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

Foreword from the chairman of the Board of Management

The year under review, 2002, was a difficult one for Ballast Nedam. It was also difficult for the employees and shareholders.

The major losses on our international activities hit the company hard and required far-reaching decisions to be made. Rationalisations, that had been started earlier, were of a drastic scale and implemented quickly.

This unfortunately led to an additional loss of jobs.

These factors also had consequences for the group's financial position. We had to sell our stake in Ballast Ham Dredging B.V., partly to repay a convertible bond loan. These circumstances were made even more difficult by the economic recession and the consequences of the Parliamentary Enquiry into the Construction Industry.

Given this disappointing year, at first sight it seems a bit much to continue with the system of reporting implemented last year in which we explain what our objectives were for 2001 and 2002, how far they have been achieved and which objectives had to be revised. We have, nevertheless, decided to retain this system, which has attracted praise externally, as it offers a consistent and recognisable framework for comprehensive reporting to all concerned.

Of course, the loss for 2002 and the underlying problems demand an explicit explanation. The sources of the losses in 2002 were abroad: the international projects division (Ballast Nedam International) and the British subsidiary, Ballast plc.

These units have been facing problems for some time. The international projects market (except Saudi Arabia) was structurally loss-making in the 1990s. Ballast plc's performance was marginal. The strategy started in 2000, therefore, focused on dealing with these activities. A package of measures (especially the reduction of foreign risks) was implemented in the course of 2000.

The results for 2000 and the first half of 2001 supported the expectation that we were on the right path. At the end of 2001 and in 2002, however, the problems abroad proved to be deeper than had previously been thought.

The necessarily decentralised nature of an international construction company working on projects in many countries creates a layered organisation. This makes it possible for regional management to take large or excessive risks when accepting contracts. The results only become clear at a later stage (for large projects, only much later) and this is certainly so if matters are associated with a closed management culture, which was apparently the case at some Ballast Nedam units.

In 2001 and 2002, the Board of Management was, therefore, faced by late reporting by certain units of large losses on long-term projects started earlier. These projects have to be completed. The expected final results on these four remaining projects have been incorporated in the figures for 2002.

A similar situation occurred in the southern regions of England. Problems with projects and customers were, in the hope of improvement, not reported on time, if at all.

This has, of course, had consequences for the regional management that should have been supervising them. The guidelines of the Board of Management were clear in this respect.

The problems outlined above were of course tackled energetically. Obviously, the international project market is too risky and structurally loss-making. Ballast Nedam's technical know-how and skills are valuable but cannot be profitable or deployed at a reasonable risk margin in the local circumstances abroad.

It was therefore decided to withdraw from this market. Ballast Nedam International will be dismantled. It was also decided to withdraw from the British market in due course. The scale and synergies with the Dutch home-market are too limited. The rationalisation of the loss-making southern regions has reduced its volume within a year to a quarter of that of the previous year.

The international problems are a distraction, on a superficial review, from the performance of the other parts of Ballast Nedam. The heart of the company is healthy and has a good market position.

It is performing excellently.

Ballast Nedam's people work with great commitment and sometimes under difficult circumstances.

When matters come to a head, we can rely on their perseverance, professionalism and trust.

This is encouraging us all to solve the problems and safeguard the future of the valuable elements of Ballast Nedam.

R.H.P.W. Kottman

Chairman of the Board of Management

Mission, company profile and group structure

Mission

Ballast Nedam is a Dutch listed company, offering an extensive package of construction-related products and services.

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

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

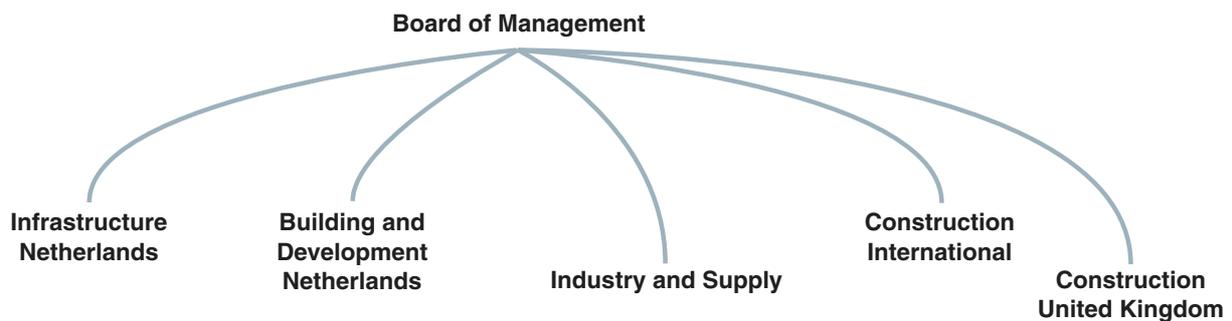
Company profile

Turnover achieved in 2002 was € 2.3 billion, with over 54% of this earned in the Netherlands. The group employed an average of around 6 500 people.

The activities are divided into three clusters of companies.

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

Group structure



The following changes were made to the group structure in 2002.

The shares in **Ballast Ham Dredging** (33.3%) were sold for € 210 million at the end of 2002. To this end the put option agreed in the merger of Ballast Nedam Dredging with HAM in 2001 was exercised.

The reason for the sale of the shares in Ballast Ham Dredging was the need to safeguard the financing of the group after the losses on the international markets and the repayment of a convertible bond loan of € 54 million. In this context, exercising the put option was the fastest way of carrying this out, all the more so as the selling price had been contractually agreed. A new value was to have been set for the put option at the end of 2003, creating uncertainty given recent changes in conditions in the dredging market and the general fall in share prices. Realising the fixed value of € 210 million was, therefore, the most rational option. This decision was put to an Extraordinary General Meeting of Shareholders called for this purpose on 30 September 2002.

Following the decision at the end of 2001 to slim down **Ballast Nedam International**, it was decided in mid-2002 to dismantle this division in phases. The international project market is too risky to be structurally profitable given the contractual relationships with customers and sub-contractors, political and social circumstances in various countries, customers' attitude to payment, dependence on local suppliers and the increasing tendency of customers to transfer risks to the contractor.

The margins earned in exchange for this have fallen drastically in recent years, partly because of keener competition from local contractors. Like other large international construction groups, Ballast Nedam, therefore, came to the conclusion in the middle of last year that it should withdraw from the international project market. This was a painful decision, all the more so as Ballast Nedam has high-quality and sometimes unique know-how and experience which is in demand around the world. In the end, however, if customers are not prepared to pay enough for it, there is no possibility of continuing to operate commercially in this segment. In the future, Ballast Nedam will only work in specialised areas in the international field and as a sub-contractor and consultant rather than as principal contractor on complex projects.

In Europe, the market for existing specialisms (such as off-shore wind-turbine parks) will be served through joint ventures.

This means that Ballast Nedam International will complete its four large on-going projects in 2004 (one in 2005), after which the division will be dismantled.

The expertise in large-scale civil engineering will be combined with that of Ballast Nedam Infrastructure, and employees will be transferred.

The disappearance of the international market also has consequences for **Ballast Nedam Engineering**. This engineering consultancy will be halved in size and transferred to **Ballast Nedam Infra** where it will be combined during 2003 with the infrastructure engineering and consultancy activities.

The new consultancy and engineering unit is called Infrastructure Consult + Engineering.

The subsidiary in the United Kingdom, **Ballast plc**, will be extensively reorganised. In particular, there has been a loss-making situation for some time in the southern regions of England requiring a drastic slimming down. In 2002, 225 of the original 550 jobs were lost.

The Board of Management has decided to leave the British market in due course. The lack of synergy with the Dutch activities and the additional investment needed to bring the company to the desired level of profitability have resulted in abandoning the 'two home-market strategy' implemented in the early 1990s. Once the rationalisation has resulted in the organisation being ready for sale, it will be sold.

The Transportbeton subsidiary of the **Industry and Supply** division has been sold and Ballast Nedam, a relatively small player, has withdrawn from the market for ready-mixed concrete and mortar. Omnia Plaatvloer B.V. was bought in 2002.

There were no organisational changes in the **Building and Development** division.

Key Figures

<i>x € 1 000 000</i>	2002	2001	2000	1999	1998*
Turnover and result					
Turnover	2 307	2 326	2 098	1 998	2 068
the Netherlands	1 242	1 267	1 083	1 062	863
international	1 065	1 059	1 015	936	1 205
Order book	1 833	2 489	2 660	1 681	1 463
EBITDA	(70)	23	91	67	103
Depreciation	(47)	(44)	(43)	(45)	(41)
EBITA	(117)	(21)	48	22	62
Amortisation goodwill	(5)	(2)	-	-	-
EBIT	(122)	(23)	48	22	62
Result before taxation	(135)	(32)	34	10	52
Net result before amortisation goodwill	(138)	(48)	22	9	48
Net result	(143)	(50)	22	9	48
Investments					
Investments	67	345	123	51	81
Divestments	218	226	14	11	16
Net investments	(151)	119	109	40	65
Capital structure					
Capital employed	(16)	205	378	360	383
Shareholders' equity	56	215	276	267	285
Convertible bond	-	54	54	54	54
Interest bearing long-term loans	39	39	66	30	34
Net cash	116	110	18	(8)	(10)
Ratio's					
EBIT/turnover	-5%	-1%	2%	1%	3%
Net result/turnover	-6%	-2%	1%	1%	2%
EBIT/average capital employed	-129%	-8%	13%	6%	19%
Net result/average shareholders' equity	-106%	-20%	8%	3%	17%
Shareholders' equity/assets	9%	22%	28%	31%	35%
Number of employees (average)					
	6 549	7 264	7 607	7 674	8 545
Share capital					
Number of ordinary shares (x 1000)	10 000	10 000	10 000	10 000	10 000
Market capitalisation at year end	49	160	218	218	277
Dividend paid	11	11	11	23	23
Per share € 6 nominal (€)					
Shareholders' equity	5.56	21.50	27.60	26.67	28.42
Dividend paid	1.13	1.13	1.13	2.27	2.27
Net result before amortisation goodwill	(13.76)	(4.85)	2.24	0.94	4.77
Net result	(14.30)	(5.01)	2.24	0.94	4.77

* restated for comparative purpose

Board of Management and Supervisory Board

Board of Management

R.H.P.W. Kottman, chairman (57)

T.A.C.M. Bruijninx (41), as of 11 February 2003

Concern Council

R.H.P.W. Kottman, chairman

T.A.C.M. Bruijninx

Th. Mulder, Ballast Nedam Infra (Infrastructure)

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

P.J.M. van Vugt, Ballast Nedam Industrie en Toelevering (Industry and Supply)

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

Supervisory Board

P.C. van den Hoek, chairman

H-P. Keitel, vice-chairman

H.C. Broeksma

C. Izeboud

N. Kroes

M.H.O. Rohr

R.B. Schermer

Personal particulars of the Supervisory Board

P.C. van den Hoek

Mr. van den Hoek was born in 1939. He is a Dutch national. He is a lawyer in Amsterdam, partner in Stibbe. He is member of the Supervisory Board of the following companies: AON Groep Nederland B.V., ASMI N.V. (Chairman), Buhrmann N.V. (Chairman), Euronext N.V., Robeco N.V., Rolinco N.V., Rorento N.V., Robeco Groep N.V. (Chairman), Financieele Dagblad Holding B.V. (Chairman) and Wavin B.V. (Chairman).

Mr. Van den Hoek was first appointed to the Supervisory Board of Ballast Nedam in 1988.

His current term of office ends on 1 July 2004.

H.C. Broeksma

Mr. Broeksma was born in 1945. He is a Dutch national. Till October 1999 he was a member of the Group Executive Board of Koninklijke Wessanen N.V. He is a member of the Supervisory Board of Delta Lloyd Verzekeringsgroep N.V., Delta Lloyd Bank N.V., and on behalf of N.P.M. Capital N.V. (Netherlands Participation Society) of Royal Auping B.V., Blauwhoed Holding B.V. and Moving People B.V. Further more he is amongst others member of a number of social and cultural organisations – including the National Museum Fund (Chairman) and Foundation Democratie and Media (Treasurer) – and member of the board of governors of the postgraduate Controllers academy of the University of Amsterdam.

Mr. Broeksma was first appointed to the Supervisory Board of Ballast Nedam in 1994.

His current term of office ends on 1 July 2005.

C. Izeboud

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

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

Mr. Izeboud will retire on 23 April 2003.

H-P. Keitel

Mr. Keitel was born in 1947. He is a German national. He has a great deal of international experience as a consulting engineer and contractor. He has been member of the Board of Management of Hochtief AG since 1990 and has been chairman of the Board of Management of Hochtief AG since 1992.

He is member of the Supervisory Board of Iveco AG, Vittera AG (Germany), Pilkington PLC (U.K.), Leighton Holdings Ltd. (Australia) and The Turner Corp., Dallas (USA) and chairman of the Supervisory Board of Hochtief Construction AG.

Mr. Keitel was first appointed to the Supervisory Board of Ballast Nedam on 8 March 1994 on the nomination of Hochtief. His current term of office ends on 1 July 2004.

N. Kroes

Mrs. Kroes was born in 1941. She is a Dutch national. She has been President of Nijenrode University (1991-2000), before which she was State Secretary (1977-1981) and then Minister (1982-1989) of Transport, Public Works and Water Management. She is President of the Supervisory Board of Port Support International B.V. and is a member of the Supervisory Board of Corio N.V., Jaarbeurs N.V., Royal Nedlloyd N.V., Lucent Technologies B.V., Nederlandse Spoorwegen N.V., New Skies Satellites, mmO2, P+O Nedlloyd and Prologis.

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

Her current term of office ends on 1 July 2005.

M.H.O. Rohr

Mr. Rohr was born in 1955. He is a German national. He has been head of Hochtief's main branch Bavaria before he became chairman of the Management Board of Hochtief Civil in 1999. In July 2001 he was appointed as a member of the Board of Management of Hochtief Construction AG. Further more he is member of the Supervisory Board of Flughafen Hamburg GmbH, Infakom GmbH (Germany) en member of the Board of Directors of Hochtief (UK) Construction Ltd.

Mr. Rohr was first appointed to the Supervisory Board of Ballast Nedam on 1 January 2002 on the nomination of Hochtief.

His current term of office ends on 1 January 2006.

R.B. Schermer

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

Mr. Schermer was first appointed to the Supervisory Board of Ballast Nedam in 1997.

His current term ends as per the day at which the Annual meeting of shareholders will be held in 2004.

Report of the Supervisory Board

It is no exaggeration to say that 2002 was an exceptionally disappointing year for Ballast Nedam. After the sharp setbacks affecting our international activities (Ballast Nedam International (BNI) and Ballast plc) which came to light late in 2001, efforts were concentrated on establishing the full extent of the problems and making the necessary provisions, which were charged entirely to 2001. Despite these efforts, both divisions again reported substantial losses in mid-2002, seriously weakening our company's liquidity and financial position. This situation dominated our Board's deliberations throughout the year under review.

Obviously we considered at length the question of how this situation could have arisen. BNI's activities have been carried on by Ballast Nedam for several decades. Indeed, they are part of the company's core competencies. In the United Kingdom, too, Ballast Nedam has been active in several specific segments of the market for many years. The policy adopted in 2001 was aimed precisely at rapidly reducing the risks associated with the international activities.

The progress being made with this process was on the agenda of all our meetings prior to July 2002. We also engaged in defining the risk profile of our portfolio of activities, exercising what we believed to be a cautious and conservative approach with regard to the downside risks.

Our external auditors were involved in these discussions.

The report of the Board of Management on 2001 contained a section on Ballast Nedam's system of risk management (page 47). This illustrates how carefully Ballast Nedam attempts to identify the various risks and defend itself against them by the most professional possible means. These risk management systems were also discussed with the Supervisory Board.

It has unfortunately become clear that these systems either failed to work satisfactorily, if at all, in the case of BNI and Ballast plc, or were incorrectly applied. It is our impression that part of the problem lies in a culture in which risks are not adequately appreciated and the full extent of setbacks is not promptly communicated up the chain of command. As a consequence, senior management was actually taken by surprise when the losses came to light. The response has been either to dismiss the people in key positions or, where defensible, move them to another job in the organisation. The reorganisations decided on at the end of 2001 were also intensified in both extent and severity. Further details are contained in the report by the Board of Management.

Ballast Nedam was pleased that the company succeeded in obtaining the desired scale for its dredging activities by merging them with those of HBG, and in so doing creating a splendid company. We expected that, with this transaction, our dredging division had found a safe haven. However, what was for us the unexpected takeover of HBG by the Spanish company Dragados raised the question of whether Ballast Nedam then had a right, or would be compelled, to exercise its call option obliging HBG to purchase the company's share of the joint venture. When HBG ended up in the hands of BAM, a decision on the matter ceased to be imperative. However, as a consequence of the deterioration in our financial position referred to above we were reluctantly forced to exercise the put option contained in the joint venture agreement and let our dredging activities go. In the light of current thinking on corporate governance we took the view that we should give the General Meeting of Shareholders the opportunity to approve this disposal of a core activity that had long been part of our portfolio. The shareholders' meeting gave its approval on 30 September 2002.

Fortunately, our Dutch divisions generally reported good results. We have lent our support to the Board of Management in its efforts to create the conditions for them under which they can continue to operate successfully in the future.

We herewith present the 2002 annual report, including the annual accounts drawn up by the Board of Management and adopted by the Supervisory Board. The accounts have been audited by KPMG Accountants N.V., Amstelveen. The auditors' report is included in the annual report.

We recommend that you approve the annual accounts. A separate resolution ratifying the decisions of the members of the Board of Management and the supervision exercised by the Supervisory Board in the year under review will be put before the Annual General Meeting of Shareholders. In view of the heavy loss, no dividend will be payable.

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

The company's auditors were also present during the discussion of the annual report and the half-year report. In addition, the Supervisory Board met without the Board of Management to discuss its own performance, the relationship with the Board of Management and the composition of the latter Board. Delegations from the Supervisory Board attended various consultation meetings with the Central Works Council and had informal meetings with a delegation from the Central Works Council on several occasions.

According to the retirement rota, the current term of office of Messrs. Van den Hoek, Keitel and Schermer expires in 2004. The general meeting of shareholders has the right to recommend candidates for appointment to the Supervisory Board to fill the vacancies thus arising.

In the year under review, Mr. Wirken stepped down as CFO and member of the Board of Management. Mr. Wirken had been committed to Ballast Nedam for many years, and we owe him a debt of gratitude. He has been succeeded as CFO by Mr. Bruijninx, who has also been appointed to the Board of Management with effect from 11 February 2003.

Finally, for Ballast Nedam and its employees, last year was exceptionally difficult. The measures which were implemented resulted in 350 job losses. Many others were also affected by the reorganisation. More than 1,200 of our existing and former employees hold shares in the company, and have seen their value drop considerably owing to the losses which have been posted. A great deal was asked of all concerned.

Once again we have seen how loyal and committed to the company the employees of Ballast Nedam are. We are more than usually indebted to them for their efforts.

The Board of Management has been severely criticised, both inside and outside the company. That is understandable in view of the ultimate responsibility for the company's performance which rests with the Board of Management. We nevertheless take this opportunity to express our appreciation of the resilience and dedication with which the Board of Management has tackled the problems and continues to address them. This, coupled with the continued support of the workforce, gives us the confidence that Ballast Nedam takes the necessary measures to overcome the existing difficulties.

Nieuwegein, 6 March 2003

Supervisory Board,

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

Ballast Nedam's shares

Ordinary shares

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

Share price in 2002

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

Price on 1 January 2002	€ 16.00
Highest price (22/04/02)	€ 24.45
Lowest price (20/09/02)	€ 4.51
Price on 31 December 2002	€ 4.90
Price on 1 March 2003	€ 2.80

Ballast Nedam N.V. shareholders:

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

The following interests of 5% or more had been notified in relation to the depositary receipts for shares as at 31 December 2002:

- Aviva Plc.
- Driessen Beleggingen B.V.

Dividend policy

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

Dividend proposal

The Board of Management, with the Supervisory Board's approval and in accordance with the above dividend policy, proposes that no dividend be distributed.

Convertible subordinated bond loan of € 54.4 million

This loan was issued in 1997 with a coupon of 5% and a conversion price of € 57.63 per share. There was no conversion. The loan and accrued interest was repaid as a lump sum on 9 October 2002.

Agenda

23 April 2003	General Meeting of Shareholders
11 September 2003	Publication of half-yearly figures for financial year 2003

Information

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Vision

The following vision was formulated in 2001: Ballast Nedam aims to be a structurally sound, large construction group with national and international operations. The portfolio comprises an extensive package of construction-related products and services.

Based on this vision, the following objectives were formulated in 2001. The position in 2002 is set out below. As a result of the decisions taken in 2002 to largely withdraw from international markets, the vision has to be limited to the Dutch market.

Objectives

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

Targets:

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

2002 update

The 3-year target was not achieved as a result of the losses in international markets in 2002 which also sharply reduced shareholders' equity.

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

Targets:

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

2002 update

Naturally, the drastic actions in the organisation, the losses and the Parliamentary Enquiry into the Construction Industry were not a positive contribution to the company's reputation. Nevertheless, the healthy core of the company continues to be as attractive to graduates as it was (based on interest expressed in the labour market). The steps taken will return the company to a healthy position. The group's reputation will recover along with its identity and culture.

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

Targets:

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

2002 update

Please see the section on innovation. Preparations were made in 2002 for the formalisation of the Ballast Bauer Funderingstechnieken B.V. joint venture. An alliance was entered into with VNG for waste-water catchment systems. There is also a strategic alliance (Nederlandse Betonpompen Service B.V.) with VROB Holding B.V. The Reiniging Combinatie Randstad has been formed with HBG Civiel B.V.

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

Targets:

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

2002 update

Ballast Nedam remained in the top five in 2002. As noted above (see the group structure section), the stake in Ballast Ham Dredging was sold in 2002.

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

Targets:

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

2002 update

The achievement of these targets was pursued enthusiastically during 2002. The international rationalisation is proceeding as planned. The integration processes in the Infrastructure and Building and Development divisions were completed successfully. The BASICS programme has been implemented throughout the group as was the procurement structure.

6. Retention of the specific Ballast Nedam mentality: hard work, a strong focus on solutions, daring and indomitability.
7. Ballast Nedam is aware of its social responsibility vis-à-vis the environment in which the group operates. It is impressed on employees at all levels that they need to be aware of the effect of their actions on themselves, on the company and on the environment in which they are working.

2002 update

In the year under review an internal code of conduct has been drawn up.

Key aspects of strategy 2002 - 2003

The 2001 annual report (pages 16-17) contained a number of key aspects of corporate strategy. These are reviewed below, with an indication of the progress made in 2002 and why a policy is being continued or changed.

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

Policy in 2002:

The company is too vulnerable to risks in international markets. This has led to a drastic rationalisation process under which Ballast Nedam will restrict its activities to a number of profitable international niche markets. The central organisation will be adjusted accordingly.

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

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

Action in 2002:

The international rationalisation has been implemented and will eventually lead to the dismantling of the Ballast Nedam International division. The decision was taken to withdraw completely from the United Kingdom in due course and this will be done after the on-going re-organisation has made the business saleable. The far-reaching decision to leave this market is explained in the group structure section. The policy formulated for the other divisions has been put into action (including the group-wide BASICS programme and the new procurement structure).

2. **Objective:** Ballast Nedam needs to have the necessary disciplines to be able to offer solutions to often complex physical planning problems. Ballast Nedam covers the entire value chain of construction. It is the aim of corporate policy to shift the emphasis towards both the higher and lower ends of the chain.

Policy in 2002:

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

Action in 2002:

As a result of the diminished financial position, there were only limited acquisitions in 2002 (Omnia Plaatvloer B.V. within the Industry and Supply division and New Engineering B.V. within the Ballast Nedam Infrastructure division). New land bank positions were acquired in 2002.

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

Policy in 2002:

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

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

Action in 2002:

Acquisition of Omnia Plaatvloer B.V. Group-wide procurement structure implemented successfully. The e-business activities were continued (pilot projects in the house-building sector and a project for a joint approach with other companies in the industry).

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

Policy in 2002:

The decision to withdraw from the international open-tendering market will be implemented with greater intensity. In the United Kingdom, the emphasis will be placed increasingly on PFIs (Private Financing Initiatives) and long-term framework contracts with customers, which also generate a better cash flow.

Action in 2002:

This policy was pursued forcefully during 2002: withdrawal from the international project market, framework contracts and partner relationships with customers. In the United Kingdom, Ballast plc was successful in acquiring PFI contracts.

- 5. Objective:** to increase our scale

Policy in 2002:

The policy considerations (see point 2) remain unchanged: strengthening of the core business.

Action in 2002:

See point 2.

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

Policy in 2002:

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

Action in 2002:

See the group structure section; the shares in Ballast Ham Dredging were sold to strengthen the group's financial position.

Social responsibility

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

Ballast Nedam accordingly adheres to various international agreements:

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

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

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

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

The Parliamentary Commission Inquiring into the Construction Industry has shown that the industry regularly breached competition regulations over a number of years, particularly through agreements among companies on pricing and sharing work.

The Board of Management of Ballast Nedam took immediate internal steps on this as soon as the first indications became known (end 2001). All employees have been informed that competition regulations must be strictly complied with. Failure to do so may incur disciplinary or legal sanctions. An internal code of conduct has been drawn up.

The Netherlands Competition Authority reported on possible breaches of the regulations in four cases allegedly involving Ballast Nedam.

Report of the Board of Management

Introduction

2002 was a difficult year for Ballast Nedam. Problems in the international markets and subsequent extensive rationalisations resulted in a heavy loss. This was made worse by the weakness of the stock markets, which meant that the pension fund was under-financed. This required a major additional contribution (€ 38 million) which contributed to the overall loss for the year of € 143 million.

The losses weakened the financial position and this meant that it became necessary to sell the stake in Ballast Ham Dredging.

The drastic rationalisation is also resulting in a loss of jobs. In the Netherlands, about 200 jobs will become surplus to requirements in stages up to 2004. A Redundancy Plan has been agreed with the trade unions.

The Dutch construction industry was shaken by the Parliamentary Enquiry into the Construction Industry in 2002. Its effects are not yet fully clear but they will certainly result in a restructuring of the market which construction companies will have to adapt to rapidly. Ballast Nedam has taken the necessary internal steps for operating strictly in accordance with the competition rules.

Delays to the start of major projects and the effects of the Parliamentary Enquiry also affected the precast concrete sector. Ballast Nedam reacted quickly to this by reorganising a number of precast concrete plants. The provisions relating to this were charged to the result in 2002.

The year under review was also affected by the declining economic situation. Uncertainty in the financial markets, stories of rising office vacancy rates and pressure on prices in the infrastructure sector reinforced the negative sentiment and this affected the Ballast Nedam share price.

There was no respite from the uncertainties in the market during the final months of the year. It is not yet certain how and when there will be a recovery. It may well be some time before confidence returns and spending picks up again. However, given the general uncertainties in the market, Ballast Nedam is well-positioned in the Netherlands compared with its competitors.

The uncertainties in the international market bring further risks from the completion of on-going international projects.

The year also saw the company's 125th anniversary and the move to the new head office in Nieuwegein. On 10 June, the Minister of Economic Affairs, Mrs. A. Jorritsma-Lebbink, opened the office on this, for Ballast Nedam, historic site.

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

Infrastructure Netherlands

Infrastructure Netherlands					
x € 1 000 000	2002	2001	2000	1999	1998
Turnover	481	474	367	368	324
Order book	509	619	684	314	342
EBITDA	18	19	14	8	5
EBITA	11	12	7	1	(2)
EBIT	11	12	7	1	(2)
EBIT/turnover	2.3%	2.5%	1.8%	0.3%	-0.6%
Capital employed	(56)	(31)	27	57	48
Average number of employees	1 521	1 469	1 383	1 414	1 448

Market

Fast and efficient transport of people and goods continues to be of huge economic importance for the Netherlands. Major infrastructure works such as the High-Speed Rail Line (HSL) South, the Betuwe Freight Railway Line, various metro projects and other civil engineering schemes are all part of this picture. The construction and upgrading of vital infrastructure without compromising the quality of life or safety will continue to be important in the future.

The civil engineering sector will remain a growth market in the densely populated Netherlands for the time being, despite the current indications of a certain slowing in the rate of growth.

In recent years, the public sector has been an important customer.

The contracts for many schemes have now been awarded and work has started on the various projects. Completion is expected to take around five years. The growth in the number and size of projects means that the market volume has increased strongly.

Whether this will continue to be the case depends largely on the government's success with its policy of attracting greater financial involvement from the private sector. DBMF (design-build-maintain-finance) arrangements and public-private partnerships (PPPs) appear to offer the ideal structures for achieving this. If it is to be done in the short term, it will be necessary for the public and private parties to come together and reach clear arrangements.

Overall, the lower-tier public authorities form the most important customers in the civil engineering sector. This work generally concerns the design, construction and maintenance of schemes involving excavation, earthmoving and road-building. Partly in view of the nature of the Urban Renewal Investment Policy, which is designed to encourage private sector involvement, the authorities are increasingly thinking in terms of public-private partnerships in this market, too.

Demand for the services of infrastructure builders with development capability is consequently increasing. Integrated development projects for entire areas are also growing in number and size.

The organisation of integrated projects of this kind will increasingly be entrusted to the private sector. European directives regarding competitive tendering introduce a complication into the equation, however. Even where the land is owned by the public authority, infrastructure projects still have to be put out to competitive tender if they subsequently have a public function.

The Parliamentary Enquiry and investigations conducted by the Ministry of Public Affairs and the Netherlands Competition Authority into the construction sector irregularities caused upset in the industry in 2002 and will certainly affect the way the market operates.

Strategy

Ballast Nedam Infra will be responding to developments in the marketplace in order to further strengthen its position in the infrastructure market over the next few years.

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

Ballast Nedam Infra operates at the regional level and in the market for large infrastructure works where it is one of the major players.

Apart from the basic activity of civil engineering in wet and dry environments, Ballast Nedam Infra also specialises in certain fields such as multi storey car parks, foundation engineering, specialist earthmoving, environmental activities including waste recycling and noise barriers, railway-related work, traffic control systems, various maintenance activities and concrete construction activities on behalf of the process industry and utilities.

Cost savings can be achieved on construction projects if the construction company is involved in the process from start to finish. By working together from an early stage, it is possible to increase efficiency in a way which benefits both customer and contractor. Ballast Nedam Infra's proactive, integrated approach is the ideal solution in this regard, and every effort is accordingly made to achieve this kind of partnership.

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

Operating review

Work was under way on all the individual contracts for the HSL South project in 2002.

Ballast Nedam Infra has a stake in the joint ventures responsible for four of these contracts:

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

Projects include the sections of the Betuwe freight railway line from Zevenaar to the German border and from Buren to Kesteren.

In addition to its involvement in the construction of the HSL South and the Betuwe line, in 2002 Ballast Nedam Infrastructure was working on the Calandtunnel, the Hemboog rail link, the Amersfoort-Apeldoorn railway line renovation project, the Vleuterweide and Veldhuizen VINEX sites in Vleuten-de Meern, the fifth runway at Schiphol Airport and the Tram Tunnel scheme in The Hague.

Turnover at Ballast Nedam Infrastructure rose slightly in 2002, while the operating profit fell slightly.

Prospects

We wish to maintain our market position in the next few years.

The order book is well filled, although its quality in terms of smaller regional projects slipped back as a result of the extremely low price level in the tendering market.

Particularly as a result of current price levels in the market, it is expected that the operating profit will be under pressure in the coming year.

Building and Development Netherlands

Building and Development Netherlands					
x € 1 000 000	2002	2001	2000	1999	1998
Turnover	498	540	514	488	432
Order book	540	447	432	462	303
EBITDA	16	18	22	19	15
EBITA	13	15	20	16	13
EBIT	12	14	20	16	13
EBIT/turnover	2.5%	2.7%	3.9%	3.3%	3.1%
Capital employed	(20)	(40)	(34)	(19)	(26)
Average number of employees	1 741	1 649	1 648	1 604	1 513

Market

The economic downturn during the year heralded its influence on the building and property sector for the coming years. Favourable interest rates are only putting tentative pressure in the opposite direction.

The *general building* market is currently suffering the most from the economic downturn. The *office market* is a cause for concern. Despite a sharp fall in demand, a record amount of some 2.4 million m² were completed in the Dutch office market in 2002. Although it is forecast that about 1.1 million m² will be enough to meet demand in 2003 and 2004, 2 million and 1.3 million m² of new building are expected in those years, respectively. Clearly, vacancy rates will be a problem and consequently put pressure on rent levels, so that feasibility of new developments could be at risk. This will eventually result in a new equilibrium in the market. One answer could be creative solutions such as converting existing town-centre offices into housing or other uses. Demolition of existing properties for town-centre redevelopment will contribute to reducing vacancies. As well as the observable vacancies, there is also a large amount of space being offered for sub-letting, mainly by IT and telecoms companies.

Many existing *industrial estates* in high-visibility locations are currently being upgraded to office estates or mixed-use sites and this is creating a serious shortage of inexpensive and small-scale industrial premises. In view of the economic situation, it can be expected that the development of industrial estates will pick up sooner than other sectors. The demand for estate management, including security, is growing in high-grade industrial estates.

Unlike the office market, there is very little speculative development of projects in the retail market and so current economic developments will not result in large-scale vacancies in the retail segment. Naturally, there will be fewer new investments than in previous years.

House-building production is not yet at the desired level and so there is still high demand for homes.

In contrast to previous years, demand for housing at the higher end of the market has fallen. Properties above € 400,000 are on the market much longer and often sold for less than the asking price. On average, house prices are still rising. Although demand is still high, it is expected that production in the next three years will be at a low level. It is expected, however, that production in the years thereafter will pick up slowly.

As well as the demand for owner-occupied housing, the demand for rental housing is also climbing considerably in the higher-rent segment, partly because there is very little trading up to owner-occupied housing. Opinions differ why this has slowed down. Delays in housing production are cited, but there is also the fact that the current tenants are remaining *in situ* for the time being in view of the economic prospects.

The delays in the procedures surrounding the development of the VINEX expansion sites and town-centre redevelopments are still a topic for discussion, despite the efforts of the last government. Municipal authorities in particular make decisions slowly, draw out consultations and have insufficient qualified staff. The election of the new government has delayed adoption of the Fifth Policy Document on Physical Planning. The rigid outlines and major involvement of central government are being reconsidered once again by the politicians. It is already clear that local authorities will get much more responsibility so that regional and local interests can be better met.

In general for 2003, production is expected to be at around the level of 2002 (about 60,000 homes).

Strategy

Ballast Nedam Bouw en Ontwikkeling (BNBO: building and development) consists of two operating companies: Ballast Nedam Bouw (BNB: building) and Ballast Nedam Ontwikkelingsmaatschappij (BNO: development).

Ballast Nedam Bouw is made up of seven regional construction companies and a national company, Special Projects, for projects with a high-risk profile. Three recently-acquired construction companies will be added to the regional structure in due course.

The regional companies are active in house building, general building, plan development and small-scale project development and Bouwborg handles maintenance and renovation.

Ballast Nedam Ontwikkelingsmaatschappij is active in national, large-scale project developments.

The development and building companies have been brought together in one division to provide customers with a complete solution. As a result, the synergies between them are being used optimally.

Large, complex projects demand a comprehensive approach in which infrastructure plays a significant role.

The two divisions, Ballast Nedam Building and Development and Ballast Nedam Infrastructure, work closely with each other.

In addition to offering comprehensive solutions, the company focuses on offering long-term services. This is done by applying the Bouwborg concept within the construction company and capabilities such as financial engineering and operational management have been developed within the development company.

This combination means that projects can be offered that include design, construction, maintenance, operation and financing. These have been provided to schools and care-home complexes.

BNBO is aiming at long-term relationships with housing corporations and professional investors in response to the trend of large professional customers making ever earlier contacts with developers in order to spread their risks better and focus on their core activities.

This strategy makes it clear that the value chain is being extended in both directions to reduce dependence on public tenders.

Operating review

Turnover for the year was down on expectations, mainly as a result of delays in the development of large-scale house-building projects. Bureaucracy surrounding the development of VINEX development sites is still adversely affecting the amount of house building in the Netherlands. The results in 2002 were in line with expectations.

Ballast Nedam Ontwikkelingsmaatschappij (BNO) is still investing much energy in new development concepts started in previous years. *Vorstelijk Wonen (Royal living)* is the new name for the Life Cycle Projects concept, a housing/care formula in which care and services are offered according to the needs and wishes of older residents in particular.

Town-centre redevelopment continues to be a challenging process which is not yet delivering real results. BNBO is, therefore, focusing on extensive co-operation with housing corporations.

In 2002, after drawn out proceedings, a start was made on developing BNO's principal house-building sites. The first sub-project of 89 homes in Vleuterweide has been put on the market with promising results. Work has started at the station site in Maarssen on a large-scale house-building development. The alliance with the Municipality of Eindhoven for the development of 900 homes in the entirely new Tongelresche Akkers residential district was finalised in the first week of 2003.

The development of Delft Spoorzone is proceeding as expected, with the close co-operation of both NS Vastgoed and the Municipality of Delft, to achieve a comprehensive infrastructure and property development.

In 2002, Ballast Nedam Bouw combined all its maintenance and renovation activities under the Bouwborg concept, creating efficiency gains and the opportunity to offer standardised services to nationally-operating customers.

Large-scale projects such as the complex Westpoint tower in Tilburg, at 47 storeys the tallest block of flats in the Netherlands, are going well. Uniquely in Dutch construction, this project combines efficient house-building techniques and specific know-how of general high-rise building. Despite the heavy pressure on the market, starts have been made on some notable projects such as the Carnisse Veste residential and retail complex in Barendrecht and the Prinsenhof in the Beatrixkwartier in The Hague.

Work has started on waterside house-building projects developed by the company in Hellevoetsluis.

BNBO was able to expand its portfolio to some 315 hectares of owned land, options and building rights. These land bank positions offer development potential for 8,000 homes, 330,000 m² of offices and 160,000 m² of other commercial space.

Prospects

BNBO is confident with respect to its turnover and results for 2003. In general building, the order book is largely full and a significant number of house-building projects are being started in the company's own developments. A key feature of 2003 will, therefore, be safeguarding profitable turnover for later years.

BNBO is looking to the future with confidence. An efficiency drive within the organisation came at the right time and a healthy volume of commercial positions are available to counteract the economic downturn. The changes within the construction industry will be met with confidence thanks to a good presence throughout the country and much attention to product development.

Despite the economic situation, Ballast Nedam Building and Development is forecasting the same level of turnover and a rising EBIT for 2003.

Industry and Supply

Industry and Supply					
<i>x € 1 000 000</i>	2002	2001	2000	1999	1998
Turnover	207	202	168	178	156
Order book	67	62	64	50	50
EBITDA	13	22	22	21	19
EBITA	4	14	14	15	12
EBIT	3	14	14	15	12
EBIT/turnover	1.2%	6.7%	8.5%	8.2%	7.9%
Capital employed	101	106	93	72	72
Average number of employees	1 039	1 048	947	894	780

Market

The downward trend in the building industry is working through into the supply industry. After a record year in 2000, volumes fell in both 2001 and 2002. Declining market demand and unchanged supply have put increasing pressure on prices.

Ballast Nedam Industry and Supply has three product/market combinations: raw materials, precast concrete products and specialist techniques.

Restrictions on granting concessions and increasingly stringent environmental requirements will limit the supply of primary construction raw materials in the near future. The raw materials group has become a full partner in the Dutch and Belgian markets through acquisitions and expansion in past years. The Industry and Supply companies have production, trade and transport facilities and can deliver the full range of products demanded in those markets.

The precast concrete products industry is an integral part of the construction process.

Shorter construction times, lack of space on building sites, working conditions and a shortage of trained staff will increase the use of factory-produced products even more strongly.

As a result of the successful integration of construction and supply processes, Ballast Nedam has a lead as a builder in the market.

The specialist techniques product group serves promising niche markets for concrete repairs, pre-stressed systems and associated techniques. Partly as a result of innovative thinking, the Ballast Nedam Industry and Supply companies hold a strong position in their markets.

Strategy

The activities of Ballast Nedam Industry and Supply are managed locally and led by experienced people.

A key feature is creating value from the activities. The portfolio includes a number of activities, in particular in concrete products, that do not meet this requirement and so they will be restructured and/or disposed of.

The concrete products group is in a period of restructuring and consolidation. The strategy of the raw materials and specialist product groups focuses on further growth.

Operating review

Raw materials

The longer-term position has clearly been strengthened by the expansion in earlier years. This has resulted in an increase in turnover of 40% compared with the previous year. Once again, this year, there was major investment in expanding quarried materials to strengthen the raw materials position over the long term.

Ready-mixed concrete and mortar

The Transportbeton subsidiary was sold in mid-2002 and so Ballast Nedam, a relatively small player, withdrew from the market for ready-mixed concrete and mortar.

Precast concrete products

After years of growth, turnover in precast concrete products stabilised as a result of a stagnating construction market. There is tangible price erosion because of increasing over-capacity in this sector. The acquisition of Omnia Plaatvloer B.V., Coevorden, has expanded Ballast Nedam Industry and Supply's range of building elements to include precast concrete system floors. The strategic repositioning of a number of companies in this sector has been given higher priority as a result of the increasing over-capacity. Considerable rationalisation provisions have been formed for this.

Specialist techniques

The companies enjoyed organic growth in turnover. Regional coverage in the concrete repair sector has improved with Renoton, based in the Utrecht region.

In pre-stressed techniques, the integration of Spanstaal and Spankern has been completed. This has resulted in an increase in turnover along with full order books offering good prospects for the coming years.

Total

Turnover grew slightly but EBIT fell back strongly compared with previous years. Good results in raw materials and specialist techniques were offset by serious losses at a number of the precast concrete companies and in addition, considerable provisions were formed for restructuring the loss-making activities.

Prospects

The good position in the various markets and restructuring of loss-making activities offer sufficient opportunities, even in a stagnant market, for a good result. The objective is to have EBIT increase to 7% of turnover within two years.

Construction International

Construction International					
<i>x € 1 000 000</i>	2002	2001	2000	1999	1998
Turnover	329	320	270	265	523
Order book	340	494	604	215	194
EBITDA	(97)	(30)	9	(4)	31
EBITA	(103)	(35)	4	(12)	22
EBIT	(103)	(35)	4	(12)	22
EBIT/turnover	-31.2%	-10.9%	1.3%	-4.6%	4.2%
Capital employed	2	69	148	155	176
Average number of employees	760	809	1 481	1 636	2 665

Market

The economic and political climate in the non-European countries where Ballast Nedam International operates deteriorated further during the year.

The drastic limiting of risks in those countries resulted in no projects being accepted this year in the international concrete and civil engineering market.

Strategy

As noted in the report on the half-year figures, Ballast Nedam International will be discontinued as a separate division. Ballast Nedam will severely limit its international operations to the Dutch divisions undertaking only a few limited-risk specialised activities.

Operating review

At the end of 2002, Ballast Nedam International still had five major projects under construction:

- High-speed railway in Taiwan
- Cable stay bridge in Malaysia
- LNG jetty in India
- Bascule bridge in the United States (Florida)
- Light-rail in Ireland (Dublin).

The project in Malaysia was finished in early 2003. The other projects will be completed between mid-2004 and early-2005 and the remaining (limited) specialised international activities will then be transferred to the Dutch divisions.

Construction United Kingdom

Construction United Kingdom					
<i>x € 1 000 000</i>	2002	2001	2000	1999	1998
Turnover	568	582	629	570	452
Order book	377	544	465	446	390
EBITDA	(64)	(30)	3	5	3
EBITA	(67)	(32)	1	4	2
EBIT	(67)	(32)	1	4	2
EBIT/turnover	-11.9%	-5.5%	0.2%	0.6%	0.5%
Capital employed	(48)	(46)	2	(32)	(9)
Average number of employees	1 251	1 355	1 419	1 435	1 437

Market

Although the United Kingdom is also facing a slowdown in economic growth, the British economy appears to be holding up better than the economies in continental Europe. Partly as a result of this, the British construction industry did very well in 2002. Growth in the past year was over 7%. Prospects for the coming years are good, with the construction industry as a whole expected to grow by 6%. The highest growth is expected in infrastructure and building maintenance. General building, Ballast plc's principal market, is expected to grow by about 4.5% per year, the outcome of disappointing growth in private sector work and continuing strong growth in work for the British government, which sees the need to make up for decades of under-investment. As a result of this catching up exercise, there will be no slow-down in the Private Finance Initiative (PFI) market in particular in the coming years.

Strategy

As a general builder, Ballast plc operates throughout almost all of the United Kingdom. In recent years the company has successfully concentrated on the British government's PFI programme. Ballast plc participates in these projects as builder, shareholder and provider of facilities management. On average, PFI projects generate about 25 years of stable income at attractive margins. Education projects have developed into one of the main segments of the PFI market, and Ballast plc is a prominent player in exactly that segment.

Another strategic focus of Ballast plc is the development of long-term 'partnerships' with customers which give the opportunity for offering customers greater added value, together with better margins and a constant flow of orders for Ballast plc. Partnerships have already been agreed with Pfizer, Sainsbury's, Asda Stores and British Aerospace.

Despite this shift towards more attractive market segments, in 2002 Ballast plc was still largely dependent on traditional contracts obtained on price. This portion of Ballast plc's activities has not been sufficiently profitable for some time. Continuing the rationalisation started in 2001, the new management of Ballast plc concluded in the first half of the year that this no longer offered a route to profitability. In a number of cases, in particular in the southern regions, the problems were more deeply rooted than had been thought.

As a result of this, Ballast Nedam has concluded that two decisions were inevitable:

- Rationalising the traditional building activities much more drastically than proposed earlier. In order to finally deal with the project risks in the two regions in the south of England, activities there have been reduced very sharply, and this unfortunately meant the unavoidable loss of 250 jobs. As a result of the much smaller scale (a quarter of the size of a year ago), this now-combined region has been brought down to a manageable volume of high quality work. It is not necessary for the time being to obtain contracts under heavy price pressure.
- Ballast Nedam will withdraw entirely from the United Kingdom in due course as the remaining British activities do not have sufficient scale to be a full second home-market for Ballast Nedam. Ballast Nedam will continue to support Ballast plc actively and make the business healthy until it can finally be transferred to a new parent.

In addition to the above measures, progress was made in many areas during 2002.

Supply chain management was drastically streamlined and, in most cases, we now work in long-term relationships with subcontractors and suppliers who offer proven reliability and quality. A new management information system was implemented and reporting lines were revised.

Operating review

2002 was an exceptionally difficult year for Ballast plc. In the context of the rationalisation project started in 2001, turnover fell by 2.4% to € 568 million.

The results in the northern regions, the PFI division and other activities developed satisfactorily. They were, however, completely offset by losses in the southern regions and the additional provisions which had to be formed for the new rationalisation round.

Prospects

The severe contraction of the activities in the south of the United Kingdom will mean that turnover in 2003 will be about 30% lower than in 2002. As the company's risk profile will be strongly improved and as the order book is of high quality, it can be expected that Ballast plc will show strong improvement of results in 2003. Further growth of profitability is expected in subsequent years as additional gains are made from the investment in PFI positions in particular.

Dredging

Dredging					
<i>x € 1 000 000</i>	2002	2001	2000	1999	1998
Turnover	220	206	147	127	211
Order book	-	323	411	194	184
EBITDA	100	40	33	30	34
EBITA	82	21	15	12	19
EBIT	79	20	15	12	19
EBIT/turnover	35.9%	9.6%	9.9%	9.4%	8.8%
Capital employed	-	127	134	90	90
Average number of employees	-	713	549	515	540

Market

The dredging market has enjoyed a number of very good years, mainly due to the favourable economic climate and rapidly growing world trade in the 1990s. Since then, the world economy has faltered. The rapid recovery expected by many people from the economic downturn which started in 2000, has not yet occurred. There are still no adequate specific signs of recovery. Mounting political tension in the world is a further significant source of uncertainty.

In the medium-term, and especially if a rapid and convincing recovery is delayed still further, the worsened economic situation will have definite adverse effects on the dredging industry as world trade, shipping, air traffic and industry will grow less, cutting the need to invest in harbours and create new land reclamation areas. In addition, a weaker economy will obviously have a depressing effect on the budgets available for these investments.

In the longer term, demand in the dredging market continues to look good. The growing world population and consequent resulting growth in transport and the economy plus a number of additional factors, such as for example, a rising sea level, guarantee a healthy order flow until well into the future.

Strategy

The completion of the merger of Ballast Nedam Dredging and HBG's dredging subsidiary, HAM, in November 2001 achieved one of Ballast Nedam's principal strategic objectives – the increased scale of dredging activities – and so it was reasonable to hope that 2002 would be a quieter year.

The announcement that HBG was to be acquired by the major Spanish construction and service company, Grupo Dragados, put an end to those hopes by the beginning of February. In the following weeks, there were negotiations with HBG's new parent on its plans for Ballast Ham Dredging (BHD) and the possible consequences for Ballast Nedam. In mid-April, while those discussions were still going on, Dragados itself became the target of a transaction which in practical terms was a hostile take-over by another Spanish building company, ACS. This created a situation in which it was difficult to assess what would eventually happen to Dragados and its new subsidiary HBG, and who would finally decide on the future of the dredging activities.

Consequently, Ballast Nedam had too few indications to suppose that BHD's independent position and the position of Ballast Nedam as minority shareholder could be guaranteed. Ballast Nedam did not deem it responsible to wait any longer and under what is known as the 'change of control' clause in the merger contract – the call option – decided to request HBG to offer its holding in BHD for acquisition. As HBG disputed the legitimacy of the request, it was agreed to submit the matter to arbitration by the Netherlands Arbitration Institute.

It was announced in early June that the Dutch company, BAM NBM, would acquire HBG from Dragados. Once the dust around HBG had settled somewhat, this new combination managed to deal with Ballast Nedam's concerns on the future of BHD. Ballast Nedam, therefore, decided to withdraw the call option in August.

As a result of the poor performance of the international and British construction activities, Ballast Nedam decided to withdraw from foreign markets in due course and from then on to focus on activities in the Netherlands. The link between dredging and the other activities was thus doubtful. Additional resources were also required to strengthen the group's financial position. In consequence, it was decided in August to exercise the put option agreed during the merger. This put option constituted Ballast Nedam's irrevocable right to sell its 33 1/3% interest in BHD to HBG for € 210 million. The transaction has now been completed with a book profit of € 60 million, bringing an end to Ballast Nedam's presence in the dredging market.

Engineering

Market

Ballast Nedam has its own in-house multidisciplinary engineering consultancy serving its operating companies. Consultancy and design services are supplied in all stages of construction projects.

Ballast Nedam Engineering also sells its services on the external market, partly with the object of increasing the volume of construction work for Ballast Nedam's operating companies.

Strategy

As a result of the rationalisation of Ballast Nedam, there is much less design work in the international market, and so the focus is more on the activities of the Dutch operating companies.

The engineering and consultancy activities of Ballast Nedam Engineering, T&O, the design office of Ballast Nedam Infra and New Engineering were, therefore, merged into a new engineering consultancy: Infrastructure Consult + Engineering. This new consultancy is part of Ballast Nedam Infra.

Infrastructure Consult + Engineering will work for the external market as well as the Dutch market.

Operating review

In 2002, Ballast Nedam Engineering made an important contribution to a number of rail infrastructure projects, both in the Netherlands and in other countries.

The unit worked on the draft and detail designs for a large number of projects including the various HSL sections, the Betuwe Freight Railway Line, the Tram Tunnel (TramKom) project in The Hague, the Groningen light rail scheme, the construction of a high-speed railway line in Taiwan and a light-rail project in Ireland.

Ballast Nedam Engineering was also involved in a large number of civil engineering schemes, tenders and existing projects at home and abroad, such as the Randstad Circuit and Zuiderzee Line maglev train projects and the LNG project in India.

In the field of structural engineering, the company acted as consultants on the Euroborg complex in Groningen, on the expansion of the biomedical company Centocor in Leiden and a tram depot in Alphen aan den Rijn.

In 2002, Ballast Nedam Engineering carried out various studies including:

- the development of a risk-management tool
- the review of applications for portable computers on building sites
- the 'Vitale Stad' project of Habiforum (Kennisnetwerk voor Meervoudig Ruimtegebruik).

Financial results

Turnover and operating profit

Turnover was € 2 307 million and was in line with the previous year.

Turnover x € 1 000 000	2002	2001	2000	1999	1998
Infrastructure Netherlands	481	474	367	368	324
Building and Development Netherlands	498	540	514	488	432
Industry and Supply	207	202	168	178	156
	1 186	1 216	1 049	1 034	912
Construction International	329	320	270	265	523
Construction United Kingdom	568	582	629	570	452
Dredging	220	206	147	127	211
Other	4	2	3	2	(30)
Total	2 307	2 326	2 098	1 998	2 068

A feature of the year under review was the comprehensive rationalisation of international activities. Provisions were formed for the completion of a number of long-term projects and the phasing out of Ballast Nedam International. The rationalisation and reorganisation of the loss-making southern regions of Ballast plc contributed to the loss for Construction United Kingdom.

The fall in the result at Industry and Supply was a consequence of the efficiency drive started in the precast concrete sector.

The result for Dredging was made up of a profit on ordinary activities of € 19 million and a book profit of € 60 million on the sale of the stake in Ballast Ham Dredging.

Other includes the contribution to the pension fund of € 38 million.

EBIT x € 1 000 000	2002	2001	2000	1999	1998
Infrastructure Netherlands	11	12	7	1	(2)
Building and Development Netherlands	12	14	20	16	13
Industry and Supply	3	14	14	15	12
	26	40	41	32	23
Construction International	(103)	(35)	4	(12)	22
Construction United Kingdom	(67)	(32)	1	4	2
Dredging	79	20	15	12	19
Other	(57)	(16)	(13)	(14)	(4)
Total	(122)	(23)	48	22	62

Margin	2002	2001	2000	1999	1998
Infrastructure Netherlands	2.3%	2.5%	1.8%	0.3%	-0.6%
Building and Development Netherlands	2.5%	2.7%	3.9%	3.3%	3.1%
Industry and Supply	1.2%	6.7%	8.5%	8.2%	7.9%
	2.2%	3.3%	3.9%	3.1%	2.5%
Construction International	-31.2%	-10.9%	1.3%	-4.6%	4.2%
Construction United Kingdom	-11.9%	-5.5%	0.2%	0.6%	0.5%
Dredging	35.9%	9.6%	9.9%	9.4%	8.8%
Total	-5.3%	-1.0%	2.3%	1.0%	3.0%

Net result

Interest charges increased as a result of financing the losses during the year.

The tax burden fell sharply during the year because of the contribution to the pension fund and the foreign losses.

The computed corporation tax charge largely related to foreign taxation which cannot be offset.

Net result <i>x € 1 000 000</i>	2002	2001	2000	1999	1998
EBIT	(122)	(23)	48	22	62
Interest income and charges	(13)	(9)	(14)	(12)	(10)
Result before taxation	(135)	(32)	34	10	52
Taxation	(8)	(18)	(12)	(1)	(4)
Net result	(143)	(50)	22	9	48

Order book

The order book of the Dutch divisions is in line with the previous year. The order book of Building and Development increased by € 93 million. The fall in the order book of Infrastructure Netherlands was a result of a number of large long-term contracts acquired in 2001 and partly completed in 2002.

The total order book fell by € 656 million to € 1 833 million as a result of the sale of the stake in Ballast Ham Dredging and the policy on international activities.

Order book <i>x € 1 000 000</i>	2002	<i>2001</i>	<i>2000</i>	<i>1999</i>	<i>1998</i>
Infrastructure Netherlands	509	619	684	314	342
Building and Development Netherlands	540	447	432	462	303
Industry and Supply	67	62	64	50	50
	1 116	1 128	1 180	826	695
Construction International	340	494	604	215	194
Construction United Kingdom	377	544	465	446	390
Dredging	-	323	411	194	184
Total	1 833	2 489	2 660	1 681	1 463

Acquisitions and disposals

In the Industry and Supply division, Omnia Plaatvloer B.V., Coevorden, was acquired and Transportbeton B.V., Utrecht, was sold.

The stake in Ballast Ham Dredging B.V. was sold at the end of 2002.

Financing and liquidity

The amount of capital employed declined by € 221 million in the year under review as a result of the sale of the stake in Ballast Ham Dredging and the reduction in international activities. The capital ratio fell by 13 percentage points to 9% at year-end 2002.

In addition to a short-term loan facility of € 25 million, a facility of € 50 million is available until 15 February 2004. A long-term loan of € 38 million was obtained from the Stichting Pensioenfonds Ballast Nedam.

Human Resources

A feature of 2002 was the extensive rationalisation which, of course, had a major impact on the employees and management involved. Painful but necessary rationalisation decisions resulted in the loss of jobs.

A Redundancy Plan was agreed with the trade unions on the job losses and financial effects of the rationalisations.

It was particularly sad for employees who have made great efforts and often worked under difficult circumstances abroad to discover that the international market no longer offered opportunities for the profitable use of Ballast Nedam's often unique know-how and expertise.

Naturally, the inevitable consequence of this, namely the phasing out of the Ballast Nedam International division, deeply affected the Ballast Nedam community. At the same time, there was a general realisation that this decision was inevitable to ensure the future of the healthy part of the group.

As a result of the ending of international activities, there will be a decline in international engineering. This too will cause a loss of jobs. Together with the proposed withdrawal from the United Kingdom, this will result in a smaller group and so the holding company activities will be halved and this will involve compulsory redundancies.

The management has emphasised that these operations and events must have the least possible effect on the position of the healthy part of the group as a going concern. Management development, management training, internal courses, absenteeism supervision and similar activities will, therefore, continue unabated.

The rationalisation of the international activities, the various reorganisations, developments surrounding the dredging business and the routine subjects which come up during a year resulted in intensive consultations between the Central Works Council and the Board of Management. All requests for recommendations and approval were met positively by the Central Works Council.

A representative of the Supervisory Board attended a number of consultative meetings.

Risk management

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

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

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

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

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

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

The risks are not merely connected with technical, geological or economic matters. Local conditions such as the availability of building materials and site operatives and the attitude of the local population can all adversely affect the progress of the work, too. In addition, the weather, general climatic conditions and seasonal variations can in some cases have a major impact on progress and therefore on the final result.

New forms of contract like design-and-construct and PPP arrangements, particularly in the Netherlands, necessitate more comprehensive risk analyses and have to be included in the tender documentation.

Information and Communication Technology (ICT)

The move to the new head office in Nieuwegein also brought the development and consolidation of Ballast Nedam's ICT infrastructure into a new phase. The majority of the electronic workstations in the Netherlands are now managed from a single operating unit, Ballast Nedam ICT, with all the benefits of scale that brings. The philosophy is:

- price per workstation to keep ICT costs clear and manageable;
- centralised policy and service provision where logical;
- regional ICT services for managing regional, district and project offices.

All facets of electronic communications: fixed-line speech, mobile speech and data communication are being developed under a single policy with the focus on better service and cost reduction. An important feature here is the application of speech techniques over the network (Voice over IP) and the implementation of a new Wide Area Network to link most building sites and the central facilities quickly and securely.

In addition to these improved communication techniques, building-site automation is taking further shape as a result of specially customised applications focusing on supporting the building site. Examples of these are recording commitments and time records.

A number of information systems were implemented during 2002 to enhance Ballast Nedam's procurement processes. Consolidation of local procurement information allows better procurement strategies to be developed.

House-building activities are supported by interactive internet techniques that involve customers and their individual wishes to the greatest extent in the construction process. Various collaborative electronic techniques are used within projects to share information with project partners, customers and other parties.

A project to select electronic support for the engineering processes has been started and will be approaching completion at the beginning of 2003. Much attention will also be given in the coming year to consolidating our employee information systems and making our internal and external electronic transaction traffic more efficient by using XML techniques.

Procurement

A new group-wide procurement structure which combines central and local responsibilities was implemented in 2002.

Ballast Nedam Purchasing Services has been set up at the central level. This unit prepares the group procurement strategy, co-ordinates group-wide procurement projects, advises on local procurement activities and ensures professionalism in procurement at the various levels in the organisation.

Together with the local procurement staff, there is a tightly-knit network within which the various procurement staff co-operate.

The objective of this new procurement structure is, of course, to achieve procurement benefits, but also to improve the quality of the various operating processes. Procurement is not only getting the maximum out of a procurement project, but also achieving a mutually beneficial relationship between customer and supplier.

An analysis performed by the group shows that considerable savings can definitely be made in procurement in the coming period. Consequently, the entire group-wide facilities service has been selected as the first priority.

The professionalised procurement structure is supported by three computer systems which give a detailed view of suppliers, contracts, product groups, items and prices.

Innovation

The work on technological innovation was illustrated at the Ballast Nedam Technology Day on 7 November. About 150 staff from across the group learned of each others' 'discoveries'. The theme of the day was 'from project to process': the accent was not so much on the products themselves, but on managing the process. Improved project management is exactly the way to avoid the costs of failure, limit risks and utilise opportunities for creativity.

Innovation allows Ballast Nedam to build a decisive advantage. We are very conscious of the importance of innovation, even – or perhaps precisely – when a company is performing less well commercially. We will soon be seeing the benefits of this. Consequently, the Board of Management has made a budget available for encouraging local innovation projects.

Off-shore wind energy

Constructing wind turbines at sea is one such new market where Ballast Nedam believes it has good opportunities. Its worldwide experience with maritime work and under water construction of heavy duty foundations mean that these opportunities are realistic. Thirty-six turbines are to be built 10 kilometres off the coast at Egmond aan Zee.

Ballast Nedam will be involved when the first major offshore wind-energy project in the North Sea starts.

Original living and Royal living

Purchasers of housing and tenants are at the heart of house-building today. More than in the past, consumers themselves are determining what is right for them.

In 'original living', the future resident can use an ingenious system of flexible plans to determine how the house is laid out.

'Royal living' focuses on caring for older people at home. The concept combines independent living with customised care and welfare and is intended for all older people.

Ballast Nedam is working with Stichting Humanitas in this area.

Quality, health and safety and environmental protection

It is Ballast Nedam policy to deliver products and services satisfying contractual requirements and to execute the work using effective, efficient working methods and, of course, having due regard to the rules and regulations imposed by society. One of the things this means is an integrated approach to the problems associated with quality assurance, health and safety at work and environmental protection. Responsible conduct of the business, including compliance with all the public requirements and standards at home and abroad, necessitates the permanent monitoring and systematic improvement of the in-house organisation.

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

Maintenance of the quality, health & safety and environmental management systems is the responsibility of specially appointed coordinators in the operating companies. The role of these coordinators is to support and encourage the proper keeping of records, partly by conducting internal audits.

To preserve objectivity, the various coordinators are regularly interchanged. The system is also monitored by arranging regular external audits.

Improvement programmes are drawn up on the basis of the findings of both internal and external audits.

Quality assurance

To provide a measure of the quality of work, Ballast Nedam policy is one of process control, quality assurance and systematic analysis of rectification costs. The basis for quality assurance is the maintenance of a system of external certification.

All the companies have certified NEN ISO 9001 quality systems (and some also have NEN ISO 9002 certification). Ballast Nedam International is certified by Lloyd's Register Quality Assurance.

Health and safety at work

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

The health and safety of the workforce is promoted by the provision of clear working instructions, the right tools, plant which is safe to operate and personal protective equipment. Awareness of safe working practices is encouraged through consultation, instructions, publications and VCA courses. Safety instructions are given and the necessary protective equipment is issued on all projects, whenever the work is discussed, for each gang and for each job. Regular inspections are held alternately by our own people and external safety experts to keep the safety policy up to date.

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

The accident statistics are compiled using the VCA method and are systematically compared with the appropriate standards. The aim is to achieve a steady improvement in the incident frequency relative to the industry average.

The downward trend in the number of accidents is being maintained. Despite this improvement, several serious accidents unfortunately occurred in 2002.

Environmental protection

Environmental protection is important in all sectors of industry, but the construction industry is especially concerned with the most important elements of the environment, viz. soil, air and water.

Ballast Nedam's environmental policy is aimed particularly at preventing environmental pollution, by taking appropriate precautions. This includes limiting the damaging effect on the environment due to the company's activities, using ecologically sound construction methods including the use of sustainable materials, saving energy and water, ensuring a proper indoor environment and minimising, segregating and recycling waste.

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

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

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

Prospects

The markets in 2003

Following tentative signs of a downturn at the end of 2000, 2001 nevertheless brought an unexpected end to a period of economic boom. The expected recovery did not happen in 2002. On the contrary, the economic situation deteriorated, along with weakness in the financial markets.

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

As far as the Dutch construction market is concerned, the long-term civil-engineering contracts for major infrastructure works will continue to provide volume in 2003. In the other sectors of the industry, however, a certain decline in output will become noticeable.

Other European markets will also face a slowdown along with many other overseas construction markets.

Prospects for Ballast Nedam

The uncertainties in the various markets where Ballast Nedam operates make it difficult to express specific expectations.

The Dutch Ballast Nedam Infrastructure division will maintain its market position in the coming years, but will certainly be affected by governmental measures on road and waterway construction, including pressure on prices.

Ballast Nedam Building and Development is confident with regard to its turnover and results for 2003.

Thanks to its own strength and the good quality of the order book, it is still expected to be able to escape the general deterioration of its market segments.

This also applies to the Ballast Nedam Industry and Supply division. The efficiency steps implemented rapidly after the first signs of a falling market and over-capacity in the precast concrete market put the company in a good position compared with other players in the market.

Withdrawal from the market in the United Kingdom will take place in the course of 2003. The terms of the sale will of course be determined in part by prevailing market conditions.

The international division will not accept any more projects, but continue the completion of the large on-going projects. National and international tension in the Middle East and India will affect progress on these projects.

Since the year end, it has been decided to restructure the group.

The three healthy divisions in the Netherlands were combined into a new entity, Ballast Nedam Nederland B.V., which has been hived off and independently financed.

This means that possible adverse financial consequences from the remaining international risks cannot have any further effect on the continuity of this core business.

In early February 2003, Egeria B.V. made a bid for the shares of Ballast Nedam Nederland B.V. At the end of February 2003, agreement had been reached on the main points of the acquisition of this part of the group. The final decision will be submitted to the General Meeting of Shareholders.

Partly as a result of this, we are unable to make any specific profit forecast for the current year.

Nieuwegein, 6 March 2003

Board of Management
R.H.P.W. Kottman
T.A.C.M. Bruijninx

Consolidated profit and loss account

<i>x € 1 000 000</i>	2002	2001
Turnover	2 307	2 326
Operating costs excluding depreciation	(2 405)	(2 305)
Exceptional results	22	-
Income from participating interests	6	2
EBITDA	(70)	23
Depreciation	(47)	(44)
EBITA	(117)	(21)
Amortisation goodwill	(5)	(2)
EBIT	(122)	(23)
Interest income/charges	(13)	(9)
Result before taxation	(135)	(32)
Taxation	(8)	(18)
Net result	(143)	(50)
Net result per share (€)	(14.30)	(5.01)
Diluted net result per share (€)	(13.88)	(4.36)
Dividend paid per share	1.13	1.13

Consolidated balance sheet*before profit appropriation*

<i>x € 1 000 000</i>	31 December 2002	<i>31 December 2001</i>	
Fixed assets			
Intangible fixed assets	27	63	
Tangible fixed assets	162	321	
Financial fixed assets	35	43	
	224	427	
Current assets			
Work in progress	(131)	(110)	
Stocks	24	33	
Debtors	371	505	
Cash	138	114	
	402	542	
Current liabilities			
Bank loans	(22)	(4)	
Trade creditors	(281)	(345)	
Taxation	(7)	(15)	
Other liabilities	(174)	(225)	
	(484)	(589)	
Working capital	(82)	(47)	
	142	380	
Long-term loans	39	39	
Provisions	42	65	
Convertible bond	-	54	
Minority interests	5	7	
Shareholders' equity	56	215	
	142	380	

Primary segmental information 2001

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

Primary segmental information 2002

<i>x € 1 000 000</i>	<i>Infrastructure Netherlands</i>	<i>Building and Development</i>	<i>Industry and Supply</i>	<i>Construction International</i>	<i>United Kingdom</i>	<i>Dredging</i>	<i>Other</i>	Total
Turnover	481	498	207	329	568	220	4	2 307
Operating costs excl. depreciation	(468)	(482)	(194)	(426)	(632)	(180)	(23)	(2 405)
Exceptional results	-	-	-	-	-	60	(38)	22
Income from participating interests	5	-	-	-	-	-	1	6
EBITDA	18	16	13	(97)	(64)	100	(56)	(70)
Depreciation	(7)	(3)	(9)	(6)	(3)	(18)	(1)	(47)
EBITA	11	13	4	(103)	(67)	82	(57)	(117)
Amortisation goodwill	-	(1)	(1)	-	-	(3)	-	(5)
EBIT	11	12	3	(103)	(67)	79	(57)	(122)
Margin	2.3%	2.5%	1.2%	-31.2%	-11.9%	35.9%		-5.3%
Order book	509	540	67	340	377	-	-	1 833
Capital employed	(56)	(20)	101	2	(48)	-	5	(16)
Assets	208	202	110	56	26	189	(165)	626
Investments fixed assets								
intangible	-	-	3	-	-	-	-	3
tangible	7	4	16	4	1	13	15	60
financial	1	1	1	-	1	-	-	4
Non-consolidated companies	9	1	2	-	3	-	20	35
Liabilities	155	124	45	54	96	-	49	523
Average number of employees								
employed on contract basis	113	61	71	608	10	-	6	869
permanently employed	1 408	1 680	968	152	1 241	-	231	5 680
	1 521	1 741	1 039	760	1 251	-	237	6 549

Consolidated cash flow statement

x € 1 000 000	2002	2001
Operations		
Net result	(143)	(50)
Depreciation	47	44
Amortisation goodwill	5	2
Book profit BHD	(60)	-
Movements in work in progress	39	46
Movements in provisions	-	11
Movements in other working capital	18	189
Net cash flow from operating activities	(94)	242
Net investments		
Intangible fixed assets		
investments	(3)	(66)
divestments	-	1
Tangible fixed assets		
investments	(60)	(276)
divestments	18	219
Financial fixed assets		
investments	(4)	(3)
divestments	11	6
Sale BHD	210	-
Net cash flow relating to investments	172	(119)
Finance		
Movements convertible bond	(54)	-
Movements long-term loans	-	(27)
Movements minority interests	(2)	7
Dividend paid	(11)	(11)
Translations differences	(5)	-
Net cash flow relating to finance activities	(72)	(31)
Total net cash flow	6	92
Opening cash balance as at 1 January	110	18
Closing cash balance as at 31 December	116	110

The received dividend from participating interests was € 4 million (2001: € 1 million).

Activities

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

Presentation

The profit and loss account, and also the primary segmentation of income, includes the items EBITDA, EBITA and EBIT. This presentation is in line with the customary format in the construction industry and reflects the internal management information.

The reconciliation with one of the standard formats prescribed by law has been included in the notes.

Risks and uncertainties

When preparing the financial statements, management make estimates and assumptions which affect the figures presented in the financial statements. The actual results may differ from these estimates and assumptions.

Consolidation principles

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

Participating interests in joint ventures where the company does not have a controlling interest but policy can be influenced by the company to the same degree as by each of the other partners, including construction consortiums and Ballast Ham Dredging, are proportionally consolidated. Consolidation is from the effective date of acquisition and until the date of disposal.

The accounting policies of Ballast Nedam are applied as far as possible.

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

Use is made of the exemption provided by Section 402, Part 9, Book 2, of the Netherlands Civil Code.

Pursuant to Section 424, Part 9, Book 2 of the Netherlands Civil Code, a list of participating interests included in the consolidated figures has been deposited at the office of the Commercial Register in Utrecht where it is open for inspection.

Accounting policies

Valuation

The historical cost convention is applied, unless stated otherwise.

The valuation of fixed assets is assessed if there is an indication of possible permanent impairment of value.

If the fair value of the fixed assets is lower than the book value, the difference is charged to the profit and loss account.

Intangible fixed assets

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

Concessions are stated at cost less accumulated amortisation. Amortisation is generally calculated on the basis of extraction progress and according to the expected economic life of the asset concerned. In the event of a permanent diminution in value the carrying amount of the intangible fixed asset concerned is written down to the fair value.

Tangible fixed assets

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

Financial fixed assets

Non-consolidated participating interests are included on a proportional basis according to their net asset value as shown by the latest published balance sheets. In determining the net asset value and the results, the Ballast Nedam accounting policies are applied as far as possible.

Other interests are stated at cost.

In the event of a permanent diminution in value, as shown by the periodical review, the carrying amount of the financial fixed asset concerned is written down to the fair value.

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

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

Stocks

Stocks of finished goods are stated at cost, excluding interest charges. Stocks of raw materials are stated at cost.

Expected losses are recognised immediately in the form of provisions.

Work in progress

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

Provisions

Provisions are formed for obligations and losses existing at the balance sheet date and for which the amount can reasonably be estimated. Provisions are stated at nominal value.

Other assets and liabilities

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

Turnover

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

Taxation

Tax is computed on the result on ordinary activities at the current rate, allowing for items that are tax-exempt or which qualify for tax relief. Deferred taxation is recognised on timing differences between the commercial and fiscal valuation of assets and liabilities and is accounted for on the basis of the anticipated tax rates for the periods when the timing differences are expected to be eliminated.

Deferred tax assets are only recognised if it is sufficiently certain that they will be realised.

Foreign currency translation

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

Foreign currency receivables and payables are translated at the prevailing rates at the balance sheet date.

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

Euro/Foreign currency

	2002		2001	
	average exchange rate	exchange rate on 31/12	average exchange rate	exchange rate on 31/12
USD	0.97560	1.05010	0.90460	0.88070
GBP	0.63697	0.65160	0.62106	0.61050

Cash flow statement

The cash flow statement has been prepared using the indirect method. Cash flows in foreign currencies are translated into euros at the average exchange rate for the year under review.

Segmentation

Additional financial information is provided for each division and geographical segment. The Other category includes among others the charge for the supplementary contribution to the shortfall in the Ballast Nedam pension fund, the operating profit of Ballast Nedam N.V. and the assets and liabilities of Ballast Nedam N.V., as well as the elimination of intercompany items.

Notes to the profit and loss account

<i>x € 1 000 000</i>	2002	2001
Turnover		
Secondary segmentation		
The Netherlands	1 242	1 267
United Kingdom	581	597
Other European countries	80	60
Middle East	72	76
Southeast Asia	232	201
Other parts of the world	100	125
	2 307	2 326
Operating costs turnover excluding depreciation		
Raw materials, consumables and other costs	2 082	1 991
Wages and salaries	257	258
Social security costs	46	40
Pension costs	20	16
	2 405	2 305
Exceptional results		
Book profit Ballast Ham Dredging	60	-
Contribution pension fund	(38)	-
	22	-

The 33 1/3% holding in Ballast Ham Dredging was transferred to HBG on 30 December 2002 for € 210 million. The segmental information includes the results of the Dredging division. The net result of the Dredging division was € 71 million (2001: € 15 million).

Ballast Nedam contributed € 38 million pursuant to the agreement with Stichting Pensioenfonds Ballast Nedam.

<i>x € 1 000 000</i>	2002	2001
Depreciation		
Land and buildings	4	3
Dredging equipment	19	16
Other plant and equipment	17	19
Other fixed assets	6	6
	46	44
Concessions	1	-
	47	44

<i>x € 1 000 000</i>	2002	2001
Interest income / charges		
Interest income and similar income	3	6
Interest charges and similar charges	(16)	(15)
	(13)	(9)

Taxation

The taxation charge amounted to € 8 million (2001: € 18 million), of which € 1 million (2001: € 12 million) relates to the Netherlands. The nominal and effective tax burdens can be reconciled as follows:

<i>x € 1 000 000</i>	2002	2001
Results before taxation	(135)	(32)
Nominal tax	(47)	(11)
Losses available for offset not recognised	18	-
Losses available for offset utilised	-	2
Tax outside the fiscal entity	1	1
Foreign taxation	7	6
Foreign losses not recognised	29	20
Effective tax	8	18

Notes to the balance sheet

x € 1 000 000

Intangible fixed assets

	<i>Goodwil</i>	<i>Concessions</i>	Total
<i>1 January 2002</i>	50	13	63
Investments	2	1	3
Acquisitions	-	-	-
Divestments	(33)	-	(33)
Amortisation / depreciation	(5)	(1)	(6)
Movements	(36)	-	(36)
Historical costs	16	15	31
Accumulated depreciation	(2)	(2)	(4)
31 December 2002	14	13	27

The remaining weighted average amortisation period of the goodwill as at year-end was 8 years (2001: 10 years).

The investments relate to goodwill on the acquisition of Omnia Plaatvloer B.V. (100%, 7 May 2002).

The disposals relate to the sale of the stake in Ballast Ham Dredging B.V.

x € 1 000 000

Tangible fixed assets

	<i>Land and buildings</i>	<i>Dredging equipment</i>	<i>Other plant and equipment</i>	<i>Other fixed assets</i>	Total
Historical costs	90	307	217	65	679
Accumulated depreciation	(29)	(150)	(131)	(48)	(358)
<i>1 January 2002</i>	61	157	86	17	321
Investments	17	13	22	5	57
Acquisitions	1	-	1	1	3
Divestments	(8)	(145)	(17)	(3)	(173)
Depreciation	(4)	(19)	(17)	(6)	(46)
Movements	6	(151)	(11)	(3)	(159)
Historical costs	96	10	197	56	359
Accumulated depreciation	(29)	(4)	(122)	(42)	(197)
31 December 2002	67	6	75	14	162
Depreciation period in years	10-30	10-20	5-15	2-10	

x € 1 000 000

Investments

Secondary segmentation	2002	2001
The Netherlands	53	92
United Kingdom	-	7
Other European countries	-	3
Middle East	-	-
Southeast Asia	-	10
Other parts of the world	4	4
	57	116

The disposals of Dredging equipment (€ 145 million) and the Other plant and equipment (€ 10 million) are related to the sale of the stake in Ballast Ham Dredging.

x € 1 000 000

Financial fixed assets

	Amounts owed by		
	Participating interests	participating interests	Total
1 January 2002	35	8	43
Results 6	-	6	
Investments	1	2	3
Acquisitions	1	-	1
Divestments	(8)	(4)	(12)
Dividends received	(4)	-	(4)
Other movements	(2)	-	(2)
31 December 2002	29	6	35

The participating interests include the interest in Stichting Werknemersparticipatie Ballast Nedam (the employee shares trust), amounting to 114 246 depositary receipts (year-end 2001: 102 311). The depositary receipts are carried at the year-end quoted price.

x € 1 000 000

Special Purpose Companies

	2002	2001
Capitalised costs	5	30
Cash	-	3
Non-recourse financing	(4)	(30)
	1	3

The financial fixed assets include the special-purpose companies Machrie Burn Limited (25%) and Sussex Custodial Services Ltd. (15%).

Current assets

<i>x € 1 000 000</i>	2002	2001
Work in progress		
Project costs	2 541	2 083
Invoiced instalments	(2 672)	(2 193)
	(131)	(110)
Own development	93	27
Third parties	(224)	(137)
	(131)	(110)
Overvalues	(345)	(311)
Undervalues	214	201
	(131)	(110)
Received instalments	2 438	1 920
Outstanding instalments	195	234
Retentions	39	39
Invoiced instalments	2 672	2 193
Stocks		
Finished goods	13	18
Raw materials	11	15
	24	33
Receivables		
Invoiced instalments	234	273
Trade debtors	98	166
Other debtors	32	46
Prepaid expenses	7	20
	371	505
Net cash		
Cash	138	114
Bank loans	(22)	(4)
	116	110
Unrestricted cash balances	51	19
Proportional consolidated	65	91
	116	110

In February 2003 a financing arrangement was entered into maturing on 15 February 2004, including among others a € 50 million facility at an interest rate of Euribor + 300 basis points and a cash facility of € 25 million at an interest rate of Euribor + 200 basis points. This financing is based on the estimated cash flows for 2003.

<i>x € 1 000 000</i>	2002	2001
Other liabilities		
VAT, payroll tax and social security and pension contributions	16	37
Charges relating to work in progress	17	19
Current part of long-term loan	5	4
Other liabilities	136	165
	174	225

Long-term loans

The loan granted by Stichting Pensioenfonds Ballast Nedam of € 38 million was formalised in February 2003. The long-term portion of € 33 million is included in long-term loans. The loan is at a fixed interest rate of 5.45% and is repayable in equal three months instalments up to 28 February 2009.

In 2001, long-term loans of € 33 million related to the financing of dredging equipment.

<i>x € 1 000 000</i>					
Provisions					
	<i>Maintenance</i>	<i>Reorganisation</i>	<i>Deferred taxation</i>	<i>Other provisions</i>	Total
<i>1 January 2002</i>	17	19	12	17	65
Addition	-	23	1	15	39
Withdrawal	(2)	(18)	-	(19)	(39)
Divestments BHD	(13)	-	(7)	(3)	(23)
31 December 2002	2	24	6	10	42
<i>short-term (< 1 year)</i>	-	15	1	4	20

The deferred tax provisions relate essentially to future tax liabilities resulting in part from timing differences between the commercial and fiscal valuations of equity.

The Other provisions concern guarantee commitments on completed projects. In 2001, the Other provisions included the early retirement provision (€ 5 million) and the equalisation account (€ 4 million) in addition to guarantee commitments on completed projects.

Convertible bond loan

The 5% convertible bond loan (2001: € 54 million) was repaid on 9 October 2002.

Commitments and contingent liabilities

x € 1 000 000		2002	2001
Guarantees			
Guarantees		285	367
Surety bonds		163	175
		448	542

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

x € 1 000 000		2002			2001		
Lease commitments	< 1 year	1 - 5 year	> 5 year	< 1 year	1 - 5 years	> 5 year	
Offices	6	30	47	14	23	154	
Other fixed assets	13	16	1	10	32	-	
	19	46	48	24	55	154	
Rental commitments	< 1 year	1 - 5 year	> 5 year	< 1 year	1 - 5 years	> 5 year	
Offices	7	15	10	11	13	2	

In the lease commitments a reduction of the lease commitments by € 72 million has been taken into account, as a result of a transaction carried out in January 2003.

Ballast Ham Dredging

In connection with the creation of Ballast Ham Dredging, Ballast Nedam issued guarantees in November 2001. Ballast Nedam issued a bank guarantee of € 30 million for those guarantees upon the transfer of the stake in Ballast Ham Dredging on 30 December 2002.

Nederlandse Mededingingsautoriteit

The Netherlands Competition Authority (NMA) is investigating alleged breaches of the competition legislation in four road building projects involving Ballast Nedam Infrastructure. Any financial consequences and penalties arising from these investigations are uncertain and cannot be estimated.

Financial instruments

General

Ballast Nedam uses financial instruments and derivative financial instruments in the course of its ordinary activities.

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

Interest rate risks

Interest rate risks are not hedged.

Exchange risk management

Forward contracts are concluded with first-class banks to hedge the transaction risk on cash flows arising from ordinary activities. The results of forward contracts are attributed to financial income and expenses over their term.

Consolidated capital employed, assets and liabilities

<i>x € 1 000 000</i>	2002	2001
Capital employed		
Fixed assets	224	427
Working capital*	(198)	(157)
Provisions	(42)	(65)
	(16)	205
Assets		
Fixed assets	224	427
Current assets	402	542
	626	969
Liabilities		
Current liabilities	484	589
Convertible bond	-	54
Long-term loans	39	39
	523	682
* excluding net cash		

Consolidated profit and loss account, reconciliation

<i>x € 1 000 000</i>	2002	2001
Turnover	2 307	2 326
Operating expenses	(2 457)	(2 351)
Exceptional results	22	-
Operating result	(128)	(25)
Interest income / charges	(13)	(9)
Income from participating interests	6	2
Result before taxation	(135)	(32)
Taxation	(8)	(18)
Net result	(143)	(50)
Net result per share (€)	(14.30)	(5.01)
Diluted net result per share (€)	(13.88)	(4.36)
Dividend paid per share	1.13	1.13
Raw materials, consumables and other external costs	2 082	1 991
Wages, salaries, social security and pension costs	323	314
Depreciation	47	44
Amortisation	5	2
Operating expenses	2 457	2 351
Operating result	(128)	(25)
Income from participating interests	6	2
EBIT	(122)	(23)

Company profit and loss account

<i>x € 1 000 000</i>	2002	2001
Results from participating interests	(90)	(41)
Other result	(53)	(9)
Net result	(143)	(50)

Company balance sheet

before profit appropriation

<i>x € 1 000 000</i>	31 December 2002	31 December 2001
Fixed assets		
Financial fixed assets	297	229
	297	229
Current assets		
Receivables	-	3
Intercompany receivables	-	64
	-	67
Current liabilities		
Bank loans	(40)	(15)
Intercompany debts	(153)	-
Other liabilities	(10)	(6)
	(203)	(21)
Working capital	(203)	46
	94	275
Intercompany long-term loans	33	-
Provisions	5	6
Convertible bond	-	54
Shareholders' equity	56	215
	94	275

Notes to the company profit and loss account and balance sheet

The company financial statements have been prepared under the same accounting policies as used for the consolidated financial statements.

<i>x € 1 000</i>						
Board members and supervisory board members	2002			2001		
	Gross salaries	Bonus	Pension costs	Gross salaries	Bonus	Pension costs
R.H.P.W. Kottman	368	-	39	363	47	37
G.N.G. Wirken	280	-	38	280	36	36
P.C. van den Hoek	31	-	-	31	-	-
H.C. Broeksma	20	-	-	20	-	-
C. Izeboud	20	-	-	20	-	-
H-P. Keitel	20	-	-	20	-	-
N. Kroes	20	-	-	20	-	-
M.H.O. Rohr	20	-	-	-	-	-
R.B. Schermer	20	-	-	20	-	-
B.F-W.M. Peus	-	-	-	20	-	-
Former board members						
J.W. Ludwig	165	-	23	214	6	28

Furthermore a payment of € 590 was made in connection with the retirement of Mr. G.N.G. Wirken from the Board of Management.

<i>x € 1 000 000</i>			
Financial fixed assets	<i>Amounts owed</i>		Total
	<i>Participating interests</i>	<i>by participating interests</i>	
1 January 2002	218	11	229
Results	(90)	-	(90)
Net investments	34	(4)	30
Dividend received	(18)	7	(11)
Others	(1)	140	139
31 December 2002	143	154	297
Provisions			
	<i>Reorganisation</i>	<i>Others</i>	Total
1 January 2002	1	5	6
Addition	5	-	5
Withdrawal	(1)	(5)	(6)
31 December 2002	5	-	5
<i>short-term (< 1 year)</i>	3	-	3
Long-term loans from group companies			
This is a loan formalised in 2003 repayable at the end of its term of six years, which bears interest at 5.45%.			

x € 1 000 000

Shareholders' equity

	Share capital	Share premium	Other reserves	Total
1 January 2001	57	58	161	276
Net result	-	-	(50)	(50)
Dividend paid 2000	-	-	(11)	(11)
Translation differences	-	-	1	1
Others	3	(3)	(1)	(1)
1 January 2002	60	55	100	215
Net result	-	-	(143)	(143)
Dividend paid 2001	-	-	(11)	(11)
Translation differences	-	-	(5)	(5)
Others	-	-	-	-
31 December 2002	60	55	(59)	56

The authorised share capital is € 113 million. The issued share capital comprises 10 000 000 ordinary shares of € 6.00 nominal value. Out of the share premium account, an amount of € 25 million is distributable free of tax in the Netherlands.

Options board members and staff

	year granted	1999	2001	Total
R.H.P.W. Kottman		-	2 000	2000
G.N.G. Wirken		4 000	2 000	6 000
Others		138 075	65 300	203 375
	number	142 075	69 300	211 375
	exercise price in €	33.15	34.83	
	exercise period			
	from	01/04/2002	15/05/2004	
	to	02/05/2004	13/05/2006	
	maximum number of shares to be issued	100 000	200 000	300 000

The options have been granted in respect of depository receipts for shares held by Stichting Werknemersparticipatie Ballast Nedam (Ballast Nedam Employee Participation Foundation). No options have been exercised and the 386 460 options from 1997 have lapsed. The members of the Supervisory Board have not been granted any options.

Depository receipts for shares

	1 January 2002	bought	sold	31 December 2002
R.H.P.W. Kottman	286	-	-	286
G.N.G. Wirken	5 695	-	-	5 695
Supervisory Board members	11 671	-	-	11 671
number	17 652	-	-	17 652

Commitments and contingent liabilities

<i>x € 1 000 000</i>	2002	2001
Guarantees		
Guarantees	285	367
Surety bonds	163	175
	448	542

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

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

In connection with the creation of Ballast Ham Dredging, Ballast Nedam issued guarantees in November 2001. Ballast Nedam issued a bank guarantee of € 30 million for those guarantees upon the transfer of the stake in Ballast Ham Dredging on 30 December 2002.

Ballast Nedam N.V. has provided guarantees in respect of a number of contracts of subsidiaries.

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

Events after the balance sheet date

Since the year end, it has been decided to restructure the group.

The three healthy divisions in the Netherlands were combined into a new entity, Ballast Nedam Nederland B.V., which has been hived off and independently financed.

In early February 2003, Egeria B.V. made a bid for the shares of Ballast Nedam Nederland B.V. At the end of February 2003, agreement had been reached on the main points of the acquisition of this part of the group. During an agreed period, Egeria will be performing a due-diligence review and the parties will attempt to reach final agreement.

Nieuwegein, 6 March 2003

Board of Management,
R.H.P.W. Kottman
T.A.C.M. Bruijninx

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

Other information and Auditors' report

Auditor's report

Introduction

We have audited the accompanying financial statements of Ballast Nedam N.V., Nieuwegein, for the year 2002. These financial statements are the responsibility of the management of Ballast Nedam N.V. Our responsibility is to express an opinion on these financial statements based on our audit.

Scope

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

Opinion

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

Amstelveen, 6 March 2003

KPMG Accountants N.V.

Other information

Provisions of the articles of association concerning profit appropriation

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

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

Dividend proposal

The Board of Management, with the Supervisory Board's approval, proposes that no dividend be distributed.

Stichting Administratiekantoor van aandelen Ballast Nedam

Report

In compliance with the provisions of Article 15 of the Trust Conditions relating to the registered convertible cumulative preference shares of Ballast Nedam N.V. dated 15 May 1994, last amended on 8 October 1997, we report as follows to the holders of depositary receipts.

During 2002 the Stichting performed the customary activities for the administration of the shares referred to above.

As at year-end 2002, the nominal value of the shares held in trust amounted to € 24 735 600 against which bearer depositary receipts had been issued in an equal nominal amount.

The Executive Committee of the Stichting is made up of:

M. Ververs (chairman)

S.B. Braaksma

P.C. van den Hoek

W.P.M. van der Schoot

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

In addition to administering the shares, the Executive Committee met several members of the Board of Management on three occasions to be briefed on the company's performance and general progress.

The meetings took place after the publication of the annual results and the half-year figures and also in connection with the exercise of the put option on the Ballast Ham Dredging B.V. shares.

Although the depositary receipts issued by the Stichting may be exchanged without restriction and the provisions in Annex X of the Listing and Issuing Rules of AEX with respect to the conversion of shares into depositary receipts and the independence of management are, therefore, not applicable to the Stichting, the Executive Committee is composed in such a way that it meets the requirements for independence as contained in Annex X of the Listing and Issuing Rules of AEX.

Nieuwegein, 31 January 2003

Executive Committee

N.V. Algemeen Nederlands Trustkantoor ANT

Report

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

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

No bonds were offered for conversion during 2002.

On 9 October 2002, the outstanding amount of the loan, being NLG 120 000 000 (€ 54 453 626), was made payable, plus accrued interest.

All redeemable bonds were presented for redemption and so the loan was repaid in full.

Amsterdam, 21 January 2003

N.V. Algemeen Nederlands Trustkantoor ANT

L.J.J.M. Lutz

Five year summary (2002-1998)

Summarised balance sheet (2002-1998)

x € 1 000 000	2002	2001	2000	1999	1998*
Fixed assets					
Intangible fixed assets	27	63	-	-	-
Tangible fixed assets	162	321	308	257	266
Financial fixed assets	35	43	46	33	32
	224	427	354	290	298
Current assets					
Work in progress	(131)	(110)	(64)	(3)	52
Stocks and receivables	395	538	627	557	439
Cash	138	114	80	15	29
	402	542	643	569	520
Current liabilities					
Bank loans	(22)	(4)	(62)	(23)	(39)
Other liabilities	(462)	(585)	(485)	(440)	(366)
	(484)	(589)	(547)	(463)	(405)
Working capital	(82)	(47)	96	106	115
Total	142	380	450	396	413
Long-term loans	39	39	66	30	34
Provisions	42	65	54	45	40
Convertible bond	-	54	54	54	54
Minority interest	5	7	-	-	-
Shareholders' equity	56	215	276	267	285
Total	142	380	450	396	413

* restated for comparative purposes

Key figures

x € 1 000 000	2002	2001	2000	1999	1998*
Turnover and result					
Turnover	2 307	2 326	2 098	1 998	2 068
the Netherlands	1 242	1 267	1 083	1 062	863
international	1 065	1 059	1 015	936	1 205
Order book	1 833	2 489	2 660	1 681	1 463
EBITDA	(70)	23	91	67	103
Depreciation	(47)	(44)	(43)	(45)	(41)
EBITA	(117)	(21)	48	22	62
Amortisation goodwill	(5)	(2)	-	-	-
EBIT	(122)	(23)	48	22	62
Result before taxation	(135)	(32)	34	10	52
Net result before amortisation goodwill	(138)	(48)	22	9	48
Net result	(143)	(50)	22	9	48
Investments					
Investments	67	345	123	51	81
Divestments	218	226	14	11	16
Net investments	(151)	119	109	40	65
Capital structure					
Capital employed	(16)	205	378	360	383
Shareholders' equity	56	215	276	267	285
Convertible bond	-	54	54	54	54
Interest bearing long-term loans	39	39	66	30	34
Net cash	116	110	18	(8)	(10)
Ratio's					
EBIT/turnover	-5%	-1%	2%	1%	3%
Net result/turnover	-6%	-2%	1%	1%	2%
EBIT/average capital employed	-129%	-8%	13%	6%	19%
Net result/average shareholders' equity	-106%	-20%	8%	3%	17%
Shareholders' equity/assets	9%	22%	28%	31%	35%
Number of employees (average)					
	6 549	7 264	7 607	7 674	8 545
Share capital					
Number of ordinary shares (x1000)	10 000	10 000	10 000	10 000	10 000
Market capitalisation at year end	49	160	218	218	277
Dividend paid	11	11	11	23	23
Per share of € 6 nominal (€)					
Shareholders' equity	5,56	21,50	27,60	26,67	28,42
Dividend paid	1,13	1,13	1,13	2,27	2,27
Net result before amortisation goodwill	(13,76)	(4,85)	2,24	0,94	4,77
Net result	(14,30)	(5,01)	2,24	0,94	4,77
* restated for comparative purpose					

Ballast Nedam N.V.

Supervisory Board

Board of Management

Ballast Nedam Nederland B.V.

GENERAL

Corporate Staff

- Company Secretary
- Personnel & Organisation
- Communication & Services
- Strategic Planning & Investor Relations
- ICT
- Accounting & Control
- Treasury
- Legal Affairs
- Risk Control & Assurance
- Purchasing Services

Ballast Nedam Services B.V.

- Ballast Nedam ICT

Ballast Nedam Bagger Holding B.V.

INFRASTRUCTURE NETHERLANDS

Ballast Nedam Infra B.V.

- Ballast Nedam Infra Noord West B.V.
- Ballast Nedam Infra Noord Oost B.V.
- Ballast Nedam Infra Midden B.V.
- Ballast Nedam Infra Zuid Oost B.V.
- Ballast Nedam Vepo B.V.
- Ballast Nedam Infra Zuid West B.V.
- Ballast Nedam Infra Specialiteiten B.V.
- Burggraaf Onderhoud B.V.
- Ballast Nedam Funderingstechnieken B.V.
- Ballast Bauer Funderingstechnieken B.V. (being established)
- Ballast Nedam Specialistisch Grondverzet B.V.
- Ballast Nedam Grondstoffen B.V.
- Recycling Maatschappij 'Feniks' B.V.
- Ballast Nedam Milieutechniek B.V.
- Dibec B.V.
- Transport- en Handelsmaatschappij van Drooge B.V.
- Van Strien Verkeersgeleiding B.V.
- Ballast Nedam Engineering B.V. (Infra Consult + Engineering)
- BBL Railinfra v.o.f. / Ballast Nedam Rail
- Ballast Nedam Beton- und Wasserbau GmbH (Germany)
- Betuweroute Gelderse Poort v.o.f. (33 1/3%)
- Bouwcombinatie HSL – Hollandse Meren v.o.f. (22.39%)
- Bouwcombinatie HSL – Drechtse Steden v.o.f. (19/9%)
- Combinatie Beneluxlijn v.o.f. (14%)
- Cobeton B.V. (25%)
- Combinatie Harlinger Haven v.o.f. (21%)
- Combinatie Hemboog v.o.f. (50%)
- HSL Brabant Noord v.o.f. (25%)
- HSL Infra Rail v.o.f. (12.75%)
- Kombinatie Schiphol Zuid v.o.f. (33 1/3%)

BUILDING AND DEVELOPMENT NETHERLANDS

Ballast Nedam Bouw en Ontwikkeling B.V.

Ballast Nedam Bouw B.V.

- Bouwborg Midden
- Bouwborg Noordwest B.V.
- Bouwborg Oost B.V.
- Bouwborg West B.V.
- Bouwborg Zuid
- Bouwcombinatie 'Hoge Erasmus' v.o.f. (50%)
- Bouwcombinatie ZuidOost v.o.f. (50%)
- Combinatie IJsseloord 2 v.o.f. (50%)
- Onderhoudscombinatie Ahoy (50%)
- Aannemingsbedrijf F.W. Onrust B.V.
- Ballast Nedam Bouwborg B.V.
- Laudy Bouw en Ontwikkeling B.V.
- Zomers Bouwbedrijf B.V.
- Bouwcombinatie Zoetermeer Oosterheem v.o.f. (25%)
- Combinatie Tarwewijk v.o.f. (50%)
- Bouwbedrijf van Asperdt B.V. (50%)
- Bouwcombinatie Prinsenflats v.o.f. (50%)
- Ringwade Deelneming de Blauwe Stad B.V.

Ballast Nedam Ontwikkelingsmaatschappij B.V.

- Ballast Nedam Project Stadshart Amstelveen
- Ballast Nedam Vleuterweide B.V.
- Haagse Veste Holding B.V. (50%)
- Ontwikkelingsmaatschappij Centrumgebied Amsterdam Zuidoost B.V. (33 1/3%)
- Euroborg N.V. (12.5%)
- Nieuw Vennepe Zuid III B.V. (50%)

Ballast Nedam Bouwmaterieel B.V.

Commercial Organisation Chart 1 March 2003

INDUSTRY AND SUPPLY

Ballast Nedam Industrie en Toelevering B.V.

- N.V. Algri (Belgium)
- Beheersmaatschappij Fr.Bontrup B.V. / Bremanger Quarry S.A. (30%) (Norway)
- B.V. Grind en Zandhandel v/h T. Verkaik
- N.V. Immobiliën en Grindexploitatie-maatschappij Bichterweerd (Belgium)
- Société d'Exploitation des Carrières d'Yvoir S.A. (Belgium)
- Ballast Nedam Bulk Grondstoffen v.o.f.
- N.V. La Gravière d'Amay (25%) (Belgium)
- V.o.f. Vibouw / Van Happen (50%)
- Zand- en Grindhandel Verkaik v.o.f.
- Van Oord Handel en Transport B.V.

- Durisol Raalte B.V.
- Haitsma Beton B.V.
- Hoco Beton B.V.
- Lingen Beton B.V.
- Rademakers Gieterij B.V.
- TBS Soest B.V.
- Waco-Liesbosch Beton B.V.

- Bruil Specialistische Bouwtechnieken B.V.
- Ingenieursbureau voor Systemen en Octrooien Spanstaal B.V.
- Ivacon B.V.
- Nieuwenhuis Betonrenovatie B.V.
- Omnia Plaatvloer B.V.
- Spanvloer B.V.
- Spankern B.V.

CONSTRUCTION INTERNATIONAL

Ballast Nedam International B.V.

- Ballast Nedam Groep N.V.
- British Aerospace-Ballast Nedam International B.V.
- Ballast Saudi Arabië B.V.
- Ballast Nedam Equipment Services B.V.
- Ballast Nedam Equipment Services Pte Ltd. (Singapore)
- Ballast Nedam International (Malaysia) Sdn Bhd (Malaysia)
- PT Ballast Indonesia Construction (47.5%)
- PT Ballast Nedam South East Asia (Batam, Indonesia)
- Ballast Nedam Caribbean N.V. (St. Maarten)
- Lange-Ballast Contractors Ltd. (45%) (Trinidad)
- Ballast Nedam Canada Ltd. (Canada)
- Golden Peaks Resort Inc. (Canada)
- Ballast Nedam Ghana B.V. (Ghana)
- Water Group Holland B.V. (14.3%)
- J.V. Hochtief – Ballast Nedam - Pan Asia (Taiwan)
- OPC – Ballast Nedam Mexico S.A. de C.V. (50%) (Mexico)
- IHI Co.Ltd - Toyo Engineering India Ltd.- Itochu Co.Ltd. – Ballast Nedam International B.V. (24%) (India)

Ballast Nedam International Product Management B.V.

- Ballast Nedam Telecom Infrastructures B.V.
- Ballast Nedam Telecom U.K. Ltd. (United Kingdom)
- Ballast Nedam International Product Management Luxemburg SARL
- Ballast Nedam International Product Management N.V. (Belgium)
- Ballast Nedam International Product Management GmbH (Germany)
- Ballast Nedam International Product Management SAS (France)
- Ballast Nedam International Product Management SRO (Czech Republic)
- Beijing Ballast Nedam Gas Equipment Corporation Ltd (China)

CONSTRUCTION UNITED KINGDOM

Ballast plc (United Kingdom)

- Wiltshier Facilities Management Ltd.
- Harmondsworth Investments Ltd.
- Wiltshier Estates Ltd.
- Ballast Wiltshier Investments Ltd.
- Homecare Contracts (Scotland) Ltd.
- Quays Campus Ltd.
- Canterbury Sports Ltd. (80%)
- East Lothian Ltd. (40%)
- Grannag Ltd. (20%)
- Machrie Burn Ltd (25.5%)
- Newmount Ltd. (40%)
- Serah Properties PLC (27.5%)
- Sussex Custodial Services Ltd. (15%)

Key Personnel 1 March 2003

Ballast Nedam N.V. Board of Management

R.H.P.W. Kottman, voorzitter
T.A.C.M. Bruijninckx

General

Secretary of the Company

W.H. van de Wal

Corporate Staff

Legal Affairs
Accounting & Control
Treasury/Project Finance
Personnel & Organisation
Strategic Planning & Investor Relations
Communication & Services
ICT
Risk Control & Assurance
Purchasing Services

W.H. van de Wal
T.A.C.M. Bruijninckx
R.B. Kleyn
F.M. Gerrits
A.C. van Haeringen
J.W. Bolt
R.J. Kathmann
P.Th.G. Kaatee
G.J.E. Koreman

Ballast Nedam Services B.V.

J.W. Bolt

Ballast Nedam Bouwmaterieel B.V.

L. Philippen

Ballast Nedam Nederland B.V.

R.H.P.W. Kottman, T.A.C.M. Bruijninckx

INFRASTRUCTURE NETHERLANDS

Ballast Nedam Infra B.V.

Th. Mulder, R. Malizia, R. van Schravendijk, P. van Zwieten

- Ballast Nedam Infra Projecten
- Ballast Nedam Infra Noord West B.V.
- Ballast Nedam Infra Noord Oost B.V.
- Ballast Nedam Infra Zuid Oost B.V.
- Ballast Nedam Infra Zuid West B.V.
- Ballast Nedam Infra Midden B.V.
- Ballast Nedam Infra Specialiteiten B.V.
- Ballast Nedam Engineering B.V.
(Infra + Consult Engineering)
- Ballast Nedam Funderingstechnieken B.V.
- Ballast Bauer Funderingstechnieken B.V.
- Ballast Nedam Industriebouw B.V.
- Ballast Nedam VEPO B.V.
- Ballast Nedam Grondstoffen B.V.
- Ballast Nedam Milieutechniek B.V.
- Dibec B.V.
- Recycling Maatschappij Feniks B.V.
- Ballast Nedam Rail
- Ballast Nedam Geluidwering
- Ballast Nedam Zuiveringen
- Ballast Nedam Specialistisch Grondverzet B.V.
- Van Drooge Transport en Handelsmaatschappij B.V.

R. van Schravendijk
J.T. Folkerts
R.P. de Keijser
R. Malizia
H. Kuipers
K.J. Meinardi
C.J. Luesink, A. van der Zijden
H. van der Horst
A. Kuiper
R.J. Looij
R. van Schravendijk
K.W.J. Beugels
J. van den Brink, P.A. de Wit
W.E.R. Huntjens
P.G.M. Ballast
A.C.G. van Beurden
P.S. van der Bijl
J.T. Folkerts
R. Malizia
K. Roelfsema
R.P. de Keijser

BUILDING AND DEVELOPMENT NETHERLANDS

Ballast Nedam Bouw en Ontwikkeling B.V.

Ballast Nedam Ontwikkelingsmaatschappij B.V.

Ballast Nedam Bouw B.V.

- Ballast Nedam Bouwborg B.V.
- Speciale Projecten
- Ballast Nedam Bouw Noordwest/Bouwborg Noordwest
- Ballast Nedam Bouw Midden/Bouwborg Midden
- Ballast Nedam Bouw West/Bouwborg West
- Ballast Nedam Bouw Oost/Bouwborg Oost
- Ballast Nedam Bouw Zuid/Bouwborg Zuid
- Aannemingsbedrijf F.W. Onrust B.V.
- Laudy Bouw en Ontwikkeling B.V.
- Zomers Bouwbedrijf B.V.
- Bouwbedrijf Van Asperdt B.V. (50%)

R.L.M. Jacobs
J. H. Seelen, S.B. de Vries
R.L.M. Jacobs, F.P.A. de Canne, F.L. van Oorschot
R.P. Perk
J.A.G. van Oostrum, F.G.C.M. Bouwmans
P.J. Cupido
F.A. Rombouts
R. Honig
J.H.C. Vermaak
J.B.C. Marijnissen
P. Onrust
J.F.A.M. Corten
H.H.W. Zomers
P. van der Weijden

INDUSTRY AND SUPPLY

Ballast Nedam Industrie en Toelevering B.V.

- N.V. Immobiliën en Grindexploitiemaatschappij Bichterweerd, N.V. Algri en N.V. La Gravière Amay (Belgium)
- Ballast Nedam Bulk Grondstoffen v.o.f.
- Société d'Exploitation des Carrières d'Yvoir S.A. (Belgium)
- V.o.f. Vibouw-Van Happen
- Zand- en Grindhandel Verkaik v.o.f.
- Van Oord Handel en Transport B.V.
- Bontrup B.V. (30%)
- Durisol Raalte B.V.
- Haitsma Beton B.V.
- Hoco Beton B.V.
- Lingen Beton B.V.
- TBS Soest B.V.
- Waco-Liesbosch Beton B.V.
- Bruil Specialistische Bouwtechnieken B.V.
- Ingenieursbureau voor Systemen en Octrooien Spanstaal B.V.
- Ivacon B.V.
- Nieuwenhuis Betonrenovatie B.V.
- Omnia Plaatvloer B.V.
- Rademakers Gieterij B.V.

P.J.M. van Vugt, L.B. van Rietschoten

H.P. van der Meer
H.P. van der Meer
H.P. van der Meer
K.A.M. Oosterwaal
H.M. Bronder
J.G. van Oord
F.J. Bontrup, H.P. van der Meer
W.J. Roël
H.F. Pomstra, J. Kroon
J.J.G. Holtackers, L.M.G.C. Peerlings
F.W. Lingen
W. Ent
P. van der Loo (a.i.)
N.P. van Lith (a.i.)

W.J.J. Smit, J.A.M. Spaan, W.B. Grundlehner
N.P. van Lith
N.P. van Lith (a.i.)
H. Sieben
P.J. Woldendorp

CONSTRUCTION INTERNATIONAL

Ballast Nedam International B.V.

- Ballast Nedam Equipment Services B.V.
- Ballast Nedam International Product Management B.V.

R.J.W.M. van Rooden, A. Kok, A.S. Hoekstra
J.W.J. Dieben
H.G. van Uiter

CONSTRUCTION UNITED KINGDOM

Ballast plc

M. van Galen, P. Cooper, N.P. Brook, J.T.J. Schoonderbeek

Definitions

EBITDA

Earnings before Interest, Taxation, Depreciation and Amortisation

EBITA

Earnings before Interest, Taxation and Amortisation

EBIT

Earnings before Interest and Taxation

Net cash

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

Capital employed

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

Liabilities

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

Colophon

Production supervision

Public Relations Department

Production

Reprografische Dienst Ballast Nedam Services

Translation

Mac Bay Consultants

Photography

Dick Barendsen, Jørgen Koopmanschap, Jan Schot, Riesjard Schropp,
Studio Schuurmans, Gerard Vrakking en anderen.

Type-setting, lithography and printing

bv Kunst drukkerij Mercurius-Wormerveer, Wormerveer

Binding

Binderij de Koningh, Rijswijk

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P.O. Box 1339
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The Netherlands

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