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## **Financial agenda**

### **28 April 2004**

The Annual General Meeting of Shareholders will be held at the Ballast Nedam House Nieuwegein at 01.30 p.m.

### **9 September 2004**

Publication half-year results 2004 (before opening AEX)

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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.*

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## Foreword by the Chairman of the Board of Management

This annual report for 2003 shows that Ballast Nedam is on the right path. After two years of losses, Ballast Nedam broke-even on operations and made a net profit in 2003. Of course, we are still not where we would like to be but the improvements in the past year offer good hope of further positive developments in 2004.

The improvement in the past year is the result of drastic measures. Some 1 600 jobs have been lost. Units which were operating poorly or making losses were reorganised in 2003. The costs were borne this year and the first positive results can now be seen.

It will be remembered that, in 2002, Ballast Nedam decided to withdraw from the high-risk and structurally loss-making international projects market. The rationalisation went faster and better than had earlier been expected. This has created a sharp improvement in our risk profile.

The recovery of the British subsidiary, Ballast Plc, which had been in difficulties for some time, was slower than was desirable and cost more than was responsible from the group point of view. Consequently, in October 2003, it was decided to end further financing of this company, which was then put into administration. We, of course, regret this situation and its consequences for employees and former employees, creditors and customers, but after all the resources and energy we had invested in this company in recent years, the limit of what was acceptable had been reached. The decision of the Board of Management drastically reduced a considerable risk. It was an unavoidable decision which was painful for all concerned, but which has had a positive effect on the health of the group.

The Dutch construction companies (Building and Development and Infrastructure) performed well: certainly if we look at the poorer economic conditions and the difficult market following the parliamentary enquiry into the construction industry. Furthermore, Ballast Nedam has almost no risk from vacancies in its development portfolio. This, too, is contributing to the health of the group.

The pre-cast concrete companies in the Industry and Supply division are facing over-capacity in their market segment. This has consequences for margins. Further efficiency measures were, therefore, required in 2003, including a limited number of compulsory redundancies.

In the next few years, we will be energetically strengthening the core of our business: the Dutch construction companies. We are concentrating on this, supplementing it selectively with a limited number of profitable international activities. We rank among the largest construction companies in the Netherlands and that must remain the case. Ballast Nedam is fully convinced that healthy and sustainable development of the building industry also involves a complete break with the past. Construction companies also have to obey competition legislation. Ballast Nedam has taken internal measures to ensure this.

The results for 2003 give us confidence. The fact that we have undergone an extensive reorganisation while external circumstances have deteriorated considerably and, in the end, still broke even on operations and generated a net profit, demonstrates the vitality and resilience of Ballast Nedam and its employees. With their efforts and loyalty, we are moving forward enthusiastically on the road to further improvement and growth. We are convinced that this will safeguard the future of the valuable elements of Ballast Nedam.

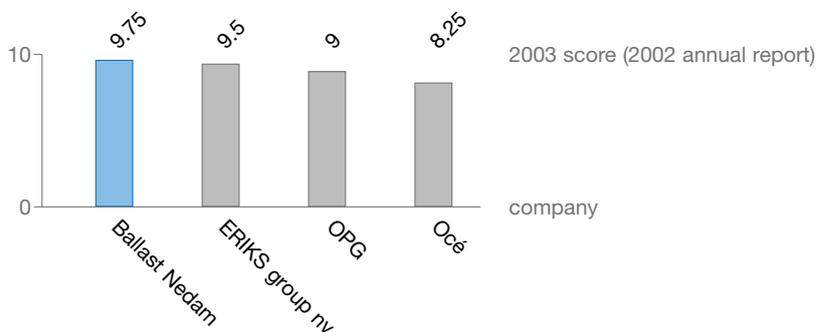
R.H.P.W. Kottman  
Chairman of the Board of Management

## Ballast Nedam wins the ninth Scenter annual report survey

Ballast Nedam won first place in the ninth annual review by Adviesbureau Scenter of the reporting of policy in the annual reports of 110 Dutch companies. In the survey, annual reports are given a score between 0 and 10. Ballast Nedam came second last year (with an overall score of 9). That performance has now been beaten with a score of 9.75.

Scenter assesses annual reports on ten criteria concerned mainly with the openness with which companies present their objectives and policy. The information that companies provide on their products, services, customers and techniques is assessed. Scenter also examines the qualitative and quantitative objectives, strategy and action plans in the year under review and for the future. Another key element is how companies monitor whether they have in fact achieved the targets they set in the past. Finally, Scenter looks at 'SWOT' analyses (analysis of strengths, weaknesses, opportunities and threats) and the question of whether and how a company translates the analysis into operational challenges.

The survey was very favourable for Ballast Nedam. We scored maximum points on all but one criterion. Ballast Nedam believes it is important to inform investors, employees and other stakeholders clearly and to report on policy. We are, therefore, very pleased that our efforts to communicate openly and clearly on this have also been recognised and acknowledged externally.



### From the jury's report

"The top score was given for 9 of the 10 criteria. This is an exceptional result. A great deal of attention has been devoted to a full description of strategy. Notable features are the extensive feedback on the targets set for 2002, reporting on policy and the results of the action taken in the past financial year to meet the targets. Ballast Nedam wishes to offer its stakeholders and shareholders openness and show what the company stands for."

"In general, companies in the 'construction companies' sector scored well in this survey on transparency on company strategy. Nevertheless, the three other benchmark companies failed on various criteria while Ballast Nedam obtained its score for an extremely full description of its actual and planned strategy."

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## Mission, company profile and group structure

### Mission

Ballast Nedam is a listed Dutch company offering a wide range of construction-related products and services.

The company concentrates mainly on the Dutch market and, in addition, is selectively active in certain profitable international activities.

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

At every level of the organisation, we wish to offer our customers effort and quality, along with expertise, reliability and flexibility. We aim to offer our employees a challenging working environment and, in all our activities, to contribute to the quality of the environment in which we work. Our activities and approach are aimed at creating the best possible shareholder value.

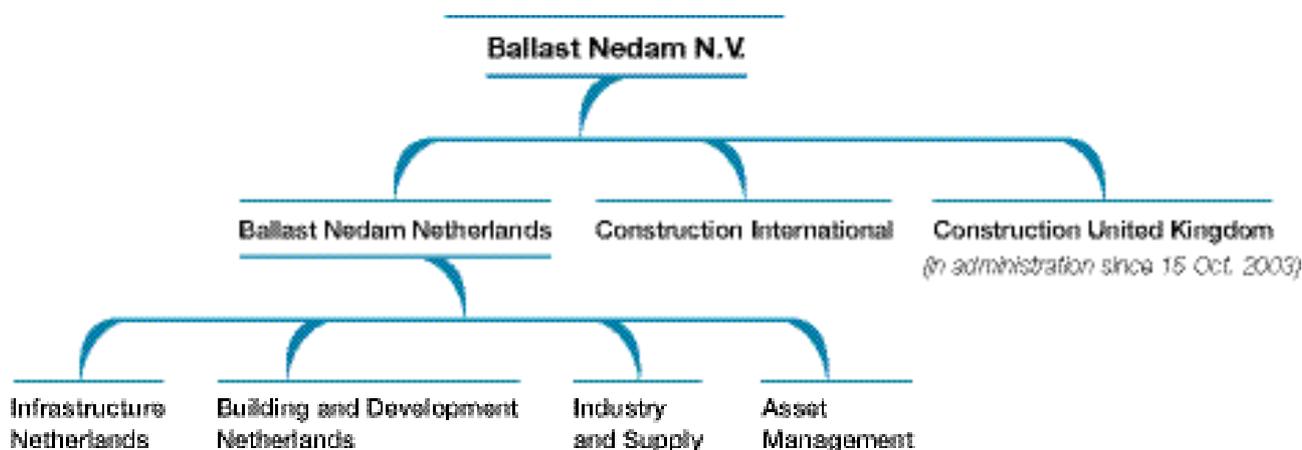
### Company profile

In 2003, Ballast Nedam generated turnover of € 1.6 billion; almost 70% of this was earned in the Netherlands. The group employed an average of around 5 000 people during the year.

Ballast Nedam's activities are grouped into three clusters of companies:

- civil engineering (national and international);
- development and construction of homes and other buildings;
- production and supply of construction materials.

### Group structure



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The following changes were made to the group structure in 2003.

Ballast Nedam Nederland B.V. was incorporated in February 2003 to separate the Dutch and international activities. This protects the Dutch companies until the international risks have been settled and safeguards the future of the Dutch company.

Ballast Nedam Nederland owns the shares in Ballast Nedam Infra (Infrastructure), Ballast Nedam Bouw en Ontwikkeling (Building and Development), Ballast Nedam Industrie en Toelevering (Industry and Supply) and Ballast Nedam Asset Management.

It was decided in 2002 to gradually wind down the Ballast Nedam International division. The international projects market proved too hazardous to be structurally profitable. In 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, Ballast Nedam will continue to serve the market for existing specialisms (such as offshore wind-turbine parks) through joint ventures.

The reorganisation arising from dismantling the international division went faster and better than expected. Two large projects were completed in 2003 (in Malaysia and Ireland). Ballast Nedam International will complete two large ongoing projects in 2004 and the final project in early 2005. At that time, the division will be wound up.

Ballast Nedam International's expertise in major civil engineering works will be combined with that of Ballast Nedam Infra. Its employees will be transferred to Ballast Nedam Infra.

The greater part of Ballast Nedam Equipment Services' international construction equipment (except the floating crane Svanen) was sold during 2003. The remaining interest in the Confederation Bridge (Canada) has also been disposed of.

In 2002, the Board of Management decided to withdraw from the British market in due course. This meant the end of the 'two-home-markets strategy' which had been decided on in the early-1990s. The reasons for this were the lack of synergy with the Dutch activities and the considerable additional investment needed to bring the British subsidiary, Ballast Plc, to the desired level of profitability. The rationalisation, which continued in 2003, progressed too slowly and cost more than had been estimated. After careful consideration and in the realisation that it would be very disappointing for all concerned, the Board of Management decided against making any additional financing available. It was no longer responsible from the point of view of the future of the group to provide additional financing.

Ballast Plc, Wiltshier Facilities Management Ltd. and Ballast Wiltshier Investments Ltd. were placed in administration on 15 October. Ballast Nedam expects that the British activities will be wound up during 2005.

In the Industry and Supply division, the subsidiaries Van Oord Handel en Transport B.V. and (in early 2004) Durisol Raalte B.V. were sold as there was a lack of synergy with other activities.

There were no organisational changes in the Building and Development and Infrastructure divisions in 2003.

## Key figures

<i>x € 1 000 000</i>	<b>2003</b>	2002	2001	2000	1999
<b>Turnover and result</b>					
Turnover	<b>1 619</b>	2 307	2 326	2 098	1 998
the Netherlands	<b>1 132</b>	1 242	1 267	1 083	1 062
international	<b>487</b>	1 065	1 059	1 015	936
Order book	<b>1 046</b>	1 833	2 489	2 660	1 681
EBITDA	<b>33</b>	(70)	23	91	67
Revaluation	<b>(6)</b>				
Depreciation	<b>(23)</b>	(46)	(44)	(43)	(45)
EBITA	<b>4</b>	(116)	(21)	48	22
Amortisation	<b>(4)</b>	(6)	(2)	-	-
EBIT	<b>-</b>	(122)	(23)	48	22
Result before taxation	<b>(6)</b>	(135)	(32)	34	10
Net result before amortisation	<b>50</b>	(137)	(48)	22	9
Net result	<b>46</b>	(143)	(50)	22	9
<b>Investments</b>					
Investments	<b>19</b>	67	345	123	51
Desinvestments	<b>26</b>	218	226	14	11
Net investments	<b>(7)</b>	(151)	119	109	40
<b>Capital structure</b>					
Capital employed	<b>(2)</b>	(16)	205	378	360
Shareholders' equity	<b>102</b>	56	215	276	267
Interest bearing long-term loans	<b>27</b>	39	93	120	84
Net cash	<b>136</b>	116	110	18	(8)
<b>Ratio's</b>					
EBIT / turnover	<b>0%</b>	-5%	-1%	2%	1%
Net result / turnover	<b>3%</b>	-6%	-2%	1%	1%
EBIT / average capital employed	<b>0%</b>	-129%	-8%	13%	6%
Net result / average shareholders' equity	<b>58%</b>	-106%	-20%	8%	3%
Shareholders' equity / assets	<b>18%</b>	9%	22%	28%	31%
<b>Average number of employees</b>	<b>4 957</b>	6 549	7 264	7 607	7 674
<b>Share capital</b>					
Number of ordinary shares (x 1000)	<b>10 000</b>	10 000	10 000	10 000	10 000
Market capitalisation at year end	<b>48</b>	49	160	218	218
Dividend paid	<b>-</b>	11	11	11	23
<b>Per share € 6 nominal (€)</b>					
Shareholders' equity	<b>10.21</b>	5.56	21.50	27.60	26.67
Dividend paid	<b>-</b>	1.13	1.13	1.13	2.27
Net result before amortisation	<b>5.02</b>	(13.70)	(4.85)	2.24	0.94
Net result	<b>4.62</b>	(14.30)	(5.01)	2.24	0.94

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## Board of Management and Supervisory Board

### Board of Management

R.H.P.W. Kottman (58), Chairman  
T.A.C.M. Bruijninx RC (42)

Mr Kottman is CEO (Chief Executive Officer) and has particular responsibility for Strategy, Divisional Operations, Legal Affairs, Personnel & Organisation, Communications, ICT, Purchasing Services, Facilities Services, Central Works Council, and all other matters which are not in Mr Bruijninx's areas of responsibility.

Mr Bruijninx is CFO (Chief Financial Officer) and also holds the Investment and Disposals, Risk Management and Pension Fund portfolios.

The duties and procedures of the Board of Management are stipulated in a set of regulations.

### Concern Council

R.H.P.W. Kottman	Chairman
T.A.C.M. Bruijninx	Chief Financial Officer
R. Malizia	Ballast Nedam Infra (as of 17 February 2004) (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)
A. Kok	Ballast Nedam International

The Concern Council considers group-wide matters. Decision-making authority rests with the Board of Management.

### Supervisory Board

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

The Supervisory Board has a set of regulations for its procedures.

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## Personal particulars of the Supervisory Board

### P.C. van den Hoek

(Chairman)

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 Groep N.V. (Chairman), (and Robeco N.V., Rolinco N.V., Rorento N.V.), , 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-P. Keitel

(Vice-Chairman)

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, Viterro AG (Germany), Leighton Holdings Ltd. (Australia) and The Turner Corp. (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.

### H.C. Broeksma

Mr Broeksma was born in 1945. He is a Dutch national. Until October 1999 he was a member of the Board of Management Koninklijke Wessanen N.V. He is a member of the Supervisory Board of Delta Lloyd Verzekeringsgroep N.V., Delta Lloyd Bank N.V., Kardan N.V. and on behalf of NPM Capital N.V. of Royal Auping B.V., Blauwhoed Holding B.V. and Moving People B.V. He is also a member of Stichting 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.

### 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 (1982 – 1989) Minister of Transport, Public Works and Water Management. She is a member of the Supervisory Board of Corio N.V., Royal Nedlloyd N.V., Lucent Technologies B.V., Nederlandse Spoorwegen N.V., New Skies Satellites, mmO2, P+O Nedlloyd, Prologis, Volvo Group (Sweden) and Thales Group. She is also chairman of the Nederlands Luchtvaart Overleg (Dutch aviation consultative body). Mrs Kroes was first appointed to the Supervisory Board of Ballast Nedam in 1990. Her current term of office ends on 1 July 2005.

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## **M.H.O. Rohr**

Mr Rohr was born in 1955. He is a German national. He was head of Hochtief's main office in Bavaria before becoming 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. He is also member of the Supervisory Board of Flughafen Hamburg GmbH (Germany) and Chairman of the Supervisory Board of Hochtief Polska sp. z.o.o. (Poland) and of Hochtief VSB a.s. (Czech Republic).

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 (28 April 2004).

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## Report of the Supervisory Board

Following a disappointing year in 2002, Ballast Nedam managed to find the path to recovery during 2003, partly by vigorously pursuing the process of slimming down international activities and partly through a solid performance in a difficult home market. This offered our shareholders and employees the prospect of calmer operations in 2004, enabling the company to work on a new growth phase. We deliberately use the term 'prospect', because Ballast Nedam has not yet put the past entirely behind it. This applies in particular with regard to the situation in the United Kingdom, where Ballast Plc had to be placed in administration after the parent company was again asked for financial support and, after careful consideration of all interests, rejected this request. We regret that this decision had serious consequences for our British employees and former employees, but in view of the interests of the group's other employees and our shareholders, we could come to no other conclusion. We trust that the claims submitted by clients in relation to guarantees issued by Ballast Nedam can be settled within limits acceptable to us. The completion of works by Ballast Nedam International is proceeding according to plan and no new setbacks have occurred in this regard.

The first half of the year under review remained turbulent, mainly because a bid was made for our Dutch activities. We took the view that we were obliged to investigate this seriously, on its merits, despite the inevitable internal and external unrest associated with such a process, and despite the fact that acceptance of such an offer would be inconsistent with the course we had defined to solve the problems that had arisen. As is already known, we did not reach agreement with the bidder. However, we were of the opinion that, had we done so, the approval of the meeting of shareholders would have been required for such a transaction. Matters did not come to that.

The Board met on ten occasions during the year under review. In the intervening periods, the Board of Management kept us informed of progress, orally and in writing. The Chairmen of the two Boards also had frequent contact in order to ensure that Supervisory Board members were always kept informed of all developments. Matters discussed at the Supervisory Board meetings included the company's operational progress and financial results, the external half-year and annual reports (in consultation with the external auditors), the Board of Management's assessment of the design and operation of the internal risk management and control systems, the financing of the business, the consequences of the parliamentary enquiry into breaches of the Competition Act and the preparation of the long-term plan and of the budget for 2004. Obviously, the developments at Ballast Nedam International and in the United Kingdom, as reported above, were also discussed on each occasion. The effectiveness of our Board's actions and, partly in the light of the changes in the composition of the group's activities and the performance of the Board of Management and the Group Council, the membership of these boards and the performance of the individual members were discussed in the absence of the Board of Management.

During 2003, the Supervisory Board decided to jointly perform the tasks of the Audit, Selection, Appointment and Remuneration Committees in plenary session. At four Supervisory Board meetings during the year under review, Supervisory Board members H.P. Keitel and M.H.O. Rohr did not take part in the discussions. They decided to refrain from this in order to avoid a potential conflict of interest between Hochtief, as a shareholder, and their responsibilities as Supervisory Board members. On these occasions, they also stated that they did not wish to receive any potentially sensitive business information. However, all Supervisory Board members attended virtually every meeting.

Supervisory Board delegations held talks with the executive of the Central Works Council (COR), while members of the Board attended various consultative meetings. We appreciate the constructive attitude of the COR, which always critically considered the reorganisation proposals presented to it. Although the inevitable consequence was the loss of many jobs and the debates were sometimes fierce, ultimately the interests of Ballast Nedam as a whole were always the deciding factor in the considerations.

Our colleague Mr Izeboud stepped down from the Board at the General Meeting of Shareholders in April 2003. He was appointed to the Board in 1996, on the nomination of the COR. We benefited from his independent and common-sense views and owe him a debt of gratitude for his contributions to our meetings. We have decided not to fill the resulting vacancy. With the consent of the COR, Mr Schermer has taken over Mr Izeboud's role in relation to the COR.

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The terms of office of Messrs Van den Hoek, Keitel and Schermer will expire, by rotation, in 2004. At the General Meeting of Shareholders held in 2003, the Board announced that in principle, Messrs Van den Hoek and Schermer will not be reappointed. Our Board has asked Mr Van den Hoek to remain available for one year, to allow time to select candidates for the newly-formed Board that will be able to take office from 2005. He has agreed to do so, providing that this has the support of the General Meeting of Shareholders and the COR. The latter supports this short-term reappointment. The COR has been asked to nominate a candidate to fill the vacancy left by the departure of Mr Schermer. Mr Keitel is not available for reappointment. Hochtief will nominate a candidate for appointment. Following talks with the COR, a profile has been drawn up for the appointment of new members to the Supervisory Board. This profile is published on the company's website.

We hereby present the Annual Report for 2003, including the financial statements drawn up by the Board of Management and adopted by the Supervisory Board. The financial statements have been audited by KPMG Accountants N.V., Amstelveen. The auditors' report is shown on page 80 of the Annual Report. We propose that you approve the financial statements. In view of the composition of the result and the company's financial position, we propose that no dividend be distributed for the financial year.

We also propose that you ratify the actions of the Board of Management members on behalf of the company in the 2003 financial year and the supervision thereof by the members of the Supervisory Board. These proposals will be presented as two separate items on the agenda for the forthcoming Annual General Meeting of Shareholders.

Now that our company's risk profile has improved considerably, the reorganisation of loss-making activities is largely complete and the current Dutch activities have a solid foundation, we must work on further profitable growth in the coming years. The agreements reached with the banks on the further financing of these activities create the necessary conditions to do this successfully. With thanks to all our employees for the involvement and effort they have once again shown, we express our confidence that Ballast Nedam will be able to continue down the road to recovery in 2004 and subsequent years.

Nieuwegein, 4 March 2004

Supervisory Board

P.C. van den Hoek

H-P. Keitel

H.C. Broeksma

N. Kroes

M.H.O. Rohr

R.B. Schermer

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## Remuneration Report

### Remuneration policy

The remuneration of Board of Management members is determined by the Supervisory Board.

The remuneration policy for Board of Management members is aimed at motivating and retaining managers who can lead a large Dutch construction group with international activities. The remuneration level of Board of Management members of other listed Dutch construction companies serves as a reference for the level of remuneration of the company's Board of Management, taking account of complexity, scale and the risk profile. The specific responsibilities of the members of the Board of Management are taken into account when their remuneration level is determined.

The remuneration level of Board of Management members is contractually agreed when they take up these positions. Subsequent increases are percentage adjustments only, in compliance with the regulations for Ballast Nedam employees covered by the UTA collective labour agreement (CAO).

Under the current remuneration system, a bonus (variable remuneration component) may be paid in addition to the fixed salary. This amounts to a maximum of 1/3 of the fixed salary. Any bonus is paid after the end of the financial year to which it related.

The bonus is determined on the basis of the following criteria:

- 2/3 of the bonus is determined by financial criteria (net result and average capital employed);
- 1/3 of the bonus is determined by non-financial criteria associated with the targets for the year concerned.

The members of the Board of Management participate in the Ballast Nedam company pension fund on the same terms as the other employees.

The Supervisory Board fixes the number of options for Board of Management members each year, on the basis of the management's performance and according to quantitative criteria only. The option policy will be revised in 2004 in line with the Tabaksblat Code.

### Remuneration of members of the Board of Management

The fixed salaries of the members of the Board of Management as at 1 January 2004 were as follows:

- R.H.P.W. Kottman, Chairman, 399,000 euro
- T.A.C.M. Bruijninx, 308,000 euro

No bonus was paid in 2003 (for 2002). No options were granted in 2003.

Mr Kottman was granted 50,000 stock appreciation rights (SARs) when he joined the Board on 1 November 1999. These SARs carry the right to a cash payment amounting to any increase in the value of the listed depository receipts for Ballast Nedam shares above a price of EUR 22.40. The right to exercise the SARs expires on 1 January 2005.

On 1 February 2004, the severance pay for Mr Kottman amounted to two years and nine months' salary. On 1 September 2004, the amount will be two years and 11 months' salary. From that date onwards, the severance pay will amount to the remaining salary until he reaches the age of 62 (the date on which he can avail himself of the current early retirement scheme). Board of Management members have a notice period of six months. The severance pay for Mr Bruijninx is 18 months' salary. These severance amounts were contractually agreed in 1999 and early 2003, respectively. New contracts will be drawn up in compliance with the Tabaksblat Code.

### Remuneration of Supervisory Board members

The remuneration of Supervisory Board members is fixed and does not depend on the company's results. The remuneration is agreed by the General Meeting of Shareholders. Supervisory Board members receive an allowance for costs incurred.

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## 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 41.1%.

Depositary receipts for Ballast Nedam N.V. shares are listed on the Euronext Amsterdam stock exchange. These depositary receipts may be exchanged in full and without restriction.

### Share price in 2003

The share price moved as follows:

Closing price on 31 December 2002	€ 4.90
Highest price (4 November 2003)	€ 5.97
Lowest price (27 February 2003)	€ 2.26
Closing price on 31 December 2003	€ 4.80
Closing price on 1 March 2004	€ 5.28

### Ballast Nedam N.V. shareholders:

Hochtief AG	48.0%
Stichting Administratiekantoor van aandelen Ballast Nedam	41.1%
Various ING-companies	5.5%
Stichting Werknemersparticipatie	3.0%
Stichting Pensioenfonds Ballast Nedam	2.0%
Various private shareholders	0.4%

The following interests of 5% or more had been notified in relation to the depositary receipts for shares as at 31 December 2003:

- 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

In view of the composition of the result and the financial position, the Board of Management proposes, with the approval of the Supervisory Board, to depart from the above dividend policy and not to pay a dividend for 2003.

### Agenda

28 April 2004	Annual General Meeting of Shareholders
9 September 2004	Publication half-year results 2004

### Information

**Investor Relations:** A.C. van Haeringen  
telephone +31 30 2 85 41 04  
telefax +31 30 2 85 49 01  
e-mail c.van.haeringen@ballast-nedam.nl

**Public Relations:** Mrs A.C. van Kessel  
telephone +31 30 2 85 41 61  
telefax +31 30 2 85 49 00  
e-mail pr@ballast-nedam.nl

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## Vision

In 2002 we formulated the following vision:

*Ballast Nedam aims to be a structurally sound, large construction group, concentrating on the Dutch market. The portfolio comprises construction-related products and services.*

This vision has not changed in 2003: Ballast Nedam is concentrating on the Dutch market with core activities in development, building and infrastructure, plus directly-related services and products.

Based on this vision, seven objectives were formulated in 2001. All remain in force. Targets were set for each objective in past years: quantitative and qualitative results directly linked to the company's vision. The necessary priorities were also established within those targets, based on the group's situation.

Progress on each objective in 2003 is set out below: what has been achieved and why the policy is being continued or amended.

The 2001 annual report (pages 16–17) also set out a number of core strategic points for 2002 and 2003. These are associated with the seven objectives and so are addressed below.

## Objectives

1. Ballast Nedam wants a structural improvement in profitability and, partly as a result of that, greater shareholder value. For this objective, Ballast Nedam is concentrating on market segments, products and types of contract offering higher added value and on improving the risk profile.

### Targets from 2001

The following targets were set in 2001:

- 15% return on shareholders' equity;
- growth in earnings per share of 15–20%.

### 2003 update

Both targets were achieved in 2003. The specific situation in the financial year 2002 must, however, be borne in mind: a heavy loss of € 143 million was suffered that year. We can, however, state that the group has made a strong improvement compared with the situation in 2001 and 2002.

Ballast Nedam is no longer incurring operating losses and has made a net profit. Shareholders' equity has increased. Needless to say, we are continuing to aim for further growth in results and shareholders' equity.

*Improvement in the risk profile* was one of the priorities in 2003. The significant run-down of the high-risk international activities went faster and better than expected. Furthermore, it was decided in 2003 to stop further financing for the structurally loss-making subsidiary, Ballast Plc, which, consequently, is now in administration. Both developments have significantly improved our group's risk profile.

Ballast Nedam continues to aim specifically at *types of contract with a higher added value*. One of the first such large contracts in the Netherlands is a DBOFM (Design, Build, Operate, Finance, Maintain) contract for the construction and operation of the new N31 motorway.

Although the restructuring operation at Ballast Nedam had priority in 2003, attention was also paid during the year to the objective of achieving *higher added value in the chain*. This objective is being maintained: we are placing greater emphasis on the earlier and later stages of buildings' and projects' life cycles. An example of this is the national structure of 'Bouwborg', our company that concentrates on service and maintenance.

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#### **Targets for 2004**

- The targets set in the past remain in place.
- It is also the aim to further dismantle the international division and liquidate the Construction United Kingdom division.

2. The company's reputation must be enhanced, both for customers and in the labour market.

#### **Targets from 2001**

These two targets were set in 2001:

- improve awareness of the Ballast Nedam name;
- position Ballast Nedam as an attractive construction company in the graduate recruitment market.

#### **2003 update**

The difficult period Ballast Nedam has been through did not, of course, contribute to improving the company's reputation. On top of this, the entire construction industry's image suffered following the parliamentary enquiry and the penalties imposed by the Netherlands Competition Authority (NMa).

Nevertheless, external reactions still show that Ballast Nedam has a good professional reputation and high level of name recognition. This is particularly so with customers, but also with college and university graduates in construction. The number of applications for work-experience postings increased in 2003. Ballast Nedam also sponsors university facilities in our area of operations.

The Board of Management is convinced that the continuation of the now-evident recovery process will contribute to the objectives being achieved as performance and reputation are closely related.

#### **Targets for 2004**

- The two targets listed above are unchanged for 2004.

3. Ballast Nedam needs to have the necessary in-house disciplines, skills and know-how to be able to offer integrated solutions to often complex physical planning problems.  
To achieve this, we are working on the structural improvement of our competencies not only by extending and deepening our knowledge and expertise but also through strategic alliances with specialist companies.

#### **Targets from 2001**

The following targets were set in this area in 2001:

- Bring a number of new methods and applications to the market each year, as is currently the case amongst others in the company's innovation programme. We want at least to maintain the present high level.
- Enter into at least two new strategic alliances with specialist companies.

#### **2003 update**

During the year, our innovation efforts again led to a number of successful new inventions. There is further information in the 'Innovation' section.

In 2003 we consciously gave priority to the internal restructuring efforts and expanding existing alliances. Consequently, we postponed the formation of new strategic alliances until a time when they could responsibly be given attention and resources. We expect that this will be the case once again from 2004.

#### **Targets for 2004**

- The targets listed above remain in place for 2004.

4. Ballast Nedam must continue to rank among the leading Dutch construction groups. An organisation's size is a significant strategic factor in this industry.

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### **Targets from 2001**

The target set in 2001 was:

- to rank among the top five construction groups in the Netherlands.

### **2003 update**

Ballast Nedam remained in the top five construction groups in the Netherlands in 2003. Please see the 'Market parties' section elsewhere in this report.

### **Targets for 2004**

The targets are unchanged for 2004: Ballast Nedam is concentrating on its core activities and wishes to remain one of the largest construction groups.

5. The lasting quality of a company is the key to maintaining its market position. Accordingly, several measures are being implemented with a view to improving the internal organisation.

### **Targets from 2001**

- complete the rationalisations of the international activities of Ballast Nedam International and Ballast Plc;
- align the organisation to the worsened market conditions;
- concentrate on cost measures (especially at a number of pre-cast concrete companies in Industry and Supply);
- cost savings from a group-wide procurement structure.

### **2003 update**

The achievement of these targets was tackled energetically in 2003. The international rationalisation is going according to plan. Ballast Plc is in administration and is expected to be liquidated in 2005.

Capacity has been selectively reduced in all divisions. In some regions and in the Industry and Supply companies, this was achieved in part by compulsory redundancies. Staff numbers at the holding company were halved. Reorganisations were also implemented to further improve efficiency in the pre-cast cluster of Ballast Nedam Industry and Supply.

In 2003, group-wide project groups developed the first proposals for central procurement. This successful approach will be continued. In addition to its use in procurement, e-business has become an essential element in sales of housing in particular.

### **Targets for 2004**

The targets for 2004 are as listed above, plus:

- achieving greater synergy among the three divisions (in particular between Ballast Nedam Industry and Supply and the two construction divisions). Units which have structurally low profitability and little if any synergy with the core business will be disposed of at an appropriate time.

6. We want to retain the specific Ballast Nedam mentality: hard work and a strong focus on solutions, daring and indomitability.

### **2003 update**

The objective of retaining the strong Ballast Nedam mentality was certainly achieved as shown, for example, by the way in which Ballast Nedam approached the problems of the past few years and the resilience of spirit shown. Ballast Nedam is confident about the further development and growth of the company now that the ominous problems of 2002 and 2003 have been effectively tackled by far-reaching measures. The results for 2003 show that Ballast Nedam is on the right path.

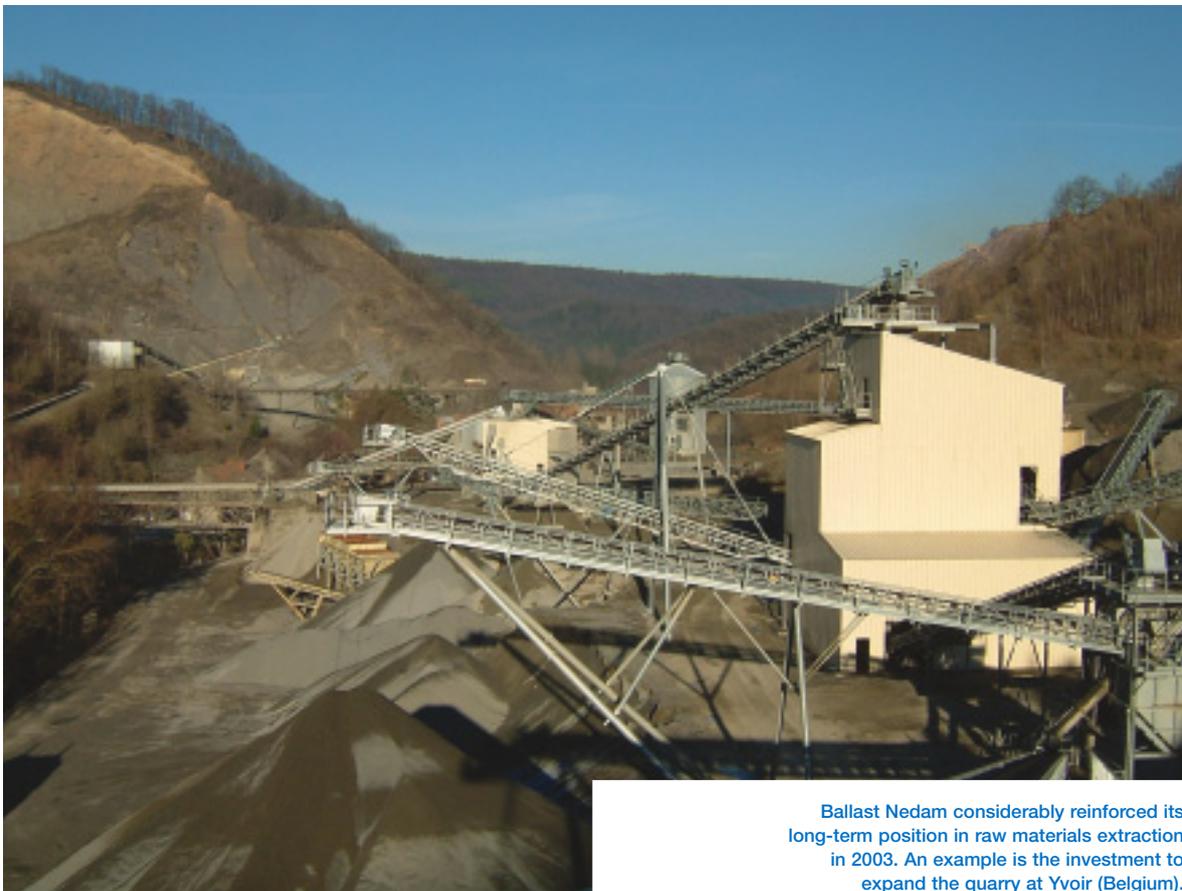
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7. Ballast Nedam is aware of its social responsibility towards the environment in which the group operates. It is impressed on employees at all levels that they need to be aware of the effect of their actions on themselves, on the company and on the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

**2003 update**

An internal code of conduct has been drawn up stipulating fundamental rules for employees on integrity in day-to-day activities. Every employee has been informed of the code of conduct personally. In addition, Ballast Nedam supports social projects centrally and locally; examples are Ballast Nedam employees working on company sponsored construction of schools and an orphanage in Ghana.

**Targets for 2004**

Policy in this area will continue unchanged. In 2004, Ballast Nedam decided to implement the provisions of the Tabaksblat Code as far as possible (see the section on 'Corporate Governance').



Ballast Nedam considerably reinforced its long-term position in raw materials extraction in 2003. An example is the investment to expand the quarry at Yvoir (Belgium).

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## Key aspects of strategy 2004

We explained above the strategic objectives that Ballast Nedam has set itself. Those objectives lead to the following key aspects and challenges for the strategy of Ballast Nedam in 2004.

1. Complete the organisational and financial restructuring and so ensure the future of the group.
  - Most of the high-risk and loss-making foreign activities are being further run down in 2004.
  - In addition, the group was refinanced in February 2004.
2. Concentrating on the core activities in the Dutch market plus a limited number of profitable international activities with a low risk profile.
  - As a result of the restructuring, Ballast Nedam has opted for a more clearly defined direction and this choice equips the group better to operate effectively on the Dutch market.
  - Although Ballast Nedam now focuses mainly on the domestic market, in past decades we have built up a lot of knowledge and skill in the international projects market. We will be able to use that expertise in a number of specific, profitable segments. We are also using it in the Dutch market, where it is a distinctive competitive element.
  - The aim is to make more use of the potential synergy between the divisions. This also means that units will be disposed of if they have no synergy with the core activities of Ballast Nedam, or if they do not meet the profitability requirements. This too will structurally strengthen the core of our company.
3. Focus on the role of Ballast Nedam throughout the construction chain, from planning to maintenance.
  - Ballast Nedam has expertise throughout the entire construction chain. We want to put greater emphasis on the earlier and later stages of the chain: Ballast Nedam can play a role at each stage of the life cycle of buildings and projects.

All of these points should create a sustainable enhancement of profitability. Together, the objectives and key points of strategy as described above make up the strategy at group level. Each division's strategy is set out elsewhere in this annual report. We also want to point out the strengths and (remaining) weaknesses in these units, and their consequences for operations.

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## Social responsibility

### Principles

Business activities affect the world we live in. This rightly imposes obligations, sets limits and requires certain standards and values. As a company, Ballast Nedam is well aware of this.

We, therefore, subscribe to international rules and agreements as set by the International Labour Organisation (ILO) and the Organisation for Economic Co-operation and Development (OECD).

■ The International Labour Organisation requires:

- free choice of work and no forced labour
- contract for individual and/or collective employment terms and conditions
- no discrimination in recruitment
- no child labour
- right of free association
- right to free unions and the right of unions to negotiate on behalf of employees
- payment of a living wage
- no excessive overtime

■ The Organisation for Economic Co-operation and Development requires:

- respect for human rights
- regular, reliable and relevant reporting on financial and social policy
- combating forced and child labour
- concern for health and safety at work
- encouraging and facilitating trade unions and their work
- investing in local communities, including by creating employment
- contribution to sustainable development going beyond statutory environmental protection requirements
- combating corruption
- ensuring consumer interests such as product safety, quality and honest information
- support of or partnership with local universities wherever possible
- avoiding unfair competition

We recognise that currently still there are many countries where deeply entrenched social and cultural situations exist that are at variance with the above requirements but this does not mean that we should not do everything we can to develop a suitable and practical code of conduct. To this end, Ballast Nedam is in active discussions with the Dutch government and other Dutch businesses in those countries.

Ballast Nedam is the first Dutch construction company to have signed an international covenant with the International Federation of Building and Wood Workers (IFBWW) and the FNV Bouw trade union on employee rights and in doing so Ballast Nedam has subscribed to the ILO conventions.

## Current developments

The parliamentary commission enquiring into the construction industry has shown that the industry regularly breached competition regulations over a number of years, particularly through agreements among companies on capacity sharing and price fixing.

Once the initial reports became known (at the end of 2001), the Board of Management of Ballast Nedam tightened internal regulations and instructed all employees that the competition rules had to be obeyed strictly. Failure to do so may incur disciplinary or legal sanctions.

On top of this, there is an internal code of conduct stipulating fundamental rules for employees on integrity in day-to-day activities. The Ballast Nedam code of conduct sets standards for ethical actions by employees. The code also contains rules on gifts, outside activities and so on. The code explains how breaches should be reported internally (including a whistleblower scheme) and the sanctions that a breach could incur.

A foundation (Stichting Beoordeling Integriteit Bouwnijverheid – SBIB) has been set up to implement rules of conduct in the construction industry. Ballast Nedam has registered with the foundation and so commits to abiding by the rules.



A 600-meter long fly-over at Breukelen allows trains from Harmelen–Woerden and from Amsterdam–Utrecht to pass without obstructing each other.

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## Corporate Governance

Corporate governance is part of corporate social responsibility. After all, it is intended to maintain good entrepreneurship by the management and its proper supervision by and on behalf of the shareholders. The management must be perceived to be acting transparently and with integrity, and must account to all stakeholders for its actions.

### The annual report as an accountability tool

One of the ways that it does this is through the annual report. In 2003, Ballast Nedam won the top prize in the (ninth) annual assessment of annual reports by the Scenter agency. Ballast Nedam was praised for the transparency and openness of its account of its strategy and business operations.

### Tabaksblat Code

The text of the Tabaksblat Code was finalised at the end of 2003. The Board of Management and Supervisory Board agreed to comply with the Code as far as possible. This means that Ballast Nedam will operate in compliance with the Code, to the extent that it did not do so already, except on a number of points. These points are listed and explained below.

1. The current members of the Board of Management have indefinite employment contracts, which will be respected. The Supervisory Board will reconsider this point on the appointment of new members.
2. The severance pay for Board of Management members is currently at variance with the provisions of the Tabaksblat Code (see the 'Remuneration Report' section in this Annual Report). The severance pay was contractually agreed in 1999 and early 2003, and will be respected. New contracts will comply with the Code.
3. In each separate case the Supervisory Board will assess the number of Supervisory Board positions and the weight of such positions its members can hold. It is required that the members are able to fulfil their tasks in the Supervisory Board appropriately. Any departures from the Tabaksblat Code will be explained in the annual report and, if required, the Board will account for them to the General Meeting of Shareholders.
4. The Supervisory Board has decided to perform the functions of the Remuneration, Selection, Appointment and Audit committees in plenary session. At present, it appears that the Board will have six members from 1 May 2004 who have stated that they will devote the necessary time and attention to performing the tasks assigned to these committees.
5. Once the Code formally takes effect, the application of its provision on investments by Supervisory Board and Board of Management members in listed shares will be explained in the annual report.
6. The provision in the Code relating to the trust office ('Stichting Administratiekantoor') will be discussed with the trust office management in the spring of 2004. No members or former members of the company's Board of Management or Supervisory Board, or employees or permanent advisors of the company serve in the management of the trust office. The depositary receipts may be exchanged in full and without restriction.
7. The provisions concerning the role of external auditors in the General Meeting of Shareholders will be put into effect from 2005, assuming that the guideline for external auditors in this regard is clear by then.
8. In early 2004, the Supervisory Board had more non-independent members than recommended by the code. Mr Schermer will retire in April 2004 having reached the prescribed age limit. Mr van den Hoek is eligible for reappointment for up to one year. Under the shareholder's agreement, Hochtief is entitled to nominate candidates for two members of the Supervisory Board.



The Acanthus office complex, adjacent to the Amsterdam Arena, has a very unusual façade. Depending on the light and the viewing angle, the colour of the aluminium sheets, stamped with a relief of an Acanthus leaf, changes from golden yellow to copper red.

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## Report of the Board of Management

Ballast Nedam made a clear recovery during 2003. After two years of losses, Ballast Nedam broke even on operations and once again made a net profit in 2003; shareholders' equity has increased.

Ballast Nedam is on the right path.

The group's recovery was a result of unavoidable organisational changes and so 2003 was marked by a drastic restructuring, most of which related to the foreign activities.

After it had been decided in 2002 to dismantle the Ballast Nedam International division, the rationalisation went faster and better than had earlier been expected. As a result, the losses of this division were quickly converted into a small profit.

The decision was also taken in 2002 to withdraw in due course from the British market. An extensive restructuring had been implemented ahead of this, but more time and resources proved to be necessary in 2003 to move to a profitable situation. This could no longer be justified as being in the group's interest. In past years, the parent company had made huge efforts and contributed resources to restore the British company to health, and so it was decided to cease additional financing. This led to Ballast Plc being placed in administration. As a result of the legal and financial separation of Ballast Nedam N.V. and Ballast Plc, the risks from the loss-making subsidiary have now been drastically reduced. There are further details elsewhere in this annual report.

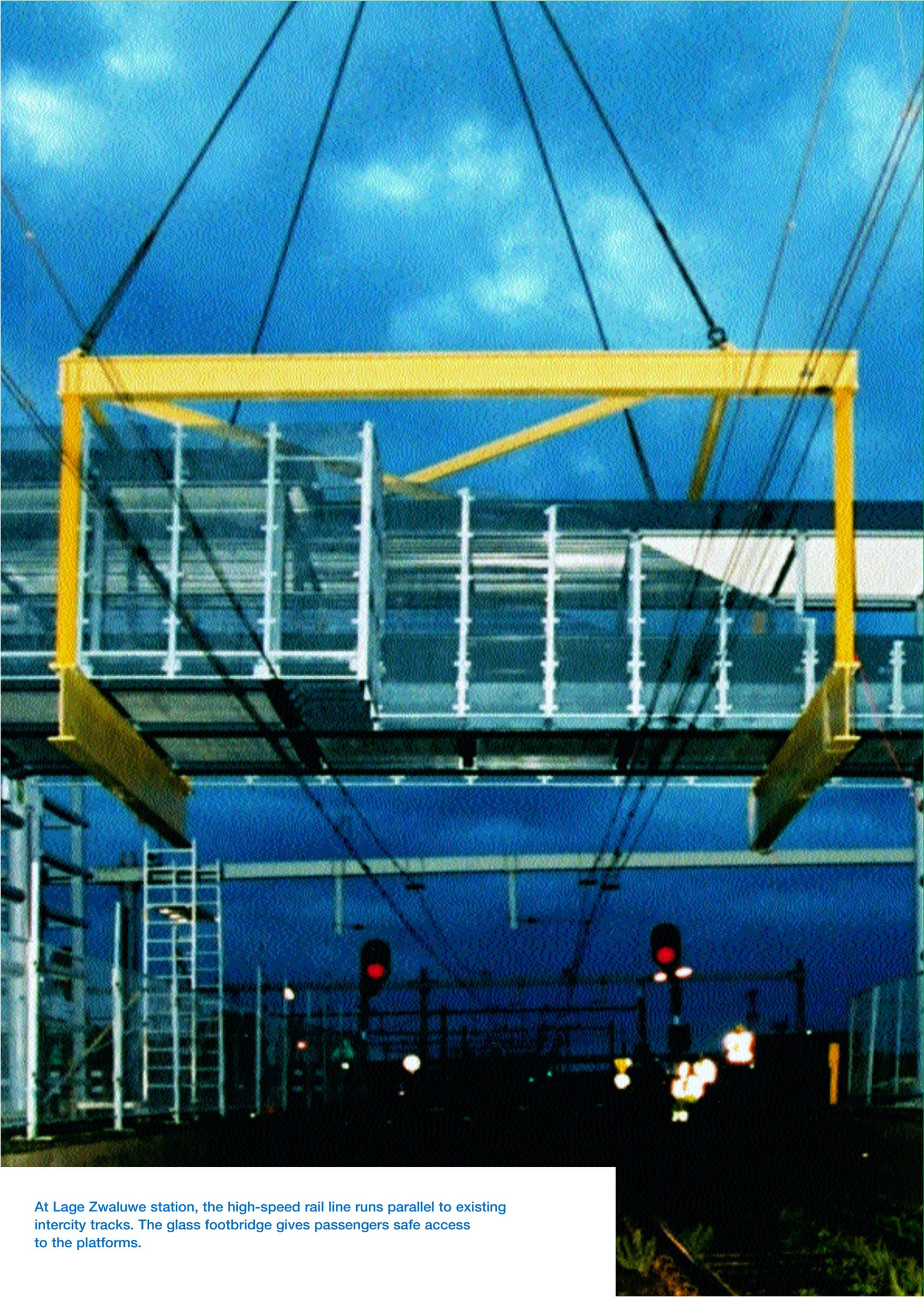
The pre-cast concrete market in the Netherlands is under severe pressure and this meant that, in 2003, Ballast Nedam continued its policy of focusing on raising the efficiency of the companies offering this product. At some of the companies, this resulted in a further loss of jobs. One of these companies (Durisol Raalte B.V.) was disposed of in January 2004 through a management buy-out.

This recovery operation was carried out in a deteriorating market. The economic situation is depressing investment by both the private sector and the government. The parliamentary enquiry into the construction industry has also affected market conditions, especially in infrastructure.

The unsettled nature of 2003 was underlined by Egeria B.V.'s bid for the shares in Ballast Nedam Nederland. After agreement in principle had been reached in February 2003, it proved impossible to agree on the price and other terms and so Egeria withdrew its bid.

Agreement was reached in December 2003 with Ordina N.V. on leasing the entire head office in Nieuwegein. Ordina will move in over a period of time. Ballast Nedam is building a new office next to the current head office which will be completed at the end of 2005 on the company's own land. The intention is to sell both properties (the current and the new head offices) to an investor on long leases.

The following sections summarise market developments, Ballast Nedam's strategy, progress in 2003 and the prospects for 2004 for each sector.



At Lage Zwaluwe station, the high-speed rail line runs parallel to existing intercity tracks. The glass footbridge gives passengers safe access to the platforms.

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## Infrastructure Netherlands

x € 1 000 000	2003	2002	2001	2000	1999
Turnover	456	481	474	367	368
Order book	441	509	619	684	314
EBITDA	19	18	19	14	8
EBITA	10	11	12	7	1
EBIT	10	11	12	7	1
EBIT/turnover	2.2%	2.3%	2.5%	1.8%	0.3%
Capital employed	(79)	(56)	(31)	27	57
Average number of employees	1 508	1 521	1 469	1 383	1 414

### Market

The period of rapid economic growth as seen in the late 1990s has gone. The short and medium-term prospects for the European economy are markedly poorer.

Disappointing government revenues have prompted additional cost cutting over the next four years. These cutbacks are on top of the measures announced earlier. A significant part of the additional cost savings will relate to planned investment under the Long-term Programme for Infrastructure and Transport.

Despite these conditions, work will still have to be done during the next few years on improving the Netherlands' infrastructure. There is still a social need for spatial planning and restructuring. The market is demanding solutions to mobility, urban regeneration and water infrastructure problems. These will have to be achieved differently than in past years, mainly because of the lack of public sector resources.

These market developments offer the private sector scope to take the initiative to develop and build infrastructure projects. This will lead to more non-traditional ventures with the public sector in the form of DBMF (Design, Build, Maintain and Finance) contracts and public-private partnerships (PPP). The financial involvement of the private sector will be greater than in earlier years.

This market in particular offers opportunities for companies to handle and solve infrastructure issues comprehensively.

### Strategy

It is some time since Ballast Nedam was a traditional contractor mainly carrying out building work. As well as building projects, the organisation is concentrating more on solving complex infrastructure issues that focus mainly on dealing with a problem or meeting a need: it is, of course, very important to build projects or parts thereof, but this is not always an aim in itself.

Ballast Nedam Infra's strength is that it has the knowledge and skills to manage the entire process from initiative and feasibility study (plan development), through design and construction to maintenance, possibly including financing and operation.

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In areas, where we can differentiate ourselves from other market players, we use our specialisms to achieve sub-processes and sub-products. Where the market can 'do it better' (in terms of price and quality), Ballast Nedam Infra uses reliable partners.

In addition, we see it as our task to export the professional specialisms by which Ballast Nedam Infra differentiates itself in the Netherlands. To do this we use the substantial international knowledge and experience available at Ballast Nedam. The Projects business unit carries out the activities involved with exporting professional specialisms.

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

## Operations

Ballast Nedam Infra operates in mobility, urban regeneration and water infrastructure projects. The projects below were started or completed in 2003 and show how Ballast Nedam Infra is putting the above strategy into practice.

### Mobility

- As part of the Waldwei consortium, Ballast Nedam started the N31 motorway project. The consortium is designing, building and financing this road. A maintenance period of twenty years forms part of the contract. The project is an example of a DBOFM arrangement.
- In 2003, Ballast Nedam Infra participated in designing and building the re-routing of the N273 at Haelen. This contract also includes maintenance of the road for ten years.

### Urban regeneration

- Ballast Nedam Infra and the municipality of Leeuwarden have started a PPP construction for urban regeneration. The aim of the partnership is an ongoing process for improving the quality of housing and the district.
- In the municipalities of Rotterdam and Eindhoven, Ballast Nedam Infra has started the design and construction of an underground waste storage facility that Ballast Nedam Infra will also operate and maintain.
- In 2003, we designed, built and sold a housing expansion plan in Akkrum, along with the construction of the 'Staande-Mast' route which is a project for making leisure traffic by water between Akkrum and Leeuwarden more attractive for sailing vessels. Waterways and a number of bridges have been built at Akkrum and Grouw.

### Water infrastructure

- In North Holland, Ballast Nedam Infra has designed, built and put the Oude Zeug yachting marina on the market.

### Industrial building

- In an alliance, we have built the TP6 project for DSM. This project involved the construction, including project management, of a multi-functional pharmaceutical production site in Venlo.
- In Ghent (Belgium), Ballast Nedam Infra is managing the construction of a new newspaper printing works and associated de-inking plant, power station, recycled paper and finished products storage site and water purification plant.
- In a joint venture with Turner Pharmaceutical, we started management of the construction of an extension for Centocor BV (a subsidiary of Johnson & Johnson) in Leiden.
- At the end of 2003, a start was made on the AVI project: the expansion of a waste-water plant in Amsterdam.

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### **Infra Consult + Engineering**

Ballast Nedam has its own multi-disciplinary engineering consultancy, Infra Consult + Engineering, which offers consultancy and design services at all phases of construction projects. Infra Consult + Engineering also offers services to third parties.

Infra Consult + Engineering provided its expertise in the weeks following the subsidence of the polder embankment of the Hoogheemraadschap Schieland and creates designs and specifications for municipalities throughout the country.

In 2003, Ballast Nedam Infrastructure also worked on the construction of the High-Speed Rail Line (HSL) South, the Betuwe freight railway line, the Caland Tunnel, the Hemoog railway link and the tram tunnel in The Hague.

Turnover and result were above expectations in 2003 and at about the same level as in 2002.

### **Prospects**

Clearly, Ballast Nedam Infrastructure's market is in flux. Ballast Nedam Infrastructure will make efforts to keep its leading position in this changing market over the next few years.

Although the order book for 2004 is well filled, it is smaller than in past years because of the decline in large infrastructure projects.

It is expected that the result will be slightly down on the past year, mainly as a result of pricing in the contracting market and opportunities to withdraw from this as far as possible by engaging in other types of contracts.



The tallest block of flats in the Netherlands has 47 storeys and is in Tilburg. The first residents of Westpoint will move in during the first quarter of 2004.

## Building and Development Netherlands

x € 1 000 000	2003	2002	2001	2000	1999
Turnover	509	498	540	514	488
Order book	437	540	447	432	462
EBITDA	19	16	18	22	19
EBITA	17	13	15	20	16
EBIT	16	12	14	20	16
EBIT/turnover	3.1%	2.5%	2.7%	3.9%	3.3%
Capital employed	(27)	(20)	(40)	(34)	(19)
Average number of employees	1 637	1 741	1 649	1 648	1 604

### Market

National construction volume fell once again, by 3%, in 2003. Although there are indications here and there that the market bottomed out in 2003, no strong recovery is expected in 2004. The favourable level of interest rates is a positive factor.

The **general building market** has suffered most from the prevailing economic conditions. General building starts fell for the third year in succession. The trend in the *office market* is a particular cause for concern. Although demand in the Dutch office market fell sharply in 2002 and 2003, a record of some 3.1 million m<sup>2</sup> were completed in 2003. This brought the supply of space to a new record of 5.5 million m<sup>2</sup> while it is estimated that about 1.1 million m<sup>2</sup> would have been sufficient to meet demand in 2004.

Consequently, demand and supply have not been in balance for some time. Existing vacancies, currently at about 10%, mean that rent levels are under pressure and so the viability of new developments could be at risk. There will eventually be a new equilibrium in the market. The current situation will continue for a number of years even if the economy picks up again. No recovery is expected before 2007. One answer could be creative solutions such as converting existing town-centre offices into housing or for other uses. Demolition of existing town-centre properties for redevelopment would contribute to reducing vacancies.

It is expected that new public sector construction will remain unchanged on balance. Here too, demand for office space is declining, but this is being offset by increasing demand for health-care and education buildings.

6% more new *commercial space* was taken into use in 2003 than in the previous year as a result of companies working on their efficiency by reducing activities or concentrating them at a single location. The increased demand for new commercial space is, however, being cancelled out by these companies vacating more space than they take up. Another adverse factor was the increasing number of bankruptcies. The slack market for commercial space is creating redevelopment opportunities and many existing *industrial estates* in high visibility locations are currently being upgraded.

In 2003, various towns made great progress in extending or enhancing their prime retail areas. A number of extensive town-centre expansion or restructuring projects have been started recently and others are planned. These developments may lead to vacancies in weaker parts of town centres and declining interest for new construction projects on the edges of town centres. This is putting rents under pressure and so some construction plans may be reconsidered.

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**House-building** production is still not at the desired level and so there is still high demand for homes. Since the turn of the century, new housing starts have fallen by over 10% as a result of the economic downturn, but also because of a shortage of construction sites. Other reasons for fewer new starts are less government management of house building and an extensive system of procedures and regulations.

Government ambitions for the period 2005–9 have already been adjusted downwards from 100 000 to 80 000 homes per year, but even that lower level is not being achieved: in 2003 only 60 000 new homes were completed. The number of building permits issued grew from 60 000 in 2001 to about 72 500 in 2003. It is expected that 65 000 new homes will be handed over in 2004.

Demand for housing at the top end of the market has fallen considerably. A seller's market has changed into a buyer's market and prices at the higher end of the market are falling. Houses in this segment are up for sale longer and often sold for less than the asking price.

Demand for new housing in the lower and middle segments is holding up, partly as a result of low interest rates, housing shortages and relatively limited new construction. Demand for rental housing has increased, in particular in the middle-rent segment. The government wants to promote transfers from the rental to the owner-occupied segments by giving landlords more freedom in setting rents, to prevent 'out of line' tenancies.

The procedures surrounding the development of the VINEX expansion sites and town-centre redevelopments are still a topic for discussion; these procedures are delaying construction and possible redevelopment. The rigid outlines and major involvement of central government are being reconsidered once again by politicians. It is already clear that local authorities will get much more responsibility so that regional and local interests for housing projects can be better met.

## Strategy

The division Ballast Nedam Building and Development (Ballast Nedam Bouw en Ontwikkeling) consists of two operating companies: Ballast Nedam Bouw (building) and Ballast Nedam Ontwikkelingsmaatschappij (development).

*Ballast Nedam Bouw* is made up of nine regional construction companies and a national company, Special Projects, for projects with a high-risk profile. The regional companies carry out house building, general building, area development and small-scale project development. There is also Bouwborg: part of Ballast Nedam Bouw offering service, maintenance and renovation work regionally. This allows Ballast Nedam Bouw to offer comprehensive service at regional and national level. Service, maintenance and renovation now make up 17% of Ballast Nedam Bouw's total turnover. *Ballast Nedam Ontwikkelingsmaatschappij* develops large-scale, national projects.

In order to offer customers complete solutions, the construction company and the development company have been brought together in a single division in order to make best use of opportunities for synergy. Ballast Nedam Building and Development also works closely with Ballast Nedam Infrastructure in order to allow a comprehensive approach to large-scale, complex projects in which infrastructure plays a significant role.

It is not only important to offer complete solutions, but Ballast Nedam Building and Development also wants to respond to the demand for long-term services which it does with the Bouwborg formula within the construction company. Long-term capabilities, such as financial engineering and operational management, have been built up within the development company. This means that Ballast Nedam Building and Development can offer projects that include design, construction, maintenance, operation and financing. These have been provided to schools and care-home complexes.

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There is a clear trend of large professional customers making ever-earlier contacts with developers in order to spread their risks better and focus on their core activities. Consequently, Ballast Nedam Building and Development is offering long-term relationships to customers such as housing corporations and professional investors.

The above strategy makes it clear that Ballast Nedam Building and Development is extending the value chain (the whole lifecycle of buildings and projects) in both directions to reduce dependence on public tenders.

## Operations

Turnover in 2003 was in line with expectations. The result was slightly better than expected. Against the market trend, turnover grew slightly compared with 2002 and EBIT actually improved significantly. This was achieved in part by improved and expanded risk management, and also by organisational improvements. The order book is well filled for the next few years. Half of the turnover and order book relate to house building and half to general construction.

### Development concepts

Ballast Nedam Ontwikkelingsmaatschappij is still investing a lot of energy in new development concepts started in previous years such as the *Vorstelijk Wonen* (royal living) concept, a formula in which care and services are offered according to the needs and wishes of older residents in particular. Two *Vorstelijk Wonen* pilot projects will start in 2004.

### New residential locations

After a lengthy development procedure, Ballast Nedam Ontwikkelingsmaatschappij started the realisation of some key residential locations in 2003. All 89 homes in the first sub-project in Vleuterweide, 'De Boomgaarden', have been sold and will be handed over in the first quarter of 2004. Development of the second sub-district in Vleuterweide will start in early 2004 and has good prospects. Sales of a large-scale residential development in Maarssen started in 2003. Following the successful sales, construction work will start in early 2004. Development of 900 homes in the new Tongelrese Akkers residential district in Eindhoven has started in co-operation with the municipality and construction will begin at the end of 2004. Development and construction of all the other residential locations is proceeding as planned. Ballast Nedam Building and Development has no vacancies resulting from homes not being sold.

### New plans for the Arena boulevard

In 2003, Amsterdam council agreed revised plans for the development of a retail and leisure centre on the Arena boulevard. As well as shops and catering outlets, these plans for the 'Getz' centre include an amusement arcade, discotheque, 3D cinema, various other leisure facilities, a hotel and a 'culture cluster' which will be purchased by the municipality. The project, involving an investment of over € 150 million, is being developed by the OMC (Ontwikkelingsmaatschappij Centrumgebied Amsterdam Zuidoost) joint venture in which Ballast Nedam Building and Development is one of three partners.

### Development of the Forepark in The Hague

A contract was signed with the municipality of The Hague in the spring of 2003 for the complete area development around the Forepark in The Hague. Part of this development will be a new stadium for the ADO Den Haag football club.

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### **Delft Spoorzone**

At the end of December 2003, the Lower Chamber of Parliament asked the Minister of Transport, Public Works and Water Management to make the necessary resources available for the construction of a railway tunnel in Delft. Construction of the tunnel could begin in 2007 along with work on the redevelopment of the Delft Spoorzone which will involve 50 000 m<sup>2</sup> of office space and some 1 500 homes. Ballast Nedam Building and Development is a partner in this development.

### **Owned office development projects**

In 2003, Ballast Nedam Building and Development developed and found tenants and investors for various office projects. These projects by Ballast Nedam Building and Development represent just under 10% of the current total national take up of over 1 million m<sup>2</sup>. For only one project a customer has not yet been found. This is an office space of 4 500 m<sup>2</sup> developed in joint venture. An adequate provision has been formed for this temporary vacancy.

### **Eye-catching projects**

Construction of Westpoint tower in Tilburg has almost been completed and at 47 storeys it is the tallest block of flats in the Netherlands. The first residents moved in during the first quarter of 2004. Westpoint combines efficient house-building techniques and specific knowledge of general high-rise building. Consequently, the project has enjoyed great attention from the media and further confirmed our position as a high-rise specialist. Certain other high-profile projects, such as the Carnisse Veste residential and retail complex in Barendrecht, the Prinsenhof in the Beatrixkwartier in The Hague and the new lounge at Schiphol Airport, have also attracted a lot of interest.

### **Land holdings**

During the past year, Ballast Nedam Building and Development was able to expand its land holdings to about 337 hectares of owned land, options and building rights. These land positions offer development potential for 9 000 homes, 342 000 m<sup>2</sup> of offices and 140 000 m<sup>2</sup> of other commercial space. The total development potential is estimated at some € 3 billion. At the moment, about 20% of turnover comes from the company's own developments. Ballast Nedam Building and Development expects this percentage to rise.

## **Prospects**

Ballast Nedam Building and Development is looking to the future with confidence. The current market is difficult but challenging. Partly as a result of a healthy quantity of commercial holdings, Ballast Nedam Building and Development is in a position to anticipate changing market demand flexibly. Thanks to a good presence throughout the country, much attention to product development and a rational system for managing rectification costs, Ballast Nedam Building and Development is able to face increasing competition within the construction industry.

Despite the modest economic prospects, Ballast Nedam Building and Development is confident as regards its turnover and results for 2004. The general building order book is largely full and a significant number of house-building projects are being started under the company's own management. A key feature of 2004, therefore, will be safeguarding profitable turnover for later years. Ballast Nedam Building and Development expects turnover and result for 2004 to be comparable with this year.

### Residential building (units)

		2003		2002
<b>Under construction (opening)</b>				
Third-party orders	1807		1550	
Own management	660		674	
		<b>2467</b>		2224
<b>Started</b>				
Third-party orders	388		810	
Own management	210		301	
		<b>598</b>		1111
<b>Handed over</b>				
Third-party orders	768		553	
Own management	168		315	
		<b>936</b>		868
<b>Under construction (closing)</b>				
Third-party orders	1427		1807	
Own management	702		660	
		<b>2129</b>		2467

At year-end 2003, the company did not own any completed homes on which a risk was still being run. It is expected that the number of homes started in 2004 will be over 10% higher than in 2003.



### Residential prize for 'Tussen Water en Park'

On 15 December 2003, Ballast Nedam Ontwikkelingsmaatschappij and Volker Wessels Vastgoed were awarded the 'Nico Nijmeijerpluim 2003' for the 'Tussen Water en Park' project. This project consists of 108 flats in the De Geuzenbaan planning area in Amsterdam. The Amsterdam housing construction prize was handed over by Mr D. Stadig, alderman for urban planning, to the developer showing the greatest drive in 2003. The award is given to a plan that meets the criteria for pace, viability, energy and a good relationship between time, funding and quality. According to the jury, 'Tussen Water en Park' was the Amsterdam residential construction project that fully meets those criteria.



Ivacon, concrete repair specialists, ensured that the historic Cacaofabriek Boon in Wormerveer can again be admired in its former glory.

## Industry and Supply

<i>x € 1 000 000</i>	<b>2003</b>	2002	2001	2000	1999
Turnover	<b>184</b>	207	202	168	178
Order book	<b>61</b>	67	62	64	50
EBITDA	<b>12</b>	13	22	22	21
EBITA	<b>3</b>	5	14	14	15
EBIT	<b>-</b>	3	14	14	15
EBIT/turnover	<b>0.0%</b>	1.2%	6.7%	8.5%	8.2%
Capital employed	<b>97</b>	101	106	93	72
Average number of employees	<b>1 030</b>	1 039	1 048	947	894

## Market

The situation in the building industry deteriorated across the board in 2003. The volume of orders for builders fell further not only in residential building, but also in general building and infrastructure. The building supply industry was hit hard by this: we were faced with increasing overcapacity, price erosion and fiercer competition, especially in the pre-cast concrete products cluster. The raw materials and specialist techniques clusters were able to make up in part for falling market volume by cost cutting and increasing market share, but there is also pressure on margins.

It is still not certain when an economic recovery will translate into a recovery in the building supply industry.

## Strategy

As noted above, short-term market trends are not bright, especially in the pre-cast sector, but there are promising medium-term prospects and so the strategy commenced in 2002 was focused further in 2003.

This strategy has three spearheads:

- restructuring
- co-operation
- selective growth

Loss-making companies are being restructured and reorganised. The aim is that, as a result of these measures, all companies will again be able to make a healthy contribution to the group result and be equipped to face the competition.

Co-operation is one of the pillars of group thinking within Ballast Nedam. This covers not only co-operation within the Ballast Nedam Industry and Supply division but also between it and the other divisions in the group. The utilisation of synergy offers opportunities, especially at times of heavy economic weather.

Consolidation of market positions and optimising costs are key elements, particularly at the pre-cast concrete companies.

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## Operations

Turnover fell by 11%, mostly as a result of the effects of difficult market conditions for the pre-cast concrete companies. In addition, Van Oord Handel en Transport B.V. was sold in 2003. When comparing the result with that of 2002, it should be noted that the result for 2002 includes an extraordinary gain from the sale of Transportbeton. If the exceptional items in 2002 and 2003 are eliminated, 2003 shows an improvement in operations (of some € 1 million).

### Raw materials

- Our long-term position in raw materials was considerably strengthened in 2003. We completed our investment for expanding the quarries at Yvoir (Belgium) and Bremanger (Norway). The lives of the quarries in Bichterweerd and Algri lengthened as the final date for the gravel decree has been extended by several years.
- The Van Oord Handel en Transport B.V. trading company was sold as a result of lack of synergy.

### Pre-cast concrete products

- The reorganisation projects have been completed. Durisol Raalte was sold in January 2004.
- More intensive co-operation with other companies is creating commercial and procurement gains. Companies within the division are making joint offers for projects, using each other's strengths in specific subsections.

### Specialist techniques

- Excellent results were achieved in 2003 by applying the specialist technique of pre-stressing.
- Increased competition was felt in concrete renovation, especially in new construction activities, but less so in the maintenance sector. Partly as a result of this, therefore, there is co-operation with other Ballast Nedam companies on overall solutions for maintenance of buildings and civil engineering works.

## Prospects

Despite the economic difficulties, results will improve in 2004: the reorganisation projects have been completed and the first results are becoming noticeable.

	<b>BN I&amp;S Company</b>	<b>Product segment</b>	<b>Product range</b>
<b>Aggregates</b>	<ul style="list-style-type: none"> <li>■ Bichterweerd</li> <li>■ Algri</li> <li>■ Yvoir</li> <li>■ Bontrup (30%)</li>   <li>■ BN BulkGrondstoffen (33%)</li>   <li>■ Verkaik</li> <li>■ Vibouw-van Happen 50%</li> </ul>	<ul style="list-style-type: none"> <li>■ Aggregates excavation</li> <li>■ Aggregates excavation</li> <li>■ Aggregates excavation</li> <li>■ Aggregates excavation</li>   <li>■ Aggregates excavation</li>   <li>■ Aggregates trade</li> </ul>	<ul style="list-style-type: none"> <li>■ River sand and gravel</li> <li>■ Split and gravel</li> <li>■ Sandstone (gres)</li> <li>■ Granite</li> <li>■ Sandstone (Bestone)</li> <li>■ Industrial sand</li> <li>■ Filling sand</li> <li>■ All aggregates</li> </ul>
<b>Prefab &amp; drainage</b>	<ul style="list-style-type: none"> <li>■ Haitsma Beton</li> <li>■ Hoco Beton</li> <li>■ Lingen Beton</li> <li>■ Omnia Plaatvloer</li> <li>■ Waco</li> <li>■ Rademakers</li>   <li>■ TBS</li> </ul>	<ul style="list-style-type: none"> <li>■ Prefab elements</li>   <li>■ Drainage (cast iron)</li>   <li>■ Drainage</li> </ul>	<ul style="list-style-type: none"> <li>■ Tunnels, bridges, viaducts, barriers, piles, sound absorption screens, roof parts, gable/façade parts, garage parts, industrial building and housing, stadium parts, flooring systems</li>   <li>■ Cast-work, preparation of cast-work</li>   <li>■ Drainage systems, manhole covers, gullies, penstocks</li> </ul>
<b>Specialist techniques</b>	<ul style="list-style-type: none"> <li>■ Nieuwenhuis/Bruil</li> <li>■ Ivacon-Renoton</li> <li>■ Spanstaal-Spankern</li> </ul>	<ul style="list-style-type: none"> <li>■ Specialties</li> </ul>	<ul style="list-style-type: none"> <li>■ Pre- and post stressing, glue reinforcement, SV flooring systems, joint connections, cover tubes, traditional reinforcement, jacking up, concrete renovation, wear and tear repairs, shutting techniques, mastic asphalt</li> </ul>



The design of the new Royal Park Bridge in Florida (United States) replicates the original bridge of 1925, but its size means it can meet today's traffic requirements.

## Construction International

x € 1 000 000	2003	2002	2001	2000	1999
Turnover	<b>216</b>	329	320	270	265
Order book	<b>107</b>	340	494	604	215
EBITDA	<b>7</b>	(97)	(30)	9	(4)
EBITA	<b>4</b>	(103)	(35)	4	(12)
EBIT	<b>4</b>	(103)	(35)	4	(12)
EBIT/turnover	<b>1.8%</b>	- 31.2%	- 10.9%	1.3%	- 4.6%
Capital employed	<b>(14)</b>	2	69	148	155
Average number of employees	<b>678</b>	760	809	1 481	1 636

### Market

There has been no significant reduction in the risks in the international projects market. Each region and country has its own risk profile but the general view of the overall international market supports Ballast Nedam's decision to continue to operate there in only highly selective and profitable areas of competence.

### Strategy

As noted in the 2002 Annual Report, Ballast Nedam International (BNI) will cease to be a separate division. Activities with a limited risk will be performed selectively and on a smaller scale. This will include civil engineering (including offshore wind-turbine parks), industrial building and stadium construction. The focus will be mainly on using our strengths as internationally experienced, expert builders in the role of supplier, consultant and project manager. We will no longer act as principal contractor for large-scale, high-risk foreign projects with the associated responsibilities and contract conditions.

The activities of Ballast Nedam International Product Management (BNIPM) and the Kicking Horse Mountain Resort ski resort in Canada have been transferred to a new unit: Ballast Nedam Asset Management B.V. Our high-quality knowledge and skills in international construction will be combined within the group with the expertise of the Dutch unit within Ballast Nedam Infra, responsible for heavy infrastructure work. International civil engineering activities will be conducted from that unit.

### Operations

The winding down of the Ballast Nedam International division has gone faster and better than expected. Two of the five major projects that Ballast Nedam International still had under construction in early 2003 have been completed and the remaining three are:

- High-speed railway in Taiwan
- LNG jetty in India
- Bascule bridge in the United States

These projects are going according to plan and will be largely completed in 2004. Smaller, profitable projects already under way for some time are water distribution projects in Ghana, a waste project in Vietnam and a maintenance contract in Saudi Arabia.

In addition, during the year under review, Ballast Nedam International Product Management worked mainly on projects in Europe in the area of renovation of petrol stations and the construction of infrastructure for the telecoms industry.

## Construction United Kingdom

<i>x € 1 000 000</i>	<b>2003</b>	2002	2001	2000	1999
Turnover	<b>264</b>	568	582	629	570
Order book	-	377	544	465	446
EBITDA	<b>(25)</b>	(64)	(30)	3	5
EBITA	<b>(26)</b>	(67)	(32)	1	4
EBIT	<b>(26)</b>	(67)	(32)	1	4
EBIT/turnover	<b>- 9.9%</b>	- 11.9%	- 5.5%	0.2%	0.6%
Capital employed	-	(48)	(46)	2	(32)
Average number of employees	-	1 251	1 355	1 419	1 435

*Deconsolidated as at 15 October 2003*

2003 was extremely disappointing for Ballast Plc and thus also for Ballast Nedam, its parent company.

In 2002, Ballast Nedam decided to withdraw in due course from the British market. The restructuring already under way at Ballast Plc in the United Kingdom was intensified in 2003. The parent company, Ballast Nedam N.V. provided continuing financing.

Thanks to these efforts, the loss in the first half of 2003 was much smaller than in the previous year, but it became clear that additional significant restructuring was still needed to make the company profitable. The reorganisation plan that the management of Ballast Plc drew up for this in October involved a rationalisation taking longer and costing substantially more than had been assumed by all those concerned. This was unacceptable to the Board of Management of Ballast Nedam N.V.

Ballast Nedam has supported Ballast Plc for years and, especially in 2002 and 2003, strained its financial strength to the limit for Ballast Plc. The limit had, however, now been reached and, unfortunately, the decision had to be taken to cease further financing of Ballast Plc. Consequently, Ballast Plc went into administration in October.

The legal and financial separation of Ballast Plc and Ballast Nedam means there are no additional financial risks for Ballast Nedam from the administration. Ballast Nedam had issued guarantees for three ongoing PFI (Private Finance Initiative) projects, two of which have now been settled. The final guarantee is for a major schools project in London. The negotiations with the contract partners in this project have not yet led to a result and it is not impossible that a drawn out legal case will follow.

The other guarantees that Ballast Nedam has granted are limited, cannot be claimed immediately and relate chiefly to completed projects. The provision formed for these guarantees in 2003 is based on an estimate of the extent to which they can be called.

## Financial results

### Turnover and operating result

#### Turnover

x € 1 000 000	2003	2002	2001	2000	1999
Infrastructure Netherlands	456	481	474	367	368
Building and Development Netherlands	509	498	540	514	488
Industry and Supply	184	207	202	168	178
	<b>1 149</b>	<b>1 186</b>	<b>1 216</b>	<b>1 049</b>	<b>1 034</b>
Construction International	216	329	320	270	265
Construction United Kingdom	264	568	582	629	570
Other	(10)	224*	208*	150*	129*
<b>Total</b>	<b>1 619</b>	<b>2 307</b>	<b>2 326</b>	<b>2 098</b>	<b>1 998</b>

Turnover was € 1 619 million compared with € 2 307 million in 2002. The fall in turnover in 2003 compared with 2002 was a result of the sale of our share in Ballast Ham Dredging at the end of 2002 and implementation of the strategy to wind down international activities.

#### EBIT

x € 1 000 000	2003	2002	2001	2000	1999
Infrastructure Netherlands	10	11	12	7	1
Building and Development Netherlands	16	12	14	20	16
Industry and Supply	-	3	14	14	15
	<b>26</b>	<b>26</b>	<b>40</b>	<b>41</b>	<b>32</b>
Construction International	4	(103)	(35)	4	(12)
Construction United Kingdom	(26)	(67)	(32)	1	4
Other	(4)	22*	4*	2*	(2)*
<b>Total</b>	<b>-</b>	<b>(122)</b>	<b>(23)</b>	<b>48</b>	<b>22</b>

\* including dredging

The operating result was break-even in 2003, following two years of losses.

The operating result of the Dutch construction divisions rose by 13% from € 23 million in 2002 to € 26 million in 2003. The operating result of Industry and Supply fell by € 3 million to break-even as a result of the difficult conditions in the pre-cast concrete market. The total operating result of the Dutch companies was € 26 million and thus the same as in 2002.

The Construction International division converted its loss of € 103 million in 2002 into an operating profit of € 4 million in 2003. The operating loss at Construction United Kingdom up to the time of deconsolidation (15 October 2003) was € 26 million (full-year 2002: € 67 million).

Other includes a gain of € 9 million since, when its financial statements were adopted, the pension fund's financial position proved to be better than had been estimated in March 2003. This had resulted in a charge of € 38 million for 2002.

The Netherlands Competition Authority imposed fines in 2003 for breaches of the Competition Regulations. The outcome of the expected legal cases is so uncertain that no provision has been formed for these fines.

### Margin

x € 1 000 000	2003	2002	2001	2000	1999
Infrastructure Netherlands	2.2%	2.3%	2.5%	1.8%	0.3%
Building and Development Netherlands	3.1%	2.5%	2.7%	3.9%	3.3%
Industry and Supply	0.0%	1.2%	6.7%	8.5%	8.2%
	2.3%	2.2%	3.3%	3.9%	3.1%
Construction International	1.8%	- 31.2%	- 10.9%	1.3%	- 4.6%
Construction United Kingdom	-9.9%	- 11.9%	- 5.5%	0.2%	0.6%
<b>Total</b>	<b>0.0%</b>	<b>- 5.3%</b>	<b>- 1.0%</b>	<b>2.3%</b>	<b>1.0%</b>

### Net result

#### Net result

x € 1 000 000	2003	2002	2001	2000	1999
EBIT	-	(122)	(23)	48	22
Interest income and charges	(6)	(13)	(9)	(14)	(12)
Result before taxation	(6)	(135)	(32)	34	10
Taxation	52	(8)	(18)	(12)	(1)
<b>Net result</b>	<b>46</b>	<b>(143)</b>	<b>(50)</b>	<b>22</b>	<b>9</b>

The net result increased from a loss of € 143 million in 2002 to a profit of € 46 million in 2003. The improvement was a consequence of breaking even on operations (2002: € 122 million loss), € 7 million lower interest expense and a tax gain of € 52 million.

The tax gain of € 52 million for 2003 consisted of a prior-year result of € 11 million, a gain of € 43 million from the inclusion of a deferred tax asset and tax charges of € 2 million outside the fiscal entity. The tax charge in 2002 was 8 million.

A gain of € 11 million was recorded when the corporation tax assessments up to 2001 were finalised.

At the end of 2003, Ballast Nedam had € 140 million of losses available which may be carried forward indefinitely in the Netherlands. Of these, € 125 million have been attributed a value. If Ballast Plc is liquidated as expected in 2005, it is anticipated that € 100 million to € 130 million will be added to the losses which may be carried forward indefinitely.

## Order book

### Order book

x € 1 000 000	2003	2002	2001	2000	1999
Infrastructure Netherlands	441	509	619	684	314
Building and Development Netherlands	437	540	447	432	462
Industry and Supply	61	67	62	64	50
	<b>939</b>	<b>1 116</b>	<b>1 128</b>	<b>1 180</b>	<b>826</b>
Construction International	107	340	494	604	215
Construction United Kingdom	-	377	544	465	446
Other	-	-	323*	411*	194*
<b>Total</b>	<b>1 046</b>	<b>1 833</b>	<b>2 489</b>	<b>2 660</b>	<b>1 681</b>

\* including dredging

The order book was € 1 046 million which is € 787 million lower than at the end of 2002. The fall in 2003 was a reflection of the reduction of international activities.

Infrastructure Netherlands' order book of € 441 million was down as a result of the completion of major long-term infrastructure works. The order book of Building and Development Netherlands, at € 437 million, was in line with earlier years.

## Financing and liquidity

Capital employed rose by € 14 million compared with 2002. This came from higher capital employed as a result of the inclusion of the deferred tax asset and the deconsolidation of Ballast Plc and lower working capital at the Dutch companies.

Shareholders' equity was € 102 million at the end of 2003 (2002: € 56 million). The capital ratio rose from 9% at the end of 2002 to 18%.

The cash inflow from operating activities for 2003 was € 16 million compared with an outflow of € 94 million for 2002. The cash inflow from investment activities was € 7 million, consisting of € 19 million investments and € 26 million from disposals. The disposals included the sale of equipment by Construction International and the sale of the shares in Strait Crossing Development Inc.

In the Industry and Supply division, Van Oord Handel en Transport B.V. was sold.

Net cash rose from € 116 million in 2002 to € 136 million in 2003. Ballast Nedam has a € 64 million facility which runs to February 2005. The fall in long-term debt from € 39 million in 2002 to € 27 million in 2003 consisted of a repayment of € 3 million and an adjustment of € 9 million to the long-term loan with Stichting Pensioenfonds Ballast Nedam.



The construction of the Hemboog railway link in Amsterdam-West makes a significant reduction in journey times from North Holland to Schiphol Airport as there is now no need to change at Amsterdam Centraal or Sloterdijk stations.

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## Human Resources

### **Reorganisation at International, Engineering and Holding**

A reorganisation was announced in 2002 at the International, Engineering and Holding units. Implementation went better than expected. The reorganisation at Engineering has been completed. The winding down at International and slimming down at the holding company will be concluded in 2004, after the bulk of the operations were carried out in 2003. A social plan was agreed for this reorganisation and compulsory redundancies occurred entirely within the agreed framework.

### **Changes in staff numbers**

Separate from the announced reorganisation, there have been limited staff reductions in the regions at the Ballast Nedam Building and Development and Ballast Nedam Infra divisions. Staff numbers in the Industry and Supply division were adjusted at a number of companies in the pre-cast sector and at Rademakers Gieterij B.V. in Klazienaveen. The workforce of the whole group fell by about 1 600 in 2003 to some 5 000 people.

### **Career development**

In 2003, the number of employees participating in the career development programme was significantly expanded to the entire head office staff of Ballast Nedam. Planning and implementation of the career guidance system has also been strongly decentralised although senior management appointments and the supervision of career procedures are still co-ordinated centrally. In addition, in-house courses have been organised as part of the career policy, in the same way and with the same intensity as in earlier years.

### **Consultations with the Works Council**

During the year under review, there were the normal consultative meetings with the Central Works Council, including two attended by Supervisory Board members. Discussions covered the bid by Egeria for the Ballast Nedam Nederland shares in 2003. Other subjects were progress on the reorganisation, the agreement with Ordina on leasing Ballast Nedam's existing head office, disposals, the code of conduct and the smoking policy.

### **Absenteeism**

In 2003, absenteeism because of sickness was 5.5%. In 2002, it had been 6%. The policy of responding pro-actively and reactively to absenteeism and risks continues. The role of local management and immediate supervisors are crucial in this.

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## Risk management and risk profile

Ballast Nedam is organised decentrally in divisions which themselves consist of decentralised companies. To avoid companies taking on unwanted risks, there is a structure in which the divisional directors must give advance approval of contracts above a certain limit. Projects regarded as high-risk have to be approved by the Board of Management before a contract can be concluded and this applies in any event to projects with a possible production value of more than € 25 million, but also for investments in land holdings and tangible fixed assets, and entering into long-term liabilities. The divisions then report on these projects separately in quarterly reports to the Board of Management.

In all cases, the internal approval process includes detailed technical, geological, legal, financial, tax, political and environmental analyses. These are not the only risk factors playing a role: local circumstances may also adversely affect progress during construction. There may for example, be problems with the availability of building materials and site staff, or with the security situation. The weather, general climatic conditions and seasonal variations can sometimes have a major effect on progress and thus on the final result.

Risks on projects that Ballast Nedam develops for its own account are also managed using procedures and assessment criteria. Construction only starts if there is sufficient certainty about advance sale or rental. As a rule this is at least 70% for residential buildings and the criterion for commercial real estate projects is 100%.

During the construction phase, risks are mainly technical. Ballast Nedam concentrates on continual process improvement, quality assurance and systematic analysis of rectification costs. The normal insurance is taken out for risks during construction, and credit risk during the construction of a project is largely avoided by specifying instalments in the contract in line with the progress made.

Financial risks are managed as far as possible by systematic reporting and responsible financing methods. The financial reporting system follows the business plan, phased over thirteen periods during the year. The report consists of a daily liquidity report, a regular financial report and a quarterly report. The Board of Management uses these reports in its regular discussions on operations with the divisional boards.

The Dutch divisions of Ballast Nedam have their own financing facilities. No declaration of joint and several liability pursuant to Article 403(1f) of Book 2 of the Netherlands Civil Code has been issued for these divisions. It is normal in the building industry for there to be negative working capital as companies receive pre-payments on projects. This may create a liquidity risk if fewer pre-payments are received because fewer projects are under construction. Ballast Nedam manages this risk by preparing regular cash flow forecasts and using the credit facilities that the company has available.

## Other risks

### Competition risks

In 2002, the Netherlands Competition Authority (NMa) identified four cases in which Ballast Nedam is alleged to have been involved in possible breaches of regulations and, in 2003, imposed fines on Ballast Nedam in three of these cases:

- Possible cartel agreements in a road maintenance contract in the municipality of Scheemda (1998).  
Fine: € 308 000.
- Possible cartel agreements in road maintenance contracts in the provinces of Groningen, Friesland and Drenthe (1998 – October 2000). Fine: € 240 000.
- Possible cartel agreements in infrastructure projects in Haarlemmermeer/Schiphol. Fine: € 14 548 000.

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Ballast Nedam has submitted an objection against these fines to the NMa and will institute further appeal proceedings in the courts. Payment is suspended for the duration of the objection procedure at the NMa and any appeal to the courts. This procedure cannot lead to the fines being increased. Ballast Nedam has not formed a provision for these items in the 2003 financial statements as it is still uncertain whether payment will in the end have to be made; it is also not possible to make a realistic estimate of the amount of any fines resulting from the objection and appeal procedures.

The uncertainty also applies to the 61 pro forma claims submitted to the Board of Arbitration by local authorities who assert they have suffered loss from the alleged price fixing. Ballast Nedam sees no merit in these claims and will contest them in the courts.

A competition case has been instituted in the civil courts against a subsidiary of Ballast Nedam. Ballast Nedam, however, disputes the competence of the civil courts in this case. If necessary, this point of principal will be appealed to the highest court.

In 2002, the NMa prepared a report on possible breaches of the Competition Regulations with respect to asphalt plants in the north of the Netherlands. No fine has been imposed.

In early 2004, the NMa prepared a report on the involvement of a former subsidiary in possible price fixing in the ready-mixed concrete segment.

In February 2004, Ballast Nedam reported to the NMa that it had indications that an operating company in the general building sector had probably been involved in breaches of the Competition Regulations in 1998–2001. It also reported to the NMa that there are indications of breaches of the Competition Regulations in other market segments. Ballast Nedam has started an internal inquiry but its outcome is not yet known.

As far as it is aware, Ballast Nedam is not involved in any pending criminal investigations by the Public Prosecutions Department.

#### **Ballast Plc**

Ballast Plc (United Kingdom) was placed in administration in 2003. In the past, Ballast Nedam N.V. issued guarantees for a number of Ballast Plc's projects. There is more information on this in the 'Construction United Kingdom' section.

#### **Ballast Ham Dredging arbitration**

HBG has started an arbitration procedure on guarantees issued in November 2001 on the merger of the dredging companies of HBG and Ballast Nedam. Ballast Nedam issued a bank guarantee of € 30 million on 30 December 2002. Ballast Nedam does not expect the outcome of this procedure to affect the profit and loss account.

#### **Ballast Nedam International**

At the moment, Ballast Nedam International is completing its three last major international projects (see the 'Construction International' section).

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## Information and Communication Technology (ICT)

A major focus of workstation computerisation in the past year has been cost cutting. Since our internal service unit, Ballast Nedam ICT, was set up three years ago, costs per workstation have fallen by about 20%, independently of inflationary influences and without losing service.

### **New company network**

A new network has been taken into use: a cost-effective Wide Area Network, based on MPLS (Multi Protocol Label Switching) and DSL (Digital Subscriber Line) techniques. This means that not only our offices in the Netherlands but also most of our building sites have a fast data link with the head office in Nieuwegein.

### **Building site automation at Ballast Nedam Infra**

The building site computerisation project, DB Infra, will shortly be completed at Ballast Nedam Infra. This new system makes it possible to record and process financial liabilities and time reports from the building site directly in the underlying Baan IV system. This application has been set up to meet the requirements of on site operations. The materials module of Baan IV has now been implemented.

### **Modernised information system for Ballast Nedam Bouw**

The existing Eniac information system at Ballast Nedam Bouw has been expanded to include a service module specially developed for the house-building process. The purchaser guidance system has also been expanded to include a costing module. Furthermore, existing data is more accessible via business intelligence tools. As a result of the modernisation of the information system, sales information on homes built by Ballast Nedam Bouw en Ontwikkeling is available on Internet. There is a pilot scheme at Ballast Nedam Bouw Western region in which house buyers can deal with specification variations via the Internet. Wider implementation is currently being investigated.

### **New document management system for Infra Consult + Engineering**

The 'I3' project was completed this year at our engineering company, Infra Consult + Engineering, and so Ballast Nedam now has an integrated project system, including an advanced electronic document management system. The document management system can be used for both pure engineering projects and integrated design-and-construct projects. Internal and external working groups can use the system to access the latest technical information on projects.

### **Improved information systems at Ballast Nedam Industrie en Toelevering**

This year, much attention was given to optimising the existing company information systems at the various Ballast Nedam companies in the Industry and Supply division.

### **ICT in 2004**

During the coming year, ICT will devote attention to the following matters:

- improvement of internal electronic billing processes;
- integration of the different employee information systems;
- simple electronic document management for all users;
- further optimisation of mobile and fixed telephone traffic.

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## Procurement

Major procurement initiatives were started in 2003. The Purchasing Services department, which co-ordinates and improves procurement activities of Ballast Nedam, has been operating since 2002. The department has undertaken a number of activities during the past year with attention being focused on:

- implementing 'PPPO' (procurement package and process optimisation) projects;
- developing systems to assist procurement at Ballast Nedam;
- making employees more aware of the effects of procurement methods on the company's results.

### PPPO projects

A number of PPPO projects were started and completed during the past year. PPPO stands for procurement package and process optimisation. Much of the success of these projects can be explained by the joint and wide-ranging approach. In these projects, if regional or divisional procurement volumes are exceeded, they are combined and offered once again to suppliers. In addition, there are critical reviews of the breakdown of our requirements. This is a proven method of making direct and indirect savings, and will, therefore, be applied to future projects.

### New and improved procurement systems

Various new procurement systems have been and are being developed for Ballast Nedam. They all have the same objective: activating and supporting knowledge of procurement within the organisation. This year an operational procurement system has been implemented throughout the Ballast Nedam organisation that covers the administrative activities in procurement processes, such as drawing up contracts.

Our procurement information and monitoring system provides reports which allow us to monitor the organisation's procurement behaviour regularly at regional, divisional and group level. In 2004, the reports will be made available on line, so that the organisational units will be better informed when approaching the supply market.

These reports allow us to encourage the use of umbrella and annual contracts with preferred suppliers, thus creating a mutually-beneficial relationship between contractor and supplier.

### Internal communication on procurement

In the next few years, Ballast Nedam's procurement process will be further professionalised. This requires everyone involved in procurement to know and understand the improvements needed. Communication is, therefore, a key to success and different activities have been undertaken for this:

- a communication plan is being developed;
- presentations are being given to regional work planners, project leaders, purchasers and costing staff;
- themed meetings are being organised;
- a special programme on procurement is being incorporated into the Initial Management Programme for Ballast Nedam middle-managers.

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## Quality, working conditions and the environment

Ballast Nedam has an integrated approach for issues connected with quality, working conditions (health and safety) and the environment. The importance of quality is obvious; continuous attention to health and safety and the environment are a logical extension of the wish for social responsibility in business. This requires permanent monitoring and systematic improvement of our organisation in these areas in order to do justice to the significance of quality, health and safety and the environment and thus compliance with public requirements and standards set in the Netherlands and abroad.

Quality, health and safety and environmental management forms an integral part of overall operations at Ballast Nedam and is embedded in a system which is used throughout the organisation. To monitor compliance, management makes use of a number of standardised tools such as:

- recording complaints, defects and anomalies;
- identifying and analysing unsafe situations;
- reporting incidents, accidents and near misses in the workplace;
- reporting and analysing sick leave;
- Internal and external audits, workplace inspections and project evaluations.

Maintenance of the quality, health and safety and environmental management systems is the responsibility of specially appointed co-ordinators at the operating companies who support and encourage the proper keeping of records, partly by conducting internal audits. To ensure objectivity, the various co-ordinators frequently exchange information. The system is also monitored by regular external audits. Improvement programmes are drawn up on the basis of the findings of internal and external audits.

### Quality assurance

To provide a measure of the quality of work, Ballast Nedam's 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 policy

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 and safety policy. The health and general welfare of our employees is therefore paramount in all our operations.

The policy is formulated and implemented in close consultation with the employees' representatives. The Contractors' Safety Checklist (Dutch acronym: VCA) is used and most of the Ballast Nedam companies are certified according to this standard or its equivalent.

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

Supervisors, specialists and subcontractors, too, bear responsibility for ensuring safety at work. The need to report unsafe situations is always stressed at the start of each project and whenever a new employee joins the team. Information is also provided on any rules and requirements imposed by the customer.

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Ballast Nedam keeps detailed records of any accidents. The accident statistics are compiled using the VCA method and are systematically compared with the appropriate standards. The number of accidents has fallen in recent years and this trend continued in 2003. Despite this, a few serious accidents unfortunately occurred in 2003.

## 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: the soil, air and water. Ballast Nedam's environmental policy is aimed particularly at preventing environmental pollution, by taking appropriate measures. These include:

- limiting the damaging effect of the company's activities on the environment;
- using ecologically sound construction methods including the use of sustainable materials;
- saving energy and water;
- ensuring a proper indoor environment;
- 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 co-ordinators, but the employees themselves check each other on the observance of the regulations.

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

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

## Sustainability report

Above we explained Ballast Nedam's awareness of the ethical, social and environmental effects of its activities. One way of expressing that awareness is the package of measures in the GRI (Global Reporting Initiative) guidelines. Ballast Nedam has imposed a duty on itself to meet the key indicators in the guidelines as far as possible. Significant progress was made during 2003 and the objective is to prepare a full sustainability report for 2005 based on GRI indicators. Internal analysis and assessment has shown that Ballast Nedam scored 90 GRI points in 2002, putting it towards the top of the market:

Company	points
Philips	115
Nutreco	101
ING	98
Shell	96
KLM	95
<b>Ballast Nedam</b>	<b>90</b>
DSM	80

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## Innovation

Ballast Nedam develops a large number of innovations each year and uses a wide range of new inventions and know-how to improve its products and processes.

### **Safer underground working**

An example of innovation is the development of new underground infrastructure networks. Recording underground cabling is very important since laying new cables creates risks for the existing network. Ballast Nedam has developed new know-how in this area and shared it with interested parties. Consequently, we can develop new networks even more efficiently.

We are also working with large knowledge institutions to get better insight into the theoretical background to underground hazards. This has generated good results at both the national and international levels. With financing from the Ministry of Economic Affairs, we have developed know-how which helps cut risks in building work. With financing from the European Union, good results have been recorded in cutting the health and safety risks from working underground.

### **Participation in research programmes**

Ballast Nedam participates actively in programmes to strengthen the Dutch knowledge economy in infrastructure development, spatial development and innovative construction processes and systems. At the end of 2003, the government selected these programmes for the BSIK (knowledge infrastructure capital grants decree; formerly ICES/KIS) scheme. This is a scheme offering tens of millions of euros in grants for such programmes. The programmes have the common objective of being innovative and important to the Netherlands' international competitive position.

### **InnovatieWeb**

Ballast Nedam has registered the name 'InnovatieWeb' for the development of new products. InnovatieWeb focuses on developments intended to improve existing products in a distinctive way, giving a long-term competitive advantage.

This approach has been successful in quieter road surfaces for use in built-up areas. In 2003, Ballast Nedam was certified to lay asphalt that reduces traffic noise by more than 4 decibels at 50 km per hour.

### **Pre-cast crash barrier**

To improve road safety, Ballast Nedam has developed a pre-cast crash barrier which has been tested under different conditions on a test track.

### **Quality improvements to concrete**

Ballast Nedam is always looking for new applications for developing and improving the quality of concrete. In 2003 we were successful in controlling the setting of concrete better so that it is suitable for even more uses and the quality can be better guaranteed.

### **Quay manual**

Documenting technical know-how is one of the challenges that the engineering unit, Infra Consult + Engineering, has taken on and so it actively participated in the Handboek Kademuren (Quay Manual) published in the past year. The manual brings together the experience and know-how of a generation of quay builders.

### **New technique for installing wind turbines**

The demanding weather conditions at sea require innovative techniques. Ballast Nedam has distinguished itself before in installing wind turbines offshore. We are continuing this development with new techniques for the installation of ever larger wind turbines. A patent has been granted for an inflatable foundation pile for installing wind turbines; there have been articles on this exceptional technique in the professional press.

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## Market parties

### League table of market parties (measured by turnover in 2002 in billions of euros)

<b>Group turnover</b>	
1 BAM	8.3
2 Volker Wessels	3.3
3 Heijmans	2.4
4 Ballast Nedam	2.3
5 TBI	1.7
6 Dura	1

<b>Turnover infrastructure Netherlands</b>	
1 BAM	1.8
2 Volker Wessels	1.3
3 Heijmans	0.9
4 Ballast Nedam	0.5
5 Dura	0.4
6 Strukton	0.4

<b>Turnover construction and real estate Netherlands</b>	
1 BAM	2.2
2 Heijmans	1.5
3 Volker Wessels	1.1
4 TBI	0.6
5 Dura	0.6
6 Ballast Nedam	0.5

<b>Turnover industry and supply (Dutch construction groups only)</b>	
1 TBI	0.4
2 Ballast Nedam	0.2
3 Heijmans	0.2
4 Volker Wessels	0.1

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## Prospects

### The markets in 2004

In general, the construction industry reacts slowly to changes in the economy as investment decisions have long lead times. In good economic times, the growth strategies of potential customers are often linked with demand for new buildings but actual construction work only starts at a later stage of the economic cycle.

Based on this general tendency, the construction market in 2004 and 2005 will suffer from the effects of the current recession. An economic recovery in 2004 will only have a beneficial effect on the building market (especially general building) from 2006.

The infrastructure market is governed mainly by public investment which differs across the layers of government and there are market opportunities even in thin years. Nevertheless, considered in general, a lower contract volume can be expected.

### Prospects for Ballast Nedam

We are currently unable to make a specific profit forecast because of the uncertainties in the different markets. The following expectations are, however, warranted:

- The Dutch Ballast Nedam Infrastructure division will maintain its market position over the next few years but will certainly be affected by government measures on road and waterway planning, and by pressure on prices.
- Ballast Nedam Building and Development is positive about 2004. This division's capacity and the size and excellent quality of its order book are expected to allow Building and Development to avoid the general deterioration in its market segments.
- The Ballast Nedam Industry and Supply division operates in a number of sub-markets with differing market conditions. The pre-cast concrete market in particular is suffering from overcapacity and, partly as a result, low prices. Thanks to efficiency measures in this cluster, however, costs have improved strongly and a better result should be possible.
- The international division will not take on any further projects. The international activities carried out by Ballast Nedam Infra will be limited in size and risk.

In summary, we expect that the operating result will improve further. Any effects of possible breaches of the Competition Regulations have not been considered. The net result will certainly be lower because of the nature of the tax gain in 2003.

Nieuwegein, 5 March 2004

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



## Consolidated profit and loss account

<i>x € 1 000 000</i>	<b>2003</b>	<b>2002</b>
Turnover	<b>1 619</b>	2 307
Raw materials and subcontractors	<b>(1 256)</b>	(1 978)
Wages and salaries	<b>(229)</b>	(277)
Social security costs	<b>(37)</b>	(46)
Depreciation (in) tangible fixed assets	<b>(27)</b>	(52)
Revaluation (in) tangible fixed assets	<b>(6)</b>	-
Other operating expenses	<b>(64)</b>	(82)
Operating expenses	<b>(1 619)</b>	(2 435)
Operating result	-	(128)
Interest income and charges	<b>(6)</b>	(13)
Income from participating interests	-	6
Result before taxation	<b>(6)</b>	(135)
Taxation	<b>52</b>	(8)
Net result	<b>46</b>	(143)
Net result per share (€)	<b>4,62</b>	(14,30)
Diluted net result per share (€)	<b>4,49</b>	(13,88)
Dividend paid per share	-	1,13
<b>EBIT</b>		
Operating result	-	(128)
Income from participating interests	-	6
EBIT	-	(122)

The calculation of the diluted earnings per share is based on 10 000 000 ordinary shares in issue plus the maximum number of 300 000 shares to be issued on the exercise of options.

## Consolidated balance sheet

before profit appropriation

<i>x € 1 000 000</i>	<b>31 December 2003</b>	<b>31 December 2002</b>
<b>Fixed assets</b>		
Intangible fixed assets	<b>23</b>	27
Tangible fixed assets	<b>125</b>	162
Financial fixed assets	<b>65</b>	35
	<b>213</b>	224
<b>Current assets</b>		
Work in progress	<b>(76)</b>	(131)
Stocks	<b>25</b>	24
Debtors	<b>234</b>	371
Cash	<b>159</b>	138
	<b>342</b>	402
<b>Current liabilities</b>		
Bank loans	<b>(23)</b>	(22)
Trade creditors	<b>(180)</b>	(281)
Taxation	<b>(3)</b>	(7)
Other liabilities	<b>(156)</b>	(174)
	<b>(362)</b>	(484)
Working capital	<b>(20)</b>	(82)
	<b>193</b>	142
Long-term loans	<b>27</b>	39
Provisions	<b>59</b>	42
Minority interest	<b>5</b>	5
Shareholders' equity	<b>102</b>	56
	<b>193</b>	142

## 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>Other*</i>	<i>Total</i>
Turnover	481	498	207	329	568	224	<b>2 307</b>
Operating costs	(468)	(482)	(194)	(426)	(632)	(203)	<b>(2 405)</b>
Exceptional results	-	-	-	-	-	22	<b>22</b>
Income from participating interests	5	-	-	-	-	1	<b>6</b>
EBITDA	18	16	13	(97)	(64)	44	<b>(70)</b>
Revaluation	-	-	-	-	-	-	<b>-</b>
Depreciation	(7)	(3)	(8)	(6)	(3)	(19)	<b>(46)</b>
EBITA	11	13	5	(103)	(67)	25	<b>(116)</b>
Amortisation	-	(1)	(2)	-	-	(3)	<b>(6)</b>
EBIT	11	12	3	(103)	(67)	22	<b>(122)</b>
Margin	2.3%	2.5%	1.2%	-31.2%	-11.9%	-	<b>-5.3%</b>
Order book	509	540	67	340	377	-	<b>1 833</b>
Capital employed	(56)	(20)	101	2	(48)	5	<b>(16)</b>
Assets	208	202	110	56	26	24	<b>626</b>
Investments fixed assets							
intangible	-	-	3	-	-	-	<b>3</b>
tangible	7	4	16	4	1	28	<b>60</b>
financial	1	1	1	-	1	-	<b>4</b>
Non-consolidated companies	9	1	2	-	3	20	<b>35</b>
Liabilities	155	124	45	54	96	49	<b>523</b>
Average number of employees							
employed on contract basis	113	61	71	608	10	6	<b>869</b>
permanently employed	1 408	1 680	968	152	1 241	231	<b>5 680</b>
	1 521	1 741	1 039	760	1 251	237	<b>6 549</b>

\* including dredging

## Primary segmental information 2003

<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>Other</i>	<b>Total</b>
Turnover	456	509	184	216	264	(10)	<b>1 619</b>
Operating costs	(437)	(490)	(172)	(209)	(289)	4	<b>(1 593)</b>
Exceptional results	-	-	-	-	-	7	<b>7</b>
Income from participating interests	-	-	-	-	-	-	<b>-</b>
EBITDA	19	19	12	7	(25)	1	<b>33</b>
Revaluation	(2)	-	(1)	-	-	(3)	<b>(6)</b>
Depreciation	(7)	(2)	(8)	(3)	(1)	(2)	<b>(23)</b>
EBITA	10	17	3	4	(26)	(4)	<b>4</b>
Amortisation	-	(1)	(3)	-	-	-	<b>(4)</b>
EBIT	10	16	-	4	(26)	(4)	<b>-</b>
Margin	2.2%	3.1%	0.0%	1.8%	-9.9%	-	<b>0.0%</b>
Order book	441	437	61	107	-	-	<b>1 046</b>
Capital employed	(79)	(27)	97	(14)	-	21	<b>(2)</b>
Assets	203	213	97	42	-	-	<b>555</b>
Investments fixed assets							
intangible	-	-	1	-	-	-	<b>1</b>
tangible	4	2	5	4	-	1	<b>16</b>
financial	1	1	-	-	-	-	<b>2</b>
Non-consolidated companies	8	2	2	-	-	10	<b>22</b>
Liabilities	144	136	35	47	-	27	<b>389</b>
Average number of employees							
employed on contract basis	72	59	50	592	-	3	<b>776</b>
permanently employed	1 436	1 578	980	86	-	101	<b>4 181</b>
	1 508	1 637	1 030	678	-	104	<b>4 957</b>

## Consolidated cash flow statement

<i>x € 1 000 000</i>	<b>2003</b>	<b>2002</b>
<b>Operations</b>		
Net result	<b>46</b>	(143)
Depreciation	<b>23</b>	46
Revaluation	<b>6</b>	-
Amortisation	<b>4</b>	6
Result from deconsolidation	<b>2</b>	(60)
Deferred tax asset	<b>(43)</b>	-
Movements in work in progress	<b>(51)</b>	39
Movements in provisions	<b>18</b>	-
Movements in other working capital	<b>11</b>	18
Net cash flow from operating activities	<b>16</b>	(94)
<b>Net investments</b>		
Intangible fixed assets		
investments	<b>(1)</b>	(3)
divestments	<b>1</b>	-
Tangible fixed assets		
investments	<b>(16)</b>	(60)
divestments	<b>16</b>	18
Financial fixed assets		
investments	<b>(2)</b>	(4)
divestments	<b>9</b>	11
Sale BHD	<b>-</b>	210
Net cash flow from investment activities	<b>7</b>	172
<b>Finance</b>		
Movements convertible bond	<b>-</b>	(54)
Movements long-term loans	<b>(3)</b>	-
Movements minority interests	<b>-</b>	(2)
Dividend paid	<b>-</b>	(11)
Translation differences	<b>1</b>	(5)
Other movements	<b>(1)</b>	-
Net cash flow from financing activities	<b>(3)</b>	(72)
Total net cash flow	<b>20</b>	6
Opening cash balance as at 1 January	<b>116</b>	110
Closing cash balance as at 31 December	<b>136</b>	116

The dividend received from the participating interests was € 3 million (2002: € 4 million).

In 2003, interest of € 1 million was received and € 7 million paid (2002: € 3 million received, € 16 million paid).

Ballast Plc's operating activities had caused a cash outflow of € 28 million until the date of deconsolidation.

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## Activities

The activities of Ballast Nedam consist of supplying a broad range of construction-related products and services in the Netherlands and other countries.

## Presentation

The profit and loss account has been restated in accordance with the pertaining regulations. The notes to the profit and loss account include the items EBITDA (earnings before interest, taxation, depreciation and amortisation), EBITA (earnings before interest, taxation and amortisation) and EBIT (earnings before interest and taxation). This presentation in the notes is in line with the customary format in the construction industry, reflects the internal management information and enhances insight into the result.

## 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.

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## 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. Amounts receivable and payable are netted if permitted and there is an intention to set them off.

### 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 reduction 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 reduction 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 reduction 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.

### 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 obligations and losses existing at the balance sheet date and for which the amount can reasonably be estimated. Provisions are stated at face 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	2003		2002	
	average exchange rate	exchange rate on 31/12	average exchange rate	exchange rate on 31/12
USD	1.13974	1.25800	0.97560	1.05010
GBP	0.69183	0.70480	0.63697	0.65160

### 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 the results relating to the Ballast Nedam pension fund, the operating profit of Ballast Nedam N.V. and the assets and liabilities of Ballast Nedam N.V., the result on the sale/deconsolidation of participating interests and the elimination of intercompany items.

## Notes to the profit and loss account

<i>x € 1 000 000</i>	<b>2003</b>	<b>2002</b>
<b>Turnover</b>		
Secondary segmentation		
The Netherlands	<b>1 132</b>	1 242
United Kingdom	<b>275</b>	581
Other European countries	<b>43</b>	80
Middle East	<b>14</b>	72
Southeast Asia	<b>103</b>	232
Other parts of the world	<b>52</b>	100
	<b>1 619</b>	2 307
<b>Operating costs</b>		
Raw materials, consumables and other costs	<b>1 327</b>	2 082
Wages and salaries	<b>214</b>	257
Social security costs	<b>37</b>	46
Pension costs	<b>15</b>	20
	<b>1 593</b>	2 405
<b>Exceptional results</b>		
Deconsolidation Ballast Plc	<b>(2)</b>	
Pension fund	<b>9</b>	(38)
Book profit Ballast Ham Dredging	<b>-</b>	60
	<b>7</b>	22

Ballast Nedam terminated its financing of Ballast Plc on 14 October 2003. Ballast Plc was placed in administration and deconsolidated on 15 October 2003.

The result on the deconsolidation of Ballast Plc consists of the write off of amounts receivable, the additions to a provision for expected costs and guarantees on a number of projects, and the result on the value of the participating interest. It is expected that the winding up of the companies in the Construction United Kingdom division will be completed in 2005.

The majority of the pension liabilities are managed by Stichting Pensioenfonds Ballast Nedam. Surpluses and deficits on the pension fund are settled in accordance with an agreement with Ballast Nedam. In 2002, Ballast Nedam made a contribution of € 38 million in this respect. According to the financial statements of Stichting Pensioenfonds Ballast Nedam adopted later, the contribution should have been € 29 million. This has resulted in a gain of € 9 million.

The 33 1/3% interest in Ballast Ham Dredging was sold in 2002.

The exceptional income and expenses are included in Other operating expenses.

### Interest income and charges

<i>x € 1 000 000</i>	2003	2002
Interest income and similar income	1	3
Interest charges and similar charges	(7)	(16)
	<b>(6)</b>	(13)

### Taxation

The tax gain was € 52 million (2002: € 8 million tax charge). Of this, € 54 million related to the Dutch fiscal entity. Ballast Nedam has € 140 million of unused tax losses available which may be carried forward indefinitely in the Netherlands, € 15 million of which have not yet been capitalised. It is expected that € 5 million of the deferred tax assets will be realised within a year.

The nominal and effective tax burdens can be reconciled as follows:

<i>x € 1 000 000</i>	2003	2002
Results before taxation	<b>(6)</b>	(135)
Nominal tax (35%)	<b>(2)</b>	(47)
Unused tax losses not capitalised In the financial year	-	47
Additional capitalised unused tax	<b>(41)</b>	-
Tax outside the fiscal entity	<b>3</b>	8
Prior-year adjustment	<b>(10)</b>	-
Movement in the deferred tax provision	<b>(2)</b>	-
Effective tax	<b>(52)</b>	8

The corporation tax assessments up to and including 2001 were finalised in 2003. This resulted in a prior-year adjustment of € 10 million and a movement in the deferred tax provision of € 1 million.

The other movement in the deferred tax provision relates to companies outside the fiscal entity.

## Notes to the balance sheet

### Intangible fixed assets

<i>x € 1 000 000</i>	<i>Goodwill</i>	<i>Concessions</i>	<i>Total</i>
<i>1 January 2003</i>	14	13	<b>27</b>
Investments	1	-	<b>1</b>
Acquisitions	-	-	<b>-</b>
Divestments	(1)	-	<b>(1)</b>
Amortisation	(3)	(1)	<b>(4)</b>
Movements	(3)	(1)	<b>(4)</b>
Historical costs	16	15	<b>31</b>
Accumulated depreciation	(5)	(3)	<b>(8)</b>
<b>31 December 2003</b>	<b>11</b>	<b>12</b>	<b>23</b>

The remaining weighted average amortisation period of the goodwill as at year-end is 7 years (2002: 8 years).  
The remaining weighted average amortisation period for concessions as at year-end is 21 years (2002: 22 years).

### Tangible fixed assets

<i>x € 1 000 000</i>	<i>Land and buildings</i>	<i>Dredging equipment</i>	<i>Other plant and equipment</i>	<i>Other fixed assets</i>	<i>Total</i>
Historical costs	96	10	197	56	<b>359</b>
Accumulated depreciation	(29)	(4)	(122)	(42)	<b>(197)</b>
<i>1 January 2003</i>	67	6	75	14	<b>162</b>
Investments	2	-	10	4	<b>16</b>
Acquisitions	-	-	-	-	<b>-</b>
Divestments	(13)	-	(10)	(1)	<b>(24)</b>
Revaluation	(4)	(2)	-	-	<b>(6)</b>
Depreciation	(3)	-	(14)	(6)	<b>(23)</b>
Movements	(18)	(2)	(14)	(3)	<b>(37)</b>
Historical costs	76	8	165	54	<b>303</b>
Accumulated depreciation	(27)	(4)	(104)	(43)	<b>(178)</b>
<b>31 December 2003</b>	<b>49</b>	<b>4</b>	<b>61</b>	<b>11</b>	<b>125</b>
Depreciation period in years	10-30	10-20	5-15	2-10	

## Investments

<i>x € 1 000 000</i>	<b>2003</b>	<i>2002</i>
Secondary segmentation		
The Netherlands	<b>12</b>	53
Other countries	<b>4</b>	4
	<b>16</b>	57

€ 7 million of the disposals of land and buildings relate to the deconsolidation of Ballast Plc.  
Disposals of other plant and equipment are mainly sales of equipment by Ballast Nedam International B.V.

## Financial fixed assets

<i>x € 1 000 000</i>	<i>Participating interests</i>	<i>Amounts owed by participating interests</i>	<i>Deferred tax asset</i>	<b>Total</b>
<i>1 January 2003</i>	29	6	-	<b>35</b>
Results	-	-	-	-
Investments	2	-	-	<b>2</b>
Acquisitions	-	-	-	-
Divestments	(10)	(1)	-	<b>(11)</b>
Dividends received	(3)	-	-	<b>(3)</b>
Other movements	(1)	-	43	<b>42</b>
<b>31 December 2003</b>	<b>17</b>	<b>5</b>	<b>43</b>	<b>65</b>

The disposals relate to the interests in CV Land van Kronenburg, Machrie Burn Ltd. (25.5%), Sussex Custodial Services Ltd. (15%) and Serah Properties Ltd. (27.5%).

The deferred tax asset relates to the capitalisation of unused tax losses in 2003. The unused tax losses are capitalised as there was sufficient certainty on the tax position after the corporation tax assessments up to and including 2001 had been finalised in 2003.

## Current assets

<i>x € 1 000 000</i>	2003	2002
<b>Work in progress</b>		
Project costs	2 207	2 541
Invoiced instalments	(2 283)	(2 672)
	(76)	(131)
Own development	103	93
Third parties	(179)	(224)
	(76)	(131)
Overvalues	(242)	(345)
Undervalues	166	214
	(76)	(131)
Received instalments	2 136	2 438
Outstanding instalments	129	195
Retentions	18	39
Invoiced instalments	2 283	2 672
<b>Stocks</b>		
Finished goods	18	13
Raw materials	7	11
	25	24
<b>Receivables</b>		
Invoiced instalments	147	234
Trade debtors	55	98
Other debtors	24	32
Prepaid expenses	8	7
	234	371
<b>Net cash</b>		
Cash	159	138
Bank loans	(23)	(22)
	136	116
Unrestricted cash balances	56	51
Proportionally consolidated	80	65
	136	116

The cash of € 159 million consisted of € 208 million credit balances and a € 49 million overdraft.

Ballast Nedam has a € 49 million facility available (interest rate Euribor + 300 basis points) and a cash facility of € 15 million (interest rate Euribor + 350 basis points) maturing on 15 February 2005.

This financing is based on the estimated cash flows for 2004.

## Other liabilities

<i>x € 1 000 000</i>	2003	2002
VAT, payroll tax and social security and pension contributions	16	16
Charges relating to work in progress	10	17
Current part of long-term loan	5	5
Other liabilities	125	136
	<b>156</b>	174

## Long-term loans

The market value of the long-term loans does not differ materially from face value.

The loans included € 21 million for the long-term portion of the loan granted by the Stichting Pensioenfonds Ballast Nedam (2002: € 33 million). This loan expires on 28 February 2009 and bears interest at a fixed rate of 5.45%. Repayment is in equal quarterly instalments. € 3 million was repaid in 2003 and there has also been a reduction in the loan amount of € 9 million.

## Provisions

<i>x € 1 000 000</i>	<i>Maintenance</i>	<i>Reorgani- sation</i>	<i>Deferred taxation</i>	<i>Other provisions</i>	<i>Total</i>
1 January 2003	2	24	6	10	42
Addition	-	39	-	19	58
Release	(2)	(1)	(2)	(7)	(12)
Withdrawal	-	(26)	-	(3)	(29)
<b>31 December 2003</b>	-	<b>36</b>	<b>4</b>	<b>19</b>	<b>59</b>
short-term (< 1 year)	-	30	-	3	33

The reduction in the provision for major maintenance is a result of the sale of equipment by Ballast Nedam International B.V.

The addition to the reorganisation provision relates mainly to the expected calls on guarantees on certain projects of the deconsolidated subsidiary, Ballast Plc. € 10 million was withdrawn for this in 2003. The provision includes an estimate of the costs of a large schools project in the United Kingdom. It is possible that there will be protracted legal proceedings on the liability of Ballast Nedam N.V. and the amount of the liability.

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

The item Other provisions concerns warranty commitments on completed projects for € 14 million.

## Commitments and contingent liabilities

### Guarantees

<i>x € 1 000 000</i>	2003	2002
Guarantees	294	285
Surety bonds	53	163
	<b>347</b>	448

Guarantees include third-party letters of intent and guarantees issued in connection with the performance of projects and advance payments. Surety bonds are guarantees on projects in the United States and cover the full contract value.

HBG has started an arbitration procedure on guarantees issued on the formation of Ballast Ham Dredging in 2001. The guarantee of € 30 million issued to HBG in 2002 is included in the item Guarantees.

<i>x € 1 000 000</i>	2003			2002		
	< 1 year	1 - 5 year	> 5 year	< 1 year	1 - 5 year	> 5 year
<b>Lease commitments</b>						
Offices	6	29	41	6	30	47
Other fixed assets	11	13	-	13	16	1
	<b>17</b>	<b>42</b>	<b>41</b>	19	46	48
<b>Rental commitments</b>						
Offices	3	10	-	7	15	10
<b>Purchase commitments</b>						
Land purchases	8	14	-	4	8	-

Rental commitments were reduced by the deconsolidation of Ballast Pic.

The operating lease costs were € 20 million in 2003 (2002: € 24 million).

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## **Liability**

Operating companies are jointly and severally liable for projects carried out in the form of a general partnership (vennootschap onder firma).

Certain operating companies are jointly and severally liable for commitments to banks.

Under credit and guarantee facilities there is an obligation not to furnish any security in the form of charges on fixed assets.

Operating companies which are members of the Ballast Nedam fiscal entities in respect of corporation tax and value added tax purposes in the Netherlands are jointly and severally liable for the liabilities of the fiscal entities.

## **Netherlands Competition Authority**

The Netherlands Competition Authority (NMa) has investigated four alleged breaches of the Competition Regulations involving operating companies in the Infrastructure division. In 2003, the NMa imposed fines of € 15 million for breaches of the Competition Regulations in three of these cases.

Ballast Nedam has submitted an objection to the NMa and will institute further appeal proceedings in the courts against the fines imposed. The payment of the fines is suspended during the appeal procedure at the NMa and possible appeal proceedings. The fines may not be increased.

Sixty-one claims have been submitted to the Board of Arbitration by local authorities who assert that they have suffered loss from the alleged price fixing. Ballast Nedam sees no merit in these claims and will contest them in the courts.

A competition case has been instituted in the civil courts against a subsidiary of Ballast Nedam. Ballast Nedam, however, disputes the competence of the civil courts in this case.

In 2002, the NMa prepared a report on possible breaches of the Competition Regulations with respect to asphalt plants in the north of the Netherlands. No fine has been imposed.

In early 2004, the NMa prepared a report on the involvement of a former subsidiary in possible price fixing in the ready-mixed concrete segment.

Given the uncertainty of the outcome of actual and possible cases, no reliable estimate can be made of the amount of the possible liability.

## **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>	<b>2003</b>	<b>2002</b>
<b>Capital employed</b>		
Fixed assets	<b>213</b>	224
Working capital <sup>1</sup>	<b>(156)</b>	(198)
Provisions	<b>(59)</b>	(42)
	<b>(2)</b>	(16)
<b>Assets</b>		
Fixed assets	<b>213</b>	224
Current assets	<b>342</b>	402
	<b>555</b>	626
<b>Liabilities</b>		
Current liabilities	<b>362</b>	484
Long-term loans	<b>27</b>	39
	<b>389</b>	523

<sup>1</sup> Excluding net cash

## Company profit and loss account

<i>x € 1 000 000</i>	<b>2003</b>	<b>2002</b>
Results from participating interests	(7)	(90)
Other results	53	(53)
Net result	46	(143)

## Company balance sheet

*before profit appropriation*

<i>x € 1 000 000</i>	<b>31 December 2003</b>	<b>31 December 2002</b>
<b>Fixed assets</b>		
Financial fixed assets	426	297
	426	297
<b>Current assets</b>		
Receivables	7	-
Net cash	10	-
	17	-
<b>Current liabilities</b>		
Bank loans	-	(40)
Intercompany debts	(285)	(153)
Other liabilities	(2)	(10)
	(287)	(203)
Working capital	(270)	(203)
	156	94
Intercompany long-term loans	29	33
Provisions	25	5
Shareholders' equity	102	56
	156	94

Ballast Nedam N.V. does not have its own banking facilities.

Long-term loans represents a loan from Ballast Nedam Nederland B.V.

The provisions are mainly reorganisation provisions.

## Notes to the company profit and loss account and balance sheet

The company financial statements have been prepared using the same accounting policies as the consolidated financial statements.

### Board members and Supervisory Board members

x € 1 000	2003			2002		
	Gross salaries	Bonus	Pension contributions	Gross salaries	Bonus	Pension contributions
R.H.P.W. Kottman	380	-	67	368	-	39
T.A.C.M. Bruijninx <sup>1)</sup>	273	-	45	-	-	-
P.C. van den Hoek	31	-	-	31	-	-
H.C. Broeksma	20	-	-	20	-	-
C. Izeboud	7	-	-	20	-	-
H-P. Keitel	20	-	-	20	-	-
N. Kroes	20	-	-	20	-	-
M.H.O. Rohr	20	-	-	20	-	-
R.B. Schermer	20	-	-	20	-	-
<b>Former board members</b>						
J.W. Ludwig	-	-	-	165	-	23
G.N.G. Wirken <sup>2)</sup>	163	-	27	280	-	38
	<b>954</b>	<b>-</b>	<b>139</b>	<b>964</b>	<b>-</b>	<b>100</b>

<sup>1)</sup> 11 February – 31 December

<sup>2)</sup> 1 January – 10 July

### Financial fixed assets

x € 1 000 000	Participating interests	Amounts owed by participating interests	Deferred tax asset	Total
1 January 2003	143	154	-	297
Results	(7)	-	-	(7)
Net investments / deconsolidation	92	-	-	92
Dividend received	-	-	-	-
Others	-	1	43	44
<b>31 December 2003</b>	<b>228</b>	<b>155</b>	<b>43</b>	<b>426</b>

## Shareholders' equity

x € 1 000 000	Share capital	Share premium	Other reserves	Retained result	Total
1 January 2002	60	55	150	(50)	215
Net result	-	-	-	(143)	(143)
Dividend paid	-	-	(11)	-	(11)
Translation differences	-	-	(5)	-	(5)
Profit appropriation 2001	-	-	(50)	50	-
1 January 2003	60	55	84	(143)	56
Net result	-	-	-	46	46
Dividend paid	-	-	-	-	-
Translation differences	-	-	1	-	1
Profit appropriation 2002	-	-	(143)	143	-
Other	-	-	(1)	-	(1)
<b>31 December 2003</b>	<b>60</b>	<b>55</b>	<b>(59)</b>	<b>46</b>	<b>102</b>

The authorised share capital is € 113 million. The issued share capital comprises 10 000 000 ordinary shares of € 6 nominal value. Out of the share premium account, an amount of € 25 million is distributable free of tax in the Netherlands. Other includes 121 301 depositary receipts for the company's own shares repurchased, stated at the year-end price. In 2002, the 114 246 repurchased depositary receipts for shares were included in financial fixed assets.

## Options board members and staff

year granted	1999	2001	Total
R.H.P.W. Kottman		2 000	2 000
T.A.C.M. Bruijninx	1 000	500	1 500
Others	141 075	66 800	207 875
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 depositary receipts for shares held by Stichting Werknemersparticipatie Ballast Nedam (Ballast Nedam Employee Participation Foundation). No options have been exercised. The members of the Supervisory Board have not been granted any options.

## Depositary receipts for shares

	1 January 2003	bought	sold	31 December 2003
R.H.P.W. Kottman	286	-	-	286
T.A.C.M. Bruijninx	532	-	-	532
Supervisory Board members	11 671	-	-	11 671
number	12 489	-	-	12 489

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## Commitments and contingent liabilities

### Guarantees

<i>x € 1 000 000</i>	<b>2003</b>	<b>2002</b>
Guarantees	<b>204</b>	285
Surety bonds	<b>53</b>	163
	<b>257</b>	448

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.

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 value added tax in the Netherlands.

### Events after the balance sheet date

In February 2004, Ballast Nedam reported to the NMa that it had indications that a number of operating companies had been involved in breaches of the Competition Regulations in 1998 – 2001. Ballast Nedam has started an internal investigation but the results are not yet known.

Nieuwegein, 5 March 2004

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  
N. Kroes  
M.H.O. Rohr  
R.B. Schermer

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## Profit appropriation and dividend proposal

### 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

In view of the composition of the result and the financial position, the Board of Management proposes, with the approval of the Supervisory Board, to depart from the dividend policy and not to pay a dividend for 2003.

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## Auditor's report

### Introduction

We have audited the accompanying financial statements of Ballast Nedam N.V., Nieuwegein, for the year 2003. 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 2003 and of the result for the year then ended in accordance with accounting principles generally accepted in the Netherlands and comply with the financial reporting requirements included in Part 9 of Book 2 of the Netherlands Civil Code.

Amstelveen, 5 March 2004

KPMG Accountants N.V.

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## Stichting Administratiekantoor van aandelen Ballast Nedam

### Report

In compliance with the provisions of Article 15 of the Trust Conditions of the Stichting Administratiekantoor van aandelen Ballast Nedam dated 15 May 1994, most recently amended on 28 December 2001, we report as follows to the holders of depositary receipts.

During 2003, the Stichting performed the customary activities for the administration of the shares referred to above.

As a result of the cancellation of depositary receipts for shares, the nominal amount of registered shares administered fell by € 77 592 and amounted to € 24 658 008 at 31 December 2003. Against this, 4 109 668 bearer depositary receipts were issued having the same nominal value.

The members of the Board of the Stichting during the year were:

M. Ververs (Chairman)  
S.B. Braaksma  
P.C. van den Hoek  
W.P.M. van der Schoot

Mr van den Hoek retired from the Board on 31 December 2003. At present, the membership of the Board does not include any current or former members of the Board of Management, current or former Supervisory Board members, employees or permanent advisers of Ballast Nedam N.V.

The outside activities of the current members of the Board are reported in a separate annex.

Each member of the Board was paid a fee of € 4 583 (excluding VAT).

The total costs of the activities of the trust office were € 39 518 (including the fees paid to the members of the Board). In accordance with the Trust Conditions of the Stichting, Ballast Nedam N.V. paid these costs.

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 (P.O. Box 11063, 1001 GB Amsterdam).

In addition to administering the shares, the Board met the Board of Management on three occasions to be briefed on the company's performance and general progress. The first meeting was held in January 2003 in connection with the Extraordinary General Meeting of Shareholders on 11 February 2003; strategy was also discussed during this meeting.

There was a meeting (in April 2003) following the publication of the 2002 annual figures (with a review of the failure to reach agreement on the bid made by Egeria B.V. in February 2003 for the Ballast Nedam Nederland B.V. shares). A meeting was held in October 2003 to discuss the 2003 half-year figures and for a briefing by the Board of Management on Ballast Plc which was placed in administration on 15 October 2003.

The information provided by the Board of Management did not contain any elements which could be regarded as price-sensitive.

The members of the Board of the Stichting did not hold any meetings which were not attended by members of the company's Board of Management.

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The Board participated in the discussion of items on the agenda at both the Extraordinary General Meeting of Shareholders on 11 February 2003 and the General Meeting of Shareholders on 23 April 2003. There were no items on the agenda of the earlier meeting which could be put to the vote. During the meeting on 23 April 2003, the Board voted on the relevant agenda items on behalf of the Stichting, focusing primarily on the interests of the depositary receipt holders, taking account of the interests of the company and its business. The Board explained its voting on a number of items. The Board represented over 41% of the votes cast during the meetings.

The Board believes that it can rely on the confidence of depositary receipt holders when performing its duties.

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 Board 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.

This report is available on the company's website.

Nieuwegein, 13 February 2004

The Board

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## Annex to the report of the Stichting Administratiekantoor van aandelen Ballast Nedam

### Details of the Board members

#### **M. Ververs, Chairman**

Mr Ververs was born in Waddinxveen on 3 February 1933.

He was Chairman of the Board of Management of Wolters Kluwer N.V. and is also a member of the Supervisory Boards of CSM N.V. and Getronics. He is also Chairman of the Board of Supervision of the Isala clinics, Zwolle, and a member of the Board of External Advisors of Ernst & Young.

Mr Ververs was first appointed a member of the Stichting on 26 April 1994. His current period of office expires on 3 February 2005.

#### **S.B. Braaksma**

Mr Braaksma was born in Winschoten on 25 October 1937.

He has held several management positions at Heidemij, Arnhem, and various management positions in the health-care sector (including Chairman of the Board of Management of the Isala clinics, Zwolle). He is also Chairman of the Supervisory Board of the Stichting Prismant, the Dokter Wittenbergstichting in Deventer and the Stichting Ronald McDonaldhuis. He is also a member of the Board of Supervision of Zorgverzekeringen.

Mr Braaksma was first appointed a member of the Stichting on 18 April 2000. His current period of office expires on 8 April 2006.

#### **W.P.M. van der Schoot**

Mr van der Schoot was born in Breda on 18 June 1946.

He has held various management positions at Twijnstra Gudde N.V., ABN AMRO Bank N.V. and Robeco Groep N.V. and since 2001 has been a member (Chairman since January 2003) of the board of Boer & Croon Strategy and Management Group, Amsterdam.

Mr van der Schoot was first appointed a member of the Stichting on 2 April 2001. His current period of office expires on 2 April 2007.

## Five year summary (2003-1999)

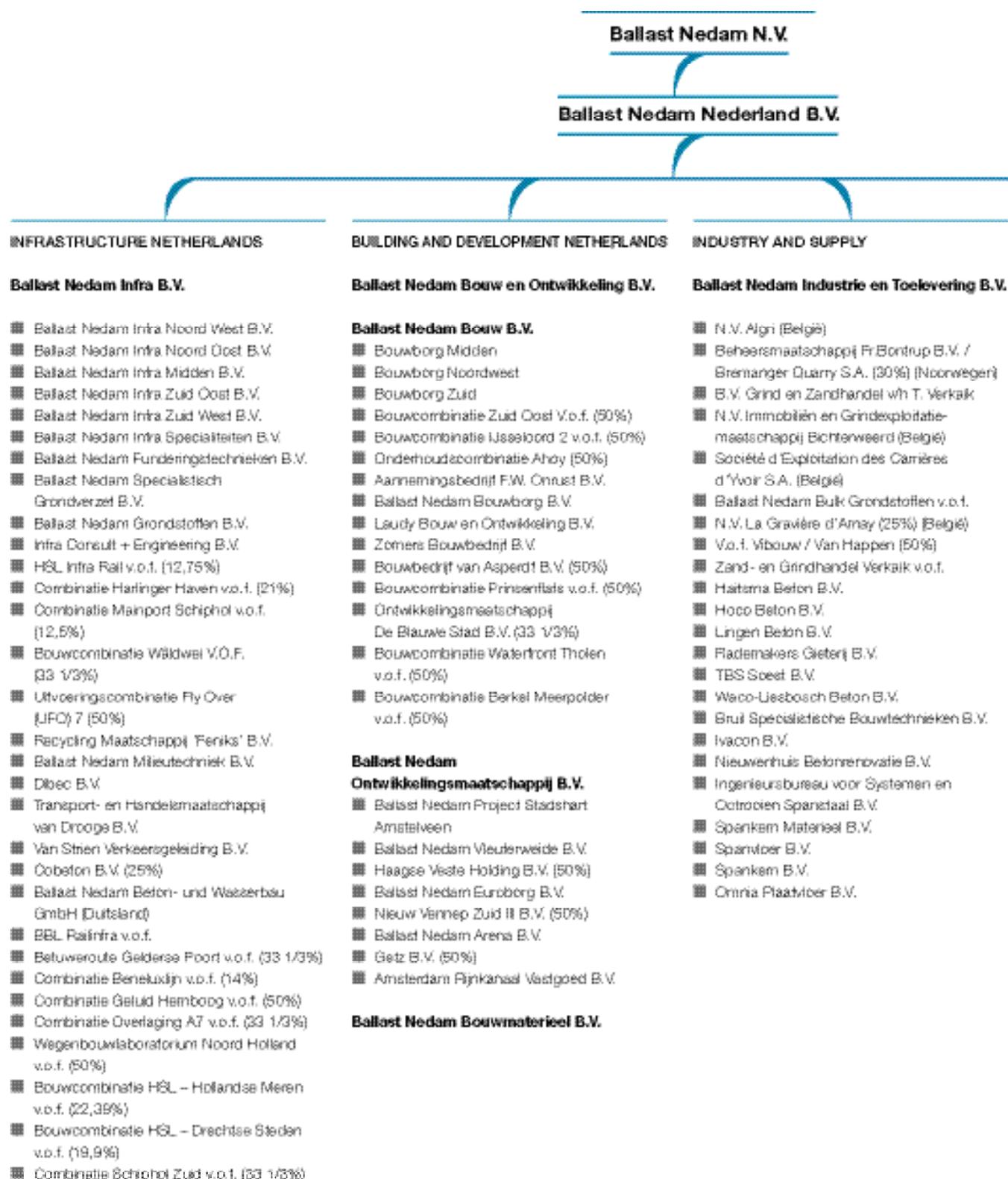
### Summarised balance sheet (2003-1999)

<i>x € 1 000 000</i>	2003	2002	2001	2000	1999
<b>Fixed assets</b>					
Intangible fixed assets	23	27	63	-	-
Tangible fixed assets	125	162	321	308	257
Financial fixed assets	65	35	43	46	33
	<b>213</b>	<b>224</b>	<b>427</b>	<b>354</b>	<b>290</b>
<b>Current assets</b>					
Work in progress	(76)	(131)	(110)	(64)	(3)
Stocks and receivables	259	395	538	627	557
Cash	159	138	114	80	15
	<b>342</b>	<b>402</b>	<b>542</b>	<b>643</b>	<b>569</b>
<b>Current liabilities</b>					
Bank loans	(23)	(22)	(4)	(62)	(23)
Other liabilities	(339)	(462)	(585)	(485)	(440)
	<b>(362)</b>	<b>(484)</b>	<b>(589)</b>	<b>(547)</b>	<b>(463)</b>
Working capital	(20)	(82)	(47)	96	106
<b>Total</b>	<b>193</b>	<b>142</b>	<b>380</b>	<b>450</b>	<b>396</b>
Long-term loans	27	39	93	120	84
Provisions	59	42	65	54	45
Minority interest	5	5	7	-	-
Shareholders' equity	102	56	215	276	267
<b>Totaal</b>	<b>193</b>	<b>142</b>	<b>380</b>	<b>450</b>	<b>396</b>

## Key figures

<i>x € 1 000 000</i>	<b>2003</b>	2002	2001	2000	1999
<b>Turnover and result</b>					
Turnover	<b>1 619</b>	2 307	2 326	2 098	1 998
the Netherlands	<b>1 132</b>	1 242	1 267	1 083	1 062
international	<b>487</b>	1 065	1 059	1 015	936
Order book	<b>1 046</b>	1 833	2 489	2 660	1 681
EBITDA	<b>33</b>	(70)	23	91	67
Revaluation	<b>(6)</b>				
Depreciation	<b>(23)</b>	(46)	(44)	(43)	(45)
EBITA	<b>4</b>	(116)	(21)	48	22
Amortisation	<b>(4)</b>	(6)	(2)	-	-
EBIT	<b>-</b>	(122)	(23)	48	22
Result before taxation	<b>(6)</b>	(135)	(32)	34	10
Net result before amortisation	<b>50</b>	(137)	(48)	22	9
Net result	<b>46</b>	(143)	(50)	22	9
<b>Investments</b>					
Investments	<b>19</b>	67	345	123	51
Desinvestments	<b>26</b>	218	226	14	11
Net investments	<b>(7)</b>	(151)	119	109	40
<b>Capital structure</b>					
Capital employed	<b>(2)</b>	(16)	205	378	360
Shareholders' equity	<b>102</b>	56	215	276	267
Interest bearing long-term loans	<b>27</b>	39	93	120	84
Net cash	<b>136</b>	116	110	18	(8)
<b>Ratio's</b>					
EBIT / turnover	<b>0%</b>	-5%	-1%	2%	1%
Net result / turnover	<b>3%</b>	-6%	-2%	1%	1%
EBIT / average capital employed	<b>0%</b>	-129%	-8%	13%	6%
Net result / average shareholders' equity	<b>58%</b>	-106%	-20%	8%	3%
Shareholders' equity / assets	<b>18%</b>	9%	22%	28%	31%
<b>Average number of employees</b>	<b>4 957</b>	6 549	7 264	7 607	7 674
<b>Share capital</b>					
Number of ordinary shares (x 1000)	<b>10 000</b>	10 000	10 000	10 000	10 000
Market capitalisation at year end	<b>48</b>	49	160	218	218
Dividend paid	<b>-</b>	11	11	11	23
<b>Per share € 6 nominal (€)</b>					
Shareholders' equity	<b>10.21</b>	5.56	21.50	27.60	26.67
Dividend paid	<b>-</b>	1.13	1.13	1.13	2.27
Net result before amortisation	<b>5.02</b>	(13.70)	(4.85)	2.24	0.94
Net result	<b>4.62</b>	(14.30)	(5.01)	2.24	0.94

## Organisation chart 1 March 2004



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## ASSET MANAGEMENT

### **Ballast Nedam Asset Management B.V.**

#### **Ballast Nedam International Product Management B.V.**

Ballast Nedam IPM heeft vestigingen in België, Luxemburg, Duitsland, Frankrijk, Tsjechië, Spanje en het Verenigd Koninkrijk

- Ballast Nedam Installatietechniek B.V.
- Ardific N.V. (50%) (België)
- Ballast Nedam International Product Management Rep. Office Beijing (China)

### **Ballast Nedam Equipment Services B.V.**

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## CONSTRUCTION INTERNATIONAL

### **Ballast Nedam International B.V.**

- Ballast Nedam Groep N.V.
- British Aerospace-Ballast Nedam International B.V.
- Ballast Saudi Arabia B.V.
- Ballast Nedam Caribbean N.V. (St. Maarten)
- Ballast Nedam Canada Ltd. (Canada)
- Ballast Nedam Ghana B.V.
- J.V. Hochtief – Ballast Nedam – Pan Asia (Taiwan)
- IHI Co.Ltd – Toyo Engineering India Ltd. – Itochu Co.Ltd. – Ballast Nedam International B.V. (24%) (India)
- Ballast Nedam Vietnam B.V.
- Golden Peaks Resort Inc. (Canada)
- Kicking Horse Mountain Development Corporation

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## OTHER

### **Ballast Nedam Services B.V.**

### **Ballast Nedam Bagger Holding B.V.**

### **Ballast plc. (in administration)**

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## Key personnel 1 March 2004

### Ballast Nedam N.V.

#### Board of Management

R.H.P.W. Kottman, Chairman  
T.A.C.M. Bruijninx

#### General

Company secretary  
Secretary Board of Management

G. de Haan  
D.J.M. Dekker

#### Corporate staff

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

G. de Haan  
T.A.C.M. Bruijninx  
R.B. Kleyn  
F.M. Gerrits  
A.C. van Haeringen  
A.C. van Kessel  
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. Bruijninx

#### Ballast Nedam Asset Management B.V.

A. Kok

## INFRASTRUCTURE NETHERLANDS

### Ballast Nedam Infra B.V.

- Ballast Nedam Infra Projecten
- Ballast Nedam Infra Noord West B.V.
- Ballast Nedam Infra Noord Oost B.V.
- Ballast Nedam Infra Zuid Oost B.V.
- Ballast Nedam Infra Zuid West B.V.
- Ballast Nedam Infra Midden B.V.
- Ballast Nedam Infra Specialiteiten B.V.
- Infra Consult + Engineering B.V.
- Ballast Nedam Funderingstechnieken 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 Zuivering
- Ballast Nedam Specialistisch Grondverzet B.V.
- Van Drooge Transport en Handelsmaatschappij B.V.

R. Malizia, P. van Zwieten  
R. van Schravendijk  
J.T. Folkerts  
R.P. de Keijser  
A. Stoop  
H. Kuipers  
K.J. Meinardi  
C.J. Luesink, A. van der Zijden  
H. van der Horst  
A. Kuiper  
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  
A. Stoop  
K. Roelfsema  
  
R.P. de Keijser

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## BUILDING AND DEVELOPMENT NETHERLANDS

### Ballast Nedam Bouw en Ontwikkeling B.V.

R.L.M. Jacobs

### Ballast Nedam Ontwikkelingsmaatschappij B.V.

J. H. Seelen

### Ballast Nedam Bouw B.V.

R.L.M. Jacobs, F.P.A. de Canne, F.L. van Oorschot

- Ballast Nedam Bouwborg B.V.
- Ballast Nedam Bouw 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.P. Perk  
J.A.G. van Oostrum  
P.J. Cupido

F.A. Rombouts  
R. Honig  
J.H.C. Vermaak  
R. Cornelisse  
P. Onrust  
J.F.A.M. Corten  
C.M.B. van Driel  
F.P.A. de Canne, F.L. van Oorschot

## INDUSTRY AND SUPPLY

### Ballast Nedam Industrie en Toelevering B.V.

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

- N.V. Immobiliën en Grindexploitatie  
maatschappij Bichterweerd, N.V. Algri en  
N.V.La Gravière Amay (België)
- Ballast Nedam Bulk Grondstoffen v.o.f.
- Société d'Exploitation  
des Carrières d'Yvoir S.A. (België)
- V.o.f. Vibouw-Van Happen
- Zand- en Grindhandel Verkaik v.o.f.
- Bontrup B.V. (30%)
- 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.

H.P. van der Meer  
H.P. van der Meer

H.P. van der Meer  
K.A.M. Oosterwaal  
H.M. Bronder  
F.J. Bontrup, H.P. van der Meer  
H.F. Pomstra, J. Kroon  
J.J.G. Holtackers, L.M.G.C. Peerlings  
P. van der Loo  
W. Ent  
L. Mulder  
R. Braaksma

W.J.J. Smit, J.A.M. Spaan, W.B. Grundlehner  
N.P. van Lith  
R. Braaksma  
H. Sieben  
P.J. Woldendorp

## CONSTRUCTION INTERNATIONAL

### Ballast Nedam International B.V.

A. Kok, A.S. Hoekstra

- Ballast Nedam International  
Product Management B.V.
- Ballast Nedam Groep N.V.

H.G. van Uitert  
R.P. Rombouts



In Barendrecht, Ballast Nedam is building the Carnisse Veste residential and retail complex with 233 homes, 18 161 m<sup>2</sup> retail space and 740 parking spaces.

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## Definitions

### **EBITDA**

Earnings before Interest, Taxation, Depreciation and Amortisation

### **EBITA**

Earnings before Interest, Taxation and Amortisation

### **EBIT**

Earnings before Interest and Taxation, operating result

### **Net cash**

Cash plus deposits minus bank loans and bank overdrafts

### **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

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## Colophon

### **Production supervision**

Public Relations department Ballast Nedam N.V.

### **Production**

Reprografische Dienst Ballast Nedam Services

### **Design**

Justin Harris, Wharf internet&design

### **Final editing**

Taalcentrum VU

### **Photography**

Jan Schot, Jan van Oevelen and others.

### **Translation**

Mac Bay Consultants, Amsterdam

### **Lithography and printing**

bv Kunstdrukkerij Mercurius-Wormerveer

### **Binding**

Binderij de Koningh, Rijswijk

### **Ballast Nedam N.V.**

P.O. Box 1339  
3430 BH NIEUWEGEIN  
The Netherlands

Telephone +31 30 2 85 33 33  
Telefax +31 30 2 85 48 75  
Internet [www.ballast-nedam.nl](http://www.ballast-nedam.nl)  
E-mail [pr@ballast-nedam.nl](mailto:pr@ballast-nedam.nl)