements. Group companies are included in the company financial statements in accordance with the equity method. 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	Non-current receivables on subsidiaries	Total
31 December 2008	27	166	193
Profit	10		10
Investments	70	51	121
Disposals		(20)	(20)
Dividend received			
Net change in hedging reserve	1		1
Foreign currency translation differences	-	1	1
31 December 2009	108	198	306
Profit	19		19
Investments	-	11	11
Disposals	-	(4)	(4)
Acquisition of non-controlling interest	(3)		(3)
Dividend received	-		-
Net change in hedging reserve	(3)		(3)
Foreign currency translation differences	(1)	-	(1)
31 December 2010	120	205	325
Reclassification of negative shareholders' equity subsidiaries	167	(167)	-
Total	287	38	325
Carrying amount as at 31 December 2009	272	34	306
Carrying amount as at 31 December 2010	287	38	325

The interests in subsidiaries are direct interests, of which the main ones are shown in the organization chart on pages 146 and 147. Some subsidiaries have negative shareholders' equity totalling € 167 million (2009: € 164 million). This negative shareholders' equity was deducted from the intercompany loan issued to these subsidiaries for a total of € 167 million.

The non-current receivables from group companies have a permanent character. The accrued interest on € 18 million of receivables from subsidiaries was acquitted in 2010. No provision for impairment was recognized for these receivables (2009: none) because the Board of Management considered the outstanding receivables to be collectable in full.

A list of interests as referred to in Book 2, Section 379 of the Netherlands Civil Code has been filed with 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	2010	2009
1 January	32	33
Movement through equity		
Movement through income statement	-	(1)
31 December	32	32

The movement in the deferred tax assets was nil in 2010 (2009: € 1 million negative). Because of a lowering of the corporate income tax rate for future years from 25.5% to 25%, the deferred tax asset was revalued downward in 2010 by less than € 1 million (2009: nil). The utilization of carry-forward losses was nil (2009: € 1 million). No additional carry-forward losses were recognized in 2010 (2009: none) within the Dutch fiscal unity.

Ballast Nedam intends to liquidate several more foreign companies in the next few years. The size of the possible liquidation losses cannot yet be estimated reliably. There is a limitation on the utilization of these tax losses in the Netherlands. The average remaining carry-forward period is less than 4 years (2009: less than 5 years). The utilization of carry-forward losses depends on future taxable profits and tax planning opportunities.

23 Provisions

x € 1 million	Reorganization	Other	Total
31 December 2008	8	15	23
Addition	1	-	1
Unwind of discount	-	1	1
Reversals	(6)	-	(6)
Utilization	(1)	-	(1)
31 December 2009	2	16	18
Addition	-	9	9
Unwind of discount	-	-	-
Reversals	-	-	-
Utilization	(1)	-	(1)
31 December 2010	1	25	26
Current (< 1 year)			
31 December 2009	1	16	17
31 December 2010	1	25	26

A large part of the reversals from the reorganization provision are payments for settling a rental guarantee.

Other provisions include € 19 million (2009: € 16 million) for the consequences of infringements of competition rules

to the end of 2002, including the alleged infringement by a former British subsidiary of UK competition rules. The remaining amounts of the provisions and additions relate to other claims against Ballast Nedam.

x € 1 million

	Issued share capital	Share premium	Repurchased own shares	Currency translation reserve	Associates reserve	Hedging reserve	Other reserves	Profit	Total shareholders' equity
31 December 2008	60	52	(2)	(3)	26	(11)	22	24	168
Profit for the period								6	6
Foreign currency translation differences				1					1
Effective portion of changes in fair value of hedging instruments						(1)			(1)
Net change in fair value of hedging instruments transferred to profit and loss						2			2
Comprehensive income				1		1		6	8
Dividend paid							(12)		(12)
Option scheme							1		1
Repurchased own shares			(3)						(3)
Transactions with shareholders			(3)				(11)		(14)
Appropriation of 2008 result							24	(24)	
Other					(9)		9		
31 December 2009	60	52	(5)	(2)	17	(10)	44	6	162
Profit for the period								7	7
Foreign currency translation differences				1					1
Effective portion of changes in fair value of hedging instruments						(7)			(7)
Net change in fair value of hedging instruments transferred to profit and loss						4			4
Comprehensive income				1		(3)		7	5
Dividend paid							(3)		(3)
Option scheme							-		-
Repurchased own shares			-						-
Transactions with shareholders							(3)		(3)
Appropriation of 2009 result							6	(6)	
Other					24		(27)		(3)
31 December 2010	60	52	(5)	(1)	41	(13)	20	7	161

The authorized capital consists of 20 000 000 ordinary shares and amounts to € 120 million. The issued share capital consists of 10 000 000 ordinary shares with a nominal value of € 6.

The total number of repurchased shares at year-end 2010 was 300 000 (2009: 298 082) and is stated at acquisition price. 1 918 of the company's own shares were repurchased

in 2010 (2009: 168 331) and no repurchased shares were sold (2009: none). Ballast Nedam's policy is to avoid potential dilution through option rights granted by buying back a proportional number of its own shares.

The legal reserves comprise the currency translation reserve, the reserves of the associates and the hedging reserve.

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 reserves of the associates relate to profits and/or reserves of the associates, joint ventures and construction consortiums subject to legal restrictions on distribution, or restrictions imposed by the Articles of Association. The movement is explained by an increase in the equity of proportionately consolidated joint ventures and construction consortiums where distribution is restricted by influence of the partners.

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.

The dividend distributed for 2009 was charged to Other Reserves. The Board of Management, with the approval of the Supervisory Board, proposes to distribute a dividend of € 0.36 per ordinary share in issue (2009: € 0.31) up to a maximum of € 4 million (2009: € 3 million).

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. The movement in equity in 2010 was € 12 000 (2009: € 777 000).

The acquisition of a non-controlling interest for € 3 million is accounted for as a transaction between shareholders, under Other in shareholders' equity.

Off-balance sheet commitments

Guarantees

x € 1 million	31 December 2010		31 December 2009	
Guarantees	258		275	
Total	258		275	

Rental commitments

x € 1 million	31 December 2010			31 December 2009		
	< 1 year	1 year	> 5 years	< 1 year	1 year	> 5 years
Rental obligations						
Offices	4	16	-	4	16	4
Total	4	16	-	4	16	4

Ballast Nedam N.V. has filed a declaration of joint and several liability as referred to in Book 2, Section 403 paragraph 1(f) 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 € 20 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 less than € 3 billion (2009: more than € 2 billion). This often involves the entire contract sum for long-term projects.

Together with the subsidiaries that form the fiscal unity, Ballast Nedam N.V. bears joint and several liability for corporate income tax and value added tax in the Netherlands.

Audit fee

The following fees of KPMG Accountants N.V. were charged to the company, its subsidiaries and other companies in the consolidation, as set down in Book 2, Section 382a of the Netherlands Civil Code. The audit fee for of the 2010 financial statements was € 0.6 million (2009: € 0.5 million). The fee for engagements related to the audit was € 0.3 million (2009: € 0.3 million). KPMG Meijburg also charged € 0.4 million (2009: € 0.5 million) for tax-related services.

Employees

At year-end 2010, Ballast Nedam N.V. had 38 employees (2009: 42).

Managing directors and supervisory directors

For notes on the remuneration of supervisory directors and members of the Board of Management, see the section on transactions with associates in the notes to the consolidated financial statements.

Signature

The supervisory directors signed the financial statements in accordance with their legal obligation pursuant to Book 2, Section 101 paragraph 2 of the Netherlands Civil Code and the managing directors signed the financial statements in accordance with their legal obligation pursuant to Book 2, Section 101 paragraph 2 of the Netherlands Civil Code and Section 5:25c paragraph 2 under c of the Financial Supervision Act (Wft) (see pages 17 and 18).

Nieuwegein, 10 March 2011

Board of Management,
T.A.C.M. Bruijninx
R. Malizia

Supervisory Board,
A.N.A.M. Smits
R.M.M. Boelen
J.C. Huis in 't Veld



Faculty of Science, University of
Amsterdam



Other information



Woondorst Blauw, Almere

This chapter provides information on which the rest of this Annual Report is based, or explains aspects of this Annual Report in greater detail. For instance, there is a list of terms used in this report, we explain the provisions in the Articles of Association concerned with profit sharing and we set out the principles on which we have drawn up this report. Furthermore, this chapter presents the Independent Auditors' Report for the reporting year, and charts of the group structure and the managers of the various units in the group.

*To: The General Meeting of Shareholders of
Ballast Nedam N.V.*

Independent Auditor's Report

Report on the financial statements

We have audited the accompanying financial statements 2010 of Ballast Nedam N.V., Nieuwegein as set out on pages 77 to 128 of this report. The financial statements include the consolidated financial statements and the company financial statements. The consolidated financial statements comprise the consolidated statement of financial position as at 31 December 2010, the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated cash flow statement for the year 2010, and notes, comprising a summary of the significant accounting policies and other explanatory information. The company financial statements comprise the company statement of financial position as at 31 December 2010, the company income statement for the year 2010 and the notes, comprising a summary of the accounting policies and other explanatory information.

Management's responsibility

Management is responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Netherlands Civil Code, and for the preparation of the Report of the Management Board in accordance with Part 9 of Book 2 of the Netherlands 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 the 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 consolidated financial statements

In our opinion, the consolidated financial statements give a true and fair view of the financial position of Ballast Nedam N.V. as at 31 December 2010, and of its result and its cash flows for the year 2010 in accordance with International Financial Reporting Standards as adopted by the European Union and with Part 9 of Book 2 of the Netherlands Civil Code.

Opinion with respect to the company financial statements

In our opinion, the company financial statements give a true and fair view of the financial position of Ballast Nedam N.V. as at 31 December 2010, and of its result for the year 2010 in accordance with Part 9 of Book 2 of the Netherlands Civil Code.

Report on other legal and regulatory requirements

Pursuant to the legal requirements under Section 2:393 sub 5 at e and f of the Netherlands 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 if 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 Netherlands Civil Code.

Rotterdam, 10 March 2010

KPMG ACCOUNTANTS N.V.
M. Blöte RA



Student housing OMC, Amsterdam

Definitions

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 draw up their consolidated accounts in accordance with these 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).

Capital employed

Non-current assets plus current assets minus current liabilities excluding net cash.

Profit sharing and dividend policy

This section presents the provisions of Ballast Nedam's Articles of Association on which profit sharing is based, and the dividend policy.

Articles in the matter of profit appropriation

Clause 23 of the Ballast Nedam Articles of Association governs profit appropriation. This text of this clause is as follows.

1. The portion of profit available for distribution that the company may distribute to shareholders and other entitled parties is limited to the amount of the distributable reserves.
2. Distribution of profit will take place after adoption of the income statement that demonstrates the legitimacy of distribution.
3. Subject to approval of the Supervisory Board, the Board of Management determines which portion of the profit presented in the income statement is to be added to the reserves. The remaining portion of the profit is at the disposal of the General Meeting of Shareholders.
4. Any shares held by the company in its own capital are not counted when calculating the profit appropriation, except where the shares are encumbered with usufruct, or depositary receipts for shares have been issued with the company's consent.
5. Subject to Supervisory Board approval, the Board of Management may decide to distribute an interim dividend in anticipation of the expected dividend, subject to the provisions of paragraph 1 above, as demonstrated in an interim statement of assets and liabilities as referred to in Book 2, Section 105 paragraph 4 of the Netherlands Civil Code.
6. Decisions to distribute dividend and interim dividend may propose distribution in full or in part in the form of cash or of shares in the company.

7. The General Meeting of Shareholders may, on the proposal of the Board of Management that has been approved by the Supervisory Board, resolve to make distributions chargeable to the distributable reserves. The provisions of paragraph 6 then apply mutatis mutandis.
8. Dividends and interim dividends are made payable on a date set by the Board of Management within fourteen days of adoption.
9. Any dividends and interim dividends that remain unclaimed for five years after becoming payable accrue to the company.

Dividend policy

The underlying principle of Ballast Nedam's dividend policy is that 50 per cent of the profit for the period is placed at the disposal of shareholders for distribution as dividend.

Board members of the Ballast Nedam Administration Office

Prof. W. van Voorden (Chairman)

Mr van Voorden was born in 1942. He has served as a Professor of Social Economics in Tilburg and Rotterdam, and has been Chairman of the Care Insurance Supervisory Board, and Chairman of the Supervisory Board of Batenburg Beheer N.V.. Mr van Voorden currently holds a number of supervisory directorships. He is Vice Chairman of the Supervisory Board of De Telegraaf Media Groep N.V. and Chairman of the Supervisory Board of Panteia in Zoetermeer. He also holds several other advisory and management functions.

Mr van Voorden was first appointed to the Board of the Administration Office on 10 May 2006. His current term of office ends on 10 May 2014

Mr. W.F.C. Baars

Mr Baars was born in 1948. He has held various management positions in ABN AMRO Bank. Since then he has been Chairman of NIVE and Chairman of the Supervisory Board of Van der Hoop Bankiers. In the reporting year Mr Baars was an independent consultant, member of the Banking Industry Disputes Committee, member of the Supervisory Board of Golf Team Holland and board member of the Stichting Waarborgfonds HBO.

Mr Baars was first appointed to the Board of the Administration Office on 1 June 2009. His current term of office expires on 2 April 2011.

Ir. 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 housing association Portal since 1 January 2010.

Mr Keijts was first appointed to the Board of the Administration Office on 8 April 2010. His current term of office expires on 8 April 2014.

Report of the Ballast Nedam Administration Office

In compliance with the provisions of Article 15 of the Terms of Administration of the Ballast Nedam Administration Office (Stichting Administratiekantoor van aandelen Ballast Nedam, referred to elsewhere as the Administration Office) and best practice provision IV.2.6 of the Dutch Corporate Governance Code, we report as follows to the holders of depositary receipts.

During 2010, the Administration Office performed the customary activities for the administration of the shares referred to below. The work associated with the administration of the shares was performed by the trust office of the administration office, ANT Trust and Corporate Services N.V. (P.O. Box 11063, 1001 GB Amsterdam). The Administration Office is located at the address of Ballast Nedam N.V..

The total costs of the activities of the Administration Office in 2010 were 56 385 euros, including the fees paid to the members of the Board. In accordance with the Terms of Administration of the Administration Office, these costs were borne by Ballast Nedam N.V..

Number of depositary receipts for shares

The nominal value of registered shares held in administration at 31 December 2010 was 59 674 644 euros. In return for these shares, 9 945 774 bearer depositary receipts have been issued with the same nominal value. At year-end 2010, depositary receipts had been granted for 99.45 per cent of the capital in issue.

The number of registered shares in the capital of Ballast Nedam N.V. held in administration increased in 2010 from 9 744 918 to 9 945 774. The increase resulted from the exchange of 856 depositary receipts for shares issued by the Stichting Werknemersparticipatie Ballast Nedam for depositary receipts for shares that can be traded on the stock exchange. Furthermore Stichting Pensioenfonds Ballast Nedam has converted 200 000 registered shares into depositary receipts for shares.

Board

The Board of the Administration Office consists of three independent members. In 2010 Mr Braaksma stood down as member of the Board of the Administration Office. The composition of the Board in 2010 was as follows:

Prof. W. van Voorden (Chairman)
W.F.C. Baars
L.H. Keijts

Other functions of the current members of the Board are reported in a separate annex. Each member of the Board is paid a fee of 7 000 euros per year.

Board meetings

In addition to administering the shares, the Board conducted talks with the company's Board of Management, in which it received information on the company's performance. Three Board meetings were held in 2010, two of which were attended by the chairman of the Board of Management at the invitation of the Board of the Administration Office. A Meeting of Holders of Depositary Receipts for Shares is held each year, prior to the General Meeting of Shareholders.

The first board meeting was held on 23 April 2010. This meeting was also attended by the chairman of the Board of Management of the company. This meeting discussed the general performance of Ballast Nedam N.V. and the company's annual figures for 2009, following their publication on 13 March 2010. The Board adopted the balance sheet and income statement for the 2009 financial year and approved the report of the Administration Office for 2009.

The second Board meeting was held on 7 May 2010, in preparation for the General Meeting of Shareholders and the Meeting of Holders of Depositary Receipts for Shares

on the same date. The third Board meeting was held on 26 October 2010. This meeting discussed the half-year figures of the company for 2010. The chairman of the Board of Management of the company also attended this meeting.

Meeting of Holders of Depositary Receipts

The substantive agenda items for the Meeting of Holders of Depositary Receipts were as follows.

1. Explanation from the Board regarding the 2009 report.
2. Announcement of the proposed votes of the Board of the Administration Office at the Annual General Meeting of Shareholders of Ballast Nedam N.V..
3. Appointment of Mr L.H. Keijts as member of the Board of the Administration Office, and the departure of Mr Braaksma.

The Board reported on its activities in the reporting year and explained its proposed voting behaviour at the Annual General Meeting of Shareholders of Ballast Nedam N.V.. Several questions were raised at the meeting on these agenda items.

Participation of the Board in the General Meeting of Shareholders

At the General Meeting of Shareholders on 7 May 2010, the Board of the Administration Office took part in discussions on the matters raised. During the Meeting, the Board posed a number of critical questions. On behalf of the Administration Office, the Board cast its vote on the relevant agenda items and, in accordance with its statutory objectives, based its voting behaviour primarily on the interests of holders of depositary receipts for shares, bearing in mind the interests of Ballast Nedam N.V. and its affiliated entities. After careful consideration, the Board decided to support all proposals at the meeting,

Holders of depositary receipts for shares that can be traded on the stock exchange granted proxies or gave binding voting instructions for a total of 5 907 025 depositary receipts for shares, representing 60.90 per cent of the issued share capital. Consequently, the Board of the Administration Office represented 36.48 per cent of the issued share capital at the General Meeting of Shareholders held on 7 May 2010.

Conclusion

The Board of the Administration Office expresses its gratitude to Mr Braaksma for his efforts over the years as a member of the Board of the Administration Office. Mr Braaksma played an extremely valuable part as a member of the Board. His knowledge, skill and dedication was always greatly valued, and his contributions to the meetings will long be remembered.

Nieuwegein, March 2011

The Board
W. van Voorden
W.F.C. Baars
L.H. Keijts

Reporting principles

The 2010 Annual Report is the second integrated annual report produced by Ballast Nedam, and it was drawn up in accordance with Global Reporting Initiative (GRI 3) guidelines. The broad definition of sustainability reporting enshrined in these guidelines is synonymous with other concepts for the reporting of economic, environmental and social consequences, such as triple bottom line and corporate social responsibility. We report on level C, which is checked by GRI (level application check C). which implies that in this Annual Report we do not restrict ourselves to mandatory information about Ballast Nedam as a company, but also include data about at least ten performance indicators. The GRI index on page 140 lists the quantitative and qualitative performance indicators presented in the report. In 2011 we will engage an external auditor to perform a test Assurance on the data we collect for these indicators.

Report structure

In the 2009 Annual Report we presented the various material subjects under the headings of profit (the market), people (employees and the community) and planet (the environment). These topics are also covered in the present report, but are no longer delineated so sharply. We explain each of the ten subjects for which one or more performance indicators and ambitions have been defined, in a separate section. Quantitative reports have been given where possible. We explain why the ten subjects were chosen in the materiality analysis section below.

Scope

Ballast Nedam uses the equity approach of the Greenhouse Gas (GHG) protocol in the sustainability report. We calculate liquid and gas emissions by determining Ballast Nedam's share in the operating companies and projects. All operating companies in which Ballast Nedam holds an interest of 15 per cent or more are included in the calculation. For both the emissions and other themes, unless explicitly stated to the contrary, we limit our reporting to Dutch operations.

Data gathering

We do not yet have a comprehensive information system for capturing sustainability information comparable with Ballast Nedam's financial reporting systems. In 2010 we took a first step in streamlining the reporting of CO₂ and

other sustainability indicators in the quarterly reports. Ballast Nedam aims to determine the indicators in greater detail in 2011. The sustainability information in this report was gathered mainly on the basis of estimates from the relevant departments and operating companies, and internal and external documentation.

Materiality analysis: setting priorities in sustainability themes

Ballast Nedam engaged external experts in 2009 to identify the sustainability topics that correspond best with our community context. We decided on the most important topics in dialogue with internal and external stakeholders. We clarified the topics in a benchmark analysis, an analysis of national and international standards, an evaluation of international reporting inside and outside our industry and discussions with stakeholders. We then discussed the topics and the associated performance indicators with the people responsible within Ballast Nedam, and refined and documented them in consultation with the operational departments. In 2010 we performed these analyses on a random sample basis.

Our stakeholders attach great importance to reducing energy consumption and CO₂ emission. Chain cooperation and entrepreneurship and innovation are also high priorities. Following on in importance are safety on and around the construction site, integrity, and waste reduction and recycling. The theme of failure cost reduction also emerged as extremely important from the dialogue with our clients. Since we have been managing on this aspect for some considerable years, we have added it as a theme this reporting year.

Dutch Corporate Governance Code

The Dutch Corporate Governance Code (the Code) was drawn up in 2003 by a committee chaired by Morris Tabaksblat, and refined in December 2008 by a committee chaired by Jean Frijns. The updated Code came into effect on 1 January 2009. Ballast Nedam endorses the principles of the Code and, with a few specific exceptions, applies its best practice provisions. A statement of compliance with the Code is posted on www.ballast-nedam.nl.

IFRS: International Financial Reporting Standards
















































The Ballast Nedam consolidated accounts are drawn up 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.
































The figures from the years before 2005 were drawn up in accordance with NL GAAP (Generally Accepted Accounting Principles), the collective term for the Dutch legal regulations and case law that governed reporting, and the Guidelines for Annual Reporting.



Head office APG, Heerlen

GRI indicator list

Performance indicator	Definition	Reported		Page
		2010	2009	
1	Strategy and analysis			
1.1	Statement from the most senior decision-maker of the organization.			13
1.2	Description of key impacts, risks, and opportunities.			10, 20, 21
2	Organizational profile			
2.1	Name of the organization.			82
2.2	Primary brands, products, and/or services.			10
2.3	Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures.			58, 146-147
2.4	Location of organization's headquarters.			148
2.5	Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report.			94
2.6	Nature of ownership and legal form.			9, 146-147
2.7	Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries).			10, 94
2.8	Scale of the reporting organization.			6-7
2.9	Significant changes during the reporting period regarding size, structure, or ownership.			9, 14-15
2.10	Awards received in the reporting period.			Awards are not registered
3	Report parameters			
3.1	Reporting period (e.g., fiscal/calendar year) for information provided.			82
3.2	Date of most recent previous report (if any).			66
3.3	Reporting cycle (annual, biennial, etc.)			66
3.4	Contact point for questions regarding the report or its contents.			148
3.5	Process for defining report content.			138
3.6	Boundary of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers). See GRI Boundary Protocol for further guidance.			138
3.7	State any specific limitations on the scope or boundary of the report (see completeness principle for explanation of scope).			138
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organizations.			118
3.9	Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report. Explain any decisions not to apply, or to substantially diverge from, the GRI Indicator Protocols.			138
3.10	Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g., mergers/acquisitions, change of base years/ periods, nature of business, measurement methods).			82-83
3.11	Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report.			82-83
3.12	Table identifying the location of the Standard Disclosures in the report.			140
3.13	Policy and current practice with regard to seeking external assurance for the report.			138

		Reported 2010	Reported 2009	Page
4	Governance			
4.1	Governance structure of the organization, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organizational oversight.			15,58
4.2	Indicate whether the Chair of the highest governance body is also an executive officer.			58
4.3	For organizations that have a unitary board structure, state the number of members of the highest governance body that are independent and/or non-executive members.		No unitary board structure	
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body.			26, 62
4.5	Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organization's performance (including social and environmental performance).			61-62
4.6	Processes in place for the highest governance body to ensure conflicts of interest are avoided.			58
4.7	Process for determining the qualifications and expertise of the members of the highest governance body for guiding the organization's strategy on economic, environmental, and social topics.			58
4.8	Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance and the status of their implementation.			42
4.9	Procedures of the highest governance body for overseeing the organization's identification and management of economic, environmental, and social performance, including relevant risks and opportunities, and adherence or compliance with internationally agreed standards, codes of conduct, and principles.			16-21
4.10	Processes for evaluating the highest governance body's own performance, particularly with respect to economic, environmental, and social performance.			68
4.11	Explanation of whether and how the precautionary approach or principle is addressed by the organization.	The precautionary approach has not been addressed		
4.12	Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organization subscribes or endorses.			138
4.13	Memberships in associations (such as industry associations) and/or national/international advocacy organizations in which the organization: * Has positions in governance bodies; * Participates in projects or committees; * Provides substantive funding beyond routine membership dues; or * Views membership as strategic.			25-26
4.14	List of stakeholder groups engaged by the organization.			24
4.15	Basis for identification and selection of stakeholders with whom to engage.			24
4.16	Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group.			24
4.17	Key topics and concerns that have been raised through stakeholder engagement, and how the organization has responded to those key topics and concerns, including through its reporting.			24, 121

Performance indicator		Reported		
		2010	Reported 2009	Page
Economic performance indicators				
EC1	Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.			6-7
EC2	Financial implications and other risks and opportunities for the organization's activities due to climate change.			20
EC3	Coverage of the organization's defined benefit plan obligations.			88, 106
EC4	Significant financial assistance received from government.			11
EC7	Procedures for local hiring and proportion of senior management hired from the local community at significant locations of operation.			43-44
EC8	Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in-kind, or pro bono engagement.			44
Environmental performance indicators				
EN3	Direct energy consumption by primary energy source.			46
EN4	Indirect energy consumption by primary source.			46
EN5	Energy saved due to conservation and efficiency improvements.			46
EN6	Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives.			9, 11, 34
EN7	Initiatives to reduce indirect energy consumption and reductions achieved.			11
EN12	Description of significant impacts of activities, products, and services on biodiversity in protected areas and areas of high biodiversity value outside protected areas.			50
EN16	Total direct and indirect greenhouse gas emissions by weight.			46
EN17	Other relevant indirect greenhouse gas emissions by weight.			46
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved.			11, 18, 47
EN22	Total weight of waste by type and disposal method.			49
EN26	Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.			36, 18
EN27	Percentage of products sold and their packaging materials that are reclaimed by category.	No sale of packed up products		
Social performance indicators: labour practices and decent work				
LA1	Total workforce by employment type, employment contract, and region.			38
LA2	Total number and rate of employee turnover by age group, gender, and region.			38-39
LA4	Percentage of employees covered by collective bargaining agreements.			38
LA7	Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region.			39-40
LA9	Health and safety topics covered in formal agreements with trade unions.			39
LA10	Average hours of training per year per employee by employee category.			41
LA11	Programs for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings.			43-44
LA12	Percentage of employees receiving regular performance and career development reviews.			41
LA14	Ratio of basic salary of men to women by employee category.			38

		Reported 2010	Reported 2009	Page
Social performance indicators: human rights				
HR2	Percentage of significant suppliers and contractors that have undergone screening on human rights and actions taken.			35
HR4	Total number of incidents of discrimination and actions taken.			43
Social performance indicators: society				
SO1	Nature, scope, and effectiveness of any programs and practices that assess and manage the impacts of operations on communities, including entering, operating, and exiting.			44
SO3	Percentage of employees trained in organization's anti-corruption policies and procedures.			42
SO4	Actions taken in response to incidents of corruption.			20, 42-43
SO5	Public policy positions and participation in public policy development and lobbying.			25
SO7	Total number of legal actions for anti-competitive behavior, anti-trust, and monopoly practices and their outcomes.			20
SO8	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations.			20
Social performance indicators: product responsibility				
PR5	Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.			24

	Fully
	Partially
	None

Ballast Nedam

Board of Management

T.A.C.M. Bruijninx, R. Malizia

Corporate secretary

O.P. Padberg

Personnel & organization

M.N.M. de Jong, R.M.A. van Dinther

Finance and investor relations

P. van Zwieten

Communication

A.C. van Kessel

ICT

R.J. Kathmann

Assurance

A.C.M. van Haastrecht

Purchasing Services

G. Koreman

Ballast Nedam Bouw & Ontwikkeling Speciale Projecten

A.M. de Backer

Ballast Nedam Bouw & Ontwikkeling

- Ballast Nedam Ontwikkelingsmaatschappij
- Abl2 / Sustainability Services
- Ballast Nedam Bouw & Ontwikkeling Noord
- Ballast Nedam Bouw & Ontwikkeling Noordwest
- Ballast Nedam Bouw & West
- Ballast Nedam Bouw & Ontwikkeling Zuid
- Ballast Nedam Bouw & Ontwikkeling Midden
- Laudy Bouw & Ontwikkeling
- Heddes Bouw & Ontwikkeling
- Ballast Nedam Beheer

J.F.A.M. Corten
C.G.J.W. Martens
D. van Hoogstraten
B.P. Sinnema
M.T.G. van Vuuren-Sanders
P. van Dijk
R. Cornelisse
E.B.G. Velthuis
O. Senden
N. Doodeman
J.J.A. van Huijstee

Ballast Nedam Infra Speciale Projecten

H.C. van der Wildt

Ballast Nedam Infra

- Ballast Nedam Concessies
- Ballast Nedam Infra Business Development
- Ballast Nedam Gebiedsontwikkeling
- Ballast Nedam Infra Noord West
- Ballast Nedam Infra Noord Oost
- Ballast Nedam Infra Midden | Zuid
- Ballast Nedam Infra Zuid West
- Ballast Nedam Parking

H. Kuipers
M. Klinkhamer
S. de Jong
K. Bruins Slot
J.T. Folkerts
H. Veenstra
H. Mos
H. Kuipers
A.R. Groot

Ballast Nedam Specialismen

- Ballast Nedam Engineering
- Ballast Nedam Funderingstechnieken
- Gebr van Leeuwen Harmelen
- Ballast Nedam Specialistisch Grondverzet
- Ballast Nedam Milieutechniek
- Dibec
- Ballast Nedam Asfalt
- Ballast Nedam Infra Specialiteiten
- Ballast Nedam International Product Management
- Ingenieursbureau voor Systemen en Octrooien Spanstaal
- Ballast Nedam Materieel

J. Smeets
W.M. 't Hart
M.T. van Leeuwen
M.T. van Leeuwen
K. Roelfsema
W.E.R. Huntjens
P.G.M. Ballast
R. Bouwman
H. Veerman
M.A.M. van Alphen
W.J.J. Smit, J.A.M. Spaan
K. Roelfsema

Ballast Nedam Toelevering

- Ballast Nedam Grondstoffen
- Recycling Maatschappij Feniks
- Ballast Nedam Participatie
- Ballast Nedam Prefab
- Waco Lingen Beton
- Haitsma Beton
- Hoco Beton
- Omnia Plaatvloer
- iQ woning
- TBS Soest
- Rademakers Gieterij

H.P. van der Meer
W.J.M. Duijnstee
A.C.G. van Beurden
P.S. van der Bijl
K. Visser
J.K. Verhoeve
K. Visser
J.J.G. Holtackers
H. Sieben
K. Pijnenburg
J.I. Vas
P.J. Woldendorp

This chart provides an overview of the most 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 with the office of the Commercial Register of the Chamber of Commerce in Utrecht.

Ballast Nedam N.V.

Ballast Nedam Bouw en Ontwikkeling Holding B.V.

Development and realization

Ballast Nedam Bouw & Ontwikkeling B.V. Speciale Projecten

- Bouwcombinatie Euroborg v.o.f. (25 %)
- FiftyTwoDegrees beheer B.V. (51%)
- Bouwcombinatie New Babylon v.o.f. (50%)
- Bouwcombinatie Jeroen Bosch v.o.f. (33%)
- Bouwcombinatie Medisch Centrum Rijnmond Zuid v.o.f. (50%)
- Bouwcombinatie Medimall v.o.f.
- Bouwcombinatie Stadhuis Nieuwegein v.o.f.
- Bouwcombinatie voor de nieuwbouw Erasmus MC v.o.f.
- JuBi B.V.
- Meander Combinatie v.o.f.(33%)

- IJ2 projecten B.V.
- Bouwcombinatie IJsseloord 2 v.o.f. (50%)
- Bouwcombinatie Zoetermeer Oosterheem v.o.f. (25%)
- V.o.f. Lambertus Zijlplein (50%)
- Bouwcombinatie De Confiance v.o.f. (50%)
- Dijkzone v.o.f. (33%)
- Bouwcombinatie Avans Breda v.o.f. (50%)
- Bouwcombinatie Intermezzo v.o.f. (33%)
- Bouwcombinatie Centrumplan Zoetermeer v.o.f.
- Bouwcombinatie G4 Oosterpark v.o.f.
- Bouwcombinatie Kohnstammlocatie v.o.f.
- Castra Bouwcombinatie v.o.f.
- Groote Dok Oost v.o.f.

Ballast Nedam Ontwikkelingsmaatschappij B.V.

- Ballast Nedam Vleuterweide B.V.
- Ballast Nedam Euroborg B.V.
- Nieuw Vennepe Zuid III B.V.
- Ballast Nedam Arena B.V.
- Getz B.V. (33%)
- V.o.f. De Geuzenbaan (50%)
- Ontwikkelingsmij. Centrumgebied Amsterdam
- Zuidoost B.V. (33%)
- V.o.f. Ontwikkelingscombinatie Laakhaven West (33%)
- Gebiedsontwikkeling Oud Beijerland Oost C.V. (49%)
- Ontwikkelingscombinatie Spoorzone Delft C.V. (49,5%)
- Amstelland Vastgoed B.V. (50%)
- De Vijfde Stad v.o.f. (50%)
- Coberco Kwartier Beheer B.V. (50%)
- Ballast Nedam Langedijk B.V.
- Ballast Nedam Nieuw Vennepe B.V.
- Ontwikkelingsmaatschappij G4 Beheer B.V.
- V.o.f. Ontwikkelingscombinatie Laakhaven West
- Stadovermarkt C.V. (25%)

Ballast Nedam Bouw & Ontwikkeling B.V. Noord

Ballast Nedam Bouw & Ontwikkeling B.V. Noordwest

Ballast Nedam Bouw & Ontwikkeling B.V. West

Ballast Nedam Bouw & Ontwikkeling B.V. Midden

Ballast Nedam Bouw & Ontwikkeling B.V. Zuid

Ballast Nedam Bouw & Ontwikkeling B.V. Oost

B.V. Aannemingsbedrijf F.W. Onrust

Laudy Bouw en Ontwikkeling B.V.

Zomers Bouwbedrijf B.V.

Hollestella Vastgoed Ontwikkeling B.V.

Prefabricated concrete

Hoco Beton B.V.

Omnia Plaatvloer B.V.

IQ Woning B.V.

INTERNAL JOINT VENTURES

(Infrastructure / Building and Development

Ballast Nedam Beheer B.V.

Abl2 B.V.

Ballast Nedam Bouwmaterieel B.V.

Ballast Nedam Prefab B.V.

Ballast Nedam Concessies B.V.

- CNG Net B.V.
- Vastgoed Energie Exploitatiemaatschappij B.V.

Public-private partnership (pps)

Kromhout B.V. (30%)

- Bouwcombinatie Komfort v.o.f.
- Exploitatie Maatschappij Komfort B.V.

DC16 B.V. (30%)

- Bouwcombinatie D.C. 16 v.o.f.
- Exploitatie Maatschappij DC 16 B.V.

DUO2 B.V. (30%)

- Bouwcombinatie Duo2 v.o.f.

Wâldwei.com B.V. (33,33%)

A-lanes A-15 B.V.

Ballast Nedam Infra B.V.

Development and realization

Ballast Nedam Infra B.V. Speciale Projecten

- Avenue2 v.o.f. (50%)

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 UK Ltd.
- Ballast Nedam – Per Arsleff joint venture v.o.f. (50%)
- Ballast Nedam – PA Europe joint venture v.o.f. (50%)

Ballast Nedam Offshore 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 Parking B.V.

Ballast Nedam Gebiedsontwikkeling B.V.

Ballast Nedam Infra Business Development B.V.

- CBH Compression v.o.f. (50%)
- Bouwcombinatie Vingerpieten Amsterdam v.o.f (42%)
- Libella Nederland B.V.

Prefabricated concrete

Haitsma Beton B.V.

Waco Lingen Beton B.V.

TBS Soest B.V.

Rademakers Gieterij B.V.

Raw materials

Ballast Nedam Grondstoffen B.V.

Ballast Van Oord Grondstoffen v.o.f. (50%)

B.V. Grind- en Zandhandel v/h T. Verkaik

Großküinkel Rurkies GmbH (Germany)

N.V. Immobiliën en Grindexploitiemaatschappij

Bichterweerd (Belgium)

- N.V. Algri (Belgium)
- Société d'Exploitation des Carrieres d'Yvoir S.A. (Belgium)
- N.V. Lugo (Belgium)

Beheersmaatschappij Fr. Bontrup B.V. (30%)

- Bremanger Quarry S.A. (77%) (Norway)
- Graniet Import Benelux B.V. (65%)

Recycling Maatschappij "Feniks" B.V.

- Ballast Phoenix Ltd. (92,5%)

Specialized companies

Ballast Nedam Engineering B.V.

Ballast Nedam Funderingstechnieken B.V.

Ballast Nedam Specialistisch Grondverzet B.V.

Ballast Nedam Milieutechniek B.V.

- Dibec B.V.

Ballast Nedam Infra Specialiteiten B.V.

Ingenieursbureau voor Systemen en Octrooien Spanstaal B.V.

Ballast Nedam Asphalt B.V.

Gebr. Van Leeuwen Harmelen B.V.

- Samwoo-AnchorTec B.V. (40%)
- Leka-Paal vof 50%
- HDD Fluids B.V. 50%

Ballast Nedam International Product Management B.V.

Ballast Nedam Infra Materieel v.o.f.

Ballast Nedam Infra Participatie B.V.

- Nederlandse Frees Maatschappij B.V. (17%)
- Graniet Import Benelux B.V. (9%)
- Traffic Service Nederland B.V. (21%)
- Wind Invest B.V. (50%)
- Ballast Nedam Wabau GmbH
- Spankern GmbH
- Asphaltcentrales
- Cobeton B.V. (Multicell) (25 %)

OTHER

Ballast Nedam Asset Management B.V.

- Ballast Nedam Canada Ltd. (Canada)
- Golden Peaks Resort Inc. (Canada)
- Kicking Horse Mountain Resort Trust (95%)

Ballast Nedam International B.V.

Ballast Nedam ICT B.V.

Credits

Production supervision

Ballast Nedam N.V.
Public Relations department

Design

De Vormstrategie (www.vormstrategie.nl)

Translation

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Frank Groeliken
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Jan van Oevelen
Fred Opdam
Jan Schot
and others

Production

bv Kunstdrukkerij Mercurius
(www.kunstdrukkerijmercurius.com)

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There is also extensive product and services information on our website www.ballast-nedam.nl. You will find the communication module at the heart of our website helpful. In a couple of steps the module navigates our service package and selects the relevant information pages or identifies the appropriate contact. You will know immediately who is best placed to answer your question.

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